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Rise in Women Entrepreneurship Through Grameen Bank

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PROJECT BACKGROUND:

Grameen bank is a concept of Microfinance. Microfinance revolution, as it was frequently called, did not happen overnight. Microfinance has a long history of evolution, from a simple idea to a global movement, through which it came into the present shape. But much of its history is yet to be written systematically. In fact, there is no historical research so far from the perspective of microfinance. Little is thus known about the early history of some of the oldest forms of lending to the poor. The current study offers a historical look at microfinance and aims at documenting the evolution of modern microfinance institutions. The object of the research is to recognize the historical depth of microfinance and give a picture of how this idea emerged and developed overtime. The study reveals that moneylending to the poor was always in existence in various forms in different periods of time in both developing and developed countries. It has a long history, particularly in Asia but also in Africa and Europe.

Study aims to conceptualise and document the historical evolution of microfinance in Bangladesh using the life cycle theory (LCT). Based on the LCT nomenclature, the microfinance sector in Bangladesh shows characteristics broadly consistent with the saturation phase (2006–2015) – which potentially has adverse impacts on both microfinance clients and institutions. The maturity phase (1996–2005) of microfinance has corresponded with competition and several innovations (financial and non-financial). However, the saturation phase sees increasing presence of uncoordinated microfinance institutions and expansion of multiple borrowing, as well as commercialisation and ‘mission

drift', which constitute important challenges for the regulatory authority and management of microfinance institutions.

'Microfinancing' was introduced in India in the 1980s as a solution to poverty and to empower women. Despite its strong potential, the microfinance sector faces challenges related to accessibility in rural India. In India, the first initiative to introduce microfinance was the Self-Employed Women's Association (SEWA) in Gujarat, which established SEWA Bank in 1974. Since then, this bank has been providing financial services to individuals who wish to grow their own businesses in rural areas. One successful initiative is Kudumbashree, the Kerala state's Poverty Eradication Mission that was launched in 1998. This female-led community organisation of Neighbourhood Groups (NHGs) brings women from rural and urban areas together to fight for their rights and helps empower them. Through these NHGs, women work on a variety of issues like health, nutrition and agriculture. They can collect income and seek microcredit while working under this scheme. Such small-scale initiatives are promoting financial independence in underprivileged areas. There is a need to provide microfinance facilities to cater to India's large rural population.

Objectives:

Firstly, our objective was to find out the major benefits that Grameen Bank is providing for the poor and women entrepreneurs in India and across the globe.

Secondly, to conduct survey and collect data from people to know how they benefited from the same. To get in touch with people and conduct interview about their entrepreneurship journey.

Thirdly, to spread awareness and knowledge to people who does not know the benefits and merits of Grameen bank and also the schemes and policies they provide.

Research Methodology

This study is a survey; these are usually used to find the fact by collecting data directly from the population or sample. Here the sample of our study all the working individuals who are from India. This is a method or a means of gathering information by asking a set of questions to a sample of respondents who represent a population with specific characteristics. A questionnaire is a research tool featuring a series of questions used to collect useful information from respondents. These instruments include either written or oral questions and comprise an interview-style format. Questionnaires may be qualitative or quantitative and can be conducted online, by phone, on paper or face-to-face, and questions do not necessarily have to be administered with a researcher present. Questionnaires feature either open or closed questions and sometimes employ a mixture of both. Open-ended questions enable respondents to answer in their own words in as much or as little detail as they desire. Closed questions provide respondents with a series of predetermined responses they can choose from. We have conducted this survey in two ways one is the online method with the help of google forms and the other one is through face-to-face or personal interview where these surveys are a study used when a particular target group is involved. The reason to conduct a personal interview survey would be to understand the people's responses and gather more information on the same. Personal interview surveys are used to test the interviewee's responses and simultaneously to notice

the behaviour of the respondents. This can either be independent or collectively as a group. This helps one to measure Personality, Cognitive Ability, and Motivation – are critical areas for employers to identify if you are a right fit for the role and the organisation. The study is done in India and the data is analysed and documented by using Google forms. The source for the data presented in this report were both computed through primary and secondary data collected.

