CHAPTER ONE

INTRODUCTION

1.1 General Background

Nepal is a small developing country with an area of 147181 square kilometers. It is located between 80°4' to 88°12' East longitude and between 26°22' to 30°27' North latitude. It is approximately 885 Kilometers in length from east to west and 175 kilometers in breadth from North to South. It is a landlocked country situated between two huge neighbors India in the South, West and East and China in the North. Calcutta, India territory, is the nearest outlet to sea for Nepal and it is 890 kilometers away from the capital city Kathmandu. Physically Nepal is divided into three ecological regions namely Mountains, Hills and Terai. These regions occupy 15, 68 and 17 percent respectively. Most of the land of the country is in Mountains and Hills, which is less useful for agricultural purpose. Terai region is almost fertile and have vital agricultural importance. The Terai region is considered as the most productive area of the country as the whole and thus called the 'Grainary of Nepal'. The climate of Mountain and Hill is temperate and Terai is tropical. Although Nepal is small in size, it has remarkable geographical diversity.

Nepal is one of the poorest countries in the world where 38 percent people in the country live below the poverty line i.e. poverty is pervasive in the country. The incidence of poverty is higher in rural areas where 44 percent of rural people live in absolute poverty (NPC 2003). According to other international standard of poverty (earning less than \$1 per day), it is estimated that more than 60 percent of the total households are poverty stricken in Nepal. All these evidences

show that problem of poverty in Nepal is very acute. At the same time, The Human Development Index (HDI) is also embarrassingly low (0.504) in comparison to other south Asian countries and the world. According to the census 2001, crude birth rate is 33.1 (in per 1000 population), crude death rate is 9.6 (in per 1000 population), infant mortality rate is 91.2 (in per thousand live birth) and life expectancy is 59.7.

There are two economic sectors in Nepal. Subsistence sector (in rural areas) and market oriented modern sector in urban areas. Urban economy sector is more developed as compared to the rural economy. Most of the commercial banks and financial institutions are located in urban centres, which provide loan to the business sector. In Nepal rural people are small savers. So, in these areas, it is found necessary to establish small financial institutions, which provide loan without collateral securities.

Increasing poverty is the burning issue for Nepal. It is not the creation of poor; but is the creation of negative social systems. Various studies and researches have stated the fact that the poverty is wide spread in the rural areas than in urban areas and in the western region than in eastern region. Since poverty has been appeared as a main obstacle in Nepalese economy, it is realized from all sectors that short term as well as long-term policies and strategies should be formulated and implemented immediately.

The causes of poverty are multidimensional and related to socioeconomic and structural factors. One of the main causes of pervasive poverty is lack of economic resources for growing population and the slow rate of national economic growth. Now, a large number of programmes are directed towards the alleviation of massive poverty at the rural level. Various target group oriented specific programmes such as production and employment generation activities, development of physical infrastructures, providing the health services, education opportunities and safe drinking water facilities have also been initiated. The programme of Grameen Bikas Banks is brought forward under the same objectives. Similar strategies, policies and programmes are formulated to reduce poverty in the tenth periodic economic plan.

In Nepal, women constitute half of both the total and economically active population. They occupy important place in every household, society and the country. They constitute the major share of labour force and play greater role in agriculture. Although the contribution of women in social and economic activities is paramount, they have limited access to all kinds of resources including financial resources, which makes them vulnerable. They are lagging behind men in every aspect due to the lack of education, training opportunity and credit facility. There exists discrimination against women. This call for an appropriate policy and programme for empowering and to help to achieve social and economic independence. One of the important aspects that requires especial attention is the provision of credit to women. Hence, financing for women is important for the upliftment of their status.

In the past, various efforts were made for developing rural areas and bringing about improvement in the living standard of the poor people. TVDP (Tribhuvan Village Development Programme) was implemented in early 1950s. Following the inception of Panchyat political system in 1960, Panchyat Development Programme (PDP), Regional Intensive Development Programme (RIDP) and Panchyat

Development and Land Tax (PDLT) along other programmes were executed. Similarly, Remote Area Development Programme (RADP), Skill Development Programme (SDP) were also implemented with a view to uplift the socio-economic condition of the rural poor. Besides, a number of Integrated Rural Development Programmes (IRDPs) with the assistance of bilateral and multilateral donor agencies were implemented in 1970s. These programmes did not proved to be satisfactory successful in raising the socio-economic standard of the poor. 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 percent 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. As a result, repayment rate was very low. Because of this realization, NRB redesigned the priority sector programme (PSP) into the Intensive Banking Programme (IBP) and directed commercial Banks to invest at least 12 percent of their loans and advances under this programme. But because of commercial Banks' urban orientation and emphasis on collateral, the programme failed to achieve the desired objectives, although initially it made some positive impact on poor households enabling them to accessibility of credit.

Although, Commercial Banks were established, but they were not fully successful to reduce poverty because of the high interest rate and collateral securities. It has been felt among the academic and policy makers that every inadequate availability of institutional credit on reasonable terms and without insistence on collateral is one of the serious obstacles for the rural poor to undertake productive and income yielding activities or expand their existing small one.

Taking these realities into account, Paschimanchal Grameen Bikas Bank was established to provide benefits to the rural poorest of the poor, the landless and the marginal landholders of the western development region. Paschimanchal Grameen Bikas Bank (PGBB) has been taking highest role in the race to eradicate rural poverty. Grameen bank is a big institution to provide direct employment opportunities to unemployed rural mass. Establishment of Grameen Bikas Bank has opened enumerable prospects and probabilities in rural areas. Grameen Bikas Bank aims to build up confidence and self-respect to each member involved in the bank, which creates a pressure for social justice. In this circumstance, Grameen Bank tries to solve rural problems. Grameen Bank convinces over fundamental human rights of every body to get loan and gives several loans without collateral because almost all the rural people have nothing to deposit except the real confidence and prestige in the society.

Grameen Bikas Bank has mission of uplifting the economic as well as social conditions of the rural poor by providing credit. Grameen Bikas Bank is a gender-based programme, which is focused in women. In a way, such micro finance programme has made it possible for rural women to have access and control over income. This has played a vital positive role in women development.

1.2 Statement of the Problem

Poverty is one of the burning issues in Nepal. National income is mainly derived from agriculture and about 81 percent of the total people are engaged in Agriculture. Unemployment and disguised unemployment are the main features of this sector. The contribution of the women in agriculture is more than that of men. But their contribution is not accounted in the economy. Women's role in socioeconomic development has not been properly recognized. In Nepal, women are as the traditional producers and managers of the domestic and subsistence sector.

The development policy has been centre-oriented even though major proportion of the population live in villages. Employment and income opportunities are confined only to cities. Most of the people especially in Nepal are not facilitated by government efforts; it is due to their unconsciousness towards government activities. The extension of government services does not reach to the peasant because of the poverty. Hence, they cannot afford to new techniques and also could not get credit from banks due to their lack of good securities.

Women development is a major component in social dimensions of development. Social and legal discrimination, gender disparity, poor socio-economic and demographic status of the women lead them to be more deprived group in Nepal. Since women influence the well being of children and other family members, disparity in access to economic resources and social services make development efforts insignificant. Because of the low participation in education and more domestic work assigned to them, women's earning is substantially lower than men's one.

Women employed in the industrial sector are mostly semi-skilled or unskilled and mainly concentrated on activities such as spinning, weaving, knitting, food processing and tailoring. Most rural female of age 19 years and above are married. The early marriage, lack of education, poor health and malnutrition has led to the high maternal

mortality rate as well as high infant mortality rate in Nepal. Thus poverty, illiteracy and socio-economic backwardness have made women more vulnerable to deprivation. The philosophy of cutting public expenditure and leaving everything at the mercy of the market is not thus appropriate for the welfare of women.

Grameen Bank Programme is unique in the sense that its goal is to extend benefits among all peasants in its command areas even to the landless and marginal landholders.

1.3 Significance of the Study

The significance of the study is to see how an income generating activities would enhance the economic status of women in family and society and plays role in poverty reduction and finally alleviation. GBB provides support and assistance to the rural poor and enables them to move towards self-reliance through gainful employment opportunity and income generating activities and develop confidence to become independent. One of the most important services of the GBB is to provide loan for the poorest of the poor people. It also has literacy programme as one of the components, which increases the awareness of women on credit programmes. Therefore, the study is an important assessment of the programme.

Another important activity of the Bank is the group savings scheme where each member of the groups is required to have savings, which may vary with each individuals. Such savings scheme increases women's propensity to save and hence in the long run helps them to lift their living standard.

The poor women must maintain their household economy and social status. The GBB gives loans to the poor women for the poverty

reduction. Therefore, the significance of the study is to find out if any change on socio-economic status of the poverty ridden rural women takes places in the family and in the society.

Though, economic gain is still limited due to small amount of loan available, GBB has helped in increasing participation of women in different social and economic activities and hence has increased their capabilities to change their environment in the family and in the community as a whole. Therefore it has brought change in the socioeconomic status of the women in the family and society.

The study depicts the economic condition of the rural poor women of Gorkha Branch Office of PGBB. It tries to present the functional progress of GBB in the study area. The study measures the extent of income generating process and shows its relationship with other economic factors like income, employment, expenditure, land holding etc. It attempts to present the recent information about the intervention of Paschimanchal Grameen Bikas Bank of Gorkha Branch Office in poverty reduction programme.

1.4 Objectives of the Study

The main objective of the study is to examine the role of Paschimanchal Grameen Bikas Bank in Poverty alleviation in the study area. While the other specific objectives of the study are set up as follows:

- 1. To analyze the standard of living of rural people before and after bank's activities.
- 2. To identify the socio-economic changes of the women.
- 3. To recommend the ways for effective implementation of PGBB.

1.5 Limitation of the Study

Every research work has its own limitations and this study can not stand for from it. The study in fact embraces the following limitations;

- 1. The study is concerned with the study of the role of GBB to alleviate poverty and on improving the living condition of the rural poor women in the study area. So the findings of the study are strictly representative of the situation in those areas and may not be presumed to be valid in other areas different from the present one.
- 2. Use of only a few methods of data collection was one of the limitations of the study.
- 3. The limited time and resources are other constraints.

1.6 Organization of the Study

This study is divided into six chapters. The first chapter introduces the subject matters. It consists of general background, statement of the problem, significance of the study, limitation of the study as well as organization of the study. Review of literature and related studies are also included in this chapter.

Methodology used in carrying out this study has been incorporated in the 2nd chapter. Research design, nature and source of data, population and sample, Process of data collection, data processing and analysis of data are included in this chapter. The third chapter consists of brief introduction of Grameen Bank and description of Paschimanchal Grameen Bikas Bank.

Area of the study and the description of the respondents have been incorporated in the fourth chapter.

The fifth chapter focuses on the analysis and interpretation on the collected data. Socio-economic condition of the borrowers before and after joining PGB is analyzed in this chapter.

Summary, Conclusion and Recommendations are given in the 6th chapter.

An extensive bibliography and appendix are incorporated at the end of the text.

CHAPTER TWO LITERATURE REVIEW

Many sociologists, economists and planners have devoted their time on the topic "The role of Grameen Bikas Bank in poverty alleviation". Among them, many researchers have analysed to find out the socioeconomic status of poverty ridden rural women about various financial institutions.

