

CHAPTER - I

INTRODUCTION

1.1 Background

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. More broadly, it is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers Those who promote microfinance generally believe that such access will help poor people out of poverty. Issue of women empowerment and poverty reduction through microfinance has been much discussed since it becomes further relevant when national policy and strategies are focused towards this. So this research is done with the main purpose that how the NGOs are acting to the micro-financing sectors in socio-economic empowerment of women and the problems they're facing while implementing the policies and programs of microfinance due to the increasing MFIs, NGOs/FINGOs etc.

This research takes into its study as the case study of micro-finance program of DEPROSC Nepal in Lalitpur of Khokana VDC.

Banks are the intermediaries between the saving units and investing units in the economy. Small amounts of scattered savings are pooled together which are then lent for the purpose of investments and facilitating other transactions. So, a well-regulated, soundly- operating and properly- directed banking system plays a catalytic role in the transformation of the economy. An efficient role of the banks in tapping the resource mobilization and investment prospects of the economy thus fosters saving, investment, employment and economic growth. Mostly the people living in urban area and sub urban area are getting the banking services but more

than 80% people live in the remote area that are out of reach of banking service or financial service. The government is a supreme representative body entrusted with the responsibility of addressing the concerns and promoting and preserving the interests of the people and the nation as a whole. The government works for and on the behalf of the people while the bank works for and on behalf of its shareholders, depositors and other stakeholders. The banks have specific functions to discharge; they work in a competitive environment. The government is accountable to the people in general and in the process, would like to launch various targeted programs or schemes aimed at poverty reduction, rural development, backward area development, community development, cooperative development, self employment promotion etc. For all this financial resources should be mobilized all over country not only in the urban areas. We've found micro finance program very effective in creating self employment and poverty alleviation. But only the few areas are covered by the financial institutions providing such services. Till date there are 26 commercial banks, 63 development banks, 15 micro-finance development banks, 77 finance companies, 16 financial cooperatives and 45 financial intermediaries NGOs (*Mid July 2009, NRB*) doing limited banking activities licensed by the central bank under different legal framework. There still lack to cover all the rural area providing financial services. The NRB has been conducting various microfinance programs in order to uplift the economic conditions of the poor, marginalized, minorities and backwards people and rural poor women. Microfinance institutions have been encouraged to expand their activities in the backward regions through availing credit at a concessionary rate in addition to supervising the microfinance related projects. For the rural area NGOs have found to be effective in poverty reduction through microfinance programs. There are two national level institutions (Rural Microfinance Development Centre and Small farmer Development Bank) have been engaged in wholesale financing for micro credit in Nepal. In addition, 16

cooperatives and 45 NGOs have been allowed to undertake the limited banking activities.

Micro-finance mainly focuses on poor and low income people living in remote areas with less access to basic amenities and education, water, electricity, banking services, health services, market facilities etc. The poor people do not have enough land for farming. Opportunities of off-farming employment are few and needs to be generated. They lack affordable and appropriate financial services to create small business of self and to improve their economic and social status. In this condition micro-finance practitioners around the world have found very effective tool for bringing up their economic and social status thereby assisting in poverty reduction because micro-finance credits to the poor which creates small business opportunities that help to improve the socio-economic condition of deprived communities especially in rural areas and empower the rural women socio-economically.

In the least developed country like Nepal, micro-finance is an important and powerful tool for gradual reduction of poverty and it is must to uplift the poor women and to make them independent and make them feel they can also do something for their family and the community besides their household work. Micro-finance enables poor and encourages them to take advantages of the existing opportunities by providing them affordable and appropriate financial services. It helps to generate self employment avenues, develops micro enterprises, and raises income level, builds up self confidence, empowers women and provides opportunities to the poor, under privileged caste and inequality. The clients of microfinance are typically self employed and household based entrepreneurs. Microfinance can help poor people to increase income, build viable business. It can also be a powerful instrument for self empowerment by enabling the poor, especially women to become economic agent of change. The worldwide

micro-credit institutions and agencies have targeted poor women for their program. It is estimated that about *75% of microfinance clients are women*. Commercial banks as well other existing and forthcoming financial institutions and NGOs should give high focus on microfinance.

Nepal has an experience of about three decades in micro-finance. It is recognized as a powerful instrument for poverty reduction and socio-economic development. Nepal Rastra Bank has done an effort for expediting various rural financial programs since 1970's aimed at poverty alleviation drive through the assistance of different participatory financial institutions such as commercial banks, development banks, rural development banks, NGO's, micro finance institutions etc. there are many programs organized for poverty alleviation but only the micro finance programs have found to be pro-poor and rural centered.

Some salient features of microfinance are as follows:

(Source: NRB News, 54th Annual Special Copy, 2066)

-) Saving is emphasized as an integral part of the microfinance package. It is used for expected and unexpected expenses.
-) It has clearly defined and identified market which is the low income household and their enterprises. The identification of the market means that the clients have economic activities so that they can use the funds productively and repay the loan.
-) The relationship between the microfinance institutions (MFIs) and clients are of business transactions. Their relationship is purely of business. MFIs are the organizations which provide financial services to low income people.
-) Traditional collateral requirements are replaced with peer – support or peer lending.
-) Documentary requirements and processing are simpler and faster.

Apart from the above, the most important feature of microfinance is that many micro credit institutions and agencies worldwide have targeted poor women for their program.

1.1.1 Microfinance in the Context of Nepal

Nepal has good bilateral relations with Bangladesh as they view the latter nation as a great access to the sea giving them the opportunity to develop potential transit and trade facilities and be less dependent on India and China. Nepal recognised Bangladesh on 16 January 1972 and relations further improved after the military coup on August 1975. The turning point for the two nations occurred in April 1976, signing a four-point agreement on technical cooperation, trade, transit and civil aviation. They both seek cooperation in the fields of power generation and development of water resources. In 1986, relations further improved when Bangladesh insisted Nepal should be included on a deal regarding the distribution of water from the Ganges River. History of micro-credit programs in Nepal can be traced back to the beginning of first five-year plan, which commenced, with the establishment of cooperatives in 1956. However, official policy got recognition of importance of this sector in alleviating poverty in forth five-year plan with the establishment of Small Farmers Development Program (SFDP) in 1975. Program to ensure that women, who traditionally have not had access to formal credit, have been started in 1981/82 with the introduction of Women Development Program (WDP) within the operational framework of SFDP. Soon after in 1982, Women Development Division (WDD) of Ministry of Local Development (MLD) introduced Production Credit for Rural Women (PCRW) project with two public commercial banks (Nepal Bank Ltd. and Rastriya Banijya Bank) and UNICEF as their partners. Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their micro enterprises. Microfinance services are provided by three types of sources: formal institutions, such as rural banks and

cooperatives; semiformal institutions, such as nongovernmental organizations; and Informal sources such as money lenders and shopkeepers.

Institutional microfinance is defined to include microfinance services provided by both formal and semiformal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance services.

In Nepal there are wide ranges of institutions active in this sector but four major types of microfinance institutions in Nepal are: Saving and credit cooperatives, NGOs, INGOs and micro-finance development banks. Each has its own way of going about the task of making financial services accessible to the poor. A short historic glimpse shows some development in Nepal in this sector. The first credit cooperative was established in 1950s for providing rural financial services to the agriculture sector. Next microfinance launched in Nepal at 1975s as a small farmer development project from ADB/Nepal. After the date, various organizations were established by the support of national and international organizations, Nepal government and from Nepal Rastra Bank too. From 1957, the history of financial services was started as establishment of NBL. Before that NRB was established in 1956. Then after, commercial banks were established turn by turn as NIDC in 1959, RBB in 1966, and Agriculture Development Bank in 1968 and so on. Before 1984, the financial sector was closed for foreign institutions but after liberalization policy, government opened the way of foreign institutions. As a result, various foreign banks joint ventured to establish banking business in Nepal, the first of which was Nepal Arab Bank Limited established in 1984. Thus it creates a new glory to the Nepalese financial sector. After various joint venture banks were established in Nepal the establishment of various micro finance related program have also started. These programs ensure poor, particularly poor women and disadvantaged groups, access to financial services from organized sector are designed and implemented during that period.