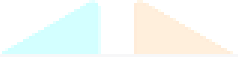
Current Structure of the Market

Grameen Bank is a bank for the poor. Understanding the sources of its success (or failure) requires an assessment of how it functions as a financial institution and poverty alleviation program. Grameen Bank operates in a credit market characterized by imperfect information and poor enforcement; two common sources of failure in many DFIs in many countries. The granting of a loan implies a high risk of loan default. The viability of lenders thus depends on the choice of borrowers, their motivation to repay the loans, and the ability of the lenders to enforce the loan agreement (Hoff and Stiglitz 1990). But formal lenders are not part of the community, so they have no way or resources to gather information about borrowers and their activities. Thus, formal lenders often lend based on asymmetric information and have difficulty enforcing contracts because there is no effective legal system to enforce contracts. Grameen Bank has developed ways to deal with both asymmetric information and incomplete implementation. It offers group-based credit, where individual access to credit is linked to group responsibility and repayment behaviour. Grameen Bank's loan process begins with five self-selected individuals who own less than 50 decimal places of land and agree to form groups in which they guarantee and supervise each other. Each group is organized and trained bank, Grameen Bank employees in weekly group meetings covering Grameen rules and regulations and maintaining, individual, financial and social discipline. The advantage of the group credit approach is that it fulfils the self-fulfilling expectations of groups of like-minded people, and makes the activities of the borrower transparent to bank employees. Peer-to-peer lending makes effective use of monitoring and enforcement of peer-to-peer agreements, gives borrowers an incentive to repay, and helps separate good borrowers from bad - all of which would be costly for banks to achieve otherwise. Furthermore, unlike many other financial institutions, Grameen Bank follows savings mobilization as an integral part of lending. Although an internal source of funding for onward lending, the Grameen Savings Mobilization System is also designed to address both production risk and market imperfections in credit and other markets. Each member should save Taka 1 per week which will be deposited at the weekly group meeting. In addition, 5 percent of the loan amount is credited to the "group fund", while Taka 5 for every Taka 1,000 more than the loan amount above 1. U1Y0 is debited to the "emergency fund" charge. The Group Fund is managed by the groups and provides an additional source of funding to the poor by mutual agreement. The Emergency Fund is managed by the Grameen Bank and is used as a relief tool for the against death, injury or natural insolvency disaster, in addition, each member buys one Grameen bank worth Taka 100. Those, shares give the membership a share of ownership of Grameen Bank and their representation on its board; over time, and the proportion of members' shares in the total capital of and additional representation increased. Transparency in credit transactions is a unique feature

of Grameen Bank's lending. loan options and applications are discussed among all group members at mandatory Center meetings.³ All credit transactions and related discussions for each group are publicly managed at weekly meetings and decisions are made unanimously. These transparent boundary procedures significantly reduce the entrenchment of system-related interests that have been a source of corruption and embezzlement in many DFIs (Braverman and Guasch 1986). With an eye on poverty alleviation, Grameen Bank has developed targeted and input mechanisms to focus on the root causes of poverty. Grameen Bank believes that lack of credit is the biggest constraint for the country's poor. He argues that the rural poor, who have too little land to support themselves as farmers, can make productive use of small unsecured loans that they would repay over time. Thus, with appropriate credit support, the poor can be productively employed in known manufacturing and processing industries, transport services, storage and marketing of agricultural products, and animal husbandry among other profitable activities. Grameen Bank also argues that if the rural poor are offered credit on reasonable terms, they are best able to decide for themselves how to grow and need no external input beyond what they can buy themselves. These principles are used to mobilize the poor so that poor men and women can obtain credit by identifying independent sources and agreeing to guarantee and monitor others in the group. Grameen Bank targets the poor below the 50th decile based on land ownership. Land-based targeting may not be an effective mechanism to identify the poor, as information on land ownership and assets may be obscured. However, Grameen Bank's targeting is effective, because its lending is group-based and only allows individuals with the same or Although membership is free, Grameen Bank's group-based lending taxes those with high alternative time costs because it involves weekly meetings and other time-consuming activities. Because opportunity costs vary from person to person and are generally high in agriculture, participation in the program is highly voluntary and limited to those whose opportunity costs are very low. Because the landless poor have low opportunity costs due to limited income opportunities, they tend to participate in the program.⁵ The smaller loan size (typically limited to Taka 2,500, equivalent to US\$ 65, for first-time borrowers and to Taka). 10,000, or \$250, for senior members) also act as a disincentive. when accepting wealthier persons into groups. This self-targeting is effective for those who are willing to pay the costs of group formation, training and monitoring of mutual activities, and who are satisfied with relatively small loan amounts. Grameen Bank creates a niche market for low-income groups that have no alternative source of credit at questionable interest rates (Von Pischke 1992). Grameen's, niche creation also stems from its implicit targeting of the female poor. Based on the social and cultural environment of Bangladesh, women tend to be poorer than men among the rural poor. Due to the exclusion. The sustainability of Grameen Bank, based on its role as a credit program aimed at poverty alleviation, can be seen as the ability of the organization to maintain its lending and other activities as a viable financial institution. Grameen Bank uses resources mainly from subsidized sources to finance productive activities of the poor. However, it cannot run on such sources forever. To be sustainable bank niuAi (a) promotes its organizational development at certain costs to ensure institutional viability; b) operate effectively through the program design and institutional framework to achieve financial and economic viability; and (c) help create lasting benefits for its members to reduce their poverty and achieve the viability of borrowers. To define Grameen Bank as financially viable, it must at least equalize the cost of each Taka paid to the price (i.e., interest) it