In this chapter, an attempt has been made to reliant some literatures available from the different sources. There are very few literatures in relation to the resource mobilization, utilization and other financial operations of GBBs in Nepal because GBB's activities have been developed recently. Some researches, reports, articles and books are published from in and out of the country, on the world (especially South Asia) as well as Nepalese perspective. Whatever, literatures are available is cited briefly.

The World Book **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 their community. Standards may vary greatly according to time and place.

Kunwar, K. B. in 'The Himalayan Poverty' (2003) has vividly depicted the cause of poverty prevalent in the country. More than 85 percent of the population of Nepal lives in rural areas where poverty is wide spread along with social discrimination between the 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 Review of NRB 2005, Nepal is the least developed country with a per capita income of \$240. The population below poverty line is 44.6%, in which the rural poverty is over and above the urban in percentage terms. In total, about 10 percent of the population live in the urban areas where the population living below the poverty line is 17.8 percent; in the remaining 90 percent residing in the rural areas, 46.6 percent of them are living below the poverty line.

According to the 'Economic Survey' of Ministry of Finance, 2004, the perception of looking at poverty from human and social dimension that transcends the traditional belief that poverty appears due to the sole lack of economic resources and income, is on the rise. The conventional definition of poverty has now been gradually broadened and widened since the connotation goes behind the implication of inadequate level of income to sustain the life. Now, it also includes various human dimensional aspects like illiteracy, early death, child marriage, malnutrition, sickness and so on. It is, therefore, realized that poverty is the outcome of social, political, and cultural ambiance. Although poverty is divided into two categories –absolute and relative- the former deserves more attention for analytical point of view. A poverty line is hypothesized to measure the absolute poverty. The proportion of population living below this line shows the extent of poverty. The recent estimate done by the National Planning Commission (NPC) in Poverty Reduction Strategy Paper (PRSP) is 38

percent. It is little less than 42 percent estimated by the Nepal Living Standard Survey (NLSS) conducted in 1996. Since more than 90 percent of the country's population lives in rural areas, the nature of income based- poverty is also rural-oriented. Furthermore, poverty is more intense and severe in the villages of the hilly regions of the Mid and Far Western Development Regions. Overall, poverty has become the multidimensional fact of life of the Nepalese people.

The Nepal Living Standard Survey (NLSS) (1996) has estimated annual per capita income of Rs. 4404/- to meet the expenses on daily minimum average of 2,124 calories for food and other non-food requirements. Considering the inflation level, the income at the current prices of 2001 turned out to be Rs. 6100/- and accordingly, 42 percent of the people were estimated to be living below the poverty line in Nepal. According to the NLSS (1996), 44.0 percent of the rural population was estimated to be living below the poverty line whereas this proportion was 23.0 percent in urban areas. Only 4.0 percent of the rural population was below the poverty line in Katmandu valley. Likewise, poverty level was up to 53 percent in the Terai districts of Far Western Development Region whereas it was up to 56 percent in the hilly districts of the Mid-Western Development Region. Poverty level was as high as 72 percent in those districts of the hills and high hills areas of the Far-Western Development region. The NLSS has overall estimated the incidence of poverty to be 40 percent, the depth/inequality ratio 12.1 percent and the severity 5.0 percent. The PRSP has not only acknowledged the income based poverty but also the indicators of human poverty like literacy, birth/death rates, and access to the basic social and economic infrastructures, with particular focus on the deprived classes, women and remote areas.

The Rural Household Survey (2001) has shown a slide decrease on the poverty level during the period (1996-2001). The reasons apparently cited are: annual increase in GDP by 4.8 percent, annual increase in agriculture growth rate by 3.7 percent and 30 percent annual increase in remittances in the country.

According to the Tenth Plan, the overriding objective of the Tenth Plan is to alleviate poverty by appropriately addressing the incomebased poverty, human poverty and social inclusion. The Tenth Plan, also known as PRSP, has targeted to bring down the income-based poverty to 33 percent under the normal growth scenario (4.3 percent) and to 30 percent under the expected high scenario (6.2 percent) and has devised policies, strategies and programs 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 sectors. 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.

A significant percent of people; both men and women, poor and rich and urban and rural society feels that in Nepal economic liberalization has not been able to reduce poverty. Reasons for government's failure are; rising inflation, lack of cheap credit, non affordability of

agricultural inputs, unorganized and small markets, rampart corruption, weak governance and total failure of public work programmes to create short term policy and generate and long term sustainable and social benefit for targeted communities. (World Bank,1998).

Dr. Pyakuryal, Bishwambher in 'Aarthik Mimansh' (2000) states that women development is a major component in social dimensions of development. Social and legal discrimination, gender disparity, poor socio- economic and demographic status of the women put them in relatively more deprived group in Nepal. Since women influence the well being of children and other family members, disparity in access to economic resources and social services make development efforts insignificant. Because of the low participation in education and more domestic work assigned to them, women's earning are substantially lower than men's one. In other words, more work, frequent child birth, lower medical facilities cause the welfare of women substantially below that of males in families at the same income level.

Women employed in industrial sector are mostly semi-skilled or unskilled and mainly concentrated on activities such as spinning, weaving, knitting, food processing and tailoring. Most rural female of age 19 years and above are married. The early marriage, lack of education, poor health and malnutrition has led to the high maternal rate as well as high infant mortality rate in Nepal. Thus poverty, illiteracy and socio-economic backwardness have made women more vulnerable to deprivation. The philosophy of cutting public expenditure and leaving everything at the mercy of the market is not thus appropriate if we consider addressing the welfare of women.

Rural women with less than 0.6 hector in Terai and 0.5 hector in hill are the main targeted group of Grameen Bikas Bank. Acharya and Bennet (1981) in their report study stated that in developing countries like Nepal women's role in economic development is considered insignificant. Time allocation and decision making studies show that women have a major role both in managing the agricultural production process and in providing the labor. The study also reported that 90.1 percent of rural women have never attend a village meeting, 31 percent had never voted, 53 percent had voted only once or twice and that only 10 percent voted regularly in elections.

Bennet (1980), states that women have to depend upon totally their husbands after marriage because that right to the family property is only through husbands. So, women should be encouraged to participate in income generating activities in accordance with their existing social norms, customs and values.

In 1994, Uprety, T. P. in NRB Samachar; last decade of the twentieth century it is accepted that micro-finance is one of the most significant contributors for poverty alleviation. In Nepal the poverty reduction rate is slower. If proper model is used to the Hill and Terai region, poor people's life standard could be raised very fast. Diversity of regulatory act shows that it is necessary to cater all the MFIs under one act for licensing, regulating and supervising and needs to make national policy in micro-finance. In Nepal the experiences shows that MFIs managed by private sector are better than the government owned MFIs. So it becomes necessary to handover all Grameen Banks to the expert group of micro- finance.

In between 1992 and 1996, five regional rural development banks were established in the five development regions through the initiation of Nepal Rastra Bank. These were the replication of Grameen Bank of Bangladesh with the aim to uplift the socioeconomic situation of particularly rural women. The collection rate was at the pick point and many positive effects were found, working in an intensive supervised system. It bears good experience of dealing with groups of poor farmers. (Kunwar, The Himalayan poverty: 2003).

In the work, "The Impact of Grameen Bank Bangladesh", Shehabuddin(1991) says, Grameen Bank has shown banking is possible without collateral so that its work is better for the poor people. He has further noted that the social impact of the bank is seen in the gradually changing attitude among both the landless and the rural elite and the 'sixteen decisions', they produce a future generation that values hard work and abhors the practice of dowry.

In his article, "A Bank of the Poor", 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. He is forcefully saying that still much remains to be done to alleviate poverty and end inequality and gender discrimination, micro credit in Bangladesh, as practiced one simple strategy that works.

Muhammad Yunus (1994) says that poverty is not created by poor; poverty is created by the existing world system which denies fair change to the poor.

In an interview published in the 'Times of India,' Saturday, August, 1997, Yunus answer the question of measuring achievements of 21 years old Grameen Bank that there is only 1.5 percent bad debt, which he declares with pride, "is less than any bank in the world". It has 1084 branches in 36935 villages and has disbursed \$35 million among its members and 500 NGOs today are into micro-credit. He says quality as well as personality of women has changed. Those who used to look only down can now look up with a new self-confidence. One third has crossed the poverty line and another third are about to cross. There are clear signals in the level of school going, housing, health, adaptation of family planning methods.

In 'Grameen Reader' Yunus (1992) has expressed that more and more people are convinced that the removal of poverty is doable thing and the credit is one action which is directly addressed to the individual. Grameen Bank's experience has shown unmistakably that given the resource support through credit. The poor themselves can turn around their own thing. Nobody will have more motivation to change his situation than suffer him.

Gibbon (1995) in the 'Grameen Reader' evaluates that more than 1.96 million rural poor lives have improved their level of living significantly through Grameen Bank approach to the reduction of extreme rural poverty.

In World Bank Discussion Paper, Hussein (1995) says, however, the various aspects of credit delivery and social development model have not yet been systematically examined to identify the reasons for its success, Its costs and benefits and its sustainability as well as the potential for its expansion and replication, the achievement of its in Bangladesh, have made it well known in the world as a successful group based credit programme.

In his article, 'Role of Regional Rural Development Banks in Poverty alleviation', Sharma (1996) has shown 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 them minimum basic needs with the continuation of process that RRDBs may be expected to make a significant contribution towards poverty alleviation by beginning of the 21st century.

Mr. Sharma has clearly presented the concept of financial sustainability. According to him the sustainability would mean their ability to cover the operating costs (service delivery cost plus loan loss plus interest cost). By manipulating data, he says only P-GBB is able to surplus profit i.e. lending rate of 20% against of its total operating cost of 18%. He further suggests that to achieve profitability and sustainability, the RRDBs, must reduce their operating cost by increasing the outreach and volume of loan transitions per employee. In other words, means that they should increase their employee's productivity to achieve sustainability.

Dr. Sharma, Yadav Gaudel, (2004), in the Nepalese Journal of Development and Rural Studies states that after implementing SFDP, IBP, PCRW etc, the government started to rethink for the delivery mechanism of rural micro finance. As a result, Rural Developments Banks as public sectors institutions came onto operation for providing required financial resources to the targeted rural communities. For the purpose, the government set up two of five Grameen Bikas Banks in 1972 as a replication of the Bangladesh molded of rural micro finance delivery system. Apart from this government also created the situation to participate in micro finance by the private sectors. Under the Development Banks Act 1996, Rural Micro Finance Development Center was also established as a micro finance apex wholesale institution. It provided the wholesale loan to micro finance institutions like Small Farmer Cooperative Ltd, which was developed to make a self reliant and sustained group of Small Farmers.

Mrs. Pradhan, Bindiya (2004) in Nepal Rasta Bank Samachar states, rural Developments Banks were thought to be effective institutional mechanism for promoting micro finance services. Due to high administrative and overhead costs, they are facing serious problem of sustainability. The increased ratio of losses has now become a serious issue for their sustainability. They are operating in limited areas with limited outreach.

There is shortage of loanable funds and lack of broad based wholesale lending agencies. RMDC is established for that purpose but it is the strict lending norms. Absences of self, regulatory mechanism and fully committed professionalism have become a major issue. Finally,

most of the micro finance institutions have the problem of sustainability due to heavy service delivery cost.