Lists of micro credit development banks serving in microfinance till date are as follows:

Table 1.1
Lists of Micro Credit Development Banks

Class D: Micro Credit Development Banks

S.N	Names	Operation Date (A.D.)	Head Office	Paid up Capital (Rs. In Million)
1	Purbanchal Grameen Bikas Bank	1993/03/28	Biratnagar, Morang	60.0
2	Sudur Pashimanchall Grameen Bikas Bank	1993/03/28	Dhangadhi, Kailali	58.5
3	Pashimanchall Grameen Bikas Bank	1995/04/01	Butawal-8, Rupendehi	60.0
4	Madhya Pashimanchal Grameen Bikas Bank	1995/04/01	Nepalgunj, Banke	60.0
5	Madhymanchall Grameen Bikas Bank	1996/07/08	Janakpur, Dhanusha	60.0
6	Nirdhan Utthan Bank Ltd.	1999/04/13	Bhairahawa, Rupandehi	100.0
7	Rural Microfinance Development Centre	1996/12/06	Putalisadak, Kathmandu	320.0
8	Deprosc Development Bank Ltd.	2001/07/03	Ratnanagar, Chitwan	22.6
9	Chhimek Development Banks Ltd.	2001/12/10	Hetauda - 4, Makawanpur	51.0
10	Shawalamban Laghu Bitta Bikas Banks Ltd	2002/02/22	Janakpur, Dhanusha	63.5
11	Sana Kisan Vikas Bank Ltd.	2002/03/11	Bijulibazar, Kathmandu	119.8
12	Nerude Laghu Bitta Bikas Bank Ltd.	2007/06/07	Biratnagar, Morang	14.0
13	Naya Nepal Laghu Bitta Bikas Bank Ltd.	2009/03/20	Dhulikhel, Kavrepalanchok	14.0
14	Mithila Laghu Bitta Bikas Bank Ltd.	2009/04/29	Dhanusha	16.5
15	Shamit Micro Finance Development Bank Ltd.	2009/05/20	Jhapa	-

(Source: Banking and Financial Statistics, Mid January 2009, Nepal Rastra Bank)

1.1.2 An Overview of Lalitpur District

Lalitpur is located in central region adjoined with capital city within the valley. The area of 385 square kilometers of the district has been divided into 1 Municipality and 41 Village Development Committees (VDCs). It is a melting pot of several castes, cultural, tribal and ethnic groups such as: Newar, Chhetri, Brahman, Tamang, Magar, Rai, Gurung, Pahari, Sarki, Thakuri and Limbu;

however the Newar has the domination with 40.32% to the total population of the 337,785. Average population for household is 4.9 and the population density per square kilometer is 877 (District Profile-2004). In spite of accessibility and productivity, Lalitpur lies behind in terms of development measures. Lalitpur lies at 3rd position in terms of overall composite index of development among the 75 districts, 27.09% household have marginal farm. Likewise, Farm size per household is 0.29 hectares only and more than 50% of population in Lalitpur lives in rural area. Around 43% population of working age group people are unemployed in Lalitpur. Out of total area 39267 hectare land, only 32.6% area is cultivated.

1.1.3 Micro Finance Program in Lalitpur District of Nepal

In Lalitpur, Lutheran world Federation (LWF) Nepal is delivering its services to marginalize and poor people through its different partner likes; Feminist Dalit Organization (FEDO), who is expertise on Advocacy field. Center for Environmental and Agriculture Policy Research, Extension and Development (CEAPRED), who is expertise on Agriculture and Live stocks. Society for Empowerment (STEP), who is expertise on HIV Aids. All above program is focused to the empowerment and economic growth of the various stakeholders.

1.1.4 Micro Finance Program of DEPROSC Nepal in Lalitpur District

When various Stakeholders of Lalitpur needs financial support, they demand for their financial need. Development Project Center (DEPROSC Nepal) came for implementing its Micro credit program in Lalitpur on February 2005 to support their livelihood program. DEPROSC is delivering micro finance services from some of the part of the eastern region and some part of the central region. In Lalitpur, DEPROSC had established three branches to deliver its services. It has six members of team in the field level in Khokana, Lalitpur. Lalitpur program have already stated to deliver its services in one district and seven VDCs.

Vision

The vision of the microfinance program is to offer competent and sustainable microfinance services to poorest of the poor, particularly to rural women and thereby raise their socio-economic condition to the normal human standard.

Mission

The mission of the micro finance program is to deliver microfinance service at the doorsteps of the poor and deprived section of the society through user friendly and cost effective model.

Goal

The goal of the microfinance is to serve large rural poor by providing microfinance services and establish itself as an effective microfinance institution in the country for sustainability of the services being offered.

Methodology and Steps

The area is selected considering the magnitude of poverty, existing microfinance institutions working in the area, market and access to transport and communication.

Once the area is selected the next step is collection of the base line information using participatory rural appraisal (PRA) tools. PRA helps to determine the eligible members in the area and their socio-economic status using the tools such as wealth ranking.

Organize the orientation meeting in the community on basic banking concept and methodology.

Organize the Compulsory Group training (CGT) on basic concept, rules and regulation of the proposed micro credit program for 7 to 10 days.

Group Recognition Test (GRT) will be taken to assess the understanding level of the members after CGT.

1.2 Importance of the Study

Women participation is essential in each stage of development for which economic progress counts the most important. Women Empowerment is the major issue of South Asian Country and Nepal also focus such a major issue.

Women occupy the half sky of the world but in every step of development, also they are considered as backward. Similarly, Micro finance became one of the major actions for of poverty reduction which mobilizes money and also a saving mobilization. Women in Micro finance get success in poverty alleviation and also empower the economic development of women. By it, Nepal gets its success in poverty alleviation and also empowers the women. Poverty alleviation helps rural development, increase the life standard of people and also give socio-economic status of people in society. Similarly, Women empowerment motivates women to speak in their home for their self rights and duties, increase their life style and being independent from their family. So, this study of micro finance in is important in our country.

1.3 Statement of the Problem

The 2002 Financial Sector Study by World Bank revealed that the formal micro finance sector has had limited impact to date in providing financial services to the rural poor. Of the estimated 20 million rural inhabitants, 31% of whom are classified as poor, only about 700, 000 are served by the formal micro finance institution (MFIs) and the remaining majority of the poor have to look for traditional informal sector like money lenders, family members, friends, landlords etc for the financial support. Commercial banks are undergoing with tough competitions. They're extending their branches within the urban areas and in sub

urban area or in only the convenient places. CBs are not directly investing in microfinance due to high cost so they are investing through MFIs and NGOs in such sectors. NGOs have found to be the best way to serve the poor people of rural areas.

Males and females are two wheels of same cart, but in practice we cannot get such consideration. They are ignored in every aspect. Plans or policies consisting women supporting concept are only focusing few aspects of women which are not sufficient to empower women. They are not allowed to take decision though the decision is related to them. If they take part in various programs such as social, education, women related, and then they are perceived badly and pronounced as “*Pothi Baseko*”. Economically, socially and politically women are dominated by their counter partner. It is so, because Nepal is one of male dominated countries. All property and other financial activities are conducted by male women do not have access to finance, which can be caused to improve their life. Their mobility is made limited by social and family related barriers. So, they do not know about the global movement, which can be beneficial to learn some new idea to improve their comprehensive aspects. They are not allowed to take part in any program by their own desire.

Most of the Nepalese women lack skill and experiences to do new things, it is so, because of illiteracy and lack of proper supports. In rural area of Nepal, the main role of women is to look after the household and bring up children. If wives want to do something new like as business, services their husband other family member restrict them. So, study deals with above maintained obstacles of rural women. After getting support on their doorstep how they react it, is shown by the result of the work.

1.4 Focus of the Study

There are enormous researches done on different aspects of socio-economic empowerment of women but this study is specific in as sense that it has focused on the impact of microfinance on women through microfinance particularly looking after the assets creation (physical and financial), food security, income and expenditure pattern, borrowing, employment and vulnerability level.