charges for lending to borrowers. On the other hand, it is economically profitable if the financial costs of the funds used for loans and other activities (measured by the opportunity costs of these resources) can be covered by the income from lending. Funding and financial viability are necessary but not sufficient for the viability of Grameen Bank as a credit institution. Its management and decision-making system is also important for its sustainable development. Leadership cannot depend on one person; must be an institutionalized system. Staffing and productivity are important internal measures of effectiveness. But these aspects of sustainability cannot be achieved unless the benefit to the target group is also feasible, because there is a close relationship between the viability of borrowers and the viability of lenders, both of which are subject to similar environmental and production risks of market activity.

Market Overview of the Service



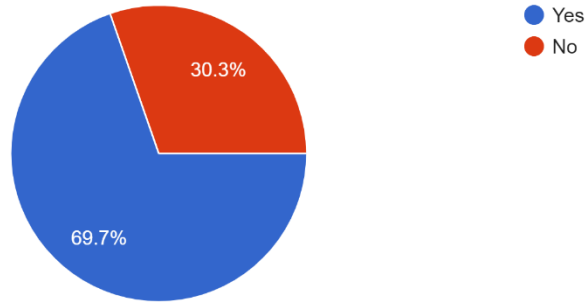
We conducted a survey by passing on the questionnaire to people of different age groups. The questionnaire included different sets of questions. We further interviewed people based on the type of responses we collected. We interviewed the parents of my friend who are farmer by profession and has availed of the benefits of Grameen Bank. In total, we collected 35 responses and interviewed 3 people who added their insights for the same.

The responses from the survey indicate that the majority of the people have heard about Grameen Bank and are aware of its methodology of providing collateral-free loans. Many of the respondents mentioned that Grameen Bank is located even in rural areas and this accessibility is one of its main benefits. However, some of the respondents did not have much information about the bank. Most of the respondents believe that Grameen Bank is beneficial to poor and women entrepreneurs as it provides them with access to financial resources that they may not have otherwise. Some of the respondents also mentioned that Grameen Bank is a good initiative for the upliftment of the poor. Some of the respondents mentioned that they know someone who has taken a loan or benefited from Grameen Bank, and these individuals have seen improvements in their financial situation as a result. Overall, the majority of the respondents have a positive opinion of Grameen Bank and believe that it is beneficial to those it serves.

A few responses from the questionnaire include,

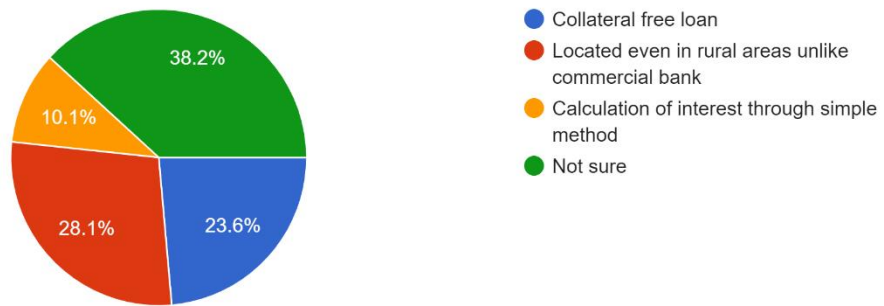
Have you heard about Grameen Bank before?