The authors **Pitt and Khandkar** (1996) in their joint work 'Household and Intra- Household Impact of Grameen Bank and Similar Targeted Credit Programmes' have abstracted from a special survey carried out in 87 rural Bangladesh villages during 1991-92, that credit programme has significant effect on the school enrollment of boys and girls, the asset holdings, recent fertility and contraception use, consumption and the anthropometric status of children of poor households in Bangladesh and this effect is greater when women are the programme participants.

The World Bank has published a report on the topic of 'The Role of Institution in Poverty Reduction' and mentioned that "institution investment can have declining cost structure which may justify Grameen Banks access to subsidized credit, start up costs have accounted for over half of Grameen Banks administrative cost. Banks that have been in operations from six months to a year have had expenses that account for 16.2% of outstanding loan. After banks have been in operation for more than three year, this figures drops to 5.7%. There are an additional set of non financial benefits or positive externalities that are associated with institutional interventions that are difficult to quantity".

ILO published a "Strategies for Alleviation Poverty in Rural Asia" **1985**; explain about the establishment of Grameen Bank in Bangladesh, after three years of experimentation in an area near Chittagong University, the project was formally lunched in November 1979 in Tangail District with financial support from Bangladesh

Bank. Encouraged by its initial success, the project was extended to four other districts with financial assistance from the International Fund for Agricultural Development (IFAD) beginning April 1982. In 1993, it was transform into a formal public sectors specialized credit institution- The Grameen Bank (G.B).

Khanna, B.S. (1991) voted the progress of Grameen Bikas Banks in Bangladesh. He has stated that the Grameen Bank in Bangladesh has gained prestige and popularity as a credit institution functioning for the benefit of the rural poor. Both from the point of repayment and sex coverage, it has recorded very satisfactory progress. In 1984, G.B. operations covered 1952 villages and disbursed 288million Taka to about 84 thousand members. By 1988, the GB has 607 branches with covering about one third of the villages of the country. The loan have been used by the majority of the borrowers for non- crop activities. It has noted that women had made equally good production use of credit facilities made available by the bank. The bank has stimulated to 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 Grameen Bank 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:

a) The extremely poor persons have been mostly left out from its beneficial operations.

- b) Productivity and income of the enterprises (activities) undertaken be started by its member clients have been rather low in many cases.
- c) The group concentrates mainly as economic matters and do not pay much attention on the conscientisation and social improvement among their members (e.g. health care).
- d) The bank has been expanding its network and operations very substantially in recent years. Thus facing the problem of adequately recruiting and retaining highly motivated bank workers to play a major role in its field operations.

Mr. Adhikari, S.R. conducted a comprehensive research about GBBs in 1999. The main objectives of the study were to measure the effectiveness of the GBB programmes as income generation, employment generation and women empowerment of the target group and to analyse the financial viability of these banks. On the basis of his analysis, he opined that GBBs have attained special achievements in income generation, employment generation and increment in the level of living of poor people.

He further adds that "despite the political involvement of the bank's staff they are active, courageous, and optimistic. But pitiable condition can be seen in managerial aspect. The employees of GBBs are actively devoted to make success the functions of financial intermediary, social development, income and employment generation but the banks are being pushed towards failure due to politicalisation in management knowingly or unknowingly. Change of Executive Director from time to time, political appointment of the key persons in

top level management who lacks knowledge in relevant fields and ineffective system of monitoring and evaluation are the main weakness of the banks."

"Thus, there is a conflict between success and failure of GBBs with regard to programme sustainability. The GBBs have to move into a thin string or rager edge." he presented some points of remedies for the concerned authorities for their improvements:

- a) Every GBBs should fix the objective of cost minimization and outstanding maximization.
- b) The total loan outstanding of each branch, which has passed five years, should have at least five times of the branch expenses (including fund costs) and the productivity of employees on group formation should be 40-50.
- c) A coordination system should be established at the central level to coordinate the functions of all GBBs. The management should be altered except in special circumstances.
- d) Monitoring and evaluation function should be performed effectively. A new provision to submit the justification of expenditure of every office should be initiated.
- e) Unnecessary intervention in management by central bank and government must be demoralized.

Impact of Grameen Bank in Nepal has been obviously observed into rural sector. Executive Director of Purbanchal GBB, Mr. Ramesh Paudel had presented discussion paper for Grameen Bank International Dialogue Programme held in Manipur, Dhaka,

Bangladesh from 3-15 September 1994. Mr. Paudel writes in his paper, the name of Grameen Bank has been taken with respect by people. Bank, within its, short period of establishment has been successful to put unprecedented impact in rural economy. Some of the impacts observed are:

- a) Over thirty thousand people got direct employment at their own village.
- b) Repayment rate of amount disbursed is hundred percent.
- c) Large amount of shavings have been deposited through earning profit.
- d) There is direct impact on health and sanitation.
- e) Economic dependency has been gradually sifted from male to female.
- f) Homeless people are purchasing a segment of land for settling even in limited scale.

Professor H.L. Latifee from Grameen Trust of Bangladesh as cited in a paper presented at an Executive Development Programme for Promotion and Development of Co-operative and Rural Development institution by Shilik Ram Sharma, NRB (1996) had undertaken an evaluation study of the Purbanchal and Sudar-Paschimanchal Grameen Bikas Banks in 1994. The evaluation report reveled that:

a) With less than two years of operation the impact of Purbanchal and Sudar-Paschimanchal Grameen Bikas Bank on the life of their borrowers has been positive. The borrowers have been able to increase their income and saving.

- b) They have learned how to sign and earn confidence in themselves. They have been exposed to social development and environment issues as well.
- c) They have developed their leadership quality and started looking forward with confidence.
- d) The GBBs are in fact generating a movement among the poor women to discover and use their potential for earning a better living.
- e) The public image that GBBs have created for themselves by this time is remarkable.

Professor Latifee has also recommended in initial and impact evaluation study of GBBs so as to verify the above stated preliminary observations and also to lay a necessary baseline/foundation for future impact evaluation.

In the same paper Mr. Salik Ram Sharma (1996) has listed some main problems faced by the GBBs:

- a) Shortage of loanable fund.
- b) Lack of co-ordination among GBBs.
- c) High service delivery cost.
- d) Difficulties in convincing the clientele about the provision of group fund.
- e) Political interference at the management level.

f) Employees union's interference/pressure on the management to favor them on aspects such as new appointment, promotion, posting, training and other opportunities.

Mr. Dhakal, Samir conduct an impact study of Purbanchal Grameen Bikas Bank in 1995 on title 'Impact Study of Purbanchal Grameen Bikas Bank.' The main objective of his study was to access the socioeconomic effects of Grameen Bank on the rural people. For the study purpose, he selected 52 member borrowers as sample borrowers. On the basis of his sample analysis, he found that the Grameen Bank programme had significant impact on income, living standard and in other social status of the borrowers. Housing condition, general awareness and economic activities were also found to be improved.

He also pointed out some recommendations. He recommended that the public work programme and hard and fast policies should be designed and organized to create additional employment opportunities to the poor people who are almost unskilled in nature. In order to make programmes and policies encouragingly efficient, the implementation side should make very strong. He further added that the Grameen Bank programmes must necessarily and effectively carried to the door of the actually poor households in order to have them benefited.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study was carried out on the basis of exploratory as well as the descriptive research designs as the study focused on to investigate the roll of PGBB branch office Gorkha in poverty reduction. Similarly, the study made an attempt to describe the things related to the programme such as group formation, size, existing conditions etc. and the investigated or explored findings was presented in a descriptive forms with tables.

3.2 Sampling Procedure / Technique

The universe of the study was the woman borrowers of PGBB branch office Gorkha. From the borrowers about 11% borrowers was sampled. Quota sampling and random sampling was used for household survey. The sampling structure is presented in the following table:

Casts	Total borrowers	Sampled	% of sampled
		borrowers	borrow
Brahmin/Chhetri	650	65	54.16
Ethnic Group	350	35	29.16
Scheduled Caste	140	20	16.68
Total	1140	120	100.00

3.3 Source of Data Collection

Aiming to explore the roll of PGBB in poverty reduction, the primary data was collected from the borrowers of the study area.

Similarly, the secondary data was collected from different sources such as PGBB branch office Gorkha, PGBB Head Office, Ministry of Finance, NRB, CBS. RMDC and other various related publications.

3.4 Data Collection Tools and Techniques

3.4.1 Questionnaire Survey

Structured questionnaire was prepared to generate the realistic and accurate data from the survey of the focus groups. In case of those who could not fill up the questionnaire, the questions were asked to them and the answers were filled up to collect the required data.

3.4.2 Key Informant Interview

Using the semi or unstructured interview the data was collected from the key informants such as: woman borrowers, woman activists, policy makers and the people involved in income generating activities through cross checking.

3.4.3 Field Visit and Observation

Observation visit was done to the study area to find out the pattern of borrowing, household size of the borrowers, ethnical composition of the people, attitude towards interest rate and many more.

3.4.4 Focus Group Discussion

Discussion was held among the targeted group members i.e. the borrowers, policy makers and the local development practitioners on the past and present condition of the borrowers loan disbursement pattern of the bank etc.

3.5 Data Analysis

The Collected information was categorized and classified on the basis of the living style of the targeted groups before and after of banking practices. Both logical as well as statistical methods like diagrams, measure of central tendency etc. were used for the analysis of data.

CHAPTER FOUR

INTRODUCTION OF THE GRAMEEN BANKING SYSTEM

4.1 Background

Dr. Muhammed Yunus, Professor of Economics, Chattagong University is the profounder of the Grameen Bank which was established in 1983 in Bangladesh. He had a strong belief that rural Poor's lack of access to credit is their biggest constraint and with the credit support they can be productively employed in income generating activities.

"Grameen" means 'village' in Bengali. So 'Grameen Bank' is a 'Village Bank'. It is an appropriate name because nearly all of the business of Grameen Bank is conducted in villages of the borrowers at weekly 'centre meetings'. A 'Centre' is a village level federation of Groups each consisting of 5 borrowers.

The objective of the Grameen Bank is to introduce and institutionalize a non-traditional banking system in rural areas, which provide credit facilities under special terms and conditions. This project attempts to serve those rural people who are not covered by the traditional banking system. Landless and nearly landless villagers form groups to obtain loan through their centre. A small loan on reasonable terms to finance additional income generating activities is the main loan objective of the Grameen Bank.

Grameen Bank has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity. GB provides credit to the poorest of the poor in the rural area without any collateral. At Grameen Bank, Credit is a cost effective weapon to fight

against poverty and it serves as a catalysts in the overall development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence no bankable. Prof. Yunus reasoned that if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, "These millions of small pursuits can add up to create the biggest development wonder".

Along with the economic activities, the GB members are encouraged to pay attention to their social and health situation. These include health, sanitation, nutrition, education, family planning, dowry less wedding, mutual help etc.

4.1.1 Method of Action

The Grameen Bank's method of Action can be illustrated by the following principles:

- 1. Start with the problem rather than the solution: a credit system must be based on a survey of the social background rather than on a pre-established banking technique.
- 2. Adopt a progressive attitude: development is a long-term process which depends on the aspirations and commitment of the economic operators.
- 3. Make sure that the credit system serves the poor, and not viseversa: credit officers visit the villages, enabling them to get to know the borrowers.
- 4. Establish priorities for action vis-à-vis to the target population: serve the most poverty-stricken people needing investment resources, who have no access to credit.