Moreover, the study is also focused on the women empowerment at household level and external level referring their participation on decision making process, level of awareness on basic issues, social capital, benefits and constraints faced. This study is considerably specific with its focus on the critical issues of women focused microfinance for their empowerment and poverty reduction.

1.5 Objective of the Study

This research is being made to fulfill the partial requirement for the degree of Master of Business Studies (MBS). We know that every work is started to get a certain outcome which is known as the objective. Without any objective it is worthless to perform any task. Likewise this research also has some clear and distinct objectives beside the part of fulfillment of TU syllabus. The main objectives of the study are as follows:

1. To study the economic impact of the microfinance program in women empowerment.
2. To analyze the social impact of the microfinance program in women empowerment
3. To analyze the constraints faced by the women clients because of the competitive microfinance services.

1.6 Limitation of the Study

As being a student of MBS, this is a part of TU syllabus to make a research on a concentrated area so there might be some weaknesses in the research.

The limitations and the constraints regarding the study are as follows:

-) This study is conducted for the partial fulfillment of the requirements for the degree of Master in Business Study for a prescribed time, so it is not enough for itself in its subject matter.
-) Its result is not enough to take decision so one cannot use it for generalization purpose.
-) The whole study is based on primary and secondary data. So the reliability of study depends on the reliability of sources of information.
-) This is first attempt of researcher so the weakness and human error of his may reflect in the study.
-) The study is limited within the case of microfinance program of DEPROSC Nepal in Lalitpur district of Khokana VDC. So the conclusion may not be generalized for all micro financial institutions and NGOs who have been working in the micro-financial sectors.

1.7 Organization of the Study

The whole study is divided into five chapters and the chapters are organized systematically as follows for the effective study:

Chapter - I: Introduction

It is the introduction chapter which consists of general background of the study, overview of lalitpur district and sample VDC, statement of problem, objectives, significance of the study, focus of the study, and limitations of the study and chapter organization.

Chapter - II: Review of Literature

After selecting an appropriate topic for research its introduction is given as in first chapter. For the further process of finding it is very much important to review the literature regarding the topic. Review of literature consists of review of related

books, journals, previous study, and research paper, review of unpublished of various research students, updated magazines, daily newspapers and internet search. So the second chapter deals with the review of literature which includes theoretical review, conceptual review of socio economic empowerment of women through microfinance, critical review of women empowerment through microfinance, evolution of microfinance in Nepal and profile of DEPROSC Nepal.

Chapter -III: Research Methodology

The third chapter is about the research methodology used for the findings of the study. Review of literature from the various sources helps in research design. This chapter consists of research design, sources of data, population and sample, procedure of data collecting and analysis of data.

Research Design

Comparative and analytical survey research design is used for the study.

Sources of Data Collection

Both primary and secondary data collection method is used while making the research. Data required for conducting this research is basically obtained from primary source conducting field survey. However, secondary source of information is used to some in the relevant areas reviewing official documents, periodic reports of DEPROSC Nepal and other related literature.

Chapter - IV: Data Presentation and Analysis

This chapter is the analytical presentation of the collected data regarding the topic. It consists of analysis, interpretation and major findings of the study which is presented in the form of charts, graphs and tables. It is the most important body of the whole study. This chapter analyzes the socio-economic impacts of microfinance, women empowerment at household level, social capital and external

level, benefits and constraints faced by women clients. Furthermore this chapter has encapsulated the critical issues of women focused microfinance and wrap up with findings.

Chapter - V: Summary, Conclusion and Recommendations

The fifth chapter is the last chapter of the study which summarizes, conclude and recommend the analyzed major findings and sometime suggest the related group for their betterment.

CHAPTER - II

REVIEW OF LITERATURE

Literature review is done through journal articles, reports, manuals, workshop proceedings, internet home pages and other studies into microfinance program that are available. This chapter has briefly presented the theoretical review of microfinance in general and conceptual review of socio economic empowerment of women through microfinance, critical review of women empowerment through microfinance, evolution of microfinance in Nepal and profile of DEPROSC Nepal.

2.1 Theoretical Review

Professor Muhammad Yunus is considered as a leader and innovator in the modern microfinance world. Yunus first tried to connect the poor people with the bank located in the campus. It did not work. The bank said that the poor are not creditworthy. Then he offered to become a guarantor for the loans to the poor. He was stunned by the result. The poor paid back their loans every single time! But he kept confronting difficulties in expanding the program through the existing banks. Several years later he decided to create a separate bank for the poor, to give loans without collateral. In 1983 Grameen bank was started. It now works all over Bangladesh, giving loans to 2.5 million poor people, 95 per cent of whom are women. In cumulative way the bank has given a total loan of about us \$3.75 billion. Financially, it is self-reliant – it has stopped taking donor money since 1995, stopped taking loans from domestic market since 1998. It has enough deposits to carry out its lending program. Impact studies done on Grameen Bank by independent researchers find that 5 per cent of borrowers come out of poverty every year, children are healthier, education and nutrition level is higher, housing conditions are better, child mortality was declined by 37 per cent, status of women has been enhanced. Ownership of assets by poor women, including housing, has

improved dramatically. Now the obvious question that anybody might ask - if poor people can achieve all this through their own efforts within a market environment, why isn't the world doing more of this? Grameen type micro finance has spread around the world over the last two decades. Nearly 100 countries have Grameen type microfinance program. In 1997, a Micro finance summit was held in Washington DC, which adopted a goal to reach 100 million poorest families with micro finance and other financial services, preferably through the women in those families, by 2005. The result is encouraging thus the target has been extended to reach 175 million by 2015.

The biggest problem for expanding the outreach is not the lack of capacity, but strangely, the lack of availability of donor money to help microfinance program get through initial years until they reach the break-even level. Beyond that level, these programs can expand their outreach with loans from the market or from deposits. In most countries micro finance program are not allowed to take deposits by the regulatory bodies. If microfinance program could open the doors for taking public deposits, expansion of outreach could be very rapid because this would free them from dependence on donor money. It is a very strange phenomenon in many countries to see that conventional banks with repayment rate of below 70 per cent are allowed to take huge amounts of public deposits year after year, but microfinance institutions with record of over 98 per cent recovery are not allowed to take public deposits.

The most important step to end poverty is to create employment and income opportunity for the poor. But orthodox economics recognized only wage-employment. It has no room for self-employment. But self-employment is the quickest and easiest way to create employment for the poor. Credit can be self-employed instantaneously. Why wait for others to create a job for you when a person can create his/her own job.

Can we really reduce extreme poverty by half by 2015; the millennium development goal? The answer is probably yes, if microfinance can really contribute for socio-economic uplift as stipulated. Each human being is too resourceful and intelligent. Poverty and the human species just do not go together. But in reality it has happened because we created wrong mindset, which does not allow poor people to know their own potential. All we have to do is to remove the heavy crust that keeps their abilities unknown to them. Enabling people to explore their full potential is an agenda we must take up seriously, to make sure our efforts to reach 2015 goal become a thumping success.

The several impact studies done in microfinance program show that the program can bring a lot of positive changes in the lives of the poor. However, the fundamental challenge of microfinance is to reach ever-increasing number of poor people through sustainable financial institutions. Ensuring that people, especially those who are very poor, do receive access to financial services is often difficult. Many MFIs have therefore resorted to targeting to ensure that the poor and the poorest of the poor are indeed served. The Consultative Group to Assist the Poor (CGAP) client targeting centre has been designed to provide information on the targeting tools.

Microfinance is generally about providing financial services to poor people, those who lack access to prevailing formal financial institutions. Many microfinance institutions, by working in rural areas or in poor urban neighborhoods, by providing small loans for activities that low income groups would normally engage in, by imposing specific conditions of borrowing such as seeking small regular repayments, ensure that the poor are served and the wealthy are excluded. However, Many MFIs point out that without a more proactive identification of the poor, and especially the very poor and the more vulnerable, they would continue being systematically excluded from financial on increasing the depth of outreach.