89 responses



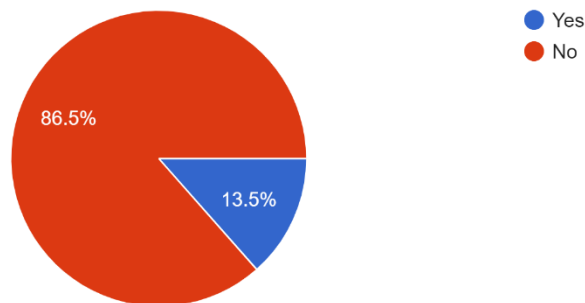
Which methodology of Grameen Bank you think is more significant?

89 responses



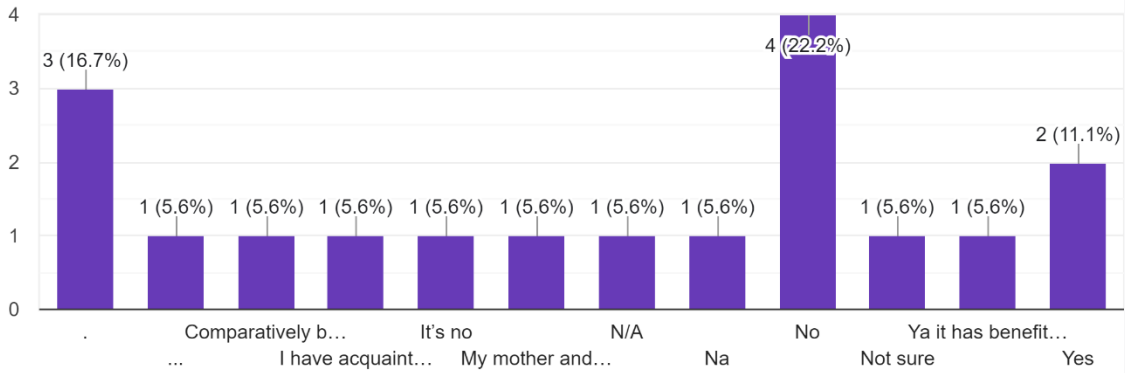
Do you know someone who has taken the loan or benefits from Grameen Bank

89 responses



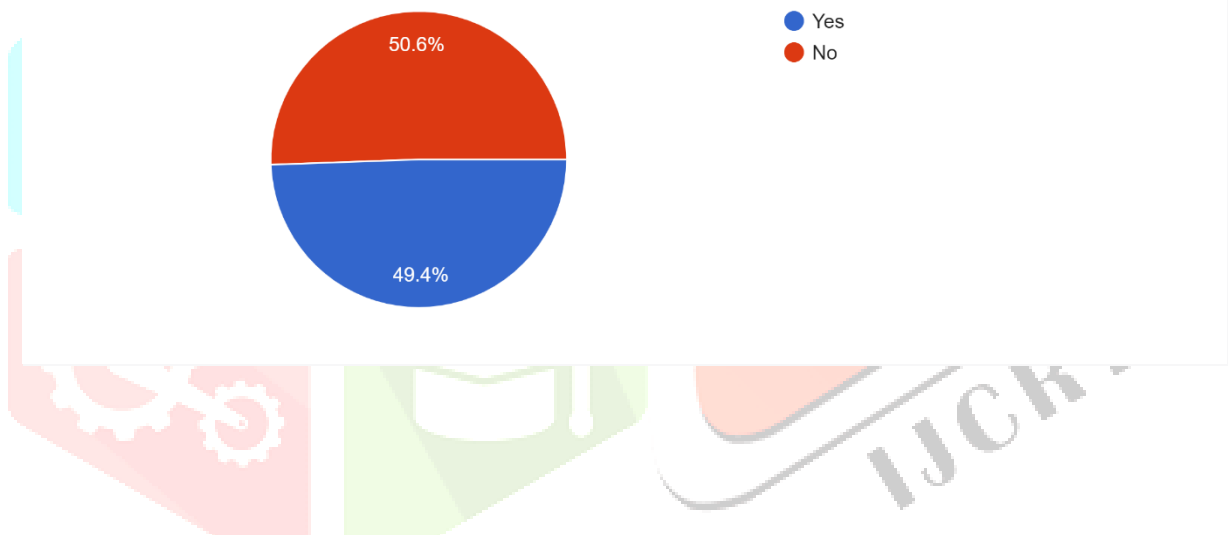
For the above question, If yes please tell us how are they benefited?