- 5. At the beginning, restrict credit to income generating production operations, freely selected by the borrower. Make it possible for the borrower to be able to repay the loan.
- 6. Lean on solidarity groups: small informal groups consisting of co-opted members coming from the same background and trusting each other.
- 7. Associate savings with credit without it being necessary a prerequisite.
- 8. Combine close monitoring of borrowers with procedures which are simple and standardized as possible.
- 9. Do everything possible to ensure the system's financial balance.
- 10. Invest in human resources: training leaders will provide them with real development ethics based on rigor, creativity, understanding and respect for the rural environment.

4.1.2 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

(a) 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.

(b) 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 artisans, 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 present are developed on this functional basis in order to provide financial assistance to certain well defined target group in the rural areas.

Establishment of Grameen Bikas Bank in Nepal has incorporated both the approaches.

4.1.3 Objectives of Grameen Bikas Bank

Grameen Bikas Banks in Nepal has been established with the following objectives.

- 1. To provide banking facilities and services to poorest of the poor in the society.
- 2. To create income employment generating opportunity through credit and alleviate poverty prevailing among the poor people.
- 3. To enhance awareness level of the poorest of the poor through training and literacy classes.
- 4. To uplift the socio-economic status of the poor people through community based programmes and credit.
- 5. To develop institutional mechanism from the grassroots level to link savings with credit and initiate self-reliant economic activities for strengthening rural economy.

6. To conduct action research on mobilizing resources to support the poor.

4.1.4 Policies of the Grameen Bikas Bank

To obtain the objectives stated above, some policies hade by the GB are as follows:

- 1. To provide services to poor and marginal people having less than 1 bigha (0.6 hectar) of land in Terai and 10 ropani (0.5 hectar) of land in Hill areas.
- 2. To provide credit and banking services to poor women on priority basis.
- 3. To organize the member into groups and provide credit on group liabilities without any collateral securities.
- 4. To develop financial system through participatory approach for poverty alleviation and provide facilities for infrastructure development of the development of financial system.
- 5. To disburse credit with primary focus on using traditional skill and physical assets and assist to increase income with a short period of time.
- 6. To initiate banking activities preferably into the deprived areas based on the norms and values of bank.
- 7. To involve women with first priority for the participation in banking programme.
- 8. To develop coordination with line agency to transfer technology in rural areas.

- 9. 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.
- 10. To have credit mobilization through group comprising of 5 women in each group.
- 11. To provide banking services at their door steps through the formation of groups and establishment of the centres.

4.1.5 Strategies of the Grameen Bikas Bank

Grameen Bank adopted the different strategies in order to carry out the policies stated above which can be listed as follows:

- 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 classes, awareness creating, skill development, child immunization, health and sanitation are organized on regular basis to enhance the existing knowledge.
- 2. Members are psychologically prepared to initiate economic activities to combat poverty. For this, they are trained to follow disciplinary functions of bank.
- 3. Without collateral securities, credit is disbursed on group liabilities. In addition, regular saving is mobilized.
- 4. 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.
- 5. Beneficiaries are organized into groups. Each group comprises of 5 members of women from different households.
- 6. 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) was eligible to receive credit. Credit ceiling has been fixed at Rupees 10 thousand. These borrowers should pay the loan on weekly installment, attend meeting on regular basis and follow the group norms for at least six weeks to enable additional two members of the group for borrowing. All four members should behave well and follow the rules and regulations strictly till 10 weeks to provide borrowing opportunity to chairperson of the group.
- 7. Group members must deposit Rs. 1 per day for 9 days during the training period.
- 8. Borrowers are obliged to deposit 5 percent of the credit amount in the group fund.
- 9. Besides compulsory saving each member must deposit Rs. 1 every week as their individual savings. The saving should be deposited in group meeting to be held every week.
- 10. Repayment of the loan is made on weekly basis. The principle and interest have to be repaid within 50 weeks.

4.1.6 Management of Credit

Loan is disbursed without collateral securities through branch Office. Banking procedure is easy which directly approaches to rural poor. Similarly, banking procedures are simple regarding disbursement, repayment, group saving, supervision etc.

Concept of Group and Centre

Beneficiaries are organized into group. Each group comprises of 5 members. Minimum 2 to maximum 10 groups are federated to form a centre. Centre is gathering place of disadvantaged people. Overall banking services are delivered through this center.

Credit Without Collateral Securities

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

Credit Ceiling and Interest Rate

Credit is fixed at 10,000. Interest rate is 10 percent on flat system

Regular and Group Savings

Borrowers are obliged to deposit 5% of the credit amount in group fund saving; in addition, each member must deposit Rs. 1 every week in their group fund.

Provision of Compulsory Training to Receive Loan

Training is considered as an entry point of the programme. Every member has to get through group reorganization test to be eligible to receive loan.

Priority to Women

Unmarried girls and male are not allowed in group in PBB:

4.2 Replication of GBFS in Nepal

The Grameen Bank Approach (GBA) of Credit delivery for the poor is now being replicated in various parts of the world, with replications in developing countries such as Malaysia, Philippines, Indonesia, Sri Lanka, India, Vietnam, Bhutan, Guinea, Kenya, Malawi, Zambia, Mali, Bolivia, Peru, Nepal and Pakistan. It has also been adopted in Canada, France and the United States, where it is being used to help people on welfare to become income-generators. (Getubig 1993)

This model is being replicated in Nepal since 1993 by five Grameen Bikas Banks (GBBs) and two NGOs. The five GBBs have been established on each in Eastern, Central, Western, Mid Western and Far Western Development Region of Nepal. These five GBBs and the two NGOs have been following the Grameen Banking Financial System (GBFS) and providing credits to the poorest of the poor women of the rural areas.

Among these seven replications of Grameen Banking Financial System, Nirdhan, a NGO, was established in 1991 and started its lending operation in January 1993 from Siktahan VDC of the Rupandehi district. The Purbanchal and Sudur- Paschimanchal GBBs were established in 1992. The Centre for Self-Help Development (CSD), another NGO, was established in 1994, Paschimanchal and Madhya -Paschimanchal GBBs were established in 1995 and Madhyamanchal GBB was established in 1996. At present these seven replications of GBFS have been greatly endeavoring for the poverty alleviation in their respective areas.

4.2.1 Activities of Rural Development Banks in Nepal Table No. 4.1 Activities of Rural Development Banks (As of Mid-July 2005)

S.No.	Items	Regional Grameen Banks					
		Eastern	Central	Western	Mid Western	Far Western	Total
1	No. of VDCs	262	293	276	107	79	1017
2	No. of Centres	1383	1329	1154	560	614	5040
3	No. of Groups	12190	8156	8199	3884	3499	35928
4	No. of Members	50737	40128	40821	19420	19513	170619
5	Borrowers	48687	38645	39646	13422	12142	152542
6	Amount of loan disbursed (Rs. 000)	5215967	2191940	3014763	1076964	968322	12467956
7	Recovery of loan (Rs. 000)	4692452	1906488	2629340	938965	842956	11010201
8	Outstanding loan amount (Rs. 000)	523515	285452	385423	137999	125366	1457755
9	Employees No.	311	247	228	133	113	1032

Source: NRB

Grameen Bikas Bank, one each in development regions to function as Rural Bank Replicator Financial institutions, are operating with the objectives of providing financial resources required for different types of income generating activities by forming groups of deprived women of rural areas. By mid July 2005, these banks have already formed 35928 groups through the 5040 centres of 1017 VDCs of 45 districts and forwarded micro credits without collaterals to 152542 members for income generating activities by mobilizing local skills, out of a

total of 170619 female members. As of now, these Grameen Banks have provided micro credits totaling Rs. 12.47 billion. Of this, Rs. 11.01 billion has been recovered with Rs. 1.46 billion as outstanding in credits. Total No. of employees under these five Grameen Banks is 1032. The maximum number is in the eastern as the contres and the groups are higher than any other regions.

4.2.2 Need for Rural Banking

A case for a rapid expansion of rural banking in the country can be made out on the following grounds.

J To Correct Imbalances

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

J To Provide Institutional Credit to Rural Areas

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

J 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.

J To Induce Rapid Economic Development

The urban Industrial sector and the rural agricultural sector of an economy are not clear-cut competing 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.

4.2.3 Grameen Bank Approach to Poverty Alleviation

The Grameen Bank has initiated a credit-based poverty alleviation programme for rural poor, who largely depend on their own labour as means of support. The Grameen Bikas Bank evolved from a model that targeted the poor, incorporating the notion that the poor, like the rich, must have access to formal credit. Although the Bank's initial plan was to alleviate poverty through credit, it soon realized that credit alone was not enough. They also lack social development. So the Grameen Bikas Bank began providing social development inputs to help the poor become more productive.

4.2.4 Grameen Bank Approach to Social Development

The Grameen Bikas Bank developed a comprehensive social development programme, outlined by the 'sixteen decisions', in order to promote social financial discipline among the rural poor. These decisions are guidelines for some activities and codes of conduct that members are encouraged to adopt.

4.3 Paschimanchal Grameen Bikas Bank

Paschimanchal Grameen Bikas Bank has been established in April 1995 under the commercial Bank act 1974. Since 1995 it is operating under the Development Bank Act 1995 and the Bank and Financial Institutions Ordinance 2004. Now the bank is on the privatization process. Initially the bank's share composition was as follows:

His Majesty's the Government	16.5	
NRB	61	
Rastriya Banijya Bank	5	
Nepal Bank Ltd.	5	
Himalayan Bank Ltd.	5	
NB Bank Ltd	5	
Nepal Investment Bank Ltd.	2.5	
After the transformation of 51% share of NRB, the share composition		
of the bank was as follows:		
Group members of the bank	37%	
Commercial banks	22.5%	
HMG	16.5%	
NRB	10%	
Other micro credit organizations	9%	
Employee of the Bank	5%	

The head office of the bank is in Butwal. The Bank has been established to alleviate poverty of the Western Development Region. The bank started its initial work in three districts namely Rupandehi, Kapilbastu and Nawalparasi in Terai region. Now its programme has been extended in other 10 Hilly regions i.e. Palpa, Syangja, Tanahun, Kaski, Gulmi, Parbat, Baglung, Lamjung, Gorkha and Arghakhanchi.

4.3.1 Organizational Structure of PGBB

Figure No. 4.1 Organizational Structure of PGBB Paschimanchal Grameen Bikas Bank Ltd. Head Office, Butwal **Organizational Structure Board of Directors Executive Director** Administration Account and Budget Internal Audit Loan Department Planning and Research Regional Office Department Department Department Department Area Office Area Office Area Office Area Office Byarghari Hemja pokhara Damauli Area Office **Branch Office** Area Office Area Office Area Office Area Office Area Office Semlar Gorkha Gotihawa Gorusinghe Kawasoti Parasi Palpa **Branch Office Branch Office Branch Office** Branch Office 1. Galang 1. Parbat 1. Talchok 1. Bhansar **Branch Office Branch Office Branch Office** Branch Office Branch Office **Branch Office Branch Office** 2. Badkhola 2.Baglung 2. Dulegauda 2. Ghorkha 1. Birpur 1. Chormara 1. Suryapura Shankarnagar Bahadurguni 1. Ramnagar 1. Rampur 2. Sandhikharcha 2. Amuwa 2. Mukundapur 2. Makar 2. Yamgha

Source: PGBB head Office, Butwal

CHAPTER FIVE

INTRODUCTION OF THE STUDY AREA

5.1 Location

Study area i.e. Branch Office Gorkha is situated in the district head quarter of the district, which has covered 5 VDCs and one Municipality of Gorkha district.

