

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Microfinance is a term for financial services that are offered to individuals of lower socioeconomic backgrounds or those who lack access to traditional financial services. Microfinance originally started with micro credit, which is the practice of providing extremely small loans to those who do not have steady source of income, collateral, or any credit history. It also aims to support and kick start for entrepreneurs who do not have the financial backing to begin a small business or capitalize on an idea. The objective of microfinance is similar to that of micro credit; its goal is to provide financial services to help encourage entrepreneurs in impoverished nations to act on their ideas and obtain the financial tools available to do so and to eventually become self-sustainable. A few more of its overarching goals include promoting economic development, reducing unemployment, and boosting small businesses. Additionally, some microfinance institutions provide financial and business education in order to best position their clients for starting up a small business or to act efficiently as an entrepreneur. Many argue that microfinance is very beneficial, as it provides financial opportunities for those in impoverished nations or those with lower socioeconomic backgrounds. Another benefit of microfinance is that it encourages people to be financially independent and provides them financial resiliency to be able to cover any large unforeseen expenses. As well as, microfinance helps to provide financial services to those in remote locations where traditional financial institutions do not have their operations. It also provides education and training. In fact, microfinance can encourage entrepreneurial activity and business development in poverty-stricken areas. Some downsides of microfinance include claims that it can take advantage of those in tough economic situations, a situation similar to loan sharks.

Poverty is common problem experienced in both the rural and urban areas. People of peri-urban areas are also found to have suffered from poverty generated in the lack of skill and capacity to solve their socio-economic problems. Various governmental and non-governmental organizations have been involved to improve the overall living status of people in different areas of Nepal. Poverty Alleviation Fund was one of the leading institutions working in the sector of reduction of poverty and enhancement of the ability of needy people. It had provided the monetary, technical and consultative support to the people of the program launched areas. Basically, the skilled development and capacity building programs launched

in the covered areas had succeeded in achieving the goals. Such types of program were successful not only in promoting the skills but also in promoting the self-confidence and trusteeship among the beneficiaries resulting and ensuring the environment of sustainable development. In Nepalese economy, microfinance program could be a powerful and fruitful tools to reduce the poverty in rural areas.

Microfinance formally started with establishment of Grameen Bikas Bank (GBB) in regional level in Nepal which was oriented from pioneer Mohammad Yunus's Grameen Models since 1992. Besides these some development bank were established under Yunus's model, also these several saving and credit cooperatives and financial intermediary NGOs (FINGOs) are providing microfinance services in various part of country including three apex lending agencies Rural Microfinance Development Center (RMDC) and Sana-Kishan Bikas Bank (SKBB) established under different Acts. Ministry of finance regulated the MFIs (Microfinance institutions) through the NRB under the NRB Act 2002. MFI, also regulated by Apex financial institution: RMDC, District administrative office, Nepal federation of saving and credit cooperative union, the cooperative board in case of saving and credit cooperatives and federations of NGOs in case of FINGOs and SFINGOs, different types of legislative frame work has been designed to regulated the microfinance intuitions (MFIs). Nepal Rastra Bank Act-1955, Agriculture Development Bank Act -1967, Commercial Bank Act -1974, Finance Company Act-1985, NIDC Act -1989 and Development Bank Act-1995. There are other Acts regulating the MFIs in Nepal e.g. Company Act-1992, Social Welfare Act (1991), Company Act -1997, Financial Intermediary Act-1998, Societies Registration Act-1978 and many other laws are formatted to regulation of the MFIs. Nepal who has about three decades of experience in microfinance these programs focused toward raising the income level and social standard of the people living in poverty .according to NRB, grouped into seven modalities. Small Farmers Cooperative Model, NGO Models, Priority Sector and Deprived Sector Credit Model, Saving micro-credit have been proved to be a most significant facilitator to poverty reduction and women empowerment. It is an inevitable means of breaking the vicious circle of poverty and to uplift the economic status of the poor women. Nepal initiated rural micro- financing since 1970 through the establishment of credit cooperatives, implementation of Priority Sector Credit Program and Small Farmer Development Program (SFDP). However, this present study only covers the use side of the fund and its impact on women development. The goal of micro credit services is to create income and employment opportunities for the rural people especially women and low caste communities. They are involved in the triple work responsibility i.e. reproduction household

chores and employment. However, household chores and family care not considered skill and lack of opportunities majority of women and self-employed in manual agriculture activities in rural area.

Nepalese women who comprise half of the population of the countries have always been employed in national development, although deprived of control over economic resource and property income and employment as well as other resource. Nepalese women are underprivileged and disadvantage in terms of their socioeconomic status in comparison to their male counterparts. Millions of people in developing countries produce a wide variety of goods at home or shops and in trades and retails. The goods produced range from a local cigarette pottery and ceramics, metal utensils, household conveniences like mops and brooms to growing fruits and vegetables. Even in the urban areas, a growing percentage of the working population, sometimes as high as 50 percent (Otero and Rhyme, 1984) is engaged in micro enterprise activity. In order to prosper their business, all micro enterprises have a sufficient supply of working capital for the purchase of supplies. With expansion they also need to invest in assets such as tools, equipment and improved premises. Sometimes, people generate such capital from own savings or borrowing money from money lenders at a horrendously high rates of interest. Since, they lack collateral to access money from the formal financial services, most of the times, though such micro entrepreneurs are just left stagnant with their skills and business wish for some miracle to happen for the surplus of money.

The concept of microfinance has its roots in this lack of capital for investment particularly access to capital to the poor in developing countries. As the name implies, it is financing at a small level. Still the term could be vague and ambiguous considering that word 'micro' in microfinance may refer to any aspect of the finance associated with it. Many definitions have been put forward in this context and definition differ in understood as, Extension of small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In other words, microfinance is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans.

1.2 Statement of the Problems

Micro credit bank is an effective tool on improving women status. It is therefore expected that overall household welfare is likely to be higher when micro credit is provided to women rather than man. Micro credit programs are emerged as important players. This program provides the credit as well as saving facility especially for rural areas women as per their requirements with collateral and non-collateral basis. One important achievements of micro credit movement has been its relative's success in deliberately reaching out to poor women living in diverse socio-economic environment.

Women are thought to be better borrower than men timely repayment of loans is more likely to takes places, when women borrow. Considering the factors, the present study aimed to access the role of micro credit facility. Various study have shown that the empowerment of women has also a positive impact on children's welfare, health and improvement of family as a whole especially girl child get the access to education and health services. But our problem is women are not empowered in the sense that they have little access to productive resource, less educated, low health condition, low voice in society etc. In front of this dismal picture, implemented of saving credit scheme can be a panacea for solving the problem. Group members take the loan from themselves at a moderate interest rate for productive purpose. Various initiations have been undertaken in the sector of microfinance and women empowerment. Providing access to micro credit is targeted people in the key concern of different government, non government and community based organization. Along with this, women empowerment programs are also the major intervention of NGO and INGO. Still the situation of women is weak and they don't have decision making power and even including no. of children to bear and use of financial recourses. Further they have been treated as an object for discrimination and have no influential role of social activities. If women are still remained in such situation, it would be difficult to decrease national poverty level and meet the targets set by United Nation Millennium Development Goals. Towards this, significant important in status of women needs to be achieved. Hence it deemed essential to examine the effectiveness of community based cooperatives in delivering microfinance facilities to targeted women for their economics and social improvement.

The study focuses on role of micro credit to economic improvement of women in the context of Ilam. It has been working in women groups and provided loan and other facilities to the women. Women involved in micro credit program and taking benefit from various programs like saving, loan, training etc.

The study has been based on the following research questions,

- a) What is the socioeconomic status of the members and non-members of microfinance organizations?

- b) What impact microfinance membership make on income and welfare of member household?

1.3 Objectives of the Study

The general objective of this study is to explore the role of micro credit programs for economic improvement of women through the micro credit institutions. The specific objectives of the study are as follows:

- a) To analyze the socioeconomic status of members and non-members of microfinance organization in Ilam Municipality.
- b) To analyze the impact of microfinance membership on income and economic welfare of households.

1.4 Significance of the Study

General public can also know the socioeconomic condition of women from this study and the local government gets help while formulating policies and rules regarding poverty alleviation of rural area. The study helps to know different income of members and non-members in the study areas. This study helps to identify loan and saving status of members and non-members in Ilam Municipality. This study explores whether membership in micro-finance leads to improved welfare of member households or not. This finding will be useful for policy formulation.

1.5 Limitations of the Study

The major limitations of the study are as follows.

- a) The participant of respondents is limited and coverage area of this study is only Ilam Municipality.
- b) This study is only focus on economic situations and not properly considered social status of women.
- c) Due to lack of actual household record system, it is difficult to verify provided data from household is actual or not.
- d) The study does not cover whole period of data and it has covered only data of survey.
- e) The conclusion might not be generalized the condition of whole microfinance of Nepal.

1.6 Organization of the Study

The study is organized in five different chapters. The followings are the divisions of Chapters.

The first chapter is related to background of the study, statement of the problems, research question, and objectives of the study, limitations of the study and organization of the Study. The second chapter related to theoretical review, policy review, empirical review, research gap and additional condition. It also includes the brief review of previous research work. The third chapter related to the research methodology which has been followed to achieve the purposes of the study. It consists of research design, the period covered, nature and sources of data, tools to be used, research variable etc. The fourth chapter related to presentation, analysis of data and discussion. It gives a clear picture of the collected data. The fifth chapter shows the major findings and conclusion of the study.

CHAPTER II

LITERATURE REVIEW

A literature review is a comprehensive summary of previous research on a topic. The literature review surveys scholarly articles, books, and other sources relevant to a particular area of research. This review enumerates, describes, summarizes, objectively evaluates and clarifies previous research. It is assumed that by mentioning a previous work in the study that the author has read, evaluated and assimilated that work into the work at hand. Review of literature is based on available literature in the research. Every possible effort has been made to grasp knowledge and information that is available from various sources to take adequate feedback to broaden the information about the study.

2.1 Theoretical Review

NPC (2007) has found that Small Farmer Development Program, a well-structured and pioneer group based and physical collateral free micro credit program to cater financial needs of the small farmers, was initiated as a pilot project in November, 1975 by Agricultural Development Bank (ADB\N). The program which covers the entire country, aims at organizing "Small Farmer "into small credit groups and provide credit on a group guarantee basis.

The main objective of the program is to improve the overall wellbeing of the small farmers through provision of basic inputs e.g. micro credit, technology, training, and other related social and community development services. As mentioned above SFDP follows group approach in delivery and recovery of micro credit. The group organizer who is an employee of ADB/N plays a supportive role in this process. First of all a particular village is selected and small farmers are identified to be eligible for SFDP member on the basis of required per capita income level defined by ADB/N i.e. small farmer are those who basically possess less than 0.5 hector of cultivated land per family and/or per capita income less than Rs. 2500 (at 1987/88 price). Villagers must be small farmer, tenant or agriculture labor dependent on agriculture, small craft or cottage industries for their livelihood and have sharp willingness to work together with the group members. The program is based on group liability so that small farmers are motivated to organize themselves into groups and these groups or individuals are financed to generate income by undertaking productive activities. A study conducted by the Agricultural Project Centre (APROSC) in 1980 found that SFDP was effective in reaching small farmers and in response, Government of Nepal proclaimed SFDP as a national program for development of rural people. 'SFDP currently operates 291 SPOs in 67 districts of the

kingdom covering more than 140717 small farmer families. Under this program, a sum of Rs. 5.95 billion has been disbursed and Rs.4.17 billion has been repaid by the end of FY 2000/01. The types of credit include agriculture, livestock, poultry, agriculture implements, irrigation, and cottage industries. The women participation in the program comes to 29 percent.

Rai (2009) has explained the program also provides training and other inputs and technician services to assist the small farmer productive activity. A process of institutionalizing the small farmer groups into the "Small Farmer Co-Operative Limited (SFCL)" has been initiated since 1993/94. The purpose of this initiative is to create locally-owned and managed MFIs that can take over the activities of SFDP on a self-sustaining basis. By mid-January 2003, 125 such SFCLs are in operation in 32 districts. Up to that period SFCs has been providing Rs 1829 million, here Rs.849 million rupees have been recovered whereas saving amount was reached to Rs. 165 million. It is considered a landmark in this front that for the first time the marginal population was included into the net of minor credit.

According to Cooperative Survey Report (2017), It was thought that service delivered through SFDP to men would automatically 'trickle down' to the family but a conference on the occasion of international decade for women held in Kathmandu in the late 70s concluded that the development program broadly aimed to improving the condition of rural people often failed to benefit women and their conditions were still deteriorating. Therefore, women groups were formed in the name of women development program (WDP) first in two and second in five in the preceding years in SFDP areas. The observation found positive impact of the program implementation so that women development program was initiated in SFDP in 1981/82. Later the program was expanded to cover wider geographical areas and women population. It represented an important attempt to integrate women in economic development plan. The program became very successful to create awareness and consequently a desire among poor to participate in micro credit program for development activities.

The main objective of the WDP is to improve the socioeconomic status of rural women establishing self-reliant women's group with regular credit delivery system to enable them to initiate and promote various income generating activities and strengthen the organizational capacity of women. Except providing credit for income generation, training and community development activities are also integrated to develop skill and productive endeavor of women.

By the end of 1984/85 the program has launched in 19 SFDP sites located in various

districts covering 51,141 members in which 17,763 are women. In recent years, this trend is in increasing order. The WDP as a micro credit program mobilizes local savings and links it institutional credit of ADB/N. The women group meets regularly and discusses their problems and reach to a solution for their own and community development. Member of the group collects monthly amount (Rs.5 to 10 or above) as set by themselves into the group saving fund and which is deposited in a local bank. The group members also provide credit to member in need from their saving fund. The fund is also used to pay for developing community assets and infrastructures. Lending procedure and use of the credit in terms of WDP are same as explained above. Members are also provided recognized training like poultry farming, bee keeping, kitchen gardening, sewing, etc. Health and social awareness program are also launched to them which have partly been supporting their productive activities and children. Benefit derived through this program has become effective to fulfill some of their socioeconomic needs. The WDP under the SFDP however, has served only around 29% of the women as against the total number of small clients.

2.2 Policy Review

Cooperative Survey Report (2010) describes that rural microfinance development center was established by Nepal Rastra Bank in 1998 realizing the fact that the MFIs operating in the microfinance market had severe shortage of funds for on lending and also needed assistance in enhancing their institution capabilities. However, RMDC became operational since, 2000 only. Twenty-one banks and financial institutions, including NRB own the share of this second tier-institution (NRB, 2009). It started functioning with the objective of contributing to improving socio-economic condition of the poor, the landless, and the assets less through increasing their access to resources for productive undertakings and employment. Its disaggregate specific objectives are many that include, among other, to provide wholesale funds to potential and viable microfinance institutions for on lending to the ultimate borrowers for undertaking their productive activities; to help build and strengthen institutional capacity of the partner organization (POs) to provide financial and technical supports to MFIs to undertake research and development activities to promote new microfinance products and develop sound practices; to strengthen their capacity through training and exposure visits and to act as a financial intermediary to channelize the resources. Till July 2004, RMDC has approved a total loan amounting to Nrs. 444.48 million for 32 MFIs and disbursed NR's 363.71 million (81.8%) to 28 MFISs. Among 28 MFIs, 2 regional Grammen Bikas Bank, 4 private micro credit development banks 18 microfinance NGOs and 4 co-operatives societies.

Observing the functioning of RMDC sound satisfaction has been found in case of development of microfinance market but, it is true, it alone cannot meet the financial need of MFIs in Nepal. Some more institutions are urgently needed. In this context, NRB needs to come up with appropriate policy measures that would create conducive environment for entry to other second tier institutions. Without a few more second tier institutions with provision of providing wholesale loans to MFIs, it will be impossible to achieve the target of reducing population below poverty line by the end of tenth plan period. Developmental and Promotional Initiative taken by NRB in Support of Microfinance.

ADB (2008) describes that before 1974, only ADB/N was supplier of rural credit and which was not sufficient to meet the growing needs of rural credit because according to the data presented by NRB in 1972, ADB/N disbursed Rs.13.64 million in rural financing in FY 1969/70 which was only 1.36 percent of the total credit needs of the country. Two big government owned banks, NBL and RRB's interest was mainly on financing commerce and trade in the urban areas and not in rural lending. Again there were also a few credit cooperatives and ward village committees at the grass roots level, but their financial resources and capabilities were limited. Realizing all these facts NRB took appropriate steps i.e. developmental and promotional initiatives, in support of microfinance.

NRB (2009) Accordingly, NRB directed the two CB's to invest at least 5% of their deposit liabilities in the "small sector". This step was the beginning of directed credit system and also involving CBs in rural lending in Nepal. Later on in 1976, the scope of small sector was enlarged to cover the whole of agriculture, cottage industries and services and renamed it as "priority sector". Similarly, NRB took initiatives to establish Credit Guarantee Co-operation (now Deposit Insurance and Credit Guarantee Corporation) with its major shareholding to minimize the risk of default or non-repayment of priority sector loan.

NRB Report (2009) In 2005, NRB introduced Intensive banking program (IBP) under which the CBs were required to provide project based loans in priority sector that were to be supervised regularly and they were to extend at least 60% of their priority sector loan to rural poor below the poverty line as group based lending without any physical collateral. Later on NRB realized that the coverage of priority sector loan was still lower than expected so that it introduced "deprived sector credit scheme" in 1990. Under this scheme, CBs are required to invest a minimum of 0.25% to 3% of their total loans and advances to the "hard core poor". In the initial phase up to Rs.15000 was provided with interest subsidy by Government through budgetary allocation. But interest subsidy was withdrawn when loan amount extended to Rs.30000.

Garamin Bikash Report (GBB, 2010) explained that NRB established 5 development banks, one in each development region with its major share holdings during the 1992-1996 periods. These banks provide loans under group guarantee system to rural women belonging to ultra-poor category without any physical collateral. Again, NRB took a lead role in establishing "Rural Microfinance Development Centre (RMDC)" in 1998 which was brought under to overcome the severe shortage of fund and enhance institutional capabilities of MFIs operating in the microfinance market. RMDC has the provision to provide wholesale loans to MFIs licensed by NRB, for on lending to the sub-borrowers. It can also provide technical assistance, staff training etc. to the financial intermediaries.

Up to mid July 2002, there exists 827 MFIs in microfinance market but most of them have not yet attained operational self-sufficiency and achieving financial self-sufficiency is still a longer way for them. Therefore, various present studies shows that NRB's efforts should be extended in promotional activities though these have been taking since 1992 in support of microfinance.