18 responses



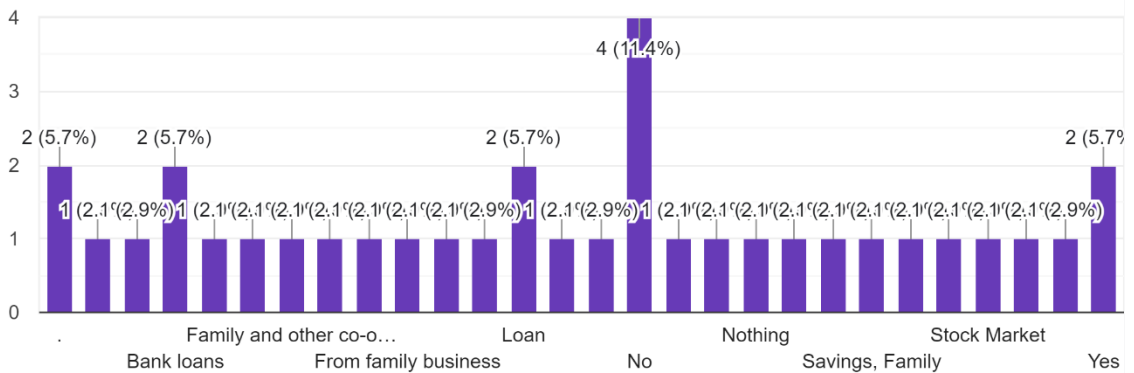
Do you know any women entrepreneurs

89 responses



If yes, what is the source of their funding?

35 responses



Through the survey conducted, we came to know a few people who benefitted from the Grameen bank. The respondent is from Uppal, Warangal Dist, Telangana. Grameen bank is Uppal Grameen Bank. When we personally contacted one of the respondents, we came to know that Grameen bank provided them with a very low interest-rate loan for agricultural purposes. Along with the above benefit the bank did not take any collateral or mortgage to support the loan. The very particular Grameen Bank has also a Mahila Mandala scheme that benefits women entrepreneurs and employers. The employees of this Grameen bank are all women. The respondent also explained the unique scheme where every year one will receive a fixed sum of amount for free and the remaining group will pay for it. The beneficiary of the same scheme is changed every year, thus giving opportunities to everyone. The Grameen bank also acts as the middleman in collecting the funds for the Kisan (Farmers) for the sale of the crops without charging any transaction fee. The bank also provides good interest coverage for the funds. These are the few things that we collected from the above survey.

Global Analysis of the Service

The Grameen Bank, in Bangladesh, which offers small loans to the underprivileged in rural areas and has impressive payback rates, has garnered attention from all around the world. It has nearly two million members, 94% of whom are women, scattered throughout 35,000 communities. The article analyses the Grameen Bank's history, mission, expenditures incurred in serving the rural poor, sustainability, and possibilities for growth and replication. Only if the Grameen Bank is institutionally, commercially, and financially viable, as well as if it produces long-term advantages for borrowers that lessen poverty, will its success as a bank be sustainable. Grants and subsidised money were crucial for the Grameen Bank's institutional growth and outreach. However, it has proven over time that it is capable of running on resources from the market, relying less on subsidies. Given that the Grameen Bank consistently records loan recovery rates above 90% and has a favourable influence on rural wages and poverty reduction, the advantages that its borrowers receive from programme participation must be significant and long-lasting. The ability of Bangladesh's Grameen Bank to increase financing for more growth-oriented activities and sustainably reduce costs will ultimately determine its long-term viability. Due to the success of the Grameen Bank, it has been widely imitated in more than 40 countries, and the World Bank has taken the initiative to support Grameen-style programmes. Successful replications would require more than just cheap materials. In addition to initially subsidised resources, successful replications would also require committed and tenacious leadership with the capacity to carve out market niches.

Process to Start a Grameen Bank:

According to reports, the Grameen Bank, which has gained popularity in Bangladesh, is a method that aids the poorest of the poor, mainly women (90 percent of all clients), in escaping poverty. The bank began as a tiny village credit association with just \$17, but it has now developed into a sizable public sector organisation operating as a legal entity under the Banking and Cooperative Acts, with modern standards, solid management at all levels, and financial discipline. The bank's ability to reach the poor in spite of the obstacles that typically prevent conventional banks from doing so is its most crucial accomplishment. The bank relies on the personal connections of its field workers with the clientele and does not request any collateral. The Grameen Bank has five main goals:

- to provide banking services to the community's poorest members;
- to end private money lenders' exploitation of borrowers;
- to foster opportunities for self-employment;
- to provide an organisational structure and operating procedure that are simple and accessible to the average villager;
- to assist low-income groups in following the cycle of "low income, credit, investment, more income."