Prithivi Narayan Municipality is the main market of this area, which is a developed business centre. All villagers interact their business activities in this centre. The town has its own historical importance, which is also the gateway to the Northern part of the district.

The population of this area consists of different caste/ethnic group. More than 80% of the population is engaged in agricultural sector. Besides this more villagers generate income from animal husbandry, business, small enterprises etc.

Gorkha Branch Office serves the segment of the poorest of the poor people of the area. Most of the villagers were unemployed. Women were engaged in fields, household and agricultural work. Most of the women of this area were uneducated, poor, untrained or without any vocational skills. Although they contribute hard labour, they do not get any social and economic power. They are dominated by males.

The main study area comprises 5 VDCs and one Municipality. According to 2001 census, the total population of the study area is given as follows:

Table No. 5.1

The Population of the Study Area

S.N	VDC/Municipality	Total Household	Total Population	Male	Female
1	Prithivi Narayan Municipality	5952	29763	14613	15150
2	Nareshwor VDC	591	6133	2981	3152
3	Phinam VDC	439	3403	1688	1715
4	Bunkot VDC	557	5319	2574	2745
5	Baguwa VDC	481	3711	1791	1920
6	Chhoprak VDC	501	4828	2509	2319
Total		8521	48329	23647	24682

Source: District Development of Nepal

The above table shows the total population of each VDC, along with the municipality of the study area. From the table, the average household size is 5.68 where the number of female is slightly more than the male.

5.1.1 Nature of the Poverty in the Study Area

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 not any income generating alternative activities. There is no any infrastructure pre-requisite for industrial and commercial development. There is no proper arrangement of health, education and transportation faculties. Therefore the poverty situation in the study area is serious and pitiable. In this situation, PGBB has started lending

loan to rural poor women for starting various new businesses like animal husbandry, retail shop, hotel, cattle trading, cloth sewing etc.

5.1.2 Major Crops and Livestock's in the Study Area

Major crops grown are paddy, maize and wheat of which paddy is the main agricultural crop cultivated on the largest scale of available area. Fruits and vegetables, along with other minor agricultural products are the main cash corps of this area. Similarly, cows, buffaloes, goats and pigs are the most common animals kept by people.

5.2 Description of the Respondents:

5.2.1 Cast/ethnicity composition:

Nepal is widely known as the country of unity in diversity. It is the nation of different languages, different religions and different ethnic groups such as Brahmin, Chhetri, Gurung, Magar, Kami, Damai, Newar etc.

Table No. 5.2 Caste-wise Distribution of Borrowers

Caste	No. of Borrowers	Percentage
Brahmin	23	19.17
Chhetri	42	35
Newar	7	5.83
Damai/Kami/Sarki	11	9.17
Musalman (Miya)	7	5.83
Gurung	12	10
Magar	9	7.5
Majhi	5	4.17
Others	4	3.33
Total	120	100

Source: Field Survey, 2006

Table No. 4.2 shows that 35 percent i.e. more than third of the total borrowers as sampled in accordance with the number of total borrowers are Chheteri whereas 19.17 percent are Brahamin. Similarly 10 percent are gurung and 9.17 percent are from the

scheduled castes (Dalit) such as Damai, Kami and Sarki. The Percent of Magar is 7.5 whereas the sampled percentage of the Newar and the Musalman (Miya) are equal i.e. 5.83 percentage as the total number of te borrowers from these castes are same. Likewise the total sampled percentage of Majhi and others are 4.17 and 3.33 respectively.

The above findings show that the participation of upper caste people is the highest in the study area.

5.2.2 The Present Status of Family

Table No. 5.3
Status of Family

Family Status	No. of Borrowers	Percentage
Nuclear	71	59.17
Joint	49	40.83
Total	120	100

Source: field survey, 2006

Above table No. 4.3 shows that among 120 household of the borrowers, 59.17 percent live in Nuclear family structure and 40.83 live in Joint family structure.

5.2.3 Household Size of the Borrowers

Table No. 5.4

Household Size of the Borrowers

Household Members	No. of Borrowers	Percentage
Up to 4 (small)	56	46.67
5-8 (Medium)	45	37.5
Above 8 (Large)	19	15.83
Total	120	100

Source: Field Survey, 2006

Above table shows that 46.67 percent of the total borrowers have small type of family i.e. up to 4 members in the family. 37.5 percent

of the borrowers live in Medium type of family, it includes up to 8 members in a family. 15.83 percent people live in large family i.e. they have above 8 members in a family.

During the research it is found that large families are suffering from different social and economic problems.

5.2.4 Age Structure

Table No. 5.5

Age Structure of the Borrowers

Age Group	No. of Borrowers	Percentage
Below 20	14	11.66
21-30	22	18.33
31-40	35	29.17
41-50	32	26.67
51 above	17	14.17
Total	120	100

Source: Field Survey, 2006

The above table shows that maximum participants were the age group of 31-40 and 41-50. Similarly, age group of 21-30 were also significant.

5.2.5 Marital Status of the Borrowers

Table No. 5.6

Marital Status of the Borrowers

Marital Status	No. of Borrowers	Percentage
Married	115	95.83
Unmarried	-	-
Widow	5	4.17
Total	120	100

Source: Field Survey, 2006

Table No. 4.6 shows that among the total sample respondents of 120 rural women, almost 100 percent women were married. Among them 4.17 percent were widowe. Only married women can join the GBB programme.

5.2.6 Situation of Household Head

Table No. 5.7
Situation of Household Head

Household situation	No. of Headed	Percentage
Male Headed	91	75.83
Female Headed	29	24.17
Total	120	100

Source: Field Survey, 2006

In the study area, women are illiterate and engaged in daily household and agricultural activities. The social status of women is very low in comparison to the male. The above table proves that about 76 percent of households were headed by male and 24.17 percent of household were headed by female. Among them 4.17 percent were widows.

CHAPTER SIX

AN ANALYSIS OF THE ROLE OF GRAMEEN BIKAS BANK IN POVERTY REDUCTION

In this chapter, the collected data are analyzed regarding to the objectives along with the analysis of the socio-economic characteristics of sampled borrowers. Since the main component of the Grameen Bikas Bank is to provide credit for rural women for income generating activities, the main part of the data analysis is concerned with loan amount and beneficiaries earning and living standard. These all gives the exact picture of socio as well as economic characteristics of the borrowers.

6.1 Loan Disbursement

Achievements of any Grameen Bank Programme not have to be evaluated by only quantity of investment but also by the actual loan disbursement. The analysis here has tried to analyse the loan distribution by amount of loan and number of borrowers.

Gorkha Branch office had started to disburse loan since fiscal year 2000/01. The members have now crossed the 5th phase and are running on the 6th phase of investment. But, during the study period, members of different centres (new and old) were consulted. So the sample borrowers have been running in different phases of investment. The credit ceiling of GBB is 10,000 in the first phase. After the repayment of all installment and interest, it provides second phase loan to its members. This system is same for all phases. The maximum limit of credit is 40,000 until the study period. It is needless to say that every investment programme has the risk security risk. The banking programme is also one of the same kinds eventhough it is

service oriented rather than making profits. Due to the potential threat of the problem in total loan disbursements pattern as it is without collateral, phasewise model was adopted in the study area which is described below.

The sample data shows that the members are running at different phases, which can be shown as follows:

Table No. 6.1
Running Phases of the Borrowers

Running Phases	No. of Borrowers	Percentage
1st	6	5.01
2nd	15	12.49
3rd	17	14.16
4th	23	19.17
5th	29	24.17
6th	30	25
Total	120	100

Source: Field Survey, 2006

The above table shows that 25 percent of the total borrowers are running in the 6th phase of investment. Similarly, 24.17, 19.17, 14.16, 12.49 and 5.01 percent of the sample borrowers are of 5th, 4th, 3rd, 2nd and 1st phases respectively.

6.1.1 Loan Amount

PGBB Provides 10,000 in the first phase of investment and 20,000 in the second phase. Similarly, it provides 30,000 on third phase onwards. The sample data shows that the members have taken different amount of loan in different phases.

Table No. 6.2

Loan Amount of the Sample Borrowers

Loan Amount	No. of Borrowers	Percentage
10000	5	4.17
15000	4	3.33
20000	8	6.67
30000	4	3.33
40000	99	82.5
Total	120	100

Source: Field survey, 2006

Table No. 5.2 shows the scenario of the loan amount and percentage of the total sample borrowers. GBB invest 30,000 from the 3rd phase of investment. Maximum No. of the borrowers are from old centres. So, maximum no. of borrowers i.e. above 82% has taken are Rs. 40,000. Similarly, 6.67 percent has taken Rs. 20,000 and 4.17 percent has taken 10,000. In the sameway 3.33 percent of the borrowers has taken Rs.30,000 and 15,000.

6.1.2 Loan Repayment

The loan repayment is the crucial aspect of the lending activities of any financial institution. If loans are not paid in time, it will affect to total turnover capacity of the financial institution and also disturbes the borrowing and lending environment between the institution and the borrowers themselves.

As analysis of the study area, according to the purpose of the loan was made as it is important to the lender for policy, formation. Installment repayment percentage is 100 percent among the respondent women.

Thus this repayment rate shows the successful operation of GBB in the study area.

6.1.3 Attitude Towards Interest Rate

Table No. 6.3
Attitude of Borrowers Towards Interest Rate

Attitude	No. of Borrowers	Percentage
Reasonable	91	75.83
Moderate	17	14.17
Unreasonable	2	1.67
I Don't Know	10	8.33
Total	120	100

Source: Field Survey, 2006

The table shows that most of the borrowers i.e. more than 75% of the total borrowers said the interest of the bank was reasonable. 14.17 percent of them said it was moderate and 1.67 percent of them responded the interest rate was unreasonable but the other 8.33 percent were neither positive nor negative

6.2 Occupation

Occupation is one of the major factors for evaluating socio-economic condition of the study area. It indicates the trend of development.

In this study, occupation denotes employment of people in different sectors for earning purpose. Being the rural area, the main occupation of the study area is agriculture. Similarly, people of the study area are found involved in other different occupation. The researcher has tried to categorize different occupational groups into three main groups i.e. Agriculture, Small Business and Cottage Industries.

Members involving in agricultural activities and animal husbandry, poultry farming, fish farming, horticulture etc are categorized into agriculture. People who are involved in small retail shop, hotel business etc are categorized into small business and who owned small industries such as sewing, tailoring, handicraft, garment etc are categorized into small industries.

The following table shows the occupational status of sample members before and after borrowing from the bank.

Table No. 6.4

Main occupation of the Borrowers Before and After the borrowing

Occupation	Before Borrowing		After Borrowing	
	No. of Borrowers	Percentage	No. of Borrowers	Percentage
Agriculture	76	63.33	53	44.17
Small Business	17	14.17	40	33.33
Cottage Industries	6	5	21	17.5
Other (wage labour)	21	17.5	6	5
Total	120	100	120	100

Source: Field survey, 2006

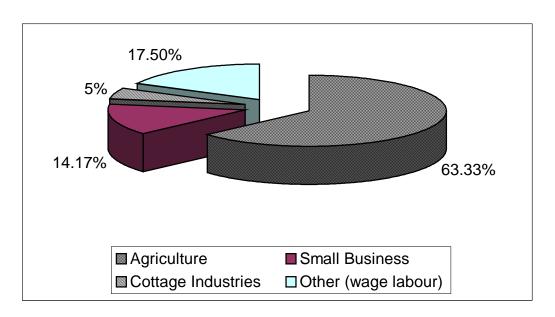
Table No. 5.4. Shows 63.33%, 14.17%, 5%, and 17.5% borrowers are engaged in Agriculture, Small Business, Cottage Industries and Wage Labour respectively before borrowing from the bank. Similarly 44.17, 33.33, 17.5 and 5 percent are engaged in Agriculture, Small Business, Cottage Industries and Wage Labor respectively after being the member of GBB.