First promotional activity undertaken by NRB was its collaboration with the ministry of local development (MLD) in "production credit for rural women (PCRW)" project and acting as an executing agency for its credit part in 1982. The other far reaching activity was the adoption and implementation of policy to grant limited banking licenses to NGOs and SCCs engaged in microfinance. (Cooperative Survey Report, 2010)

Rai (2009) The ministry of local development (MLD) in collaboration with UNICEF, NRB, CBs and ADB/N initiated the first women focused socio-economic program "Production credit for Rural Women (PCRW)" in 1982. It is a gender based program. This program involved organization of poor women into small credit groups and appropriate skill training by the MLD staff and extension of group based loans by the participating banks.

The main objective of this program is to uplift the socio-economic status of rural women. For this, the program increases the income of rural women by participating them into productive activities associating with regular credit facilities and other technical services. It needs to form the self-reliance women's group because in it women are able to tackle their problem and fulfill their needs. The program also strengthens the ability of the banks to serve women in rural areas.

Women Development Report (2008) describes that the program had covered 67 districts by July 2000. As of mid-July 2000, CBs and ADB/N disbursed a total loan of more than Rs. 831.2 million to 74571 rural women through 163 bank branches in 67 districts. Total outstanding loan has been estimated as 546 million. The average loan size of the program is

about 7000 .The program follows a simple implementation mechanism. The women development division (WDD) motivates women to form group of appropriate size from layer of low income and helps to obtain credit from different banks. Loans are delivered for productive activities such as agriculture, livestock, cottage industries, small enterprises, and trade and service sectors. PCRW has presented a unique feature that it utilizes commercial bank's financial resources allocated and disbursed under the priority sector program of intensive banking program and the credit funds made available through ADB/N and donors. Here it is noted that by mid-July 1997, over 260,000 borrowers of all categories were benefited by the IBP of commercial bank with outstanding loan of Rs.2.2 billion. Unlike SFDP, women member of PCRW receive bank credit without any physical collateral up to Rs.30 thousand at a concessional rate of interest under the priority sector lending program. The women development section (WDS) also encourages women members of the group to save regularly. Different mechanisms are used to mobilize saving i.e. either compulsory or voluntary saving schemes. Savings have been used for financial formation as well as consumption needs of the group members into productive activities. The activities like training, group organization, community development inputs etc. required for capacity development of the groups are delivered in assistance of multilateral and bilateral donors arranged by the government. The capacity measures are found to be instrumental in making credit more productive.

Women Development Report (2008) PCRW program has helped women to work together engage in individual or group level productive work to generate income. It has stipulated them to show their hidden talents and ability. The sign of 'trickle down' effect to the family and child welfare has been clearly seen through participation of women in PCRW. NRB Report (2009) Learning lesson from the PCRW program, micro credit project for women (MCPW) was initiated in 1994 by the government of Nepal under financial assistance of Asian Development Bank (ADB) with an objective of developing NGOs as appropriate financial intermediaries that would provide quality micro credit services to the rural poor women over time. 'The project is under implementation through 95 NGOs in 12 districts and 5 municipalities. As of 31 December, 2001, these FIs had 1619 borrowers with an outstanding loan of Rs18.13 million'. Nepal Rastra Bank (NRB), however, occupies sole responsibility to administer these program by channeling funds through commercial banks, agricultural development banks, Nepal Bank limited (NBL), and FI-NGOs. And it is noted that bank loan is made available to women beneficiaries initially through.

Garamin Bikash Report, 2010 explained to provide an access of credit to the women

in both the rural and urban areas is the primary objective of this program while issues like poverty reduction and human development are regarded as secondary objective. The overall objective of this program is however to improve the socio-economic status of women and promote their participation in national development. In order to have this goal, the aim of this project is to generate income and employment in selected rural and urban areas.

Like other targeted credit programs, the program has been designed to cater financial services such as credit and savings. Non- financial services such as organizing women in group, providing skill and training etc. are also provided to stimulate their ability of handling productive activities. First of all poor women are identified on the basis of per capita level less than or equal to Rs.4400 and mobilized and organized into self-help group of 25 members. These members are provided bank credit for multiple purposes such as agro-farming, small business and enterprises. The amount of loan ranges from 30 thousand to 250 thousand per borrower. Members are encouraged to save regularly and cultivate saving habits. Group savings thus deposited are lent to its members for productive as well as consumption purposes.

The program has become successful in bringing large number of poor, deprived and disadvantaged women into the safety net of formal credit and helps them to generate self-employment opportunities initiating income generating activities which would uplift their socio- economic status through reducing poverty of their family, village, and the country as a whole.

Garamin Bikash Report (2010) has explained during the period of 1992-1996, five regional development banks (Gramin Bikash Banks), following the Grameen bank model of Bangladesh were set up to cater the financial needs of the deprived sections of the society in rural areas especially women for undertaking income generating activities. In the beginning, the rural development banks, one each in the eastern and for western development regions, were established towards the end of 1992. By June 1996, other three banks, one each in the other three development regions, were also set up. In aggregate, NRB and HMG hold about 33 percent and 10 percent respectively.

Gramin Bikash Report (2010) found the basic objective of these banks is to provide financial resources required for different types of income generating activities by forming group of deprived women of rural areas and help reduce the level of poverty among the rural households. Identification and motivation of targeted groups, compulsory training about rules and regulation of bank and its lending procedure, easy loan at door step without any physical collateral, 2+2+1 lending scheme to observe the performance of preceding loan receiver and

compulsory saving scheme are some of the sound features of Grameen Banking. These features have partly stimulated the clients to achieve high and more stable income with proper employment generation and which in turn raise the repayment rate. The present fragmentary studies have shown that repayment rate of Grameen banks is as high as 95 percent so that these banks occupies in better position than earlier launched programs.

The operation modalities of Grameen Bank is first to identify the poor women in the village. Then motivate and organize women in group of five. Each woman are given compulsory training among the group members for at least seven days to provide information on banks credit and their lending procedures and made women aware of their farming and business. The training also makes women to read and write even their own name. The Grameen Banks provide and collect loans at the door step and loans are distributed to individual group members against group guarantee in the of agriculture, micro-enterprises, trade, and service sectors, Any rural women from rural households with less than 0.6 hector in Tarai and 0.5 hector in hills are eligible to join the group recognition test then the group member becomes eligible for the loan. The loans are extended following 2+2+1 model means in the groups; rest will be facilitated at last observing the performance of earlier member. There may be four weeks gap between first and second phase and within sixteen weeks, all borrowers get loan. The bank goes to the borrowers themselves during the group meeting at the villages. The purpose of loan is to provide an opportunity to the rural women for undertaking and promoting their farming, small enterprises, and trade and service activities. The bank lends credit up to 5 thousands rupees per borrower in the first phase and this amount gradually increases up to Rs.25 thousands in the successive period. The banks regulate 20% interest rate per annum for all purposes. In this respect, it is severely higher than the loan provided by Banijaya Banks due to their high service delivery cost and it is not considerable. Again rural people need banking services at the doorstep rather than high interest rate. Although the interest rate of development bank is high, the program is highly satisfactory because clients have been able to achieve high and more stable income with massive employment opportunities and which are the region of high repayment rate. Saving in group is compulsory and each week every member has to save Rs.1 or 2 in the group fund where Rs.1 daily during training period and 5 percent of received credits is also deposited. The group fund is mobilized for emergency purpose or to overcome the problem of households' credit.

Economic Surveyed (2018) explained that recently four NGOs have been transformed into the private development banks under the development bank act 1995 with a view to

expanding their scope and scale of microfinance operations. These are Nirdhan Utthan Bank Ltd. NUBL (1998), Swavalamban Bikas Bank Ltd., SSBL (2001) DEPROSC Development Bank Ltd., DDBL (2000) and Chimek Bikas Bank Ltd., CBBL (2001). However, last two banks don't follow the grameen bank pattern and the former one was the first introduced in grameen banking system since early 1992 in the name of Nirdhan Program. Up to mid-January 2015, these banks provided credit totaling of Rs.4.62 billion to 113,122 members of 24,547 groups through the 4,658 centers.

NRB, Report (2015) has explained that rural self-reliance fund was established in 1990 by the government of Nepal, as a pilot-scheme, with the objective of providing wholesales loan to financial intermediaries (SCCs and NGOs) that had difficulty in obtaining access to credit for on lending to the rural poor. Nepal Rastra Bank Development Finance Department is the executing agency of this program. This program is the first step in Nepal in the direction of exploring alternative means of credit delivery to the poor. RSRF provides credit on the installment basis based on the performance of the borrowing institutions. The internal rate charged by the fund is just 8% and it returns 75% of interest if the concerned institutions repay principal and interest on the schedule time- so that the effective interest rate is just 2 percent.

Agricultural Bank Report (2008) explained the targeted group of the fund is the individual households holding less than 15 Ropanis of land in the hills or less than 1 Bigha of land in the Terai. The SCSs or NGOs who act as financial intermediaries between the fund and the beneficiaries (target group) are responsible for social mobilization, group formation, skill training, saving mobilization, demand assessment, loan approval, disbursement and supervision and flow ups. Loan is provided up to Rs. 30,000 without any physical collateral depending on group approach or liabilities. The SCCs or NGOs may on lend the loan from the fund only in those VDCs and municipalities where no more than 3 commercial bank or their branches (including banking offices of Agriculture development Bank) have been operating at present.

2.3 Empirical Reviews

Acharya (1994) describes women in Nepal are among the poorest and disadvantaged group because of social, legal and intra household discrimination. As a result of education, health and nutrition status of women including girl child are much lower than that of men. They do long and harder work but live in difficult conditions because most of work is not considered as productive job hence not accessed in national account. Again there is cruel wage discrimination so that even for same work they are paid low wage rate as compared to their male counterparts. Similarly, they are also deprived from property ownership of land following the rule of patriarchal conservative culture and this in turn restricts them from the stream of loan market because under developed loan market requires sufficient mortgage. Lack of credit facilities also restricts women to have access to improved technology, training, agricultural inputs and information. Therefore, there is need of such programs for women which can make equal access to the economic activities and resources and other social programs because contemporary rural development programs have largely by passed them.

Khadker (1998) summarize a number of different studies conducted in Bangladesh using the 1991/92 surveys and focusing on three major microfinance programs, including the Grameen Banks and the Bangladesh Rural Advancement committee (BRAC). Methodological import is accessed using a double difference approach between eligible and ineligible households (with land holdings of more than half an acre making households ineligible) and between program and non- program villages. After controlling for other factors, such as various household characteristics, any remaining difference was attributed to the microfinance programs. The study draws a number of conclusions, but the main one is that the program has a positive effect on household consumption, which was significantly greater for female borrowers. On average, a loan of 100 takes to a female borrower, after it is repaid, allows net consumption increases of 18 takes. In terms of poverty impact, it is estimated that 5% participant households are pulled above the poverty line annually.

Regmi (2001) has made an extensive study in this to analyze micro credit to women for poverty reduction. Study was conducted in Benimanipur VDC, Nawalparasi district taking borrowers as a sample population. Some of the major findings of the study may be summarized as: first of all the program is found as target group oriented because most of the women involved in micro credit program are relatively poor and having income less than 2000. The study found positive impact of micro credit program for women on beneficiaries' earning and living standards. Similarly, the program has also some positive social impact in terms of child education, family planning, sanitation and other social reforms. Repayment

rate is found as 80% in overall programs. However, repayment rate is lower in agriculture activities and higher in business activities. In sufficient supervision due to staff turnover, understaffing and long distance between sites and death of animals due to various reasons are the causes of low repayment rate. Among the sample borrowers 25% has totally paid the loan, 55% partially paid and 20% has not paid at all.

Soti (2002) has made a study in this to analyze the impact of micro credit program on poverty reduction. The study was conducted in Chainpur VDC depending on sample survey data. Women of Chainour VDC under the MCPW program were found as subsistence farmers. Joining in this program has empowered women in varying degree. It has provided various opportunities for poor women to come out of their non-productive household activities, to organize themselves in groups and to work in productive and social activities. The program has made women self-confidence in case of expenditure, saving and other social decision-making process. Although their income has been sufficiently increased, the nature and duration of their work have remained unchanged. It is because their projects are still not fully escape from traditional method. The positive change of majority of Women member in clothing pattern and food practices indicates the positive impact of the project in study area. In respect to financial intermediation, the program is in the right way to fulfill the financial needs of rural poor. Reaching the poor through financial intermediations is found to be cost effective and targeting can be done correctly. Although most of the project was small and unable to generate remarkable profit, 84% of the respondents have made some profit.

Pradhan and Shrestha (2015) found microfinance program in Nepal is at evolutionary stage because only after complete financial sector liberalization since 1989, leaving the interest rate flexible to the market forces, a number of FIs owned both by Government and private sector came into existence with a view to initiate microfinance activities. Some of them were existed in the form of innovation and rest were in the form of replication. The goal of microfinance services is to create income and employment opportunities for the rural poor people providing micro-credit and mobilizing savings.

Acharya (2003) defines financial development and its impact on poverty alleviation on the basis of availability of data. Although government and non-government microfinance institutions including the co-operatives have grown fast in the 1990s, they have made very little impact in the rural credit market because most of them have been concentrated in urban areas. So that more than 80 percent of the borrowing in rural areas have still to depend on non-formal sources for their credit needs. The study also presents that majority of targeted credit programs have been unable to directly cater to the needs of the bottom 20 percent

households because the poor lack human and economic resources, they lack knowledge to benefit from the saving credit program. The study concludes that in spite of rapid growth of the financial sectors in the post liberalization period, its presence and influence in the rural areas have been declined.

Dhakal (2007) Nepal has developed considerable history in providing microfinance services which is evidenced by emergence and growth of a large number of microfinance institutions (MFIs) and microfinance programs over time. Formal microfinance in Nepal emerged in 1956 with the emergence of cooperatives that started providing savings and microcredit services to their shareholders. Likewise, access to financial services underpins the ability of the poor to achieve the MDGs on their own terms in a sustainable way. Evidence shows that poor people choose to invest in a wide range of assets, better nutrition, improved health, access to schooling, a better roof on their homes, and expansion of their small business.

The study found positive correlation between capital formation and the success of the program. There is significant improvement in the growth of the internal resources. On an average, each SPO has accumulated one-third of internal resources of their loan outstanding. If the growth remains same for 3-4 years, these SPO will be able to manage their fund from internal resources. The analysis again found remarkable achievement in loan investment, principal and interest collection. Loan repayment rate is more than 98 percent which is similar to Grameen replicated model. The analysis also informs us that women member are comparatively more disciplined toward taking loan, loan proper utilization, regular saving collection and loan repayment and are able to provide effective peer pressure.

Sharma (2010) has tried to analyze problem faced by MFIs/ Programs in attaining financial sustainability. The presentation begins describing theoretical concept and ends connecting it with Nepalese context. Financial sustainability refers to the extent to which a MFI, in addition to being financially viable, mobilizes its own financial resources internally, that is, through equity, deposits, and retained profits instead of depending on govt. or donor resources.

The study explains two types of hurdle in reaching financial sustainability i.e. operational and financial self-sufficiency. Expenses such as salaries and other administrative cost, depreciation of fixed assets, interest on borrowings and deposits (i.e. cost of loan able funds), and provisioning for loan loss (i.e. the cost of loan principal lost to default) out of fees and interest income are included in operational self-sufficiency. Whereas financial self-sufficiency requires MFIs to cover all administrative costs, loan losses, and financing costs

from operating income, after adjusting for inflation and subsidies and treating all funding as if it had a commercial cost. Without crossing first hurdle, second cannot be expected and once this second is crossed, subsidies in the form of concessional funds are no longer required and inflation does not erode the value of MFI's capital. Theoretically, increasing staff productivity, efficiency and loan quality, and curtailing unnecessary staff and thereby administrative cost may reduce the service delivery cost then MFIs can attain operational self-sufficiency which is necessary condition of sustainability.

In Nepalese context, MFIs that have involved for many years in microfinance services have not yet achieved operational self-sufficiency level due to theoretical, social, and political reasons and achieving financial self-sufficiency is still a longer way for them. These institutions/programs have to bear five types of cost: social cost, service delivery cost, fund cost, provisioning for loan loss and inflation. If these institutions have to achieve at least operational self-sufficiency level, Government of Nepal, donors or other institutions who take interest in poverty reduction should share their social cost and some portion of their costs associated to institutional capacity building, employment generation, technology transfer, research, and development for the initial periods

ADB (2010) has made a study to define the relation between poverty and micro-finance. The study defines poverty as an income level below a socially acceptable minimum and microfinance as one of a range of innovative financial arrangements designed attract the poor as either borrowers or savers. In principal, microfinance can relate to the "non-destitute chronic poor" who occurs due to lack of assets and opportunities and "transitory poor" which is temporary in nature and occurs due to the results of adverse shocks. Lack of assets indicate absence of physical collateral which restricts the poor to have access of formal credit and to depend on informal credit where interest rate is high and sources are limited. So that the study advocates that if access to credit can be improved, the poor can finance productive activities that will raise income level of poor, provided that there are no other binding constraints. This is a route out of poverty for the non-destitute chronic poor. Similar effect is found in case of transitory poor. But the study found present market clearing interest rate of MFIs is unaffordable to the core poor (lower level of non-destitute chronic poor) so that they will either not take up the services or take it up and get into financial difficulties. Again they are excluded from group and ignored by office staffs due to various reasons.

Seible (2011) defines that the vast majority of people in developing countries are small farmers, micro entrepreneurs and casual income earners. They constitute that part of the economy which is called informal sector, which includes small farms, fishery, animal

husbandry, etc. Although people of this sector are poor, poorly educated and without access to social and financial services, this sector provides employment and income to the rural and urban people and produced basic goods and services for the increasing population. So, in every developing country there is need of strong financial system to develop their economies and alleviate poverty by regulating financial sectors and mobilizing targeted program i.e. micro credit. If financial system development is to be geared at both poverty alleviation and economic growth, it must include microfinance policy not only for the formal sector alone but for the whole economy.

Dhungana (2016) examined loan size and its productive application of loan by clients after involvement in the micro-finance programme in the western development region of Nepal. The study found that clients who have taken small size of loans, they have mostly spent their loans on domestic purposes and found a very poor application of loans in micro-business whereas big loan size clients have a greater application of loans in productive sectors. There is positive association between the size of savings and loans, size of savings and loan application, current loan size and ethnicity, loan size and duration of membership, and finally loan size and its application. The research finds MF intervention facilitates to generate self-employment and employment opportunities through micro credit services.

Oyinpreye (2016) well-coordinated activities of microfinance institutions have the capacity to influence the entire economy. Chirwa (1997) concluded that the impact of microcredit has significant influence on small and microenterprises. The micro credit is helpful in engaging people in self-employment project that enables them to generate an income. The study found that microfinance institutions seem to perform better in terms of profitability. Due to the trend of commercialization of the sector, financial suitability of microfinance institutions is becoming more and more important at the expense of using credit to help overcome poverty.