2.2 Conceptual Review on Women's Socio-economic Empowerment through Microfinance

Rational for emergence and growth of women SCCs was based on formalizing the intra-lending model to credit union operation. Women SCCs lent to individuals (shareholders only) rather than to groups, and the size of loan was usually fixed relative to the amount of the members' savings and/or a fixed ceiling. Loan amounts were tied with members' savings. The observed loan to savings ratio ranged from 0.8:1 to 10:1. Loan ceilings were set; the maximum amount ranged from NRs1,000 to NRs50,000. The governing body or the group as a whole made loan approvals. The processing of loan applications and delivery of credit were generally much faster than by FI-NGOs and participating banks (3 to 4 days compared with up to 1 year for participating banks). Interest rates ranged between 18% and 34%. Reported repayment of loans is also very high; supporting the theory that member "ownership" of funds is an integral part of successful loan recovery. According to Muhammad Yunus, founder of the Grameen Bank, 'women have plans for themselves, for their children, for their home, the meals. They have a vision. A man wants to enjoy himself.' The women's world banking program has found that men will only invest about 40-50 per cent of their earnings into the family, while women will invest 92 per cent of their earnings into their families (NSCDP 1998). Studies conducted in the field to evaluate women's empowerment as a result of access to credit have looked at a variety of measures. Hashemi et al. (1996) in their vigorous study of Bangladesh chose to examine the following as their indicators of empowerment:

-) Geographical mobility,
-) Economic security,
-) Ability to make small or large purchases,
-) Involvement in major decisions,
-) Relative freedom from family domination,

-)] Political and legal awareness and
-)] Participation in public protests and political campaigning.

A study based in Nepal chose to examine leadership development, confidence, increase in individual expenditure, change in attitude, participation in community activities, and increase in savings amongst women (NSCDP 1998).

Many supporters from women's organizations worldwide have charged micro credit or microfinance organizations with the responsibility of affecting change at the grassroots level. Since women represent a majority of the poorest of the poor, such programs have already targeted them. Economic empowerment has been shown to occur in most microfinance programs as the most natural result of microfinance.

The Grameen Bank and other microfinance organizations specially targeted their loans to female clients. Economic empowerment has been measured in terms of

-)] Women having control over the loans, profits and savings,
-)] Flexibility or autonomy on decision making on financial matters particularly the expenditure and assets creation.
-)] Family assistance in enterprise,
-)] Taking products to market and
-)] Doing most of the accounting themselves.

The National savings and credit development project in Nepal noted that 86 per cent of the women polled in their study had control over their loan expenditures, and 67 per cent of female respondents had control over the savings generated from their enterprises (NSCDP, 1998). The study based in Bangladesh found that women participating in micro finance programs had higher degrees of economic

empowerment than the control group of women with no loans (Hashemi et al., 1996). Many programs claim that there are other social benefits resulting from their income generating activities. Perhaps the most significant of these has been the opportunity for:

-) Women to meet regularly,
-) Build solidarity,
-) Share ideas,
-) Interface with the local officials and development personnel, and
-) Better understand their country's political and power systems.

Important psychological benefits have been observed in that women participating in these programs tend to develop an improved sense of self-esteem. In some cases women leaders have emerged and developed their skills and knowledge.

The Grameen Bank, as a pioneer of microfinance programs in South Asia, is also known for being catalyst for social change in Bangladesh. It has added features to its simple group lending model that have led to change in the social and political lives of women. According to Aminur Rahman, the "Public transcript" of the Grameen Bank is to:

-) Increase women's earning capabilities to bring faster changes in household social economic conditions.
-) Organize women in groups to raise their collective consciousness for social empowerment.

Certain components of the Grameen bank programs have served to help it work toward these goals. The "Sixteen Decisions" of Grameen Bank have tried to expose women to ideas about nutrition and childcare. In addition, the Grameen Bank encourages women who have been repeat borrowers, to take out loans for their homes. One caveat to this program is that women must put the property title

in their own names and not their husbands. Over 400,000 men have agreed to allow their wives hold the title to their home because housing is so scarce in Bangladesh. This enables a woman to have more control over her life and can increase her status in her husband's eyes (UNIFEM).

The Nepali study found that over half of the women participants felt that their families treated them with more respect than before they had joined the program. An additional 40 per cent felt that they were respected as equals to their husbands by their families (Sharma and Upreti: 2003). Therefore, all of these targeted programs focus on poverty alleviation and the enhancement of women's social and economic status. Micro credit programs have aimed to reduce poverty prevailing among the rural people of Nepal. Credit is believed to remove financial constraints as well as bringing economic power, engaging women in productive work and earn an income, not only to level household consumption, but also for generating savings and future investment.

2.3 Critical Review of Women Empowerment through Microfinance

The strategy of loan to women as a tool of empowerment is quite debatable. Access to and control over resources, participation in the households level decisions making process (Kabeer, 2001) and fulfillment of other gender needs are considered as the empowerment of women through the access to microfinance. Kabeer (2001) explicitly says, '[T]he entire family is much more likely to benefit personally and socially, when loans are directed at women rather than men'. Sample MFI also claims in the same line, 'once the women have their own income (access to and control over resources), it is most likely to help their children for the improvement of nutrition, education and health. In addition, the women in the groups have increased awareness, developed self-confidence, become aware of their rights and have high participation in decision-making process' (DEPROSC-Nepal, 2006).

While the critics say it is merely a strategy to assure higher repayment rather than empowerment. Moreover, Ahmed et al., (2001) have concluded based on their study on Bangladesh Rural Advancement Committee's (BRAC) clients that involvement of women in the microfinance and income generating activities has created emotional distress, anxiety and tension. Symptoms of depression are also reported in some cases. Kabeer (2001) also pointed the intensification of tension within the household because of delay in repayment.

2.4 Importance of Microfinance for Women

Scientific discoveries and revolutions initiated global economic transitions leading to rapid structural changes. A major concern in the Development Economics is to find an answer as to why do different countries or different states within a country grow differently leading to different degrees of income inequalities and poverty. Clark (1995), Diamond (1993), Renshaw (1994), among others, commented that non-governmental organizations (NGOs) are, increasingly promoted as the panacea for correcting all the iniquities and problems encountered when governments in the developing regions of Asia, Latin America and Africa, pursued objectives of rapid economic growth. Economic transition, in many of these countries, has been characterized by a withdrawal of the government, from many sectors of the society, thus fostering a civil society. This connotes a combination between government and market that embraces many types of voluntary organizations is believed to promote citizen involvement and help create a political culture and social capital, necessary to sustain democracy. Many governments impacted by structural adjustment and economic uncertainties, see NGOs as low-cost providers of services as they themselves are unable or unwilling to provide. The current situations seems to be bringing these three sectors namely, government, private sector and civil society, together in a more meaningful and effective partnerships. The civil society supplements governmental efforts in rural and socio-economic development and transformed their approach from reactive

intervention towards a more pro-active approach on developmental issues. Participation and decentralization are closely related to each other. Successful decentralization required some degree of local people's participation. Grass root level participation is a theme of longstanding debate that has engaged development theorists, more specifically in developing countries. In developing countries, which consist of dual economy, rural development is a comprehensive exercise designed to transform rural economies, so that they would be equipped with the means to generate income, employment and other facilities needed by the rural poor. Institution building is an important process of development. In the changing context, right kind of institutions need to be worked out that require people's participation, which is essential to provide good governance.