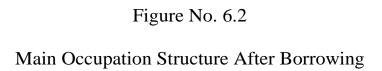
From the comparison between the before borrowing and after borrowing loan from GBB, percent of members increase in small business and cottage industries where it decreases in agriculture and labor based activities as the return in this sector in comparison to other sectors like business tends to be very low due to many reasons like infertility, traditional farming methods and so on This analysis proved that there has been development of entrepreneurship talent and self-employment in poverty ridden rural women with the loan borrowed from GBB.

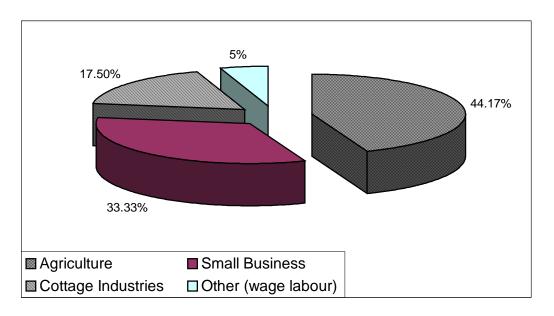
We can psresent above table in pie chart that shows the change in main occupation after borrowing from the bank.

Figure No. 6.1

Main Occupation Structure Before Borrowing







6.3 Land Holding

Table No. 6.5

Borrowing According to size of Land

Land in	Before Borrow	wing After Borrowing		Before Borrowing After Borrowing		ng
Ropani	No. of Borrowers	Percentage	No. of Borrowers	Percentage		
Land less	52	43.33	43	35.83		
0-5 Ropani	31	25.83	40	33.33		
5-10 Ropani	16	13.34	16	13.34		
10-15 Ropani	12	10	12	10		
Above 15	9	7.5	9	7.5		
Total	120	100	120	100		

Source: Field Survey, 2006

Above table shows that among the 120 sample borrowers, 43.33 percent were landless before borrowing. About 26 percent possess up to 5 Ropani and 13.34, 10, 7.5% were categorized under 5-10, 10-15 and above 15 Ropani respectively.

But after joining GBB, slightly change has been seen in land holdings of the borrowers. Some borrowers were able to buy small piece of land for housing. After borrowing the landless percentage has been dropped to 35.83 percent from 43.33 percent. Similarly, those previously landless were able to purchase some pices of land through their saving, the percentage of possessing 0-5 ropanies of land increased to 33.33 percent from 25.83 percentage. But percentage of possessing 5 to 15 or more ropanies of land remains constant as they have invested their savings to other productive works because they are able to keep up with their family through foodstuff.

6.3.1 Food sufficiency

Table No. 6.6
Food sufficiency Before and After Borrowing

Food	Before borrow	ring	After Borrowing	
Sufficiency	No. of Borrowers	Percentage	No. of Borrowers	Percentage
12 months	21	17.5	21	17.5
9 months	15	12.5	15	12.5
6 months	18	15	18	15
less than 6 months	66	55	66	55
Total	120	100	120	100

Source: Field survey, 2006

The above table shows that among 120 sample borrowers, only 17.5 percent borrowers produce enough food to feed their family. 12.5 Percent produce for only 9 months and 15 percent produce for 6 months. 55% of the total borrowers produce for less than 6 months. Landless were also included in this category.

After joining PGBB, The percentage of borrowers who produce food that is sufficient forthern has risen from 17.5 to 25.83. Similarly the

percentage of the borrowers who produce the food to manage the family for 9,6 and less than 6 months are also increased but not satisfactory as most of them are in the initial stage of the borrowing.

6.4 Changes in Income

Here income denotes the earning of the member of the bank through productive and income generating activities. The income may be in the form of cash as well as kind such as food grains, other agricultural products, milk, animal and animal products, cottage industry etc. After borrowing loan, members are able to earn money. Loan helps to raise their economic activities and ultimately, status because of the income generating activities of GBB. Income of the borrowers before and after borrowing loan is given below:

Table No. 6.7

Income of the Borrowers Before and After Intervention of GBB

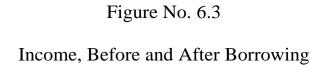
Income	Before Borrowing		After Borrowing	
Group (Per month)	No. of Borrowers	Percentage	No. of Borrowers	Percentage
0-500	7	5.83	-	-
501-1000	42	35	4	3.33
1001-1500	19	15.83	22	18.33
1501-2000	18	15	11	9.18
2001-2500	9	7.5	27	22.5
2501-3000	15	12.5	18	15
3001-3500	5	4.17	19	15.83
3501-4000	4	3.33	8	6.67
4001-4500	1	0.84	7	5.83
4500 above	-	-	4	3.33
Total	120	100	120	100

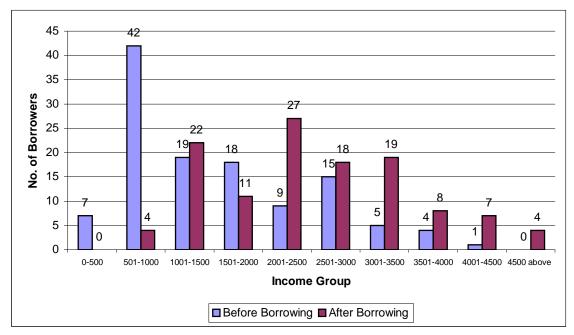
Source: Field Survey, 2006

Table No. 6.7 shows the income of the members before and after borrowing loan from GBB. The table shows that before borrowing there was 56.66 percent of the total number having income below Rs. 1500 where as it has been declined to 30.84 percent after borrowing. Before borrowing there was only 0.84 percent having income above 4000 where as it increases to 9.16 percent after borrowing.

Thus the study shows that there is significant income effect after joining GBBs credit programme.

Increase in income before and after borrowing is also presented in bar diagram.





6.5 Savings

Before intervention of GBB, there was very little number of women who had saved their income. After the intervention of GBB, the members who are benefited from such programmes are aware about saving money for future need. For example, those who are involved in animal husbandry can earn income only a season, but the borrowers should pay the installment on weekly basis. For that purpose, they

have to save for repayment on the non-seasonable period. There fore after the intervention of GBB programme, there has significantly increase in saving habit which is good signal for economy.

Under the GBB credit rule, there is provision of compulsory saving under group fund. Member of GBB have to deposit fixed amount of money in the form of savings. This rule increases the saving habit of the members.

A positive relation between income and saving has also been observed in generation of saving after GBB's intervention. This analysis shows that after intervention of GBB, poor women are capable to save income.

Table No. 6.8
Saving After Bank's Intervention

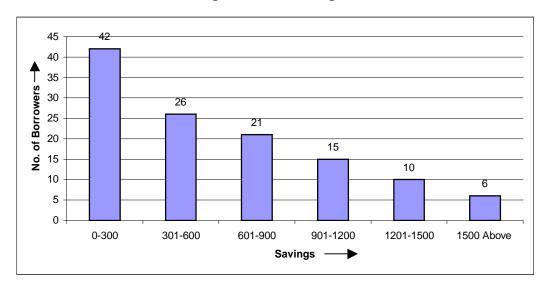
Saving Group (per month)	No. of Borrowers	Percentage
0-300	42	35
301-600	26	21.67
601-900	21	17.5
901-1200	15	12.5
1201-1500	10	8.33
1500 Above	6	5
Total	120	100

Source: Field Survey, 2006

Table No. 6.8 shows 35 percent borrowers were capable to save Rs. 0-300 and 21.67 percent borrowers are saving the amount Rs. 301-600.

Similarly, 17.5%, 12.5%, 8.33% and 5% borrowers are saving Rs. 601-900, 901-1200 1201-1500 and 1500 above respectively. But before the intervention of the Bank, the saving pattern as they told was not notable because those who had saved some amount used to purchase land which did not have good yielding and some of them spent the small amount that they saved in buying clothes or food like meat, milk etc The trend of savings after borrowing is also shown in the Bar diagram.

Figure No. 6.4
Savings After Joining GBB



6.5.1 Utilization of the Savings

Table No. 6.9 Utilization of Savings

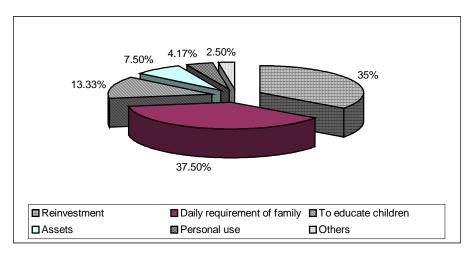
Utilization	No. of Borrowers	Percentage
Reinvestment	42	35
Daily requirement of family	45	37.5
To educate children	16	13.33
Assets	9	7.5
Personal use	5	4.17
Others	3	2.5
Total	120	100

Source: Field Survey, 2006

Above table shows that 35% of the borrowers have been using their savings in the same business (reinvestment) and 37.5 expenses for their daily requirement of the family. 13.33 percent utilize for child education and 7.5 percent creating assets. Similarly, 4.17 percent expenses for personal use and 2.5% in other.

The above table is also presented in pie-chart.

Figure No. 5.5
Utilization of Savings



6.6 Living standard of the Borrowers Before and After intervention of GBB

5.6.1 Consumption pattern of Borrowers

Table No. 6.10 Consumption Pattern

Fooding	Before borrowing		After Borrowing	
	No. of	Percentage	No. of	Percentage
	Borrowing		Borrowing	
Traditional fooding like dal, bhat, tarkari	94	78.33	49	40.83
Non traditional by adding meat, egg, fish milk, fruit etc	26	21.67	71	59.17
Total	120	100	120	100

Source: Field Survey, 2006

Above table illustrated that before borrowing loan from GBB, 78.33 percent of the total sample borrowers have used traditional type of food and 21.67 percent of the total members have used non-traditional type of food. After borrowing loan from GBB, it has reduced to 40.83 percent having traditional type of food where as it has increased to 59.17 percent having non-traditional type of food. It means there is effective role of GBB in consumption of fooding items.

The above table also proves that when the income of people increased, consumption in food item is also increased i.e. traditional to non-traditional item which helps to make the people's health good.

6.6.2 Housing Pattern of the Borrowers

Table No. 6.11
Sheltering of the Borrowers

House Type	Before Borrowing		After Borrowing	
	No. of Borrowers	Percentage	No. of Borrowers	Percentage
Hey Roof	31	25.83	24	20
Corrugated sheets (Jasta)	17	14.17	23	19.17
Tiles	11	9.16	16	13.33
Cemented	12	10	18	15
On Rent	49	40.84	39	32.5
Total	120	100	120	100

Source: Field Survey, 2006

According to the above table, 40.84 percent of the borrowers had not their own home to live before borrowing but it decreases to 32.5 percent after the intervention of GBB. Similarly, the number of Jasta, Tiles and cemented houses are also significantly increases after the intervention of GBB.