Zhiri (2017) examined the impact of micro-finance services on performance of small and medium scale enterprises in Zaria Metropolis. The research design used was cross-sectional and descriptive. The study revealed that the micro-finance services have a significant impact on the level of entrepreneurship activities of SMEs in Zaria Metropolis. The study recommends that the amount of loan given by MFIs to SMEs should be increased and they should also be encouraged to save to enable them grow and propel their enterprises.

2.4 Research Gap and Additional Conditions

Microfinance service is fruitful to improvement of women in Nepal. This study covers the increment of socioeconomic situation of the women after joining in microfinance. The previous researchers can't represent the increment of socioeconomic condition of women. They tried to analyze the profitability, loan management, credit risk management, cash management aspect of the microfinance only and ignored the women's situation after joining in microfinance. The research has been suggested, where different tools can apply to overcome the socioeconomic conditions in selected areas.

In this context, a detail analysis of microfinance keeping in mind that the microfinance is not profit oriented but it also focused the economic improvement of the women. This study fulfils the prevailing research gap on contribution of microfinance to reduce the socioeconomic inequality in the remote area of Nepal.

CHAPTER III

RESEARCH METHODOLOGY

Research Methodology is a process of arriving to the findings and conclusion through planned and systematic dealing with the analysis and interpretation of data. It refers to the various sequential steps while conducting research work. It tries to make clear view of method and process adopted in the entire aspect of the study.

3.1 Research Design

The study is based on quantitative and qualitative research design and this study is also based on descriptive research design. It is descriptive in nature because this study is based on the micro study of micro credit program. It seeks to analyze the effectiveness, sustainability of micro credit program in the specific study area.

3.2 Nature and Sources of Data

The data are qualitative and quantitative in nature. Only primary data has been used to collect the information for this study. Data were collected at household level among member and non-members.

3.3 Rationale of the Selection of the Study Area

Ilam municipality is the study area of this study. The study area has been purposively selected due to this place being one of the major centers in the eastern Nepal with micro credit activities. This finding of this area is assumed to be suitable for generalization with other similar places in the hill regions of Nepal.

3.4 Universe and Sample Procedure

To analyze the comparison of micro credit members and non-members status of Ilam Municipality, 60 microfinance members and 60 non-members were taken to analyze the data and data is taken through household survey using structured questionnaire.

3.5 Techniques of Data Collection

In order to gather the primary data different tools and techniques were employed. A brief description of each tools and techniques has been presented in the following sub headings.

3.5.1 Interview Schedule

A set of semi structured interview questionnaire (see-Appendix-1) was used to collect information from the households selected for this study. The questions were related to socioeconomic background, benefit of microfinance. Structural questionnaire method was used to compile this study. Before asked the questions to each individual the researcher had taken consent and asked each of the questions and noted down the answers what they had given.

3.5.2 Main Indicators/Variables Used in the Study

There are many Indicators/ variables are used to analyze the data between members and non-members in this study. During this study period especially age, sex, caste, education level, household head (male/female), household size, age of family head, land ownership status, income status, loan status and sources of loan, saving status etc are considered to comparison members and non-members.

3.6 Method of Data Analysis

The collected data were tabulated in MS Excel worksheet analyzed by using simple mathematical and statistical tools such as parentage, graphs, tables and t-test analysis as well. It is categorized and tabulated according to the objectives of the study. Before analyzed the data it had been categorized the information according to objectives and tabulate by plan way.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This chapter is aimed to display and evaluate the collected data regarding the objectives. The main component of microfinance is to provide loan for women of remote areas especially generation and enhance living standard as well as to encourage them for increase income level and saving. This chapter is related to presentation and analysis of data. In this chapter data has explained as per objective of the study. Microfinance members and non-member's status and actual figure of data is shown in this chapter systematically by using table, diagram, pie chart , t- test and narrative test as well. The major findings of this study is validate with literature reviews in discussion part.

4.2 Introduction of Study Area

Ilam is called “Queen of Hills”. It is the most beautiful district in the east of Nepal. It is covered with high hills, low land and green forests. There are various special features like beautiful sunrise, sunset, mountain view, cash crop production etc. There are the pleasant climate whole the year. Ilam is rich in its own diversity, natural landscape, good sanitation and agriculture, it has made its own identify by producing the crops. The main source of income in this district is tea, cardamom, milk, ginger, potato, olon, and broom grass (amliso) produced on a large scale. Thus, a large part of the population is involved in agriculture. Ilam is the most famous district of Nepal for the production of tea. Tea cultivation began in 1863 BS and the first factory for processing was built in Ilam bazar in 1878 BS. Ilam is a multiracial, multi cultural, multi linguistics, multi-religious place. A wide range of ethnic people with their typical customs, traditions and cultural heritages live here. In fact, Ilam is one beautiful and major agricultural district of Nepal.

There are many microfinance companies providing the services in Ilam district. Among them Summit Laghubitta Bittiya Sanstha is one oldest microfinance of Ilam and it has a large volume of loan portfolio in Ilam Municipality. So, Summit Laghubitta Bittiya Sanstha has taken for the study.

4.3 Socio Economic Status of Microfinance Members

4.3.1 Caste and Ethnicity of Respondents

Table 1 Shows that in the study area majority of members belong to Janajati and non-members belongs to Brahmin/Chhetri. In case of member 41.47 percent respondents belong to Brahmin/ chhetri, 55 percent belong to Janajati and only 3.33 percent belong to Dalit community.

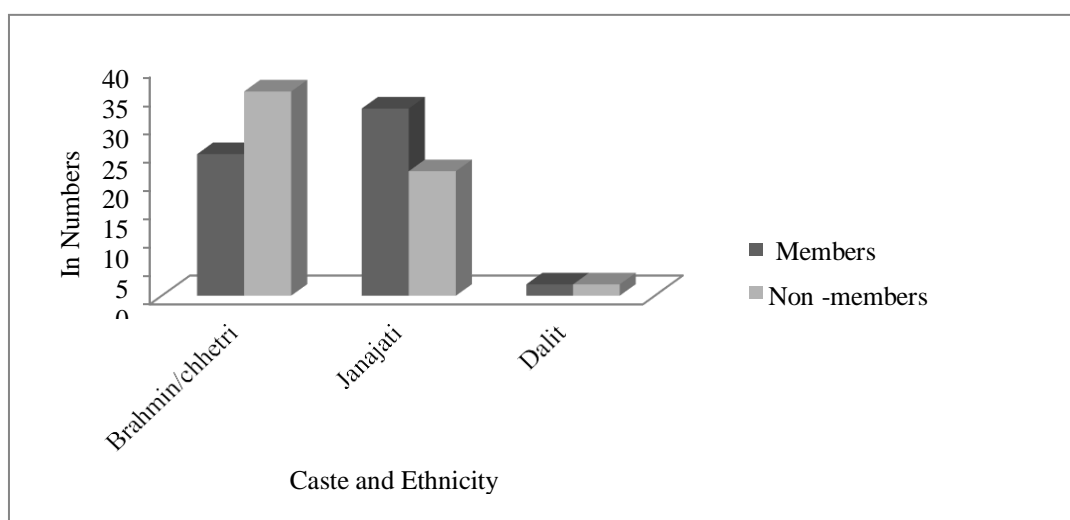
Table 1: Caste and Ethnicity of Respondents

S.N.	Caste/ Ethnicity	Members	Percent	Non-members	Percent
1.	Brahmin/Chhetri	25	41.67	36	60.00
2.	Janajati	33	55	22	36.67
3.	Dalit	2	3.33	2	3.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Similarly, in case of non-members, 60 percent belong to Brahmin/chhetri, 36.67 percent belong to Janajati and only 3.33 percent belong to Dalit. It means Janajati people are dominance in microfinance at Ilam. Very low involvement of Dalit Caste shows the lack of awareness program of microfinance facility in Dalit people of rural area.

Figure 1: Caste and Ethnicity of Respondents



Source: Field Survey, 2022

4.3.2 Gender-wise Respondents

Like cooperative service, microfinance service is increasing in Nepal. People directly and indirectly linked to the microfinance service. Besides kitchen duties most of female member manage crucial time for earning activities. It means involvement of female in business activities is increasing and their contribution to the increment of living standard of the family was also increasing.

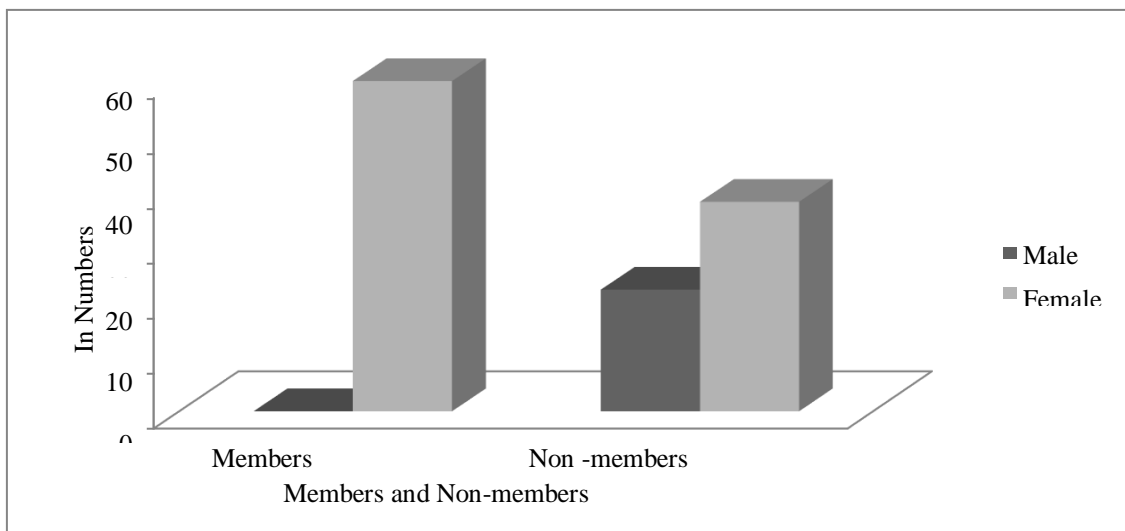
Table 2: Gender-wise of Respondents

S.N.	Gender	Members	Percent	Non-members	Percent
1.	Male	0	0	22	36.67
2.	Female	60	100	38	63.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 2 shows that the all sample respondent of members are female but 36.67 percent respondents of non-members are male but 63.33 percent non-members are female. There are dominance of female participation in the microfinance program.

Figure 2: Gender-wise of Respondents



Source: Field Survey, 2022

4.3.3 Age-wise Respondents

People belong from different age groups in case of micro credit member and non-members of study area. Specially bellow 20 years members are not participate in microfinance and a little number of bellow 20 year non-members are selected in this study. Maximum number of member and non-members are age between 20 to 50.

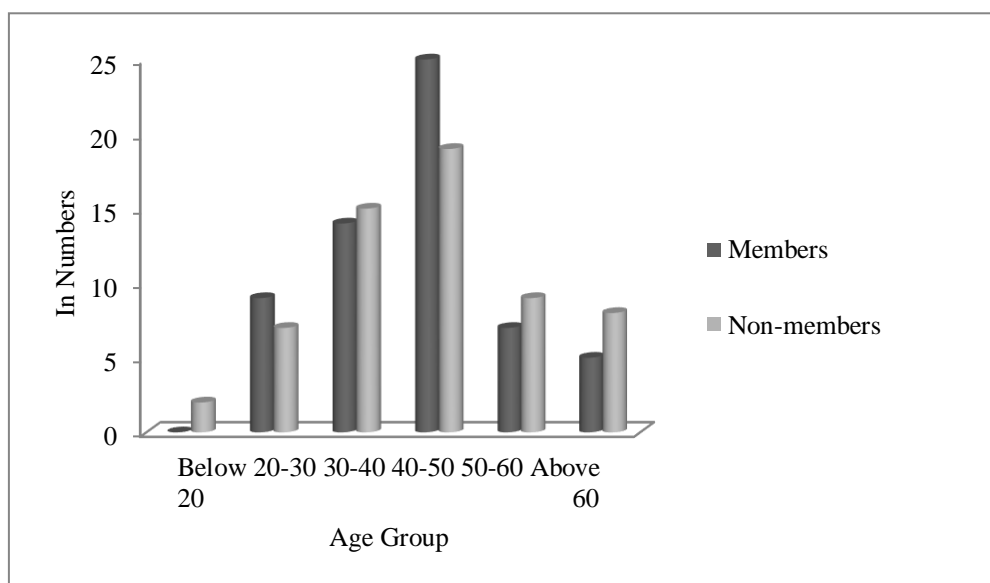
Table 3: Age-wise Respondents

S.N	Age groups	Members	Percent	Non-members	Percent
1.	Below 20	0	0	2	3.33
2.	20-30	9	15	7	11.67
3.	30-40	14	23.33	15	25.00
4.	40-50	25	41.67	19	31.67
5.	50-60	7	11.67	9	15.00
6.	Above 60	5	8.33	8	13.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 3 shows the age-wise participants of members and non-members in Ilam Municipality. There are no any peoples are the age of below 20 years and only 3.33 percent non-members found in the age of bellow 20 years. There are 15 percent members and 11.67 percent non-members are age between 20-30 respectively. Similarly, 23.33 percent members and 25 percent non-members belong to age between 30-40 and 41.47 percent members and 31.67 percent non-members are age 40-50.

Figure 3: Age-wise Respondents



Source: Field Survey, 2022

4.3.4 Education Attainment of the Respondents

Education is the light of success. The educational status of sample population of the study area is explained in the table 4.

Table 4: Education Attainment of the Respondents

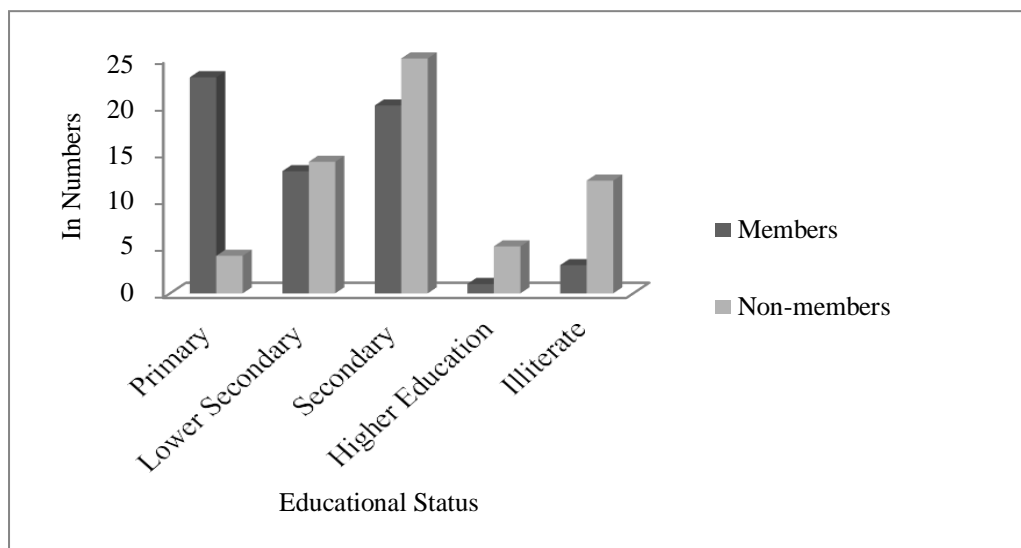
S.N.	Education Status	Members	Percent	Non-members	Percent
1.	Primary (Class 1 to class 5)	23	38.33	4	6.67
2.	Lower Secondary (Class 6 to class 8)	13	21.67	14	23.33
3.	Secondary (Class 9 to Class12)	20	33.33	25	41.67
5.	Higher Education	1	1.67	5	8.33
6.	Illiterate	3	5	12	20.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 4 shows the Educational status of members and non-members of the study area. Among 60 members 5 percent members are illiterate and in the part of non-members 20 percent illiterate respondents. In case of members 38.33 percent members and 6.67 percent non-members belong to primary education. Similarly, lower secondary educations members are 21.67 percent and 23.33 found in this study.

Likewise, secondary level 31.33 percent members belong to members and 41.47 non-members respectively.

Figure 4: Education Attainments of the Respondents



Source: Field Survey, 2022

4.3.5 Household Size of the Respondents

Household size indicates the financial status of the family. Maximum family members in poor household mean additional financial burden. They may face the problems of malnutrition, lack of modern facilities etc. The household size of the respondents can be explained with the help of table no 5.

Table 5: Household Size of the Respondents

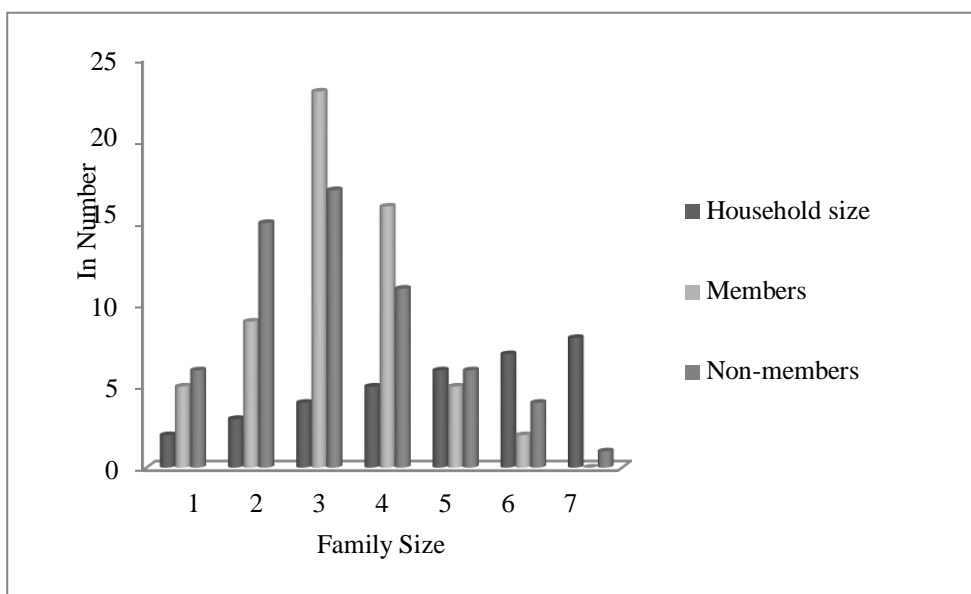
S.N.	Household Size	Members	Percent	Non-members	Percent
1.	2	5	8.33	6	10.00
2.	3	9	15	15	25.00
3.	4	23	38.33	17	28.33
4.	5	16	26.67	11	18.33
5.	6	5	8.33	6	10.00
6.	7	2	3.33	4	6.67%
7.	8	0	0	1	1.67%
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 5 shows the household size of micro credit member and non-members of the sample respondents. There are 8.33 percent members and 10 percent non-members belong to household size 2. Similarly, 15 percent members and 25 percent non-members belongs to household size 3, 26.67 percent members and 18.33 non-members belongs to household size 5, 8.33 members and 10 percent non-members belongs to household size 6,

3.33 members and 6.67 non-members belongs to household size 7. There is only 1.67 percent sample family member belong to household size 8 in case of non-member.