The ultimate aim of participation of people particularly women is the empowerment of women. Capacity building at the grass root level is a pre-requisite of empowerment. Empowerment essentially means decentralization of authority and power which aims at getting participation of deprived sections of people in decision-making process. Thus the empowerment of women cannot be imposed from above. It must grow from the bottom upwards (Wrong, D.H. Power 1995) Voluntary sector has focused on economic empowerment of rural and poor women. The potential of micro-enterprise development, as a strategy for poverty, alleviation is recognized, in many research studies. Many NGOs are instrumental in building a network of microenterprises in rural areas and are providing counseling services to women entrepreneurs. Micro-financing is another form of direct intervention, in enterprise development. Micro-credit activities by nature involve women, even the means by which micro-credit reaches the poor families are through women's groups. The Self-Help Groups help women network and a mass collective power. Self-Help Groups members save money every week and women empowerment through credit takes place as a result of the enterprise start using the credit. Thus Micro finance serves as a powerful tool in rural

development. Savings and credit activities bind the group of women together into a cohesive unit and provide a forum for building people's capacities for both poverty-alleviation and empowerment. NGOs have their intervention on micro-economic development through micro-credit financing. The paper is an attempt to analyze the impact of NGOs' programmes on women empowerment through micro-financing.

Objectives:

1. To evaluate the micro-finance activities in grass root level.
2. To analyze the impact of micro-finance activities on women.
3. To evaluate the role of NGOs in promoting Self-Help Groups and thereby empowering rural women.

Microfinance is a part of development finance rural or urban targeted toward specific groups of people male or female falling in the lower bracket of society. Microfinance is a program which provides opportunities to those who are usually considered non-bankable due to poverty, lack of sufficient property for the collateral purpose and do not have capacity to save small amount of money, receive loan at their doorsteps without collateral in a very simple way which can be used to build their economic foundation and empowerment.

The most important features of microfinance are that many micro credit institutions and agencies worldwide have targeted poor women for their program because poverty is seen in family and in the children of that family. The living standard of children, their food, clothing, education, health, etc clearly depict the status of their family. Everywhere in the world woman has the responsibility of caring the children and managing the house. If women get money they spend for the food, clothing's, health and education of their children and family members. This is the reason that worldwide an estimated 75 percent of microfinance clients

are women. Everywhere in the world the experience have shown that women repay loan better than men and observed that loans to women tend to more often benefit the whole family than loans to men do. Giving women the control and the responsibility of small loans raises their socio-economic status. Microfinance is a powerful instrument for self empowerment by enabling the poor especially women to become economic agent of change.

Prof. Muhammad Yunus, founder of Grameen Bank in Bangladesh says ‘For women to be granted the loan has a definite effect on the family. There is no need to do more research on that today. Children benefit automatically with better clothes and food. We can see the situation changing. Men often spend the money on themselves; women spend it on the family. Therefore the microfinance is important for the socio-economic development of poor and rural people through the women empowerment. Women should be encouraged to participate in such programs and they should be empowered.

2.5 Masters Thesis Review

Rijal (2005) has conducted a Thesis on ‘*Continuity and Sustainability of Community Based Savings and Credit Organizations*’: A case study of Nuwakot District of Nepal. The thesis has focused on the performance and sustainability of savings and credit cooperatives using the standard indicators - PEARLS - developed by the World Counsel of Credit Union (WOCCU) taking samples of 13 such cooperatives of Nuwakot.

The thesis finds that women socio-economic empowerment of women has happened in many aspects such as developing savings habit, exposing them to external world, providing them opportunity to organize but concludes that the continuity and sustainability of the sample savings and credit cooperatives itself is in question.

Poudyal (2005) has written a thesis on *'Micro Finance and Its Impact on Economic Upliftment of Women: A case study of Baluwa VDC of Kathmandu District, Nepal in 2005'* with the objectives of evaluating the impact of micro finance on economic upliftment of women and to examine the enhancement in the status of women.

Poudyal has used primary as well as secondary data applying questionnaire as well as observation methods. Data revealed from 72 samples out of 228 members of 7 centres are analysed with correlation, regression and chi-square test.

Her findings include that microfinance has improved their earning and equally stimulated their living standards. However repayment rate of the program is only 80 percent in Baluwa VDC and the loan has not seemed to be utilized on the said purpose. Based on chi-square result, caste and ethnicity does not affect the control over their earnings. Moreover, women do not have their own control on their earning; joint control exists widely in the VDC.

Despite, she concludes that, microfinance program is best way to uplift women economically as well as socially. A country like Nepal cannot mobilize the resources for the optimization of benefits by excluding women from the development model. Hence providing credit for women to income generating activities as well as multi-prolonged strategy with a systematic relationship between income promoting activities and social and institutional development activities would strengthen the entire connection in the solution of the problem to uplift poor women.

A thesis written on Micro Credit: An empowerment and livelihood security scheme for poor women: A case study of Dhapakhel VDC, Lalitpur by **Bhattarai** (2005) has a comparative study with control group. The sample of 60 households

from wards has the objectives of identifying and comparing socio-economic status of women microfinance clients with the control group. Specifically, the thesis attempted to examine livelihood security as well as empowerment of women through micro credit program has used indicators like curtail unproductive benefits, develop savings habit, savings mobilization to assess economic benefit and indicators such as social awareness, lowered social evils, health and sanitation to assess none economic benefits.

The thesis has findings such as: land holding and food adequacy is better among clients; saving habit has increased; client women are more entrepreneurial; widows and other women have face less discriminations, average annual income has increased; and clients women's perspectives, attitude, authority, prestige, knowledge, ability and social relationship have improved.

She further trace out that Grameen Bank program has focused relatively active women rather than poorest of the poor, the increased income has not raised the overall status of women and she further criticized the methodology of microfinance if women has to empower.

Pathak (2001) has carried out a thesis entitled “*Rural Finance in Nepal: A case study of Lamatar VDC, Lalitpur*” with the objectives of identifying and analyzing the present sources of income generation and expenditure pattern and the relation between them.

He has selected 72 households as sample out of 1295. Data was collected through interview and questionnaires which are presented into charts, diagram and tables.

The thesis is concluded saying agriculture sector contributes about 55 percent of the total income of the households and women contribution to income of the

family is as equal to the men member but their share on expenditure decision is very poor.

Regmi (1999) has done the research on *'Women, Micro Credit and poverty alleviation: A case study of Micro-credit project for women (MCPW) in Mangalapur VDC of Chitwan*. The research has the objectives to (i) assess the impact of MCPW on beneficiary's earnings and living standard, (ii) examine the improvement in the status of women by MCPW, (iii) evaluate the impact in the context of poverty alleviation, and (iv) suggest with appropriate measures.

The Thesis is doing comparing the women before and after where 70 women samples are taken out of 372. Major indicators used include loan amount, loan disbursement by purpose, income, living standard and women status. Living standard is analysed with consumption pattern - traditional food to none traditional food - clothing pattern. Similarly, women status is reviewed by land ownership by women, none land assets, women's autonomy, control over decision making and relative access to resources

The major findings of the thesis include: income is raised but at marginal level; there are positive social impacts on child education, family planning, sanitation and other social reform; repayment rate of MCPW is low (75 %) where some 20 per cent clients have not paid at all and 50 per cent clients have paid partially. The thesis further criticize that program is biased against poor, loan purpose is not identified well, volume of loan size is not enough. Impotently, the project has not been able to income raising opportunity thus potential use of loan has not happened and women clients need to rely on their husbands therefore, women have further lost their independence.

2.6 Evolution of Microfinance in Nepal

The concept of microfinance is not new. Savings and credit groups that have operated for centuries include the "susus" of Ghana, "chit funds" in India, "tandas" in Mexico, "arisan" in Indonesia, "cheetu" in Sri Lanka, "tontines" in West Africa, and "pasanaku" in Bolivia, as well as numerous savings clubs and burial societies found all over the world.

Formal credit and savings institutions for the poor have also been around for decades, providing customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development finance institutions. One of the earlier and longer-lived micro credit organizations providing small loans to rural poor with no collateral was the Irish Loan Fund system, initiated in the early 1700s by the author and nationalist Jonathan Swift. Swift's idea began slowly but by the 1840s had become a widespread institution of about 300 funds all over Ireland. Their principal purpose was making small loans with interest for short periods. At their peak they were making loans to 20% of all Irish households annually.

In the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor. These institutions were known as People's Banks, Credit Unions, and Savings and Credit Co-operatives.