Process

Although Grameen Bank uses a targeted strategy to address the socioeconomic needs of the poor, there is nothing "soft" or "charitable" about it. It completely rejects the concept of subsidies, claiming that those who are poor just require access to credit and are capable of earning profits and honouring capital repayments with an interest rate of 16%. The counterargument that the poor (landless, widows, and deserted women) should not be asked to pay 16 percent interest if the bank offered borrowing facilities at 2 percent since 1976 and continued to do so until 1995 (as reported by the management) was refuted by pointing out that the majority of these poor people have long paid more than 5 percent interest per month to the money-lenders; they were, therefore, more than capable of paying 16 percent interest and happy with the banks offer.

The success is attributed to the attitude and behaviour of all the participants, including the members, bank employees, managers, government support services, and the new kinds of communication processes that the bank has been able to instigate. The bank insists that those who utilise the bank's services are not "clients," but rather members. some key characteristics:

- The underprivileged groups and their centres are where activities get started. A centre comprising between five and six groups consists of roughly thirty people. The village as a whole isn't involved; only the underprivileged are found and accepted. Each centre, which serves as the hub for all research, discussion, and choices, plans a regular weekly meeting that falls on the same day that the instalment payments are due. Through these centres (over 9,000 in number) the bank had reached more than one million poor men and women.

- A bank employee helps organise groups and then acts as a liaison between the group, the centre, and the bank, keeping track of credit usage, repayments, etc. Each group has a weekly meeting with him at the centre where everyone gathers to discuss the policies and guidelines guiding group activity. In the bank's bylaws, a complete list of regulations pertaining to the organisations and centres is provided (bidiwala). Instead of using tangible collateral, the groups make decisions and ensure payback through collective accountability. The procedure is built on trust, and all members are present when business is handled.
- The bank gathers a lot of socioeconomic data through an internal monitoring and evaluation framework, which allows it to not only evaluate the effects of its own activities but also foresee challenges and come up with fresh ideas for future implementation. Everything is carried out as a crucial component of the participatory process. In addition to its own highly comprehensive general management and accounting, the bank provides a variety of services to the groups. All of these tasks are carried out by highly qualified professionals having a connection to and identity with the underprivileged.
- For instance, the "lifeblood" of the Grameen Bank is described as the training role of these bank catalyts. The goal is to change attitudes and raise awareness among the poor about their creativity and use of local resources and knowledge. About 80% of the training for all categories of people is organised in the field rather than the head office. It involves learning forms and simple accounting procedures. The vast workforce (between 15,000 and 20,000 people, in 1990), their extensive movement (63,000 km per day on bicycles), and their meticulous attention to detail appear to be expensive overheads and time-consuming, but the payoff is reportedly high in terms of helping the underprivileged and fostering independence.
- Although there are about 400 purposes for which loans are extended, yet the loan pattern of the bank covers four broad fields: 1. livestock (milk animals); 2. Fisheries; 3. Processing, manufacturing (handicrafts) and trade; and 4. House loans (roofs, sanitation).
- The bank now claims that the poor is bankable and in particular that impoverished women are able to borrow and repay if organised and educated in the above manner. This is done by focusing on people who are the "biggest credit risks."
- Credit operations are launched simultaneously with credit grant, which is strongly related to member savings. There are group funds, emergency funds, funds for children's welfare, as well as personal savings accounts. The emergence of a savings programme, which draws inspiration from Comilla's cooperative initiatives like "Deedar" and the others, prevents the poor from turning to money lenders as they begin to feel capable of meeting all of their needs.
- The bank's interest rate structure, which complies with official money market rates (16 percent annually for loans and 8.5 percent for deposits), is judged necessary to cover overhead costs and requirements for future expansion. 52 weekly instalments are required to repay loans. From a 50-taka loan to its initial borrower in 1976, loans now range from 500 to 4,000 taka (averaging 2,000 taka per loanee). A member may borrow up to 18,000 takas to construct a basic tin-roofed home. By 1990, about 2,000 homes had been

constructed. For joint ventures, the cap periodically climbs to 500,000 takas. The recovery rate was close to 98 percent.