Figure 5: Household Size of the Respondents



Source: Field Survey, 2022

4.3.6 Foreign Employment of the Respondents

Foreign employment is the lifeblood of Nepalese economy. The contribution of Remittance to rural area's economy is very high. The sample respondents family involved in foreign employment is explained in the table 6.

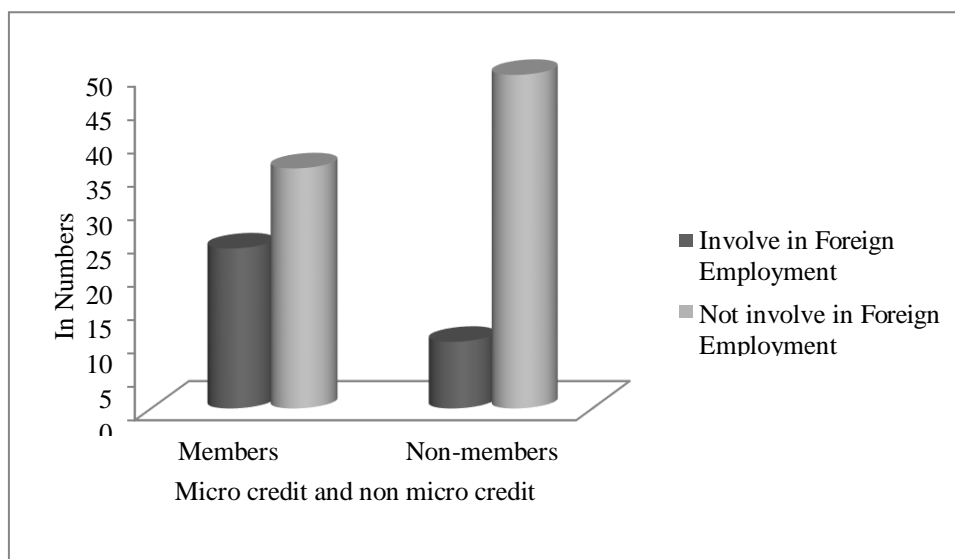
Table 6: Foreign Employment Status of the Respondents

S.N.	Foreign Employment Status	Members	Percent	Non-members	Percent
1.	Involve in Foreign Employment	24	40	10	16.67
2.	Not involve in Foreign Employment	36	60	50	83.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 6 shows, 40 percent of micro credit family member involved in foreign employment. But only 16.67 percent of non-member's family involved in foreign employment.

Figure 6: Foreign Employment Status of the Respondents



Source: Field Survey, 2022

4.3.7 Gender-wise Respondents of Household Head

Household head of the respondents may be male or female. The gender-wise respondents of household head can be explained in the table 7.

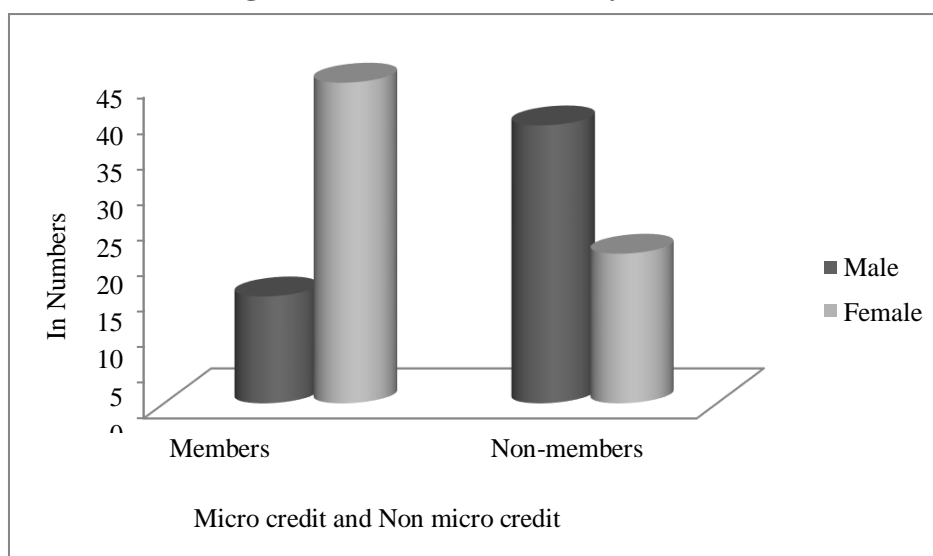
Table 7: Gender-wise Household Head Information

S.N.	Gender-wise Respondents	Members	Percent	Non-members	Percent
1.	Male	15	25	39	65.00
2.	Female	45	75	21	35.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Among 60 respondents, 25 members and 65 percent of non-members are male as a household head. As well as 75 percent members and 35 percent non-members are female household head in this study.

Figure 7: Gender-wise Family Head Information



Source: Field Survey, 2022

4.3.8 Age-wise Head of the Households

Head of the family always regarded responsible dutiful and financial crisis bearer of the family. We assumed that head of the family should be aged and responsible. The age-wise family head condition of the study area is presented in the table no.8.

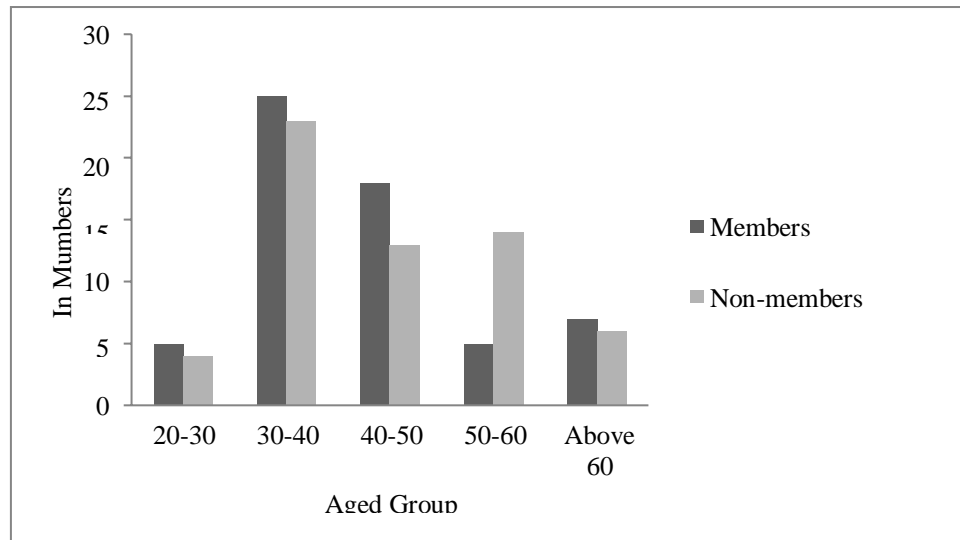
Table 8: Age-wise Status of Household Head of Respondents

S.N	Age group	Members	Percent	Non-members	Percent
1.	20-30	5	8.33	4	6.67
2.	30-40	25	41.67	23	38.33
3.	40-50	18	30	13	21.67
4.	50-60	5	8.33	14	23.33
5.	Above 60	7	11.67	6	10.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 8 shows 8.33 percent respondents of member belong to age group 20 to 30 and 6.67 percent respondents of non-member belong to age group 20-30 respectively. Similarly, 41.67 percent members belong to age group 30-40 and 38.33 percent non-members also belong to age group 30-40 respectively. Likewise, 30 percent members and 21.67 non-members also belong to age group 40-50 respectively.

Figure 8: Age-wise Status of Respondents



Source: Field Survey, 2022

4.3.9 Education Status of Household Head

Household head should be educated and responsible to the family members.

The education status of household head is presented in the table no. 9.

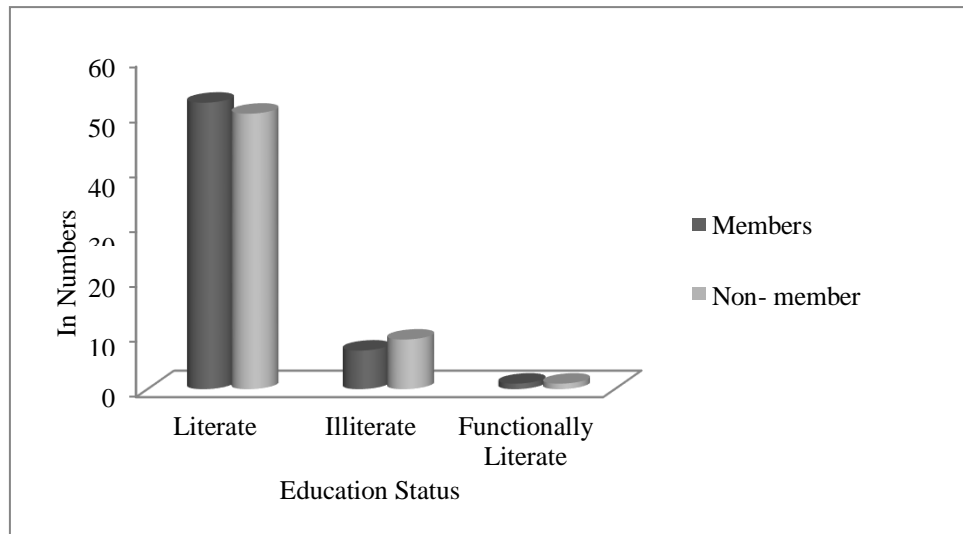
Table 9: Education Status of Household Head

S.N.	Education Status	Members	Percent	Non-members	Percent
1.	Literate	52	86.67	50	83.33
2.	Illiterate	7	11.67	9	15.00
3.	Functionally Literate	1	1.66	1	1.67
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 9 shows the education status of household head of the respondents. There are 86.67 members and 83.33 percent non-members are literate, 11.67 percent members and 15 percent non-members are illiterate. Similarly, only 1.67 percent member and non-members are functionally literate.

Figure 9: Education Status of Family Head



Source: Field Survey, 2022

4.3.10 Land Ownership of the Respondents

Most of household of the sample respondents are farmer.

4.3.10.1 Khet

The *Khet* ownership of the sample respondent is explained in the table 10.

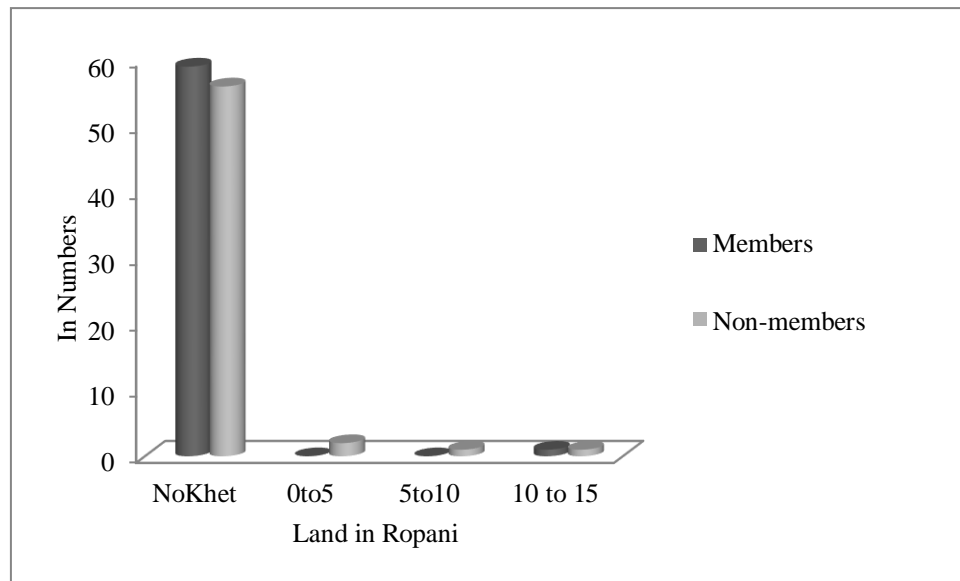
Table 10: Khet Ownership Status of the Family

S.N.	Khet (in Ropani)	Members	Percent	Non-members	Percent
1.	No Khet	59	89.33	56	93.33
2.	0-5	0	0	2	3.33
3.	5-10	0	0	1	1.67
4.	10-15	1	1.67	1	1.67
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table no.10 shows the *Khet* owner of the sample respondent. Among 60 members only 1.67 percent have *Khet* (15 Ropani) and remaining 89.33 percent have no *Khet*. Similarly, among 60 non-members 93.33 percent have not *Khet*. But 3.33 percent have *Khet* ownership between 0-5 Ropani and remaining 2 have 8 Ropani and 15 Ropani respectively.

Figure 10: Khet Ownership Status of the Family



Source: Field Survey, 2022

4.3.10.2 Bari

In hilly area most of the household have *Bari*.

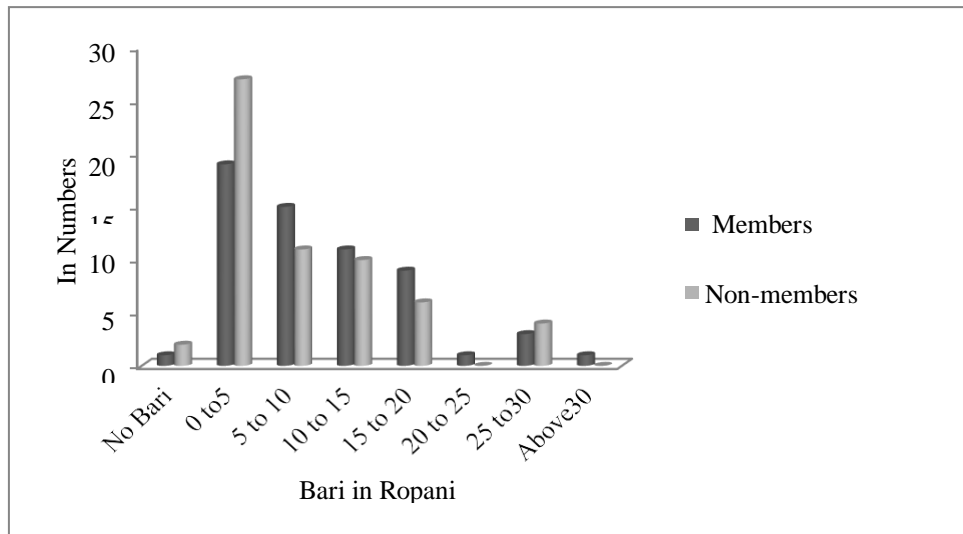
Table 11: Bari Ownership Status of the Family

S.N.	Bari (in Ropani)	Members	Percent	Non-members	Percent
1.	No Bari	1	1.67	2	3.33
2.	0-5	19	31.67	27	45.00
3.	5-10	15	25	11	18.33
4.	10-15	11	18.33	10	16.67
5.	15-20	9	15	6	10.00
6.	20-25	1	1.67	0	0.00
7.	25-30	3	5	4	6.67
8.	Above30	1	1.67	0	0.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 11 shows the *Bari* ownership status of members and non-members of the respondents. Among 60 respondents of members 1 have not *Bari*. Among 60 non-members 2 have not *Bari*. Similarly, 31.67 members have *Bari* between 0-5 Ropani and 45 percent non-members have *Bari* between 0-5 Ropani. Similarly, 25 percent members and 18 percent non-members have *Bari* between 5-10 Ropani. Only one member have *Bari* above 30 ropani in study period.

Figure 11: Bari Ownership Status of the Family



Source: Field Survey, 2022

4.3.10.3 Pakho

Pakho is the less fertile land. It used only for grass of cattle and tree.

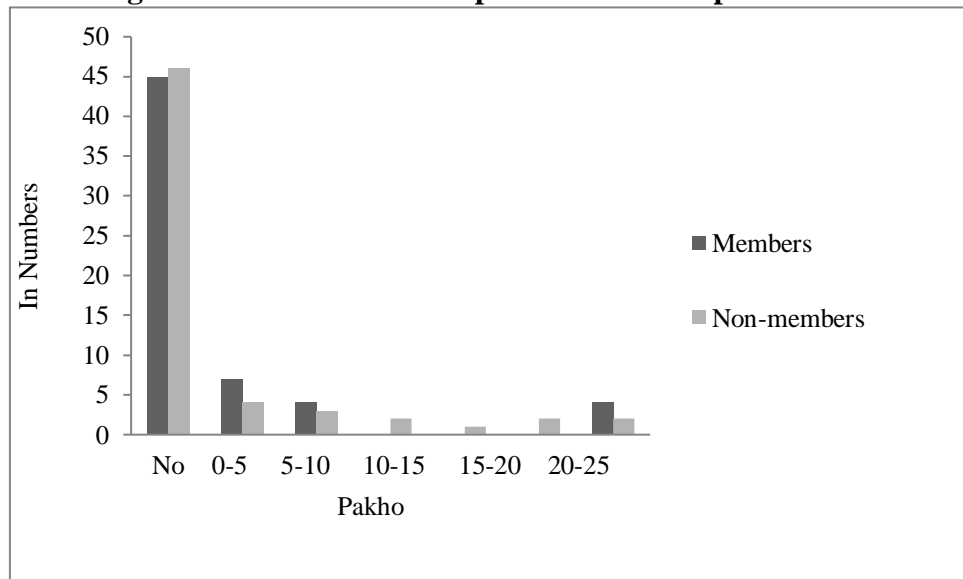
Table 12: Pakho Ownership of Status of Respondents

S.N.	<i>Pakho</i> (in Ropani)	Members	Percent	Non-members	Percent
1.	No <i>Pakho</i>	45	75	46	76.67
2.	0-5	7	11.67	4	4.67
3.	5-10	4	6.67	3	5.00
4.	10-15	0	0	2	3.33
5.	15-20	0	0	1	1.67
6.	20-25	0	0	2	3.33
7.	Above 25	4	6.66	2	3.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 12 shows the *Pakho* ownership status of the members and non-members in the study area. Among 60 respondents 75 percent members have not *Pakho* and 76.67 percent non-member also have not *Pakho*. Similarly, 11.67 percent members and 4.67 percent non-members have *Pakho* between 5-10 ropani. As well as, 6.66 percent members and 3.33 percent non-members have *Pakho* above 25 Ropani in study area.

Figure 12: Pakho Ownership of Status of Respondents



Source: Field Survey, 2022

4.3.10.4 Land on Rent

Land on rent is practice for agriculture business purpose. Only 3 members and 2 non-members of the study area have taken land on rent for agriculture business purpose.

4.4 Impact of Microfinance Membership on Income and Economic Welfare of Household

The main sources of income of respondent area are agriculture. Besides agriculture most of the respondents involved in business, services and wages etc.