Microfinance in the form of different informal institutions prevailed since immemorial time embedded with other traditional, cultural and social institutions such as *Dhukuti* originated from *Thakali* community and *Bheja* from *Magar* community. Savings are mobilized as credit under *Dhukuti* whereas under *Bheja*, it is used for community projects and ceremony (Baral, undated). *Pewa* – a patent asset of daughters and women in Nepalese community – is also a popular form of

micro savings and credit. Later these different forms evolved as user groups, mother groups and professional credit unions (ibid).

Formal sector financing began with the establishment of credit cooperatives from the government level in 1950s particularly to supply the production support to the farmers. Further, Cooperative Bank established in 1963 was envisioned to supply adequate credit for the agriculture sector. Development financing through ADB was further focus when it introduced a separate program in 1975: Small Farmers Development Program (SFDP) characterized with group collateral. This was an integrated development program approached in tune with Integrated Rural Development Projects (IRDPs) in India and Income Generation for Vulnerable Group Development (IGVGD) in Bangladesh introduced by BRAC and others - BRAC's IGVGD scheme devised in 1986 was considered to be successful and cost effective integrated package reaching the ultra poor (Halder and Mosley, 2004). SFDP, a state sponsored and subsidized developmental credit program, has covered almost whole country. Since 1990s, such groups developed under SFDP were converted into Small Farmers Cooperatives Limited (SFCL) to hand over to the community along with shift in equity is a clear turn from subsidized credit to the concept of sustainable microfinance.

1990s remained one of the most influencing decades in the history for microfinance in Nepal as well. Number of donors, bi-lateral agencies, and international non-governmental organizations (INGOs) supported and subsidized for the promotion of microfinance through operation deficit, seed funds, capacity building and systems development. Considering the enactment of Cooperative Act 1992, thousands solidarity groups were emerged out of which many legalized as Savings and Credit Cooperatives (SCCs). A very few of them also obtained the limited banking license from NRB.

Further during 90s, NRB established Regional Rural Development Banks (RRDBs) with the partly support from government starting from 1992 to replicate the Grameen Bank of Bangladesh (Sinha, 2000). At present, there are five RRDBs, one in each development region. Following the move, five microfinance development banks (Nirdhan, Swabalamban, Deprosc, Chimek and Nerude) are also established from the private sector after the enactment of Development Bank Act 1996. Besides, during the decade, government, donors, central bank supported programs and many more projects based saving credit activities were and are being practiced. Overwhelmingly, many socio-economic projects and programs also emphasized savings and credit as one major component for poverty alleviation.

In addition to the promotion and facilitation of solidarity groups; savings and credit cooperatives; and intermediary non-governmental organizations to carry out microfinance, many NGOs themselves started implementing microfinance activities once the Financial Intermediary Act 1999 allowed them for retailing. Certain number of SCCs and NGOs also scaled up with subsidized wholesale fund of Rural Self Reliance Fund (RSRF) created in 1991. Considering its astonishing success and over 95 percent repayment rate, this has been scaled up. But, NRB at the moment is in the process of transforming RSRF into a National Microfinance Development Fund. Later in 2000, Rural Microfinance Development Centre (RMDC), in support of Asian Development Bank was established with the aim of providing wholesale fund at competitive rate. Recent development is the policy formulation which is yet to be approved.

2.7 Linkages between Commercial Banking and Micro-Finance

Nepalese economy is distinctly different in its character from the regional economies. Poverty, less developed geographical situation, technological awkwardness, landlocked and dominated by two large economies, etc. are the

main features of the Nepalese economy. Most of the population of the country are in the rural areas, where is no enough access of banking facilities. Due to lack of awareness and lack of dependable guidance to the poor, poor are still in very severe condition at many places. From the beginning of the 1970s some programs were introduced focused to rural and the poverty stricken areas/people but these programs didn't achieve significant result in the area of the poverty reduction. The population below the poverty line is still 38 percent and it is targeted to bring down to 32 by the end of tenth five-year plan. This achievement may be impossible without making proven linkages between overall development strategy and resource availability to micro-finance institutions.

Nepal Rastra Bank was established in 2013 BS (1956). Same year, accidentally 13 credit cooperatives were also established and began to provide some form of micro-financial services to the flood victim families in Chitwan district of Nepal. This was considered as the first institutional introduction of micro-credit in Nepal. In 1969/70 NRB had been conducted the Agriculture Credit Survey, which basically focused to find out the credit need to the rural as well as in agriculture. The Survey found the huge need of credit to the rural people.

Poverty segmented the economic activities within the community, area and region. Now a days most of the banking activities are concentrated in urban areas due to current insurgency problem. Commercial Banks (CBs) are reluctant to initiate the lending activities in rural areas. As the adoption of economic liberalization policy, government and the central bank refraining to force CBs to be the active lender in the rural areas. In other side there is a large amount of credit demand in this sector. Rural Credit Review Survey 1991 highlights the absence of the formal sector and rural credit need was still fulfilled by the local money lenders; like land lord, shop keeper, village professional money lender, pawn porker, friends, relatives in maximum interest charge. According to the survey 80% credit is fulfilled by the

informal sector and 20% only from formal sector about 6% of the creditors are enjoying both the informal and formal sector.

There should be certain linkages between commercial bank and micro-finance. certain delivery mechanism has to be developed, certain development oriented institution and supportive institutions need to be established. Viewing this, most of the NRB's activities are in favour to this line. Now NRB is directing the phasing out of the priority sector lending program from 2065 (2000), it does not mean that NRB is not supportive to this sector but the only changes style role are changes.

-) Most of the resources are in the hand of CBs and people expect that some portion of it should be provided to micro-finance sector.
-) CB's are closing rural branches. Therefore to provide resources to rural poor some form of linkage needs to be set-up.
-) CB's are not willing to deal in small amount so that there is a gap, which needs to be fulfilled.
-) RMDC has been from established from the commercial bank as equity owner and long-term loan by ADB, Manila for onlending purpose.
-) At least 3% of the total credit of the CB's should be provided in the deprived sector, directly or through NGOs, Grameen Bank saving and credit model, Grameen Bank which link to the bank and micro sector.
-) Today's micro sector may grow as larger activity so that CB's should think the micro sector would be the in future market.
-) "Fund from urban and credit to the rural poor" would be the motto of CBs if they foresee the future market.
-) CBs may provide wholesale fund to the micro finance institutions and MFIs to the poor, directly or indirectly, as equity or as lending.

Access to financial services permits individuals and households to better manage the risks and uncertainties they face to save in secure ways, to invest in a business or home, or to cope with or insure against unexpected shocks.

It has been estimated that more than 17.6 million people in Nepal need access to financial services. However, formal financial intermediaries such as commercial banks often do not serve poor households for reasons that include the lack of traditional collateral, high costs of small transactions, and geographic isolation.

Among the continuing challenges faced by developing societies and the international community is to find ways to build the capacity of the micro finance sector to complement the existing informal and private institutions, promote access to those markets for the poor, and help ensure that they are sustainable.

In the past decade, micro-finance has been recognized as a particularly effective development intervention for three basic reasons:

1. The services provided can be targeted specifically at the poor and poorest of the poor.
2. These services can make a significant contribution to the socio-economic status of the targeted community.
3. The institutions that deliver these services can develop, within a few years, into sustainable organizations with steadily growing outreach.

2.8 Fundamentals Considerations

Fundamental considerations that determine the role of state include, but are not limited to level of macroeconomic stability; stage of development of banking system; stage of development of microfinance sector; size of potential microfinance market; geographical diversity; and population density. These fundamentals are discussed hereunder.

Macroeconomic Instability

Ensuring macroeconomic stability is one of the most important tasks for the state. Macroeconomic instability adversely affects overall economic growth and limits productive economic opportunities and potential for expanding sustainable access to financial services. High inflation in particular erodes capital of financial institutions and makes it difficult to mobilize resources to expand services. As a matter of fact, macroeconomic instability increases volatility of interest rates, exchange rates and relative prices and imposes additional costs and risks on financial institutions and their existing and potential clients. High inflation creates difficulties to harness full benefits of supportive measures and state must be accountable on controlling inflation.