6.6.3 Toilet Condition

Table No 6.12

Toilet Condition Before and After Borrowing

Toilet	Before Borrowing		After Borrowing	
Condition	No. of Borrowers	Percent	No of Borrowers	Percent
Temporary	73	60.83	43	35.83
Permanent	47	39.17	77	64.17
Total	120	100	120	100

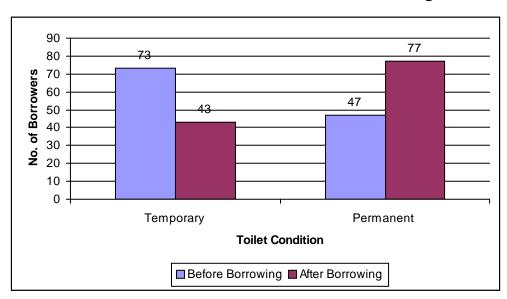
Source: Field Survey, 2006

The above table obviously shows that number of borrowers of systematic permanent toilet users group have increased after the intervention of GBB. Because of the GBB's compulsory social training programme, awareness about the permanent toilet have been increased among the rural women.

The above table is also presented in bar diagram.

Figure No. 6.6

Toilet Condition Before and After Borrowing



6.6.4 Educational Status of the Borrowers

Education is one of the major factors for social as well as economic development. It is the first step to human civilization. Hence it affects all sectors of the society. In the procedure of loan, educated person can handle easily than uneducated persons. The following table shows the educational status of the borrowers.

Table No. 6.13

Educational Status before and after borrowing

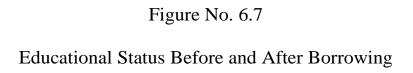
Education	Before Borrowing		After Borrowing	
	No. of Borrowers	Percentage	No. of Borrowers	Percentage
Literate	23	19.17	78	65
Illiterate	55	45.83	-	-
Primary	21	17.5	21	17.5
Secondary	13	10.83	13	10.83
Above secondary	8	6.67	8	6.67
Total	120	100	120	100

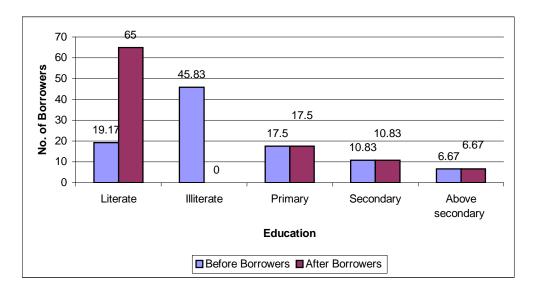
Source: Field Survey, 2006

Before borrowing 45.83 percent women were illiterate, 19.17 were literate, and 17.5 percent were passed primary level. Similarly, 10.83% had completed secondary and 6.67 above secondary.

But there are no illiterate after borrowing. Literate are those who can write their name. Before lending loan, field staff trained women to write their name. Therefore, every borrower is capable to write their names and to read something as well.

Educational status of the borrowers before and after borrowing is also presented on bar diagram.





6.6.5 Child Education

Table No. 6.14

Child Education After the Intervention of GBB

Type of School	No. of Borrowers who send their children	Percentage
Government School	89	74.17
Boarding School	19	15.83
No where	12	10
Total	120	100

Source: Field Survey, 2006

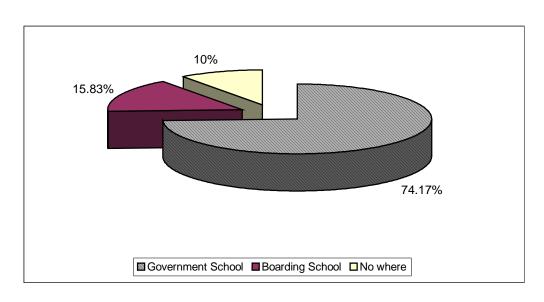
Before joining GBB's credit programme, most of the children of the villagers were illiterate. But after joining the GBB, they start to send their children at school. The above table shows that 74.17 percent of the sample borrowers are teaching their children at government school. 15.83 are able to teach at boarding school. But 10% of them are still unable to teach their children as they had recently joined the

bank. GBB's social awareness programmes plays important role for the child education.

The above table is also presented in pie chart

Figure No. 6.8

Child Education After the Intervention of GBB



6.6.6 Health Facilities

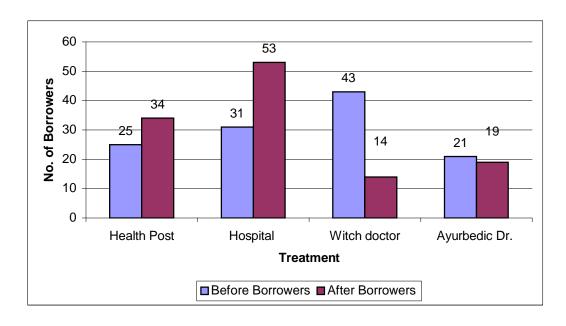
Table No. 6.15
Family Treatment Before and After Joining GBB

Treatment	Before Borrowing		After Borrowing	
	No. of Borrowers	Percentage	No. of Borrowers	Percentage
Health Post	25	20.83	34	28.33
Hospital	31	25.83	53	44.17
Witch doctor	43	35.84	14	11.67
Ayurbedic doctor	21	17.5	19	15.83
Total	120	100	120	100

Source: Field Survey, 2006

Treatment practices after the GBB's intervention has been positive on the members of GBB. Before intervention of GBB, about only 47% of the borrowing family went hospital and health post for treatment whereas it increases to 72.5 percent after joining GBB. 35.84 percent members used to go to the witch doctor before joining GBB, it decreases to 11.67 percent after joining GBB. Similarly 17.5 percent used Ayurbedic medicine before joining GBB which is 15.83 after joining.

Figure 6.9
Family Treatment Before and After Joining GBB



6.6.6.1 Family Planning Practices

Before the intervention of GBB, most of the women were illiterate in the Study area. They were not conscious about burden of large family. Because of the GBB's compulsory social training programme, now most of the group members i.e. almost 90% of them are well-known about the importance of family planning practices. Now they are aware of the adverse effect of having large/big family and also on the maternal and the infant health as well. They somehow know the permanent and the temporary solution of family planning along with the easy access to contraceptives.

6.6.6.2 Drinking water

The provision of clean drinking water is an essential step towards improving the standard of health in poor countries. In Nepal water born diseases contribute the high infant and child mortality, diarrhoeal diseases, parasitic and viral infections are highly prevalent. Before the banking programme there were a few stone taps and wells which were not properly managed. People had to walk long to fetch water that became a torture to the women. The sources of water are tapes and wells in the study area. These sources are not impure but the illiterate women did not know about the safety drinking method. But after the intervention of GBB, a big reservoir (RCC tank) was built with the co-operation of the NGO named Rural Drinking Water Supply Project Nepal and Prithivi Narayan Municipality, hence almost all the borrowers under the municipality avail piped water. Even to the villages, Drinking water supply programmes have been in practice in the active participation of the beneficiaries i.e. the borrowers. Now they keep drinking water in clean and covered vessels and some of their boil water before drinking.

6.6.6.3 Clothing

Before joining GBB, most of the rural women as they told used to wear dirty clothes. But after joining the centre meetings of GBB, the pattern of clothing has been changed. GBB gives various types of education, so they realized that using dirty clothes is harmful for their health. So they use clean and simple clothes. It proves that there has been significant improvement in their clothing and their health.

6.6.6.4 Sanitation

Improved health and sanitation is one of the important objectives and activity of any GBB programme. Many villages' surroundings were polluted by human waste due to ignorance about sanitation as well as lack of facilities for excreta disposal. Inspired by the GBB's social awareness programme, many villagers constructed toilet.

Previously, women kept their homes and yards clean, but they didn't see the need to keep themselves and their children clean. Now women have learned to wash their hands before and after each meal and use toilet. They also bathe themselves and their kiddies regularly.

6.6.6.5 Environment

Previously, women were unconcerned about the environment. They didn't conscious about the importance of plantation of tree and clean environment. But because of social education programme of GBB, now they know the importance of environment and actively participate in environmental conservation programme as they can be availed multidimensionally. Community forestry programme has already been launched which contributes them though incomegenerating activities like animal husbandry forest related products etc. During the survey, some of the borrowers even talked about rural tourism, which is possible only when the area is environmentally sound. Hence a forestation and reforestation programmes have been gradually launched in the study area.

6.6.6.6 Irrigation

The practices of irrigating land were not satisfactory, as they had to rely on the rainwater due to the lack of access to any reliable sources of irrigation like canals etc. The lands used to be cultivated only during the monsoon are now cultivated all round the year as well finished permanent cannels have already been constructed with the help of some to the NGO working in the area, moreover the confidence and commitment of the borrowers who utilized their savings there.

6.6.6.7 Social Practices

Since the study area comprises many caste group varieties of social practices like; festivals, marriage ceremonies and other rituals are common there. However the trend of observing/practicing such social phenomenon tended to be vulnerable to some extent due to many reasons. But the main influencing factor is income patters. For the borrowers it was difficult even to observe the most essential. Practices like marriage, funeral processions etc. before the banking programme there. Due to the full time leisure, the youths, the middleaged and even the aged used to spend most of their time in gambling, alcoholic drinks and so on. But the vulnerability has been altered after the bank's intervention as the way of living has been improved.

CHAPTER SEVEN

SUMMARY, CONCLUSION, FINDINGS AND RECOMMENDATIONS

7.1 Summary

Poverty is deep rooted in rural areas. It is not difficult for even a casual observer to find 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 or 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 the rural poor by alleviating their poverty, the government has set up five regional rural development banks, namely, Eastern, Central, Western, Mid-western and Farwestern Rural Development Banks. 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.

Paschimanchal Grameen Bikas Bank was established to alleviate poverty of the western Development Region by the active participation of women in social and economic activities. The present study tried to find out the role of Branch Office Gorkha of PGBB in poverty reduction. There is significant impact of the borrowing in the study area after the intervention of Grameen Bikas Bank. It is proved that there is increase in income, increase in savings, utilization of savings, increase in child education and living standard of the borrowers.

7.2 Conclusion

Grameen bank is basically rural bank launched for poverty alleviation through women's participation in social and economic activities. The main objective of the bank is to introduce and institutionalize a non-traditional banking system in rural areas which would provide credit facilities under special terms and conditions. The project attempts to serve those rural people who are not covered by the traditional banking system.

The present study tried to find out the role of Branch Office Gorkha of PGBB in poverty alleviation. It has had a large input on each and every aspects of its member's lifestyle. The living standard of the members has been greatly improved after the introduction of GBB programme. Availability of safe drinking water, use of toilets and use of modern medical facilities has been increased. Other social condition such as education, clothing, sanitation, environment and housing situation have been improved.

Overall, we can conclude that PGBB has played a significant role in alleviating poverty of rural women in the study area. The banks lending activities have contributed to increase employment, land holding, housing income, saving and consumption which constitute the major indicators in changing poverty situation.