4.4.1 Food Grain Product

Nepal is known as agricultural country. Most of the people sales their food grain products in locality and it is major source of income.

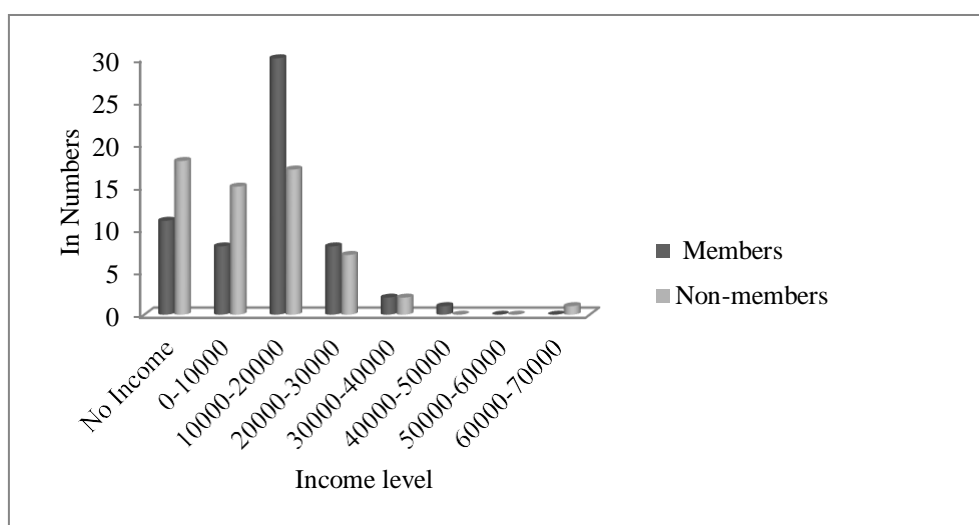
Table 13: Food Grain Income Status

S.N.	Food Grain Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Income	11	18.33	18	30.00
2.	0-10000	8	13.33	15	25.00
3.	10000-20000	30	50	17	28.33
4.	20000-30000	8	13.33	7	11.67
5.	30000-40000	2	3.33	2	3.33
6.	40000-50000	1	1.67	0	0.00
7.	50000-60000	0	0	0	0.00
8.	60000-70000	0	0	1	1.67
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 13 shows the food grain income status of the members and non-members. In case of micro credit member 18.33 percent respondents do not earn income from sales of food grain and 30 percent non-members also not earn income from sales of food grain in a year. There are 13.33 percent members and 25 percent non-members earn below 10000 in a years. Similarly, 50 percent members and 28.33 percent non-members earn between 10000-20000, 13.33 percent members and 11.67 percent non-members earn 20000-30000 in a year. As well as only one non-member earn 60000-70000 in a year.

Figure 13: Food Grain Income Status



Source: Field Survey, 2022

4.4.2 Cash Crop Income

The major sources of income of member and non- member of Study area is cash crop.

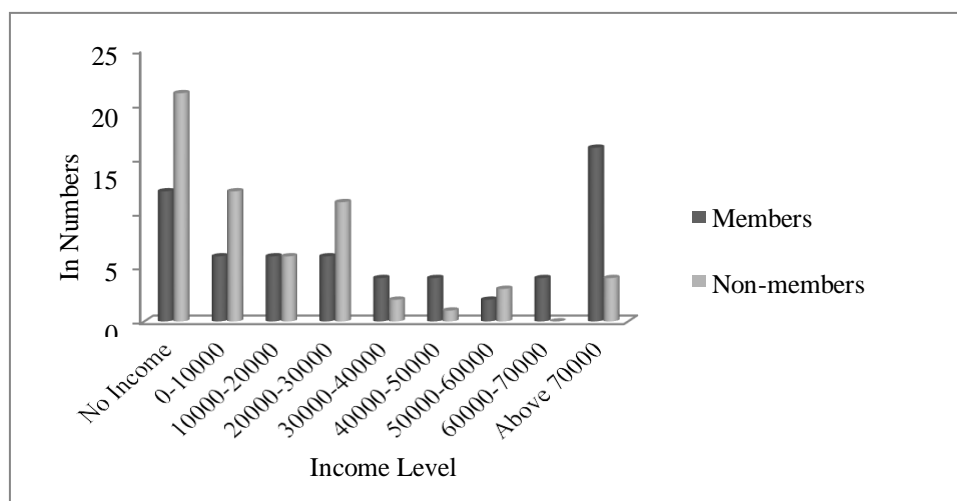
Table 14: Cash Crop Income Status

S.N	Cash Crop Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Income	12	20	21	35.00
2.	0-10000	6	10	12	20.00
3.	10000-20000	6	10	6	10.00
4.	20000-30000	6	10	11	18.33
5.	30000-40000	4	6.67	2	3.33
6.	40000-50000	4	6.67	1	1.67
7.	50000-60000	2	3.33	3	5.00
8.	60000-70000	4	6.67	0	0.00
9.	Above 70000	16	26.67	4	6.67
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 14 shows the cash crop income status of study area. Among 60 respondents 20 percent members have not income from cash crop and 35percent non-members also have not income from cash crop. Similarly, 10 percent members and 20 percent non-members earn below 10000. Same 10 percent members and non-members earn between 10000-20000. As well as, 26.67 percent members and 6.67 percent non-members earn above 70000 from cash crop in a year.

Figure14: Cash Crop Income Status



Source: Field Survey, 2022

4.4.3 Livestock Income (Milk, Ghee etc)

The livestock income of study area present in the table 15.

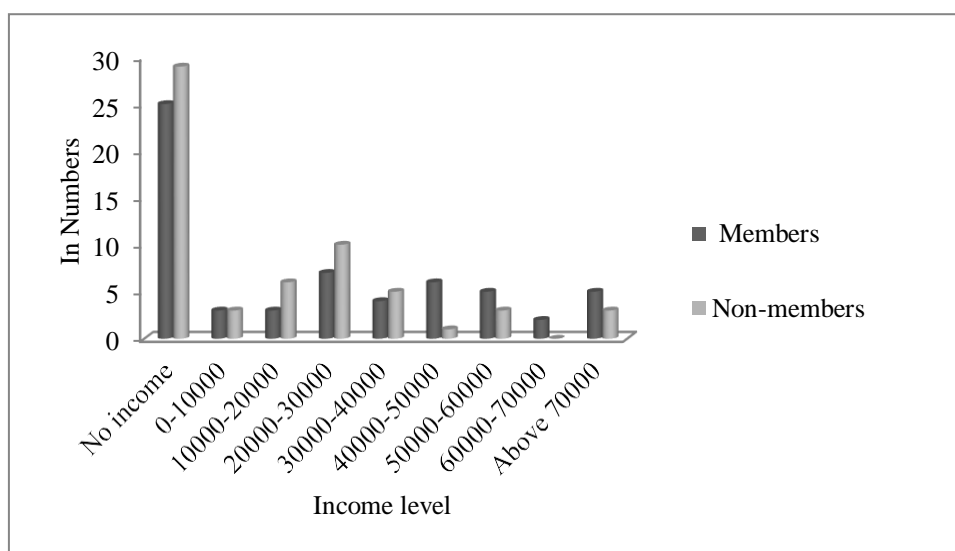
Table 15: Livestock Income of Respondents

S.N	Livestock Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No income	25	41.67	29	48.33
2.	0-10000	3	5	3	5.00
3.	10000-20000	3	5	6	10.00
4.	20000-30000	7	11.67	10	16.67
5.	30000-40000	4	6.67	5	8.33
6.	40000-50000	6	10	1	1.67
7.	50000-60000	5	8.33	3	5.00
8.	60000-70000	2	3.33	0	0.00
9.	Above 70000	5	8.33	3	5.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 15 shows the livestock income of study area. In case of members 41.67 percent have no income from livestock and same has found in 48.33 percent non-members. The maximum repeated frequency between 20000 to 30000 is 11.67 percent of members and 16.67 percent of non-members respectively. Moreover, 8.33 percent members and 5 percent non-members earned above 70000 the livestock sale in a year.

Figure 15: Livestock Income of Respondents



Source: Field Survey, 2022

4.4.4 Sales of Live Animals

Live animals include goat, sheep, cow, buffalo, Birds items etc.

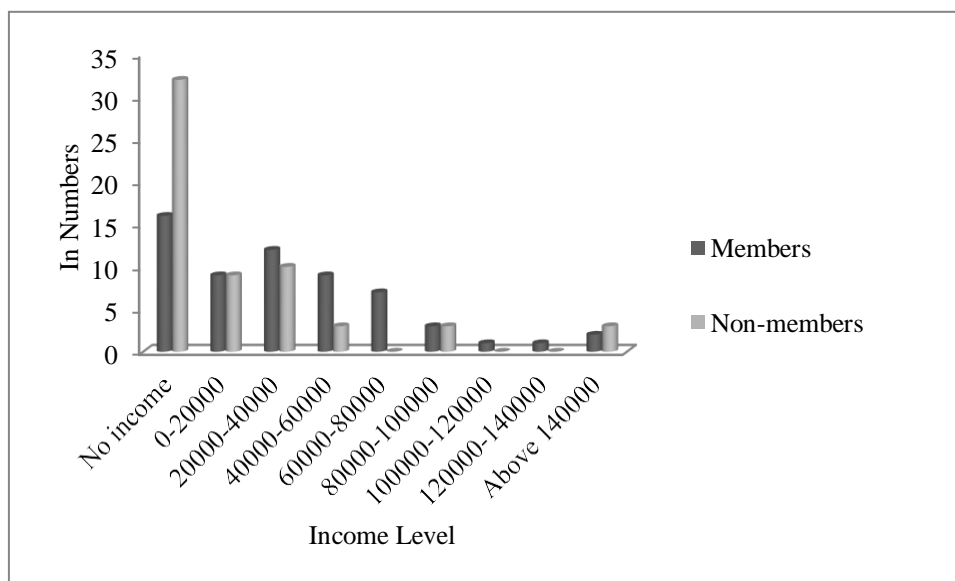
Table 16: Sales of Live Animals

S.N.	Livestock Income (in Rs.)	Members	Percent	Non-members	Percent
1	No income	16	26.67	32	53.33
2	0-20000	9	15	9	15.00
3	20000-40000	12	20	10	16.67
4	40000-60000	9	15	3	5.00
5	60000-80000	7	11.67	0	0.00
6	80000-100000	3	5	3	5.00
7	100000-120000	1	1.67	0	0.00
8	120000-140000	1	1.67	0	0.00
9	Above 140000	2	3.33	3	5.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Among 60 respondents of member 26.67 percent have no income from livestock and 53.33 percent non-members have no income from livestock. Income level between Rs. 0 to 20000 of members and non-members are same 15 percent. Similarly income level between Rs. 20000 to 40000 of micro credit member is 20 percent and non-members are 16.67 percent respectively. As well as income above 140000 from members and non-members are 3.33 percent and 5 percent respectively.

Figure 16: Sales of Live Animals



Source: Field Survey, 2022

4.4.5 Wages Income

Wage income means income from physical work in Farm land, agricultural work and cattle farming etc.

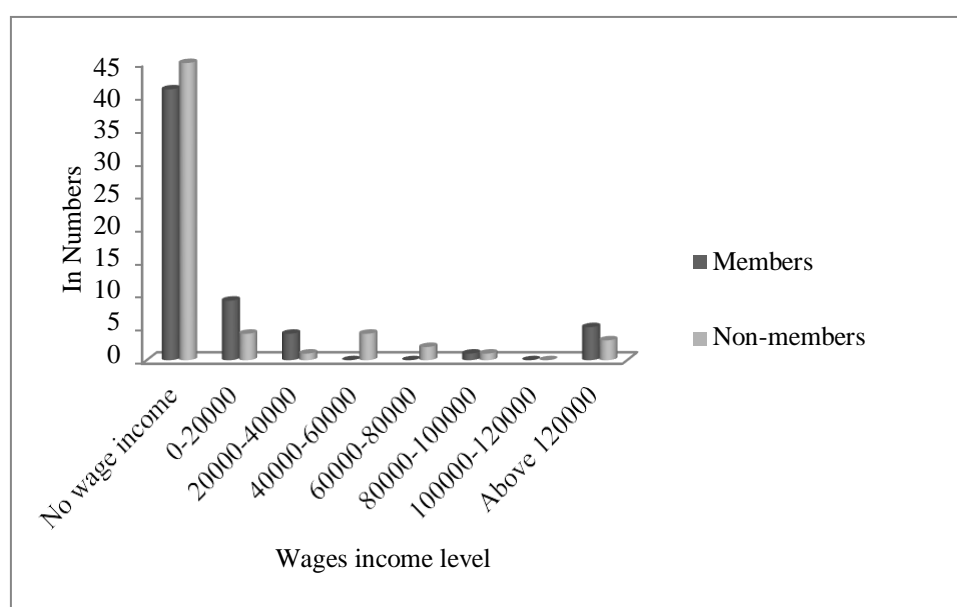
Table 17: Wages Income Status of Respondents

S.N.	Wages Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No wage income	41	68.33	45	75.00
2.	0-20000	9	15	4	6.67
3.	20000-40000	4	6.67	1	1.67
4.	40000-60000	0	0	4	6.67
5.	60000-80000	0	0	2	3.33
6.	80000-100000	1	1.67	1	1.67
7.	100000-120000	0	0	0	0.00
8	Above 120000	5	8.33	3	5.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 17 shows the wages income status of the respondents in the study period. 68.33 percent members and 75 percent non-members not earned wages income. There are 15 percent members and 6.67 percent non-members earned wage income bellow 20000 respectively. Similarly there are 8.33 percent members and 5 percent non-members earned above 120000 yearly from wage income.

Figure 17: Wages Income Status of Respondents



Source: Field Survey, 2022

4.4.6 Salary Income

Salary income is considered the service of government and non-government organization. The salary income received by the respondents during the study period is comparatively low than other sources of income.

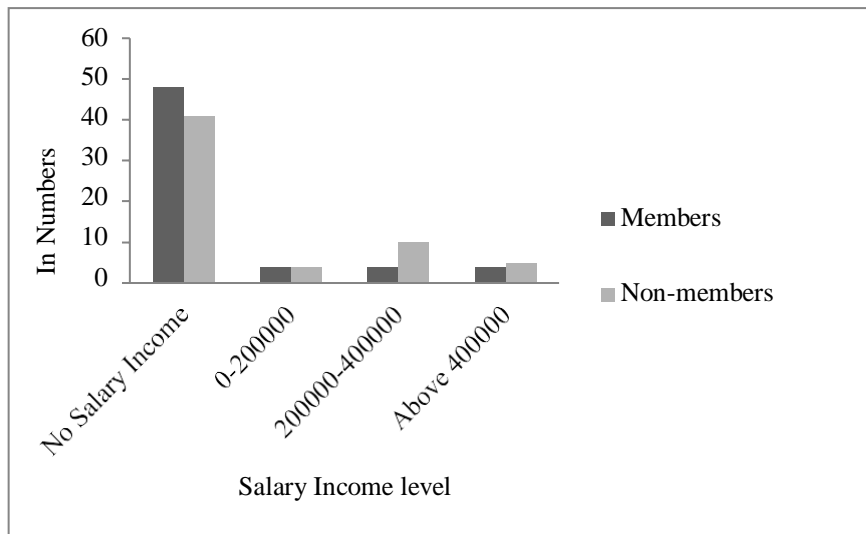
Table 18: Salary Income Status

S.N.	Salary Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Salary Income	48	80	40	66.67
2.	0-200000	4	6.67	4	6.67
3.	200000-400000	4	6.67	10	16.67
4.	Above 400000	4	6.66	6	10.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 18 shows the salary income of members and non-members during the study period. Among 60 respondents only 12 members are earning income from salary and 20 non-members earning income from salary. 6.67 percent members and non-members have salary income up to 200,000. As well as 6.67 percent members and 10 percent non-members earning above 400,000 respectively.

Figure 18: Salary Income Status



Source: Field Survey, 2022

4.4.7 Business Income

Business income is considered the small to large scale business organizations. Business income of the respondents (both Members and non micro members) is explained with the help of table 19.

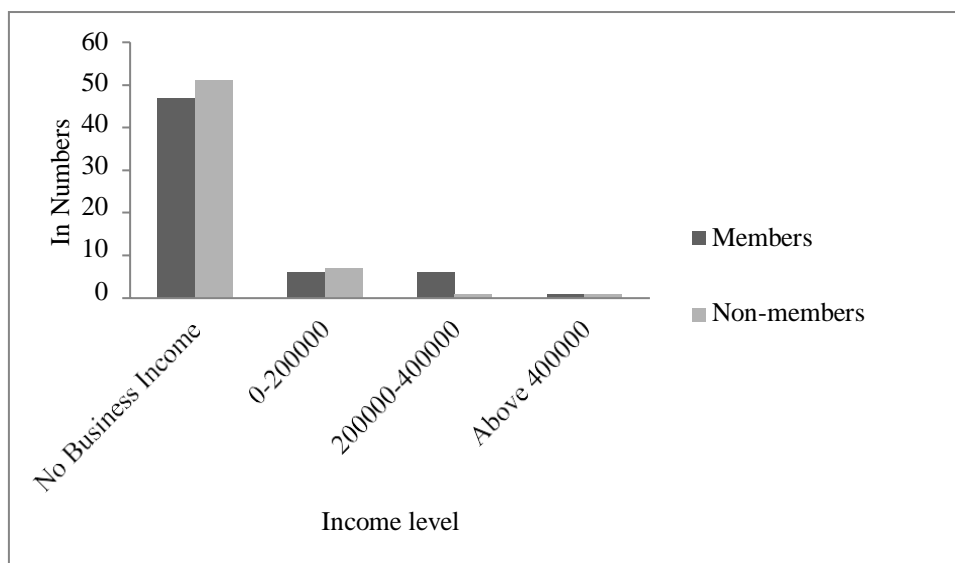
Table 19: Business Income of the Respondents

S.N.	Business Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Business Income	47	78.33	51	85.00
2.	0-200000	6	10	7	11.67
3.	200000-400000	6	10	1	1.67
4.	Above 400000	1	1.67	1	1.67
	Total	60	100	60	100

Source: Field Survey, 2022

Table 19 shows the business income of the members and non-members of the study area. Among 60 respondents 78.33 percent of members and 85percent of non-members have no business activities. Only 13 members and 9 non-members earned business income. 10 percent members and 11.67 percent non-members earned up to 200,000 yearly from business activities. Only one member and non-member earned above 400,000 yearly from business activities.

Figure 19: Business Incomes of the Respondents



Source: Field Survey, 2022

4.4.8 Remittance Income

Trend of foreign employment is common in case of Nepal. But in the study area very few respondents have earned remittance income.