Banking System

Growth and development of microfinance sector essentially depends on stages of banking system development. If banking system is less developed, state should focus on developing a sound banking system to provide traditional banking services prior to establishing a formal microfinance industry. Basic banking services are essential for developing sustainable microfinance although traditional banking institutions may not provide microfinance services directly. In the absence of a sound banking system, MFIs experience difficulties in selecting a safe place to park their deposits and manage loanable funds for on-lending to their clients. MFIs will lack confidence in security for their deposits in poorly managed and performing banks where they also have to incur high transaction costs in withdrawing deposits. A less developed banking system also makes it difficult and more costly for MFIs to access funds from the banking system, while a more developed banking system can be a significant source of support. Thus, the state has a paramount role in developing an efficient banking system to facilitate development of the microfinance sector.

Stage of Development and Structure of Microfinance Sector

Stage of development and structure of microfinance sector determines the role of state on developing microfinance sector. State has to play crucial role if the microfinance sector is matured and complex to ensure prudent growth and development of sector. Given the industry structure, the state can play an important role by introducing an environment – both policy and legal – for the growth and development of microfinance sector (Charitonenko and Rahman, 2002:42).

Regulation and supervision of MFIs has received much attention in recent years in the literature. Some organizations have warned about rush to regulate because premature and inappropriate regulation can have significant adverse impact as far as growth of microfinance industry is concerned (Christen and Rosenberg, 2000). Rhyne (2001:206) notes that “banking authorities should define regulations for MFIs in advance of their development, thereby risking and choking off potentially crucial innovations and adaptations.”

The microfinance industry has a relatively large potential market and is characterized by too many small-scale suppliers. Although institutional diversity is generally an important characteristic of a robust microfinance industry, institutional proliferation cannot necessarily be considered good for healthy growth and development of microfinance industry. A majority of small-scale service providers are unable to diversify their risks adequately across space and activities that they finance. They also run greater risks of being subject to liquidity problems that in turn affect their service quality and reliability (Fernando, 2001). Most of these small operators have neither adequate capital nor human resources to use new information and communication technologies (ICT) to expand their operations to realize economies of scale. Considering these context and realities, state should provide incentives for consolidation of small-scale institutions while

preserving institutional diversity. Such incentives may include, for example, more attractive time-bound tax exemptions for the consolidated institutions (Charitonenko and Rahman, 2002:44).

Size of the Potential Microfinance Market

The size of the potential market matters in defining appropriate role for the state in developing microfinance sector. Geographical aspects and population density influences the size of potential market and significantly determines the role of the state. Enhancing access to sustainable microfinance services is a complex proposition in remote areas with difficult terrain and low population density where prospects for commercial operations are questionable with available financial technology. In such areas, state can promote either community based operations through NGOs or even offer smart-subsidies for example either on auctioned basis or on the basis of the number of clients reached to commercially oriented suppliers to operate in those areas (Dhakal, 2007).

Rural Infrastructure

Access to rural infrastructure plays an importance role for developing microfinance sector. Microfinance sector grow better quantitatively and qualitatively if basic rural infrastructure deficiencies such as better rural roads, bridges, irrigation facilities, market facilities, primary health care and education facilities are addressed and economic opportunities for rural population are increased and basic financial services are productively used. Such infrastructure also reduces potential risks and transaction costs for financial institutions and provides incentives for innovations, diversification and expansion of microfinance operation (Meyer and Nagarajan, 2001).

2.9 State and Microfinance Nexus

The Microfinance industry in Nepal has evolved through strategies implemented by the Government of Nepal, the bilateral and multilateral development partners,

and private sector. Today the industry reaches around 1.2 m clients mainly in Tarai regions and accessible hills. The diversity of retail MFIs is a key feature of Nepalese microfinance industry. Regulated microfinance development banks, cooperatives, financial NGOs, and community-based savings groups provide a wide range of micro finance services (Dhakal, 2007).

History of microfinance is relatively short but eventful in Nepal marked by costly process of trial and errors. Access to financial services is regarded as one of the essential services to address poverty problems in Nepal since the advent of planned development efforts in mid fifties. The cooperative movement became the first vehicle of Nepalese microfinance industry as 13 cooperatives provided access to financial services to flood victims resettled in Chitwan district. Following the success of these self-help concepts, more societies were promoted in other parts of the country. In parallel, rural finance institutions were established such as the Agricultural Development Bank of Nepal (ADBN), which aimed at providing credit and marketing support to agriculture modernization and development (Manila, 1994).

In 1974, the two state-owned commercial banks, Nepal Bank Ltd (NBL) and Rastriya Banijya Bank (RBB) were directed by NRB to invest at least a portion (first 5% to increase as high as 12%) of their deposit liabilities in the 'small sector'. This marked the beginning of the directed credit system in Nepal. In 1976, the scope of the small sector was broadened to include agriculture, cottage industry and services, and has since then been called the 'priority sector'. The credit didn't reach the poor, as only influential and well-connected people, with collateral, were able to access financial services linked to these programme. This led to the development of targeted initiatives, such as the Intensive Banking Programme (IBP) in 1981, initiated by government and NRB, through partnerships with

commercial banks. Under this approach, group guarantee for loan repayment were used instead of physical collateral (AsDB, Manila and NRB, Kathmandu. 1994).

Starting in 1975, the Small Farmers' Development Programme (SFDP), implemented by the ADBN, mobilised farmers groups using a credit plus approach, and as a first experience of group-based lending. Unfortunately, it failed due to political pressure for a fast expansion, overemphasis on credit, high delinquency levels and the overall not satisfactory performance of the system (AsDB, Manila and NRB, Kathmandu. 1994).

In 1982, the Cottage and Small Industries (CSI) Project and the Production Credit for Rural Women (PCRW) provided new directions to priority sector lending, focusing on project viability rather than collateral, and therefore provided a financing window to the poor through commercial banks collaborating with local development organisations. The commercial banks perceived this programme as more of an obligation towards the NRB than a business interest (Manila, 1994).

In 1990, the government of Nepal established Rural Self Reliance Fund (RSRF), with the objective of providing wholesale loans to NGOs, cooperatives and financial intermediaries for on lending to the poor. The Microfinance Department of Nepal Rastra Bank (NRB) acted as the secretariat of the RSRF and management committee headed by the NRB deputy governor oversees the fund (Sinha, 2000).

In 1992, the government of Nepal, following a recommendation from the NRB, established Regional Grameen Bikas Banks (RGBBs) in each of the five development regions of Nepal, modelled on the Grameen Bank methodology. The majority of the ownership of the RGBBs is in the hands of government, NRB and public commercial banks, while other private commercial banks have small equity stakes. During the same period, private initiatives led by NGOs, such as Nirdhan

and the Centre for Self-help Development, also used the Grameen Bank methodology, resulting in a generally more efficient and successful replication. Other NGOs also gradually opted their participation and involvement in microfinance sector (Sinha, 2000).

In the 1990s, with technical assistance from GTZ, local branches of the ADB/N under the SFDP, started to be reorganised into federations of small farmers groups and transformation of SFDB sub-project offices (SPs) at VDC level into Small Farmers' Cooperative Limited (SFCL); each operating as an autonomous cooperative (Sinha, 2000).

With the promulgation of Development Bank Act in 1995, Nirdhan was the first NGO (1998) to transfer its microfinance portfolio into an autonomous microfinance rural bank namely Nirdhan Utthan Development Bank. Since 2000, three other microfinance rural banks were created through the same process first initiated by Nirdhan, with DEPROSC Development Bank (DDB) in 2000, Swabalamban Bikas Bank (SBB) Ltd and Chhimek Bikas Bank (CBB) in 2001. Acknowledging poor performance of RRDBs under public ownership, NRB started a restructuring program. As of December 2009, four of the five RGGs located in eastern, central, western and mid-western development regions are privatized. The post privatization performance of these RGGs is yet to be seen (Dhakal, 2007).