- The fact that bans are given for felt-needs identified through the participatory process, initial screening and training of group members, peer pressure to improve repayments, close supervision and communication with bank employees, the weekly repayment schedule, continuous internal monitoring, and participatory evaluation can all be used to explain the high repayment rate

Latest Technologies inculcated with Grameen Bank

Information technology (IT) is evolving into a priceless and potent tool for advancing growth, fostering innovation, and boosting competitiveness. Developing countries have the chance to advance through earlier stages of development thanks to emerging information technology. Additionally, it is crucial to remember that countries all over the world must link and join the global networked community as a result of a more open and interconnected world that is no longer constrained by space or time. Otherwise, they risk falling further behind and widening the gap between themselves and the industrialised world. Additionally, there is mounting evidence that information technology is developing into a more potent instrument when utilised in conjunction with partnerships between businesses, governments, and civil society as part of a comprehensive development plan. Information technology is revolutionising the banking industry in a number of ways to support growth. It makes it possible for underprivileged farmers in rural areas to obtain information, loans, and microcredit. The case of the Grameen Bank, which was established in Bangladesh in 1976, could be used as an illustration. The issue at the time was how difficult it was for the poor in rural Bangladesh to get the bank credit they needed to start enterprises and try to improve their social circumstances.

The Grameen Bank's answer involved reversing certain traditional banking practises by doing away with the requirement for collateral and developing a banking system based on cooperation, accountability, participation, and creativity. As the model's popularity grew, more varied operations were added in an effort to boost the nation's overall economic performance. The Grameen Bank's 68 separate information management centres, each of which provides computer access to three of the bank's branches and 10 of the 15 zone offices with Internet connectivity, demonstrate the importance of information technology in this scenario. The bank's accomplishments can be gauged by the 1 billion dollars in loans made to more than 2 million borrowers, which helped it establish itself as the most well-known microcredit programme globally and serve as a model for 50 other nations. Approximately 50% of the bank's borrowers, according to a number of studies by the World Bank, were able to escape poverty, and more are anticipated to do the same. The model of the bank rendered the average household income of its members 25% higher than that of non-members.

Another illustration may be taken from the Grameen family of organisations, which supports women in Bangladeshi villages. Villagers who qualify for microcredit, primarily women, are offered loans to buy mobile phones (Village Phones). They then offer telephone services to the local villagers, and it is via these services that they are able to make enough money to pay back the Grameen Bank loan. Compared to the nation's average annual income of 380 U.S. dollars, each operator anticipates making more than \$1,000. The project's ramifications and added value include significantly lowering the cost of placing a call for the rural people, who previously had to drive to neighbouring cities for such services. Additionally, having a mobile phone gives rural women more freedom, economic independence, and a stronger voice in their communities. More than 39,000 Village Phones have started operating since October 2003 in around 28,000 villages.

Future Growth Trends of Grameen Bank

Effect and Reliability

Donors, researchers, and others investigating the value of this experiment have evaluated the bank on the outside in a number of ways. According to general agreement, Grameen Bank represents a significant breakthrough in reducing poverty, creating jobs, producing income, and creating assets, particularly for poor women. According to the borrowers, their incomes have climbed by at least 60%. Alternative income streams have emerged in place of agricultural wage labour. Group cohesion, independence, and self-awareness were among the members' intangible gains, and they collectively contributed to the impoverished families' improved nutrition, health, and educational outcomes. The bank has garnered interest on a global scale, especially in the neighbouring nations, when taking into account the crucial elements of the process and the impact so far noted. The North West Selangor Integrated Agricultural Development Project in Malaysia is one such instance. In their collection, *Participation as Process* (1988), Andreas Ferglesang and D.

Chandler posit the query, "Should the Grameen Bank model be undertaken in other countries?" Indeed, it should, they respond in an unprompted manner, both in the North and the South. They mention two similar programmes in the US and the fact that "17 countries have requested assistance from the [Grameen] Bank to train teams of village bankers." They issue a warning, stating that the beginning should consist of "little action-research" and a dedication to the "autonomy of the process as it unfolds." On October 18, 1986, The Economist expressed fear that "government takeover will kill Grameen Bank as surely as it destroyed the cooperative movement." There are a few fundamental areas of worry regarding the replication of the concept as such in Pakistan.