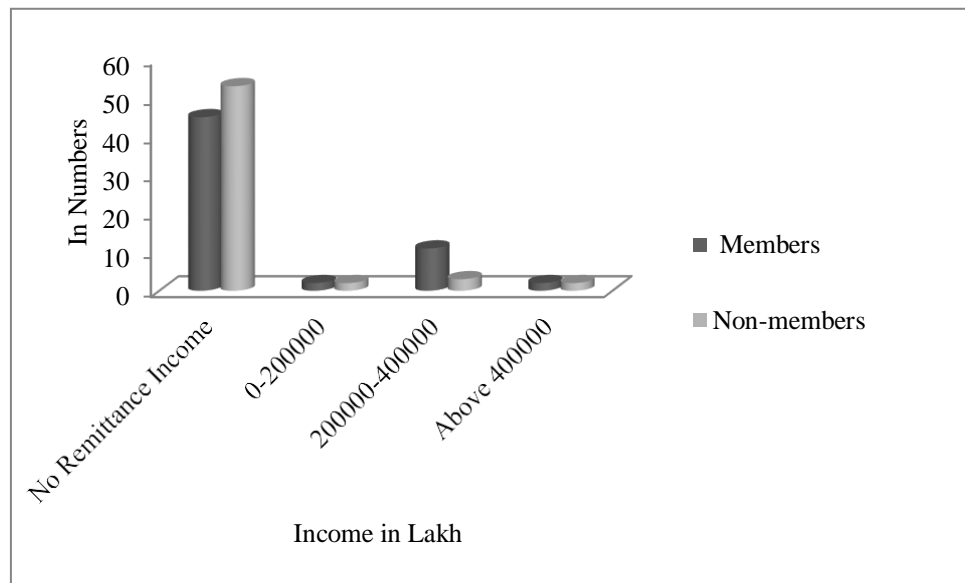
Table 20: Remittance Income of the Respondents

S.N.	Remittance Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Remittance Income	45	75	53	88.33
2.	0-200000	2	3.33	2	3.33
3.	200000-400000	11	18.33	3	5.00
4.	Above 400000	2	3.33	2	3.33
	Total	60	100	60	100.00

Source: Field Survey 2022

Table 20 shows the remittance income of the sample respondents. Among 60 sample respondents 75 percent members and 88.33 percent of non-members have no remittance income in the study period. There are 3.33 percent members and non-members who collect remittance up to 200,000. As well as same number of members and non-members collect the remittance above 400,000 yearly in study area.

Figure 20: Remittance Income of the Respondents



Source: Field Survey, 2022

4.4.9 Rental Income

Rental income is another source of income in the respondent's area. The rental income of members and non-members is very low. Among 60 respondents of each group 98.33 percent have no rental income in case of member and 93.33 percent have no rental income in case of non-members.

Table 21: Rental Income of the Respondents

S.N.	Rental Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Rental Income	59	98.33	56	93.33
2.	0-100000	0	0	3	5.00
3.	Above 100000	1	1.67	1	1.67
	Total	60	100	60	100

Source: Field Survey, 2022

Table 21 shows the rental income of the respondents. Annual rental income earned below 100,000 is 3 in case of non-members only. Similarly, the annual rental income above 100000 is 1/1 in case of members and non- members respectively.

4.4.10 Interest Income

Interest income is from income of saving in bank and cooperative organization.

Table 22: Interest Income of the Respondents

S.N.	Interest Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Interest Income	48	80	53	88.34
2.	0-100000	8	13.33	5	8.33
3.	Above 100000	4	6.67	2	3.33
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 22 shows the interest income of the respondents in the study area. Among 60 member respondents 80 percent not earn interest income and 88.44 non-members not earn interest income. The interest income earned below 100,000 is 13.33 percent in case of members and 8.33 percent in case of non-members. Similarly, 6.67 percent members and 3.33 non-members earn interest income above 100000 in years.

4.4.11 Other Income

There are very few respondents who earn income accept sales of food, live animal, livestock income, business, salary income etc.

Table 23: Other Income of the Respondents

S.N.	Interest Income (in Rs.)	Members	Percent	Non-members	Percent
1.	No Other Income	54	90	57	95.00
2.	0-200000	1	1.67	3	5.00
3.	Above 200000	5	13.33	0	0.00
	Total	60	100	60	100.00

Source: Field Survey, 2022

Table 23 shows the other income of the respondents in the study area. Among 60 respondents 90 percent members and 95 percent non-members have no other income sources. Similarly, 1 member and 3 non-members earn below 200,000 and finally 5 members only earn above 200000 other income (like vehicle, factory, pandit income) in a study period.

4.4.12 Outstanding Loan

Outstanding Loan is the remaining payment loan to the organizations/creditors.

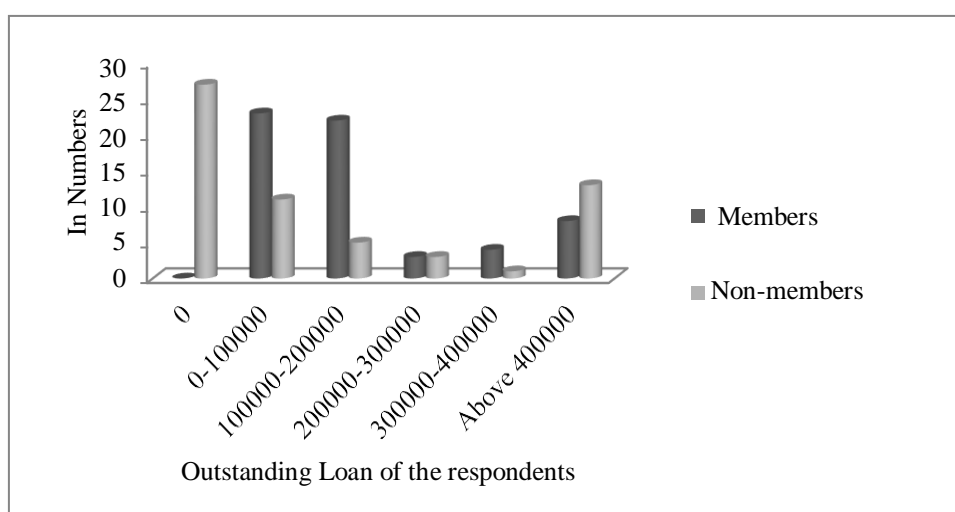
Table 24: Outstanding Loan of the Respondents

S.N.	Outstanding Loan Borrow (in Rs.)	Members	Percent	Non-members	Percent
1.	No outstanding loan	0	0	27	45.00
2.	0-100000	23	38.33	12	20
3.	100000-200000	23	38.33	5	8.33
4.	200000-300000	3	5	3	5
5.	300000-400000	3	5	1	1.67
6.	Above 400000	8	13.33	12	20
	Total	60	100	60	100

Source: Field Survey, 2022

Table 24 shows the outstanding loan of the respondents during the study period. Among 60 members respondents all have borrowed loan from different financial institutions but 45 percent non-members are not taken any loan from financial institutions. Among the 60 respondents, 38.33 percent members and 20 percent non-members have availed bellow 100,000 outstanding loan. 5 percent members and non-members have remained to pay 200,000-300,000 outstanding loan. As well as 13 percent members and 20 percent non-members availed above 400,000 outstanding loan from the creditors.

Figure 21: Outstanding Loan of the Respondents



Source: Field Survey, 2022

4.4.13 Sources of Loan

Respondents have borrowed outstanding loan from different sources.

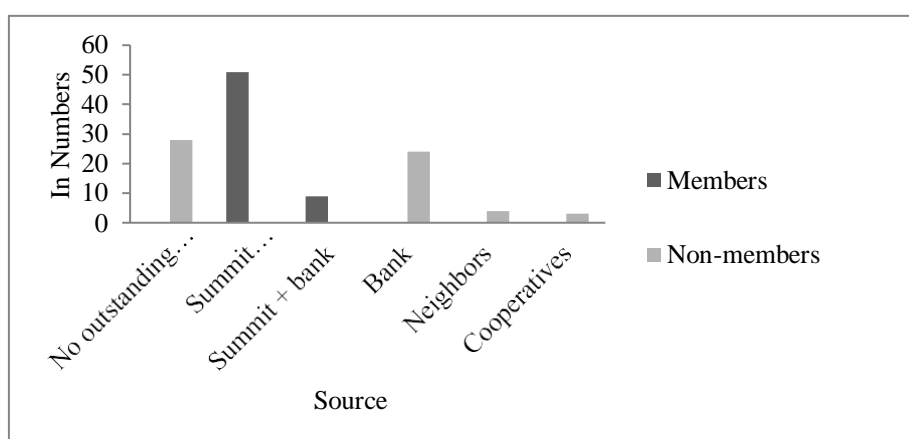
Table 25: Sources of Outstanding Loan

S.N.	Sources of Outstanding Loan (in Rs.)	Members	Percent	Non-members	Percent
1.	No outstanding loan	0	0	27	45
2.	Summit Lahhubitta	51	85	0	0
3.	Summit Laghubitta and bank	9	15	0	0
4.	Bank	0	0	26	43.33
5.	Neighbors	0	0	4	6.67
6.	Cooperatives	0	0	3	5
	Total	60	100	60	100

Source: Field Survey, 2022

Table 25 shows the sources of outstanding loan borrowed by the members and non-members respectively. Among 60 member respondents, 85 percent members have taken outstanding loan from only Summit Laghubitta Bittiya Sanstha and remaining 15 percent members have taken loan from Summit Laghubitta and other banks respectively. 45 percent non-members have not taken any loan from any creditors and 43.33 non-members have borrowed loan from bank and remaining 6.67 percent and 5 percent non-members have borrowed from Neighbors and cooperative respectively.

Figure 22: Sources of Outstanding Loan



Source: Field Survey, 2022

4.4.14 Outstanding Saving Made by Household

Saving is money which is saved in different places by the household.

Outstanding saving made by house hold status are as follows.

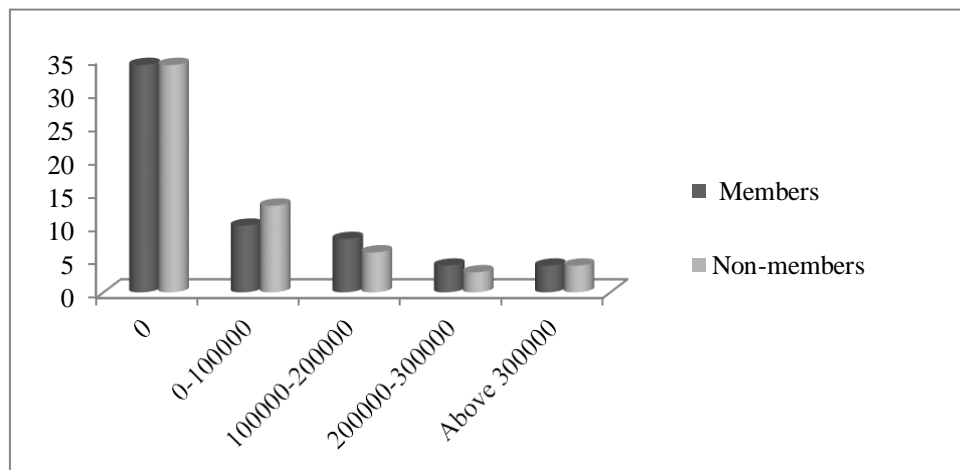
Table 26: Outstanding Saving Made by Household

S.N.	Outstanding saving (in Rs.)	Members	Percent	Non-members	Percent
1.	No outstanding saving	34	56.67	31	51.67
2.	0-100000	10	16.67	16	26.67
3.	100000-200000	6	10	6	10
4.	200000-300000	4	6.67	3	5
5.	Above 300000	6	10	4	6.67
	Total	60	100	60	100

Source: Field Survey, 2022

Table 26 shows the outstanding saving of the members and non-members of the respondents. Among 60 respondents 56.67 percent members and 51.67 percent non-members from both groups have no outstanding saving in financial institutions. There are 16.67 percent members and 26.67 percent non-members have saving bellow 100,000 in financial institutions. 10 percent members and non-members have saving between 100,000- 200,000. Similarly, 6.67 percent members and 5 percent non-members have saving their money between 200,000- 300,000 in financial institutions in study area.

Figure 23: Outstanding Saving Made by Household



Source: Field Survey, 2022

4.4.15 Place of Saving

Respondents save their saving amount in different financial institutions. The place of saving of members and non-members are shown in the table below.

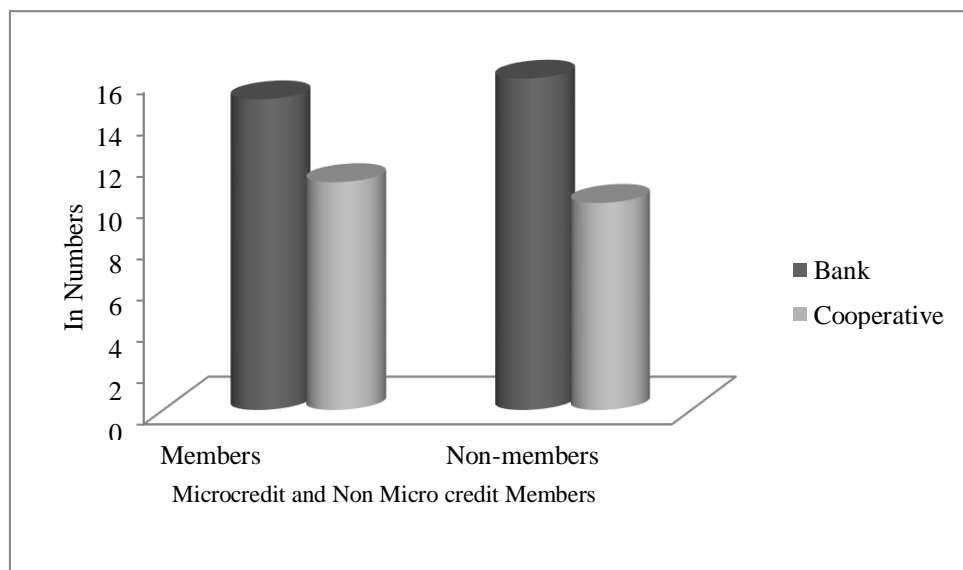
Table 27: Place of Saving

Place of Saving	Members	Non-members
Bank	15	16
Cooperative	11	10

Source: Field Survey, 2022

Among 60 members only 15 members save their money in bank and 11 members save their money in Co-operatives. Similarly, 16 non-members save their money in bank and 10 non-members save their money in co-operatives.

Figure 24: Place of Saving



Source: Field Survey, 2022

4.4.16 Loan Amount of Members

Among 60 respondents, all have taken loan from Microfinance to fulfill their various requirements.

Table 28: Loan Borrowed Amount of Members

S.N.	Loan Borrowed Amount	Members	Percent
1.	0-100000	25	41.67
2.	100000-200000	23	38.33
3.	200000-300000	3	5
4.	300000-400000	2	3.33
5.	400000-500000	2	3.33
6.	Above 500000	5	8.33
	Total	60	100

Source: Field Survey, 2022

Table 28 shows the loan borrowed amount from microfinance in the study period. Among 60 respondent, 41.67 percent members borrowed loan amount below 100,000 and 38.33 percent members also borrowed loan between 100,000 to 300,000 respectively. There are 8.33 percent members who have taken above 500,000 loan amount from microfinance.

4.4.17 Activities of Loan Borrowed

Members have borrowed loan for various purpose. Most of the selected respondents are farmers. Most of the members are borrowed the amount in agricultural and cattle purchase purpose.

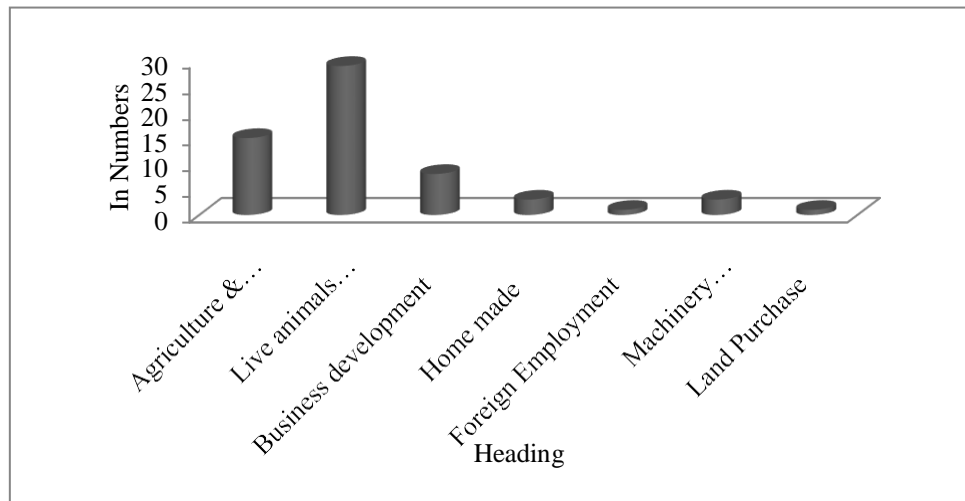
Table 29: Loan Borrowed Purpose

S.N.	Purpose of Loan Borrowed	Members	Percent
1.	Agriculture & Foreign Employment	15	25
2.	Live animals purchase purpose	29	48.33
3.	Business development	8	13.33
4.	Home made	3	5
5.	Foreign Employment	1	1.67
6.	Machinery instrument buy and repair	3	5
7.	Land Purchase	1	1.67
	Total	60	100

Source: Field Survey, 2022

Table 29 shows, among 60 respondents, 25 percent members has borrowed loan for agricultural and foreign employment purpose, 48.33 percent members have borrowed loan for live animals purchase purpose and 13.33 percent members has borrowed loan for business development purpose. Similarly, equally 5 percent members have borrowed loan for home made and machinery instrument buy and repair purpose and remaining two respondents have borrowed loan for foreign employment and land purchase.

Figure 25: Loan Borrowed Purpose



Source: Field Survey, 2022

4.4.18 Agricultural Improvement

Among 60 members, 44 members have borrowed loan for agricultural purpose. Remaining 16 members also directly and indirectly related to agricultural activities.