7.3 Findings

On the basis of the study, following findings are derived:

- 1. In Gorkha Branch Office, 120 sample borrowers have borrowed Rs. 4350,000 in the study period. Out of them, 99 borrowers have borrowed Rs. 40,000, 4 borrowers have borrowed 30,000, 8 borrowers have borrowed 20,000 and 4 borrowers have borrowed 15000 loan. Similarly, 5 borrowers out of 120 sample borrowers have borrowed Rs. 10,000. These borrowers are running in different phases of investment. 30 borrowers are running in the 6th phase and 29 borrowers in the 5th phase. Similarly, 23, 17, 15 and 6 borrowers are running in the 4th, 3rd 2nd and the 1st phase respectively and this leads to the fact that there is high demand for loan amount.
- 2. Loan Repayment percentage is 100 among the respondent women which is positive for future sustainability of PGBB. Similarly, more than 75% borrowers said that the interest rate and weekly repayment system is suitable for them.
- 3. Before GBB's intervention, more than 80% of the total members was engaged in agricultural and wage labour and only less than 20% was in non-agricultural sector. After GBB's intervention, more than 50% of the total borrowers have been engaged in non-agricultural sector. This fact shows that the loan amount borrowed from PGBB has significantly diverted the rural women from traditional sector to non-traditional sector.
- 4. There has been satisfactory increase in employment and entrepreneurship talent of the rural women because every borrowers has started new business i.e. off-farm business.

- 5. Before borrowing more than 40 percent of the total members had income amount of less than Rs. 1000 per month whereas after GBB's intervention, only 3.33 percent has remained in this class. Similarly, before borrowing, there was about 44 percent who earn more than 1500 per month whereas it has been increased to 78.34 percent after being the member of GBB. This fact proves that there has been a significant increase in the income level of the borrowers.
- 6. Saving rate of the borrowers is also increased after the intervention of the bank which is positive sign for development. Similarly, utilization of the saving is also satisfactory. Most of the women utilize saving for productive activities.
- 7. Consumption pattern, housing, and clothing is significantly improved which implies the living standard of the rural poor is uplifted.
- 8. Homeless people are purchasing a segment of land for settling in limited scale.
- 9. Economic dependency has been gradually shifted from male to female.
- 10. Condition of education, health and sanitation, family planning, clean drinking water, environment etc. are drastically changed after the intervention of GBB. Similarly, Socio-economic and political status of the borrowers have been significantly increased.

7.4 Recommendations

On the basis of above findings, the following recommendations have been made for the growth, sound operation, good management and for the best utilization of Grameen Banking system.

- 1. There is high demand of loan in comparison to the supply. So PGBB should increase its lower and upper loan ceiling amount.
- 2. Since poverty is mainly concentrated among the lower caste people, the bank should give topmost priority to organize lower caste people and provide them loan.
- 3. GB should strictly follow its philosophy and shouldn't join members from outside the target group and more than one member from the same family even in different group.
- 4. For the effective utilization of loan, bank should include practical and training course related to skill development activities in agricultural extension, income generation and business promotion as per the need of particular community.
- 5. To supervise the use of loan and to provide effective skill to advise the management of loan project, field staff should be trend regularly so that the clients of credit programme receive technical as well as managerial guidance to manage credit project.
- 6. Social programmes of the bank should be strictly implemented to create awareness to the people towards different social ill–practices.

- 7. For the future sustainability of the bank and to cope with the fund crisis, deposit must be accepted from the general public so that the freezed capital can be the productive one.
- 8. As poverty alleviation is the prime objective of the bank, coordination with other NGOs/INGOs working in this field would
 be more beneficial. At present there is lack of co-ordination
 between the bank and the other NGOs/INGOs operating in the
 rural areas. This has led to duplication and overlapping of
 activities in the same area.
- 9. Evaluation of the GB programme and the status of the women should be carried out for time to time. This will help to rectifying any defects in time.
- 10. Must try to minimize the operation cost and maximize the outstanding of the loan.
- 11. For the successful operation of the bank, there should not be political intervention to the bank management and its activities.

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ANNEX

ANNEX - I

घर परिवार सर्वेक्षण प्रश्नावली Questionnaire for Households Survey

	प्र.न. १ उत्तरदाता नामः				रा											
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	प्र.नं.२ विवाहित /															
	स्तर:			9			·									
	प्र.नं. ३ उत्तरदाता	को पार्वि	रेवार्ष	रेक विवर	ण:											
	३.१ तपाई र तपा	ईको प	रिवा	र सदस्यह	रुको	उमेर	, शिष	भार	पेशाव	क्रो जान	कारी दिन्	होस ।				
क	नाम/थर	लि	उ	घरमुली	शैक्षि	कस्तर				पेशा						
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				अध्ययनर						नक ज्य	ग्रालादारी					
	प्र. नं. ४ तपाइल	ार् <u>द</u> पशि				विका	_					ो यसब	ाट कर	स्तो		
	सहयोग							• • • • • • • • • • • • • • • • • • • •	. ,, ,							
	प्र.नं. ५ तँपाइले प	पश्चिम	ञ्च	त्र ग्रामिण	विक	गस वै	किबा	र ऋष	ग सह	योग व	विति लिन्	भयो?				
	सो रक	म के म	ना ल	गानि गर्	र्मयं	† ?					•					
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	प्र.नं. ६ तपाईको	जग्गा	कति	छ?												
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	प्र.नं ७ तँपाइँको प	परिवार	मा ज	गगाको र	वामि	त्व क	समा	रहेक	छ?							
	आफ्नै]			3	युवा /	आमा									

श्रामान	भामता
प्र.नं. ८ तपाईसँग तथा तपाइको परिवारमा भएव	को जग्गाको विवरण दिनुहोस
पहिले:विगाहा / रोपनी	ਲੈਜ
अहिलेविगाहा / रोपनी छैन	
प्र.न. ९ तपाइको आफ्नो मुख्य पेशा साथै आम्दानीव	rum nia ari francisco e
प्र.न. ८ (पि।इका जापना मुख्य परा। साथ जाम्यानाक	ग प्रमुख स्नात पार विवरण विमुहास ।
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अहिले पेशाआम्दानी स्रोत	
प्र.न. १० तपाइको परिवारमा हुने सरदर खर्चको	
खर्च गरेको शिर्षक	अन्मानित जम्मा खर्च
खाद्यान्न	जनुमागरा जम्मा खप
लत्ता कपडा	
शिक्षा	
स्वास्थ्य	
घर भाडा / घर मर्मत	
चाडपर्व	
फ्टकर	
औषधी उपचार	
अन्य	
जम्मा	
प्र.नं. ११ तपाईको घरमा तलका साधानहरु के के छ	
टि.भि रेडियो	કિ.મિ.કિ
क्यासेट प्लेयर अन्य [
प्र.नं.१२ त <u>पाईको घर</u> मा सौचालय छ? छ भने कस्तो साधारण आधुनिक	· 영.'
प्र.नं. १३ तपाईको परिवारमा कुन क्षेत्रबाट विह	आम्दानी द्रन्छ ?
	म/व्यवसाय नोकरी/सेवा
अन्य	117 - 1-1 (11 - 11 - 11 - 11 - 11 - 11 -
प्र.नं. १४. तपाईको घरमा वस्तुभाउ पाल्नु भएक	ो छ या छैन?
छ छैन	छ भने
प्र.नं १५ तपाइको परिवारमा दुधालु गाई भैसी छ	
प्र.नं. १६ दैनिक कति लिटर वेच्नु हुन्छ ? लिटर	प्रति लि. मुल्य रु
प्र.नं १७ तपाईको परिवारमा खाना पकाउने इन्ध	- नको श्रोत के हो ?
दाउरा गुइठा	महितेल छुवाली पराल
सौर्य उर्जा गोवर	ग्यास एल.पी.ग्यास
यदि दाउरा प्रयोग गर्नु हुन्छ भन्ने कस्तो चुलो छ	; ?
परम्परागत सुधारि	एको
पू.नं १८ तपाईको परिवारमा खाने पानिको स्रोत	के हो ?

पाइपको पानी ट्युववेल कुवा
नदी / खोला अन्य
प्र.नं. १९ तपाईको परिवारबाट स्कुल जाने बालबालिका संख्या कित होला ?
६-१२ वर्षको वालक संख्या वालिका संख्या
१३-१७ वर्षको केटा संख्या केटी संख्या
यदि स्कुल जान छाडेका भएमा कारण:
संख्या बालक बालिका बालिका
प्र.नं.२० तपाईले आफ्नो आम्दानी खर्च गर्दा कसरी गर्न हुन्छ?
आफै/आफ्नै निर्णयमा
अरुले/अरुको भरमा
प्र. नं. २१ तपाइले आफ्नो अम्दानीवाट वचत गर्न सक्नु भएको छ? यदि छ भने कित गर्नु भएको छ। छ \ छैन \ छ भने जम्मा \
प्र.नं. २२ तपाइले आफ्नो वचत लगानी गर्नु भएको छ । छ भने कहाँ विवरण दिनुहोस ।
व्यापारमा कमा जम्मा पृण लगानि
प्र.नं. २३ तपाई अहिलेको आम्दानिबाट सन्तुष्ट हुनुहुन्छ? छु छैन प्र. नं. २४ तँपाइको गाउँमा/समाजमा बैंकबाट ऋण प्राप्त भएपछी पहिले र अहिलेमा कस्तो भिन्नता पाउन् भएको छ?
पहिले
प्र.नं. २६ हाल तपाईको उद्यमबाट कित रकम वचत संकलन गर्न सक्नु भएको छ । जम्मा रु वार्षिक रु.
प्र.नं. २७ तँपाइलाई ग्रा.वि.वै.ले गरिवी निवारणमा सहयोग गरेको जस्तो लाग्छ?
लाग्छ लाग्दैन प्र.नं. २८ तपाईले पश्चिमाञ्चल ग्रामिण विकास वैंकवाट कहिले ऋण सहयोग लिनु भयो?
मितिःजम्मा रुःतिर्न वाँकीप्र.नं. २९ तपाईले यस वैंकबाट ऋण सहयोग प्राप्त गरिसकेपछि तपाइको परिवारको खाना परिकारमा पहिले र अहिले कस्तो भिन्नता पाउनु भएको छ?
पहिले
अहिले प्र.नं ३० तपाईको ग्रा.वि.वैक.बाट ऋण सहयोग पाएपछि तपाइले आर्थिक पँहुच वृद्धि भएको पाउनुभएको
छ;?
छ छेन प्र.नं.३१ तपाइको गाउँमा यस कार्यक्रम पछि महिलाको स्थितिमा साथै महिलाको आर्थिक सामाजिक स्थितिमा सुधार पाउनु भएको छ ?

छ 🔲 छैन _ छ भने भिन्नता देखाउनुहोस?
पहिले
अहिले
प्र. नं. ३२ तपाइको यस ग्रा.वि.वै प्रति पहिले साथै अहिले कस्तो धारणा छ?
पहिले
अहिले
प्र.नं. ३३ तपाईले हाल कस्तो महसुस गर्नु भएको छ? साथै आर्थिक सामाजिक विकासमा समस्या भए
कस्तो सहायोग चाहानु हुन्छ?

ANNEX-II

Questionnaire for Banking Information

1. When was the programme launched?
2. How many municipalities and VDCs does it cover ?
3. How many centers have been designed ?
4. What is the total number of groups that have ever been formulated?
5. What is the actual number data of the borrowers ?
6. How was the loan disbursed in the initial stage ?
7. What is the difference between the loan disbursement pattern now and then?
8. What is the total disbursed amount ?
9. How much amount is to be recovered?
10. What is the total outstanding amount ?
11. How many members have been working as the employers?
12. Are there any volunteers to work as the staff?
13. Which caste group do the borrowers mainly fall under ?
14. What additional programmes has the bank run for the sustainability of the banking programme ?
15. What kind of loan recovery pattern has been adopted ?