- Even under the current money market system, there is no rationale for collecting interest, at least at a rate of 16 percent, if the target demographic is the "poorest of the poor."
- The 1990 loan size of 2,000 taka per borrower may have been suitable for Bangladesh, but it seems tiny when compared to Pakistan's economy and minimum wages. The ADBP serves as an illustration of why Pakistani banks, especially those created specifically for the poor, would not choose to make small loans. On the other hand, expanding the loan size above a predetermined threshold encourages the use of proxy loans.
- Such initiatives are always undertaken in the public sector in Pakistan (see the instance of Kisan Bank), especially when the project is service-oriented, which means that the programme is immediately self-defeating. The fact that Grameen Bank was a privately owned company contributed to any success it may have experienced.
- In the past, Pakistani programmes aimed primarily at the underprivileged have rarely been able to reach the intended recipients. Since scandals are now so frequent (reference: cooperative instance), no public sector programme can be considered credible. This supports private initiative once more.

The Potential for Growth of Grameen Banks

Grameen Bank needs to grow both horizontally and vertically in order to become more cost-effective, particularly when it comes to financing its lending activities since it will have to rely more on market circumstances than a protected environment with assistance from donors and the government. However, if more individuals join the bank and engage in comparable productive activities, the returns to activities sponsored by Grameen Bank are expected to decline given demand restrictions. Therefore, the expansion of Grameen Bank in Bangladesh involves risks that could endanger the survival of both the lender and the borrowers. Therefore, adjustments in the loan portfolio's composition for longer-term, more growth-oriented activities and cost efficiency will be a primary concern. According to the empirical findings, Grameen Bank might increase its earnings by making more loans for technology than for general and community purposes. In a similar vein, branches with both male and female borrowers generate higher profits than branches with just female borrowers. These findings unmistakably suggest that increasing the loan amount per borrower is one possible way to achieve both cost efficiency and profitability because the average principal for a technology loan is relatively larger than for a general loan and because men on average borrow more money than women. The ability of the borrowers to absorb an increasing volume of credit will determine if the loan amount per borrower can be increased. This in turn depends on the borrowers' business skills and the market prospects that they face. However, as the overall economic expansion dictates significantly the growth of rural nonfarm and agricultural-based firms that are being financed, it shapes the type and extent of credit demand of these borrowers. Nevertheless, by diversifying its holdings and boosting the poor's actual demand for food and non-food things, Grameen Bank can help the economy grow more quickly overall. Another significant concern is achieving cost effectiveness. It will be extremely challenging for Grameen Bank to run its business for an extended period of time without receiving subsidies if the market rate of interest on loanable capital is not cost-effective for the bank. Furthermore, Grameen Bank's dependence on financing would be a significant problem for its long-term prospects from internal sources. Increasing membership for a certain branch operation is one method of achieving cost effectiveness. Only 25% of the target households in Grameen Bank's service area are currently being drawn to the institution. This limited involvement may be a result of supply and demand-side constraints. The single highest marginal cost of lending on the supply side is member mobilisation. Thus, Grameen's ability to efficiently cut its member mobilisation costs will determine how cost-effective it is in the long run. On the demand side, membership transaction fees can be too expensive to entice potential borrowers to take part. In order to boost membership in each branch and so aid in achieving cost-efficiency, Grameen Bank must therefore discover ways to lower the transaction costs of membership. However, if Grameen Bank is unable to absorb the whole amount of the increased cost through internal cost efficiency, the long-term cost-effectiveness of Grameen Bank rests on the ability of the borrowers to absorb the increasing cost of borrowed money at the market rate of interest. This means that as the economy grows, borrowers must be effective as well as able to diversify into new businesses. Through appropriate skill development, technology, and market promotion, Grameen Bank can support the entrepreneurial development of borrowers. By investigating and utilising possible export markets, it can also assist in promoting the marketing of their products.

Limitations of Grameen Bank

Limitations

1. Doubtful if the responses were genuine.
2. Could not survey many senior citizens due to technology advancement.
3. Insufficient time and resources to conduct surveys and interview people from the below poverty line.
4. The rate of interest in Grameen Bank is very high and due to high interest rate the poor women cannot use the loan in a high profitable business to bear this burden, so some of the borrowers lose lands and assets to pay the loan.
5. Grameen Bank loan distribution has risk of default and sometimes the loans are used even dowry which is crime against women right.

Conclusion:

The project was established to assist the growing Grameen Bank in becoming a reliable and effective financial organisation in which rural impoverished people would actively participate. The Bank was assisted in growing into a stand-alone banking organisation with branches in communities where rural poor people lived, allowing them to take advantage of its services. The Bank was also urged to develop into a forward-thinking financial institution by doing research and testing new technologies that may be applied to increase the productivity and profitability of borrowers' businesses.