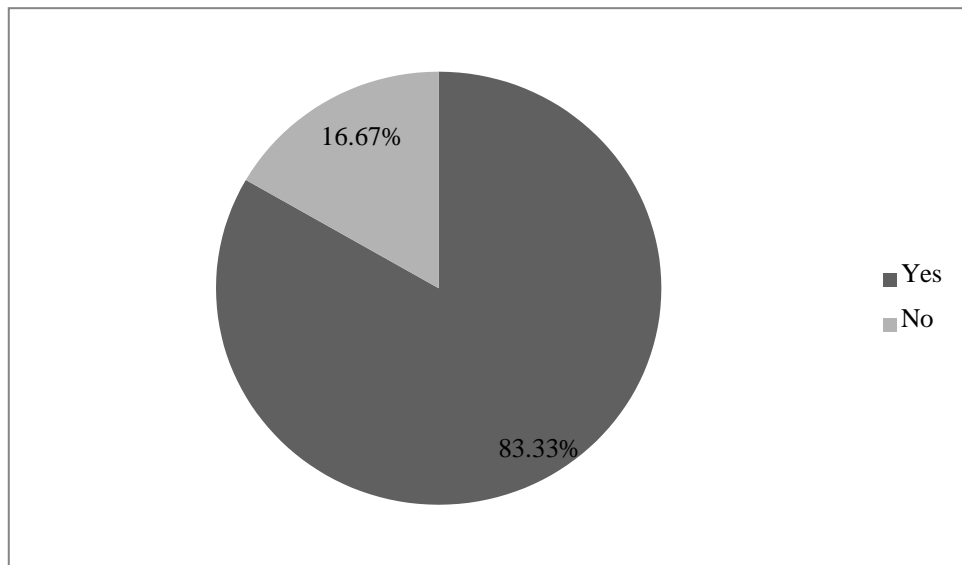
Table 30: Agricultural Improvement of the Respondents

Agricultural Improvement	Members	Percent
Yes	50	83.33
No	10	16.67
Total	60	100

Source: Field Survey, 2022

Table 30 shows the agricultural improvement of the members in the study area. Among 60 respondents, 83.33 percent members said improved and only 16.67 percent respondents said no.

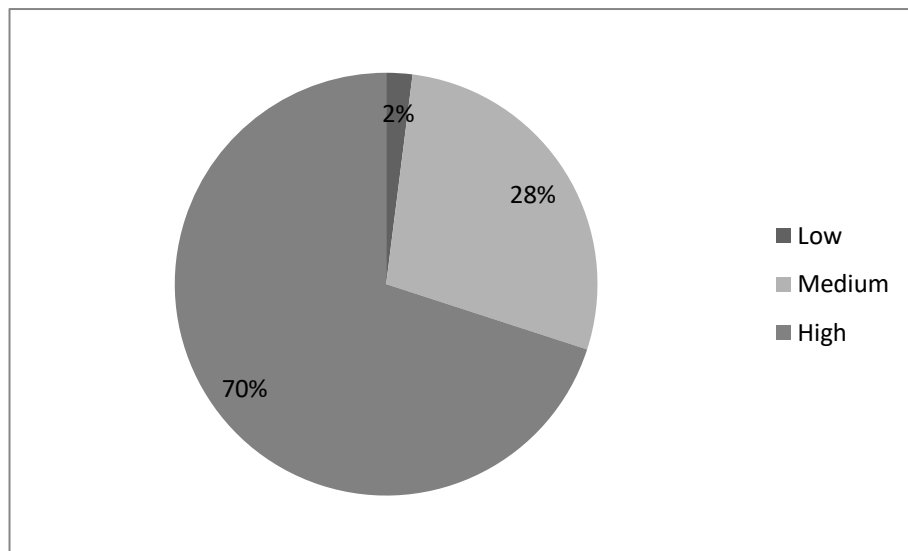
Figure 26: Agricultural Improvements of the Respondents



Source: Field Survey, 2022

Figure 26 shows the 83.33 percent members said improved the agriculture status after loan facility. Among 50 respondent 35 respondents belied that their agricultural status improved highly, 14 respondents believed that their agricultural conditions is increased medium and only 1 respondent believed that her agricultural condition improvement is low.

Figure 27 Agricultural Improvement Levels of the Respondents



Source: Field Survey, 2022

4.4.19 Business Establishment and Development

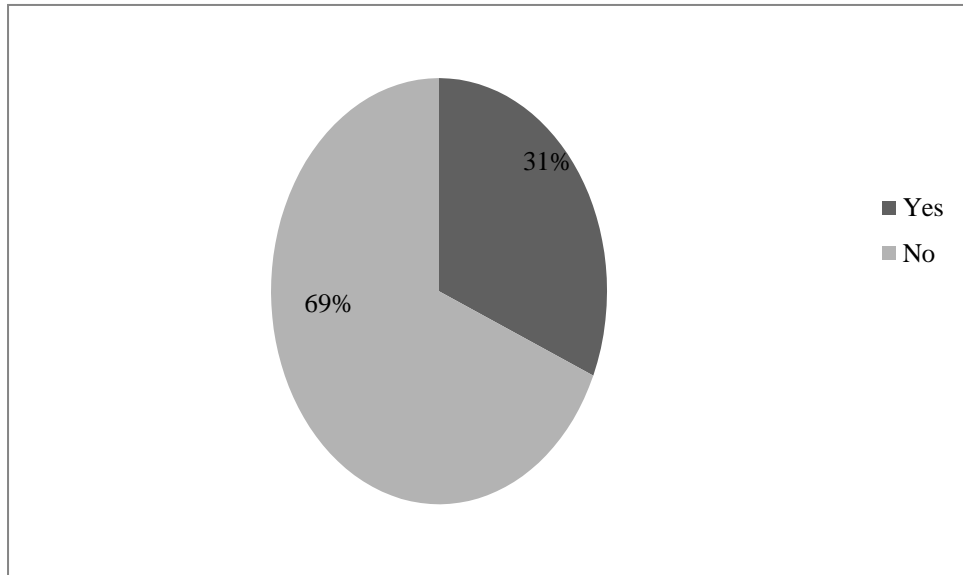
Only 17 members have satisfactory result from Business loan taken from microfinance. But remaining 43 members does not have business experiences.

Table 31: Business Establishment and Development

Business improvement	Members	Percent
Yes	17	28.33
No	43	71.69
Total	60	100

Source: Field Survey, 2022

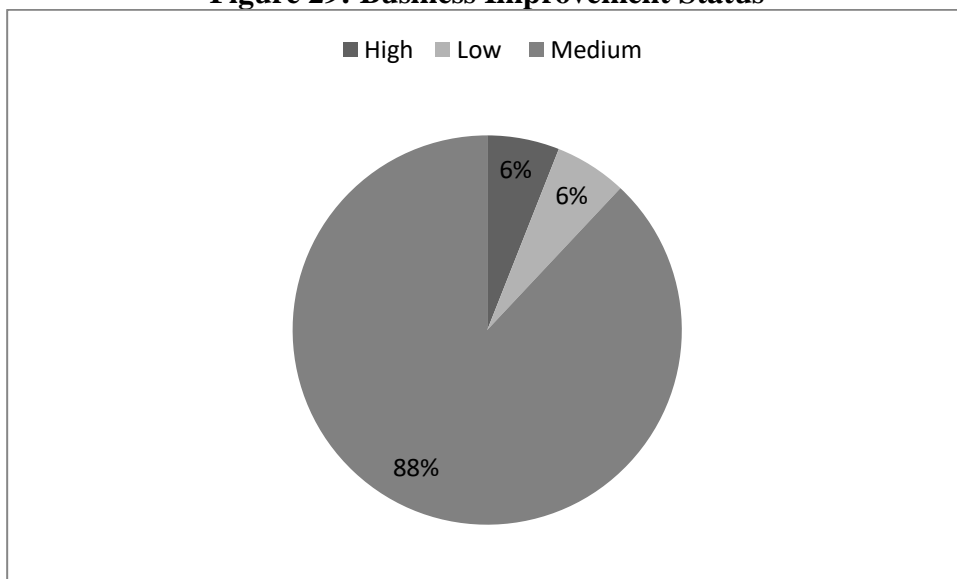
Figure 28: Business Establishment and Development



Source: Field Survey, 2022

Figure 28 shows, among 60 members 17 have experienced of Business improvement. Among them 15 have high improved experiences and remaining 1 and 1 has medium and low experience respectively.

Figure 29: Business Improvement Status



Source: Field Survey, 2022

4.4.20 Health Care During Sickness

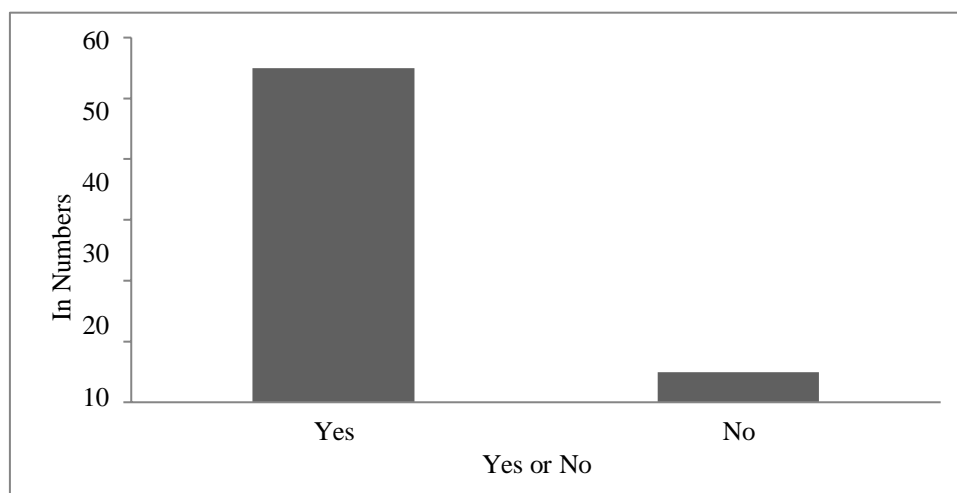
Easily availability of health services indicates the good health system of the country. After loan borrowed from microfinance, most of the household have good healthcare experience.

Table 32: Health Care Status During Sickness

Health Care During Sickness	Members
Yes	55
No	5
Total	60

Source: Field Survey, 2022

Figure 30: Health Care Status During Sickness



Source: Field Survey, 2022

Table 32 shows that among 60 respondents of Members, 55 have good health care experiences during the sickness period but only 5 have no better experiences. Among 55 members 9 have excellent health care experience, 26 have high level experience and 19 respondents have average experience respectively.

4.4.21 Education of Child

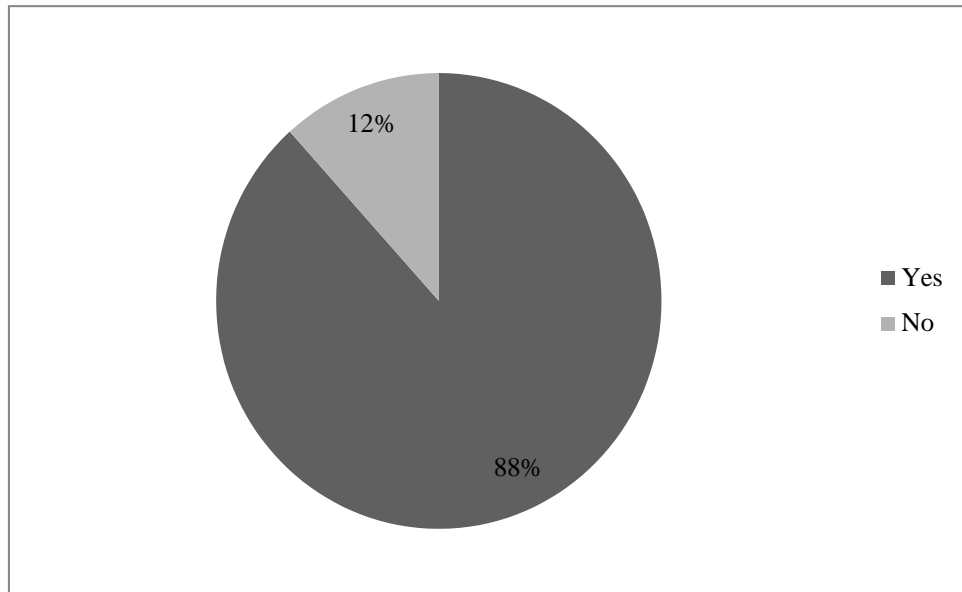
Education is the light of the people. It opens the door for further movement. The education status of the child after loan borrowed from microfinance is presented in the table 33.

Table 33: Educational Improvement of the Child

Educational Improvement	Members
Yes	53
No	7
Total	60

Source: Field Survey, 2022

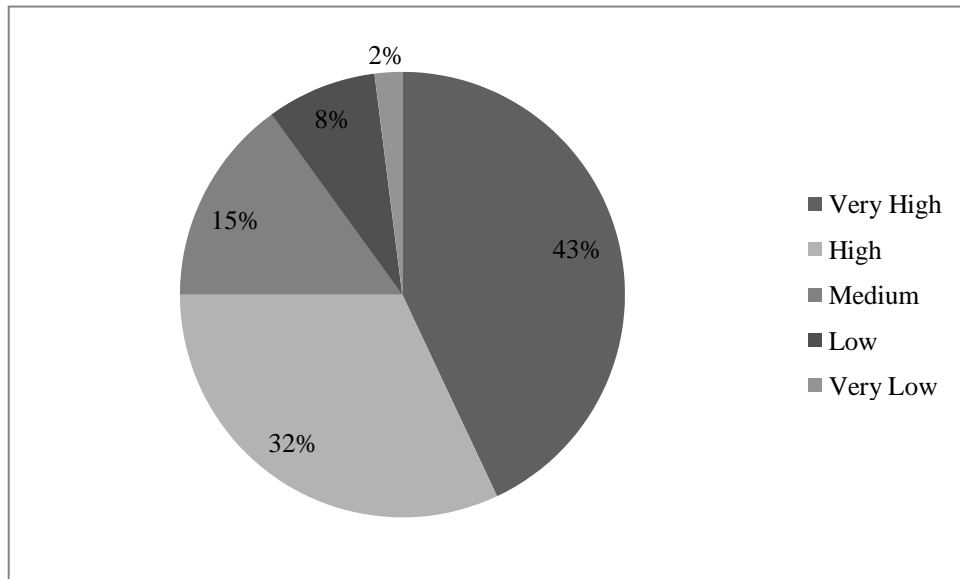
Figure 31: Educational Improvement of the Child



Source: Field Survey, 2022

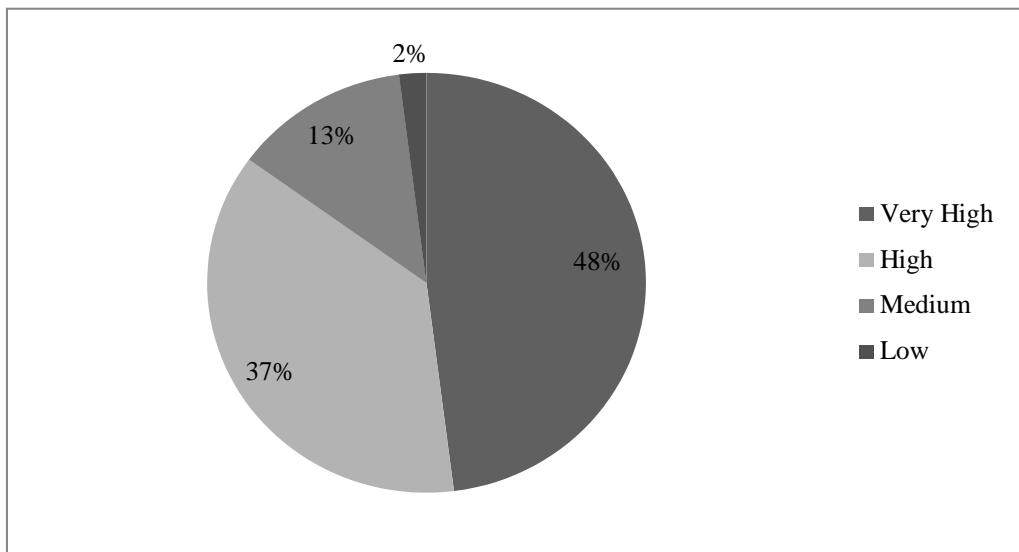
Table 33 shows the educational improvement of members after borrowed loan from microfinance. Among 60 respondents, 88 percent members' response educational improvement and 12 percent said not improved. Among 53 improved members 1 have excellent experience, 7 have high experience, 26 have average experience and only 20 have low experience respectively.

Figure 32: Health Care Statuses During Sickness Level



Source: Field Survey, 2022

Figure 33: Educational Improvement Level of Child

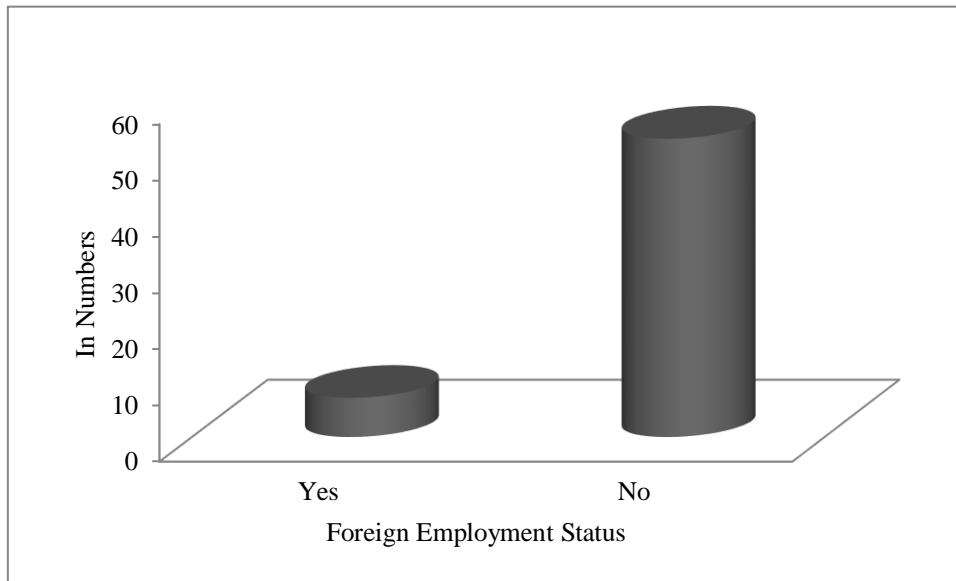


Source: Field Survey, 2022

4.4.22 Foreign Employment Loan Facility

In the study period there is only 7 members found to take loan for the purpose of foreign employment. Remaining 53 members does not taken loan for foreign employment purpose.

