

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5209
ANSWERED ON:20.04.2001
RURAL BANKS
JAI PRAKASH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have conducted any study of the programmes run by the Rural Bank of Bangladesh which has been honoured by the peace prize so that such programmes may be introduced/implemented in our country also;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefore ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) to (c) National Bank for Agriculture and Rural Development (NABARD) has conducted a few studies on the programme of Bangladesh Grameen Bank. The general pattern followed by the Grameen Bank are as under:

Small homogeneous groups of 8 to 10 beneficiaries are nurtured for developing saving habits and self development through use of credit;

Four to five such groups are combined to form a bigger group. The group is required to meet once in a week to discuss the group activities and also to share each other's problems;

Taking into account the savings mobilized by different groups in the first six months of their existence Grameen Bank supervisors assess the credit needs of different members and depending upon the activities proposed to be undertaken by them provide them credit facility.

In the beginning, the loan amounts generally range between 500-1000 Takka. The loans are required to be repaid within a period of one year so that the member becomes eligible for next loan in the next year which is generally of a higher amount (1000-2000 Takka). The loan eligibility increase with each passing year and also the growth in savings. Cent percent recovery is ensured through the peer pressure since default by any member makes the entire group ineligible for any further financial support;

The cost of the loans is observed to be of less relevance for the borrowing members as the lending rates of Grameen Bank range between 20 and 30% per annum. In contrast to the above, in India, keeping in view presence of a large network of Bank branches in the rural areas, the concept of Self Help Group (SHG) Bank linkage approach with active policy support has been evolved. As on 31st March, 2001 cumulatively 2.63 lakh SHGs were credit linked with 318 banks in the country. This has given a coverage of approximately 44.6 lakh rural poor families accessing financial services from the Banking system in a more cost effective manner. This is increasingly being accepted as the programme of all the banks in the country. The programme has been targeted to reach to at least 6 crore rural poor families by 2007-2008.