Figure 34: Foreign Employment Loan Facilities

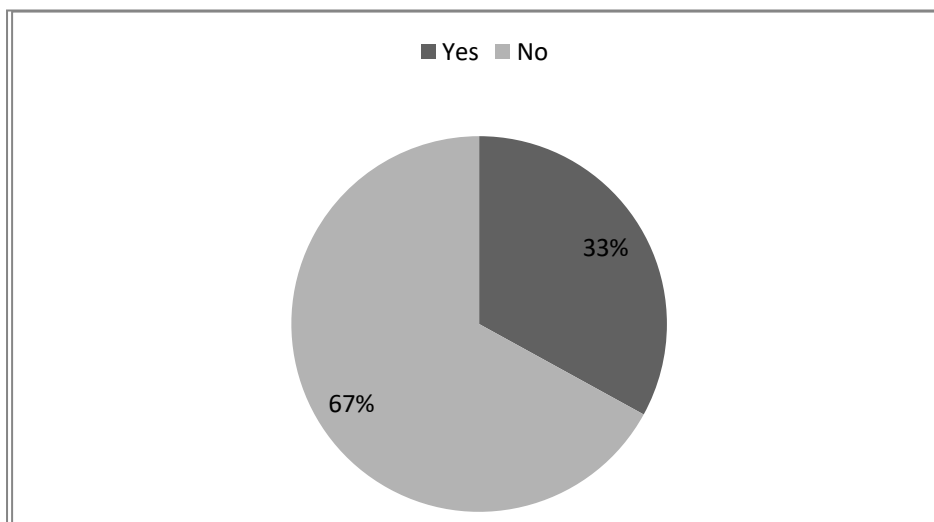


Source: Field Survey, 2022

4.4.23 Assets Purchase Purpose

The respondents of members have borrowed loan for Assets purchase purpose. Assets purchase means purchase of land and building. Among 60 members 20 have borrowed loan for purchase assets and remaining 40 does not borrowed loan for assets purchase purpose.

Figure 35: Assets Purchase Purpose

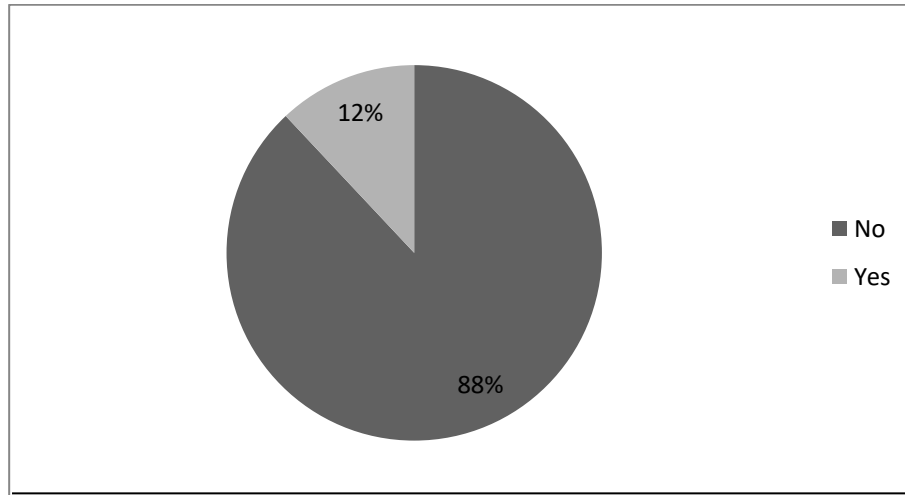


Source: Field Survey, 2022

4.4.24 Other Purpose

The researcher found from the respondents 7 have borrowed loan of microfinance for other purpose also and 53 members not borrowed loan for other purpose.

Figure 36: Other Purpose



Source: Field Survey, 2022

4.5 Results of T-test Statistics

Table 34: Result of T-test Statistics

S.N.	Characteristics	Members	Non-members	Difference	P value
1.	Age of Household Head	43.78 (1.505)	44.85 (1.54)	-1.07 (2.15)	0.6211
2.	Household Income	481642.2 (55046.52)	321346.7 (36489.66)	160295.5** (66042.52)	0.0167
3.	Agriculture Land	11.05833	9.221833	1.8365 (1.59293)	0.2513
4.	Land Khet Status	0.25 (0.25)	0.491667 (0.2919571)	-0.241666 (0.3843682)	0.5307
5.	Food Grain Income	14883.33 (1313.78)	11516.67 (1661.37)	3366.67 (2118.66)	0.1146
6.	Cash Crop Income	70900 (18033.2)	21616.67 (4566.588)	49283.33*** (18602.42)	0.0092
7.	Livestock Sale	45416.67 (8503.548)	24766.67 (6452.231)	20650* (10674.34)	0.0554
8.	Livestock Income	32483.33 (9559.09)	17936.67 (3352.552)	14546.67 (10129.91)	0.1536
9.	Wage Income	33093.33 (12387.96)	21266.67 (7478.174)	11826.67 (14470.13)	0.4154
10.	Business Income	48135 (14294.18)	32600 (17286.64)	15535 (22431.04)	0.4899
11.	Remittance Income	120833.3 (46482.06)	53333.33 (24868.77)	67500 (52716.57)	0.2029
12.	Outstanding Saving by Household	123666.7 (37237.95)	108333.3 (31593.43)	15333.33 (48834.51)	0.7541
13.	Outstanding Loan Borrowed	289666.7 (67393.66)	250666.7 (62436.69)	39000 (91870.81)	0.6720

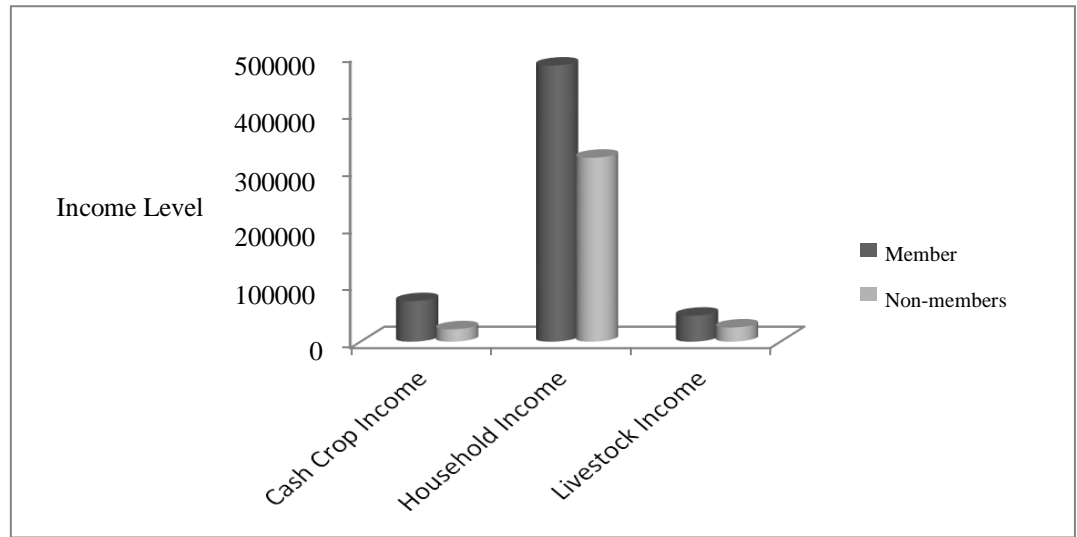
*,**and***indicates $p < 0.10$, $p < 0.05$ and $p < 0.01$ respectively.

The value of T-test is explained in the table 4.5.1. Among the different heading of data analysis, members and non-member's status are almost same but household income, cash crop income and livestock sale status of member is more significant than non-members. The average income of household in case of member is NPR 48164.2 and non-member is NPR 321346.7. Where difference and P value is NPR 160295, 0.0167 respectively, i.e. $P < 0.005$. It shows statistically microfinance member's household income is more significant than non-members. Average cash crop income of member and non-member is NPR 70900 and NPR 21616.67 respectively. The difference and P value is 49283.33, 0.0092 respectively, i.e. $P < 0.01$. It shows statistically microfinance member's cash crop income is more significant than non-members. As well as average livestock sale status of member is more significant than non-members. The average value of livestock sale of member is NPR 45416.67 and non-member is NPR 24766.67. The difference is NPR

20650 and P value is 0.0554. It shows $P < 0.10$, statistically live stock sale status of member is more significant than non-member. In fact, P value of household income, cash crop income and livestock sale status is less than 0.10. That means, microfinance members are more significant than non-members in this heading. Members have gained their household income, cash crop income and livestock sale after joining in microfinance.

In other part, P value of data in some headings are more than 0.1, it shows statistically there are not significant between members and non-members. Age of household, food grain income, livestock income, wage income, business income, remittance income, agriculture land, land/ khet status, outstanding loan borrowed and saving status's P value is more than 0.1. Statistically in these headings there are not significant between members and non-members. Almost members and non-members status are same in these headings. But cash crop income, household income and livestock sale is more significant than non-members during study period. The members were able to increase in these heading after involved in microfinance.

Figure 37: Significant Income Status of Member and Non-member



Source: Field Survey, 2022

Figure 37 shows the significant income status in cash crop income, household income and livestock sale status of members and non-members. Members earned more than non-members in case of cash crop income, household income and livestock sale. Average cash crop income of member and non-member is NPR 70900 and NPR 21616.67 respectively. Average household income of member is NPR 481642.2 and non-member is 321346.7. As well as average livestock sale of member and non-member is NPR 45416.67 and 24766.67 respectively. Significant difference of member in cash crop income is 2.27 times, in household 0.50 times and livestock sale 0.83 times. Although, there are similar in different income status of member and non-members but specially cash crop income, household income and livestock sale is more significant than non-members. It shows, members are able to increase their income in these indicators after participant in microfinance.

A t-test is a statistical test that is used to compare the mean of two groups. It is often used in hypothesis testing to determine whether a process or treatment actually has an effect on the population of interest or whether two groups are different from one other.

4.6 Discussions

Microfinance companies provide the services especially for the women and providing the services to economic improvement of women. The study shows the participation of women in microfinance program is in increasing trend. Educational and economical status of women has been changed and they are conducting small to large scale different business in the local areas. Saving status of women have been changed and they have been saving some amount in local banks or cooperatives.

Before starting the research the researcher have reviewed some empirical review related to socio-economic impact of microfinance credit in the rural area and had reviewed previous individual and institutional research. While comparing previous research, the researcher tires to find out some new than previous researcher.

Sharma (2010) has tried to analyze problem faced by MFIs programs in attaining financial sustainability. But Sharma research did not study the socio-economic impact of women in rural area. Sharma's research only tried to analyze the problem of MFIs. But this research tried to analyze the socioeconomic conditions of women in service areas. Similarly, ADB (2010) study had done to define the relation between poverty and microfinance. This study only focuses to define relationship between poverty and microfinance. But this study analyzes the comparative study between members and non-members. Dhakal (2012), this study is define as the microfinance is one of the major tools to achieving women empowerment and it suggest to extend the microfinance excess in village areas but in this research tried to analyze the economic situations and income level status of members and non-members.

Acharya (1994) had analyzed the social, legal and household discrimination between men and women as well as rich and poor. Acharya's research suggests increasing credit facility to women to improve their economic situation. But my research tried to analyze between microfinance members and non-members economic as well as income level status to comparison them. Similarly, Acharya (2003) had analyzed the excess of credit facilities to the rural people. It explained, more than 80 percent of rural people had taken loan from informal sector. My research found that non-micro members also borrowed loan from other organized sector such as commercial banks, cooperative organization and etc. It shows, financial literacy of banking service has been increased in service area of microfinance.

Soti (2002) had made the study in this to analyze the impact of micro credit program on poverty reduction. But Soti's research was explaining family role to increase women participation in household activities. My research is also tried to analyze the participant of

women in household activities. My research finds out the household head of women in study areas. Also, purpose of Soti's and my research are same in case of women participation in household activities. Pradhan and Shrestha (2015), the goal of microfinance services is to create income and employment opportunities for the rural poor people providing micro-credit and mobilizing savings. Comparison with this thesis, purpose of microfinance is almost same with Pradhan and Shrestha's research.

Hence, there are many research has been completed regarding microfinance and poverty reduction from the past. Many researches are focus to analyze significant of micro credit programs and suggest extending microfinance programs in the village. Although, my research purpose is also almost same with earlier research but my research is able to analyze the situation of member and non-member by using various indicators including t test.

NRB was established 5 development banks in each region during 1992-1996 periods. These banks were providing loan services under group guarantee system to rural women belonging to ultra-poor category without any physical collateral. That time, women were not chances to select the microfinance companies besides assigned company. But, now a days there are sufficient microfinance companies providing the services. Only Rural Microfinance Development Centre (RMDC) was conducted as wholesale lender company to microfinance but now there are many banks and other wholesaler microfinance companies are providing institutions loan to microfinance companies.

The requirements of loan and sectors have been extending and demand of loan amount also is in increasing trend. Earlier, microfinance provided the loan services only in deprive and priority sectors but concept has been changing and women can take loan for their different purpose as per their genuine requirements. Earlier there were certain criteria to being microfinance member. Any rural women from rural households with less than certain land were eligible to join the group recognition test then the group member becomes eligible for the loan. The loans were extended as 2+2+1(One group divided in two sub groups and can take loan by 2 members from each sub group and same process is considered in further loan providing)model. But this model is not considered in recent context. Every unemployment or semi employment women can participate in microfinance program and they can take loan facility as per their requirements. The rate of interest to provide the loan is in decreasing trend.

Education status of members and non-members are significant changed and women are becoming more educated. It shows the awareness and self-employment status of women is improved. Despite positive changes, the salary and wage income status of members and non-members has not significant change. As well as business and remittance income also not increased as expected in this study.

Microfinance companies provided the services to the peoples under NRB directives and laws but there are some differences between them in the services. The work style of MFIs seems almost same. Group based lending, remote areas focused services, and women empowerment goals etc are same between them. Volume of lending and participant of involving is increased and rate of interest in lending is decreased in MFIs. Group entrance training program had conducted for seven days and had learnt to read and write their own name, procedure of loan providing, benefits of saving, group guarantee and etc. But now said program is not compulsory to conduct actual seven days. MFIs conducting training program as per need of group's members. In fact, microfinance program popularity is in increasing trend and service sectors have been improving as per need of women.

CHAPTER V

SUMMARY AND CONCLUSIONS

5.1 Introduction

This study is focused on studying the economic improvement of women specially contribution of microfinance in Ilam Municipality Ilam District. It is based on the primary data collected through the survey. It is expected that the results from this study will provide valuable information on the policy makers or utilize the resources in the most positive sector for micro financial institutions. The main objectives of the study are to examine the economic improvement of women in Ilam district on income and employment generation to explore the problems associated with the microfinance and suggested solution for its sustainable development, and to examine economic impacts of microfinance in rural areas. This chapter is the concluding chapter of the present study. The first part summarizes the finding from the study and second part draws some conclusions.

5.2 Summary

Banks and other financial institutions are providing the services for limited people especially for urban areas but microfinance institutions providing the services for rural area's women to improve their economic situation. Microfinance is an effective tool on improving women status In this context, this study is focused to find out the role of micro credit membership in improving household income and analyzed the members and non-member's status in different indicators. Examine the socio economic conditions of members and non-members of micro finance organizations and analyze the impact of micro finance membership on income and economic welfare of household in Ilam Municipality is the main objectives of this study.

Ilam is one of the major district of east region, province one of Nepal and role of microfinance is more fruitful and successful in this district. So, Ilam Municipality is the study area of the thesis. To comparison the micro members and non-member's status in Ilam Municipality, data is collected from household survey by using structural questionnaire. The questions were related to socioeconomic background, benefit of microfinance, income status and economic situation of members and non-members. To analyze the comparison of member and non-member, 120 households was selected for purposive sampling, among them 60 microfinance members and 60 non microfinance members have selected and it has identified as microfinance members or not on the basis of "Yes" , "No" questions. The collected data were analyzed by using simple mathematical and statistical tool such as

percentage, tables and t-test analysis as well. It is categorized and tabulated as per the objective of the study.

In this study all members are female respondents but non-members are both from male and female. Many indicators of members and non-members are almost same. There is no significant difference in wage income, business income, remittance income, food grain income, outstanding loan borrowed status, agriculture land and *khet* status between members and non-members but especially cash crop income, household income and livestock sale are more significant than non-members. Significant difference of members in cash crop income, household income and livestock sale is 2.27 times, 0.5 times and 0.83 times Respectively. Microfinance members earned more income in these three sectors. Due to microfinance lending services, women activeness in small and medium scale business have been increased. They have been increased their income in cash crop, livestock sale and household income after joining in microfinance. In fact, microfinance program is more important to those women wants to conduct small and medium scale business in the village.

5.3 Conclusion

Microfinance is providing the services for the women to improve their economic situation. Due to microfinance services women are not victim from local higher interest rate in the borrowings. Due to microfinance lending services, women activeness in small and medium scale business have been increased. They have been increased their income in cash crop, livestock sale and household income. Microfinance program popularity is in increasing trend and service sectors have been improving as per need of women. Microfinance has collected the small scale women saving from the village. So, women saving status are also in increasing trend. In fact, Microfinance contribution is more fruitful to those women who have good business but no collateral in their name.

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Household Survey Questionnaire 2021

Questionnaire Number: _____ Micro-credit Member Yes (1) No (0)

Name of Microfinance: _____ Name of member: _____

Age of member: _____ Sex: _____ Education (years of education): _____

.....

1. General Information

1.1 Name of Household head: _____ Age: _____

Address: Municipality:..... Ward No..... Contact

Mobile:.....

1.2 Caste/Ethnic group :Brahmin/ chhetri (1) Janajati (2) Dalit (3)

1.3 Education of the household head

Illiterate literate Functionally literate

1.4 Family Head(who takes all economic decisions of the household)

Male Female

1.5 Household size (number of persons in family):.....

1.6. How many household members are in foreign employment? Persons.

2. Economic Background

2.1 What is the land holding of your household?

Khet (inropani): _____ Bari (in ropani): _____ Pakho (inropani) : _____ Leased in land (ropani): _____

2.1 Income sources

S. No.	Income sources	Monthly income	Annual income
1.	Food grain production (paddy, maize etc.)		
2.	Cash crop (vegetable, cardamom etc.)		
3.	Live stock income (milk, ghee etc.)		
4.	Sales of live animals (goat, cow, buffalo, chicken etc.)		
5.	Wage income		
6.	Salary income		
7.	Business income (shop, sales of homemade alcohol etc.)		
8.	Remittance income		
9.	Rental income (house rent, land rent)		
10.	Interest earning		
11.	Others (specify .)		

Note: Record net income by reducing expenditures from gross income. Record monthly income for wage income, salary income and business income)

2.2. Household loan status

S. No.	Loan status	Amount (Rs.)	Remarks
1.	Outstanding loans borrowed		Source:
2.	Outstanding savings made by household		Place of saving:
3.	Loans lent out		Recipient:

For Member Only

2.3 Utilization of Microfinance Loan by household

S. No.	Activities for which loan was borrowed	Total amount	Remarks
1.			
2.			
3.			
4.			

2.4 What are the most important contributions of Microfinance to your household (rank by importance)

S. No.	Activities	Yes=1, No=0	Rank (1,2, 3.....)	Remarks
1.	Agriculture improvement			
2.	Business establishment and development			
3.	Health care during sickness			
4.	Education of family members			
5.	Foreign employment (loan facility)			
6.	Purchase of assets(land, house construction)			
7.	Other specify (.....)			
8.	Other specify (.....)			