With a view to provide a source of wholesale fund to regulated MFIs (MFIs), government facilitated the establishment of the Rural Microfinance Development Centre (RMSC) which later on opened its lending to other microfinance service providers. Further, in order to create assured financing window to SFCLs, the government further facilitated the establishment of the Sana Kisan Bikas Bank

(SKBB) under the Development Bank Act. The SKBB provide wholesale funds to SFCLs (Dhakal, 2007).

Thus the government's direct and indirect interventions supported by donor assisted projects promoted the evolution of the industry. Lessons learned from each initiative were used as a base when designing subsequent strategies (Sharma S. R. and V. Nepal. 1997, Dhakal 2007). Important initiatives in the microfinance sector implemented by the Government are:

- J Credit co-operatives established in the 1950s.
- J Co-operative bank established in 1963.
- J SFDP established under ADB/N (1975).
- J Commercial banks required following priority sector lending directives (1974).
- J The IBP involved commercial banks in micro-credit (1981).
- J Gender based micro-credit – Production Credit for Rural Women (1982).
- J Setting up of Rural Self Reliance Fund (1991).
- J Gender programs refined involving NGOs – Microcredit Project for Women (1994).
- J Replication of Grameen banking model (1992).
- J Co-operative act promulgated to support the credit cooperatives (1992).
- J Government-run MF programs - banking with the poor, Bisheswor with the Poor, Jagriti, Youth Self Employment, etc.

Microfinance regulation is mainly under the Banking and Finance Institutions Act (BAFIA) and the Financial Intermediary Act. MFIs are categorized as 'D' type financial institutions under BAFIA and the prudential norms are designed in line with normal financial institutions. Capital requirement is lower for MFIs. 13 microfinance banks, 2 wholesale MFIs and 16 credit co-operatives are regulated

under this Act. The Financial Intermediary Act is designed to accommodate non-government organizations under regulation. Even though prudential norms have been designed, follow-up procedures are very weak. The Nepal Rastra Bank has not taken any action for non-submission of reports or non-compliance of regulations and 45 financial NGO's are licensed under the Act (Dhakal 2007).

Government of Nepal announced National Microfinance policy 2064 on May 4, 2008 and prior to that there was no formal policy as such. But informally or in scattered way government and NRB used to have various policy that governs microfinance operation such as Deprived Sector Lending (DSL) promoting MF by government itself by way of establishing Grameen Banks or emphasis on co-operative development, etc. The policy seeks to assist in poverty reduction through sustainable, simplified and access oriented microfinance services. The objectives of the policy are: increase the access of microfinance services for poor and weak financial status family and women group and conducting income generating and employment generation work, make microfinance service reliable and accessible through MFIs, help microfinance service supplying organizations to develop required capacity to be established in sustainable and self capable manner, formulate required law related to microfinance, and develop appropriate institutional mechanism to increase the microfinance service and to make such service disciplined (Dhakal, 2007).

Microfinance providers have faced major challenges in extending their services to remote areas. Outreach of microfinance services has been stagnated in recent years as their expansion has been impeded among other by security concerns and lack of proven micro-lending methodologies (Dhakal, 2007).

2.10 Role of the Government

State can have different roles for developing the microfinance sector. Because all roles are not equally effective and some roles may actually harm financial inclusion by discouraging private-sector delivery of services, state need to be well informed of risks and benefits of specific interventions and tailor their use to specific barriers that impede permanent financial services for the poor. For simplicity and proper analysis, their roles are broadly grouped into three: protector role, provider role and promotional role. A discussion on each of these roles follows hereunder.

Protector Role

State should play a protective role for developing microfinance sector. Legal and regulatory environment is the main tool for the state to demonstrate the protective role. Regulation becomes a necessity with development of microfinance sector in order to protect savers, allow MFIs to mobilize external resources and offer them an official recognition against their informal and sometimes unfair competitors. Regulation must strengthen microfinance movement and should not impede its development with rigid rules. Regulation should encourage innovation providing flexibility for institutional forms. Compared to commercial banks, transparency in financial accounting and objectives of sustainability should be the same among MFIs, but some aspects like liquidity requirements may be stricter given the seasonality of demand, dependency on donors' funds or short-term liabilities. Further, some rules may be more flexible such as recognizing concept of solidarity group as a guarantee and approval of uncollateralized loans. Furthermore, regulation of MFIs requires specific skills and more resources in order that traditional supervisory agencies can enforce prudential regulations. State has limited capacity to regulate mushrooming MFIs and there is a need to consider alternative form of regulators or promote forms of self-regulation, apex institution or third-party.

Proper functioning of the protector role of the state is most essential, because it builds trust and addresses imbalances between customers and financial institutions. Regulatory authorities have an important mission of developing appropriate prudential regulations or adapting existing banking regulations to protect solvency of large institutions that collect deposits from poor people, to protect their savings and build confidence on clients. However, regulatory ambitions must be balanced with available capacity to supervise, especially when determining which organizations should face prudential supervision.

The protection role of the state will be more challenging with the introduction of new products and services such as home mortgages, consumer loans, etc., delivery channels such as branchless banking, and players such as nonbank finance companies, telecommunication companies, retailers, etc. Protective regulation must be proportionate or appropriately “light touch” if it is to protect consumers against serious abuse while not prematurely impeding access or innovation. Other examples of effective protection include regulation to increase transparency in the sector.

Provider Role

In certain circumstances state should be engaged as a Provider of financial services to the poor and disadvantaged groups. Given that the performance of state-owned financial institutions and programs varies, there are cases where state has engaged as a direct Provider of financial services, especially subsidized credit, as one of the least efficient policy interventions for sustainable access. Such a role combines both financial and policy objectives. Although state owned microfinance services providers typically are expected to at least break even, they often do not because of policy objective challenges. Such institution tends to perform relatively better on outreach than profitability. They require massive periodic recapitalizations, demanding extensive public funding that could have served other

policy purposes such as health or education or created incentives and support for private institutions to deliver pro-poor finance. Those institutions with stronger outreach often performed better financially. Having the state act as provider of financial services also may create unfair competition by offering subsidized credit and erode payment culture if collections are more relaxed. The state backed institutions can play a more positive role in providing payment or savings services than subsidized credit.

Where an extensive network of financial institutions already exists, role of the state could be to efficiently transform and restructure public institutions to strengthen structure of financial system. Likewise, when no rural banking network exists, there is an important role of the state in creating a minimum banking structure by developing public branches or incentive for commercial banks, where the private sector fails to adequately address demand of specific poorer segments of the population.

Promotional Role

State has many options to serve as promoter of financial inclusion. The model of integration of microfinance within public sector enables expansion of outreach among rural population. The development of MFIs as an alternative to deficient role of the state and market incurs lots of constraints that may limit their outreach. Under such circumstances, role of the state can be to invest in network building: a minimum banking structure can facilitate development of a rural financial system where complementarity between institutions increases outreach and sustainability. In terms of depth of outreach, neither integrated/complementary, nor alternative model of microfinance vis-à-vis the public sector adequately reach the poorest of the poor. This may arise from inherent limitations of microfinance as a tool to reduce extreme poverty. In this case, financial interventions are just part of a range of choices for development assistance seeking to reduce poverty.

For adopting innovations, model that integrates microfinance within public sector can help support its adoption as a public good. The state could play a role in implementing innovations such as microfinance services to agriculture or insurance services. Further, a balance of power must be created between state, local authorities and financial institutions through external control to avoid political intrusion while ensuring a dynamic adoption of innovation and sound financial practices.

Global best practices indicate that MFIs requires subsidies for start-up investment and network building and for other innovations such as micro-insurance schemes. Further, addressing extreme poverty requires complementary services such as infrastructure, education, health, etc. that can be offered through NGOs or state services, but independently from financial services.

Hence, the promotional role of the state can be both direct and indirect. The indirect promotion tools include policies and investments that benefit microfinance industry while not focusing exclusively on promoting fair competition, strengthening payment system, etc. State also may promote microfinance sector more directly by developing a national microfinance strategy, establishing local wholesale facilities that provide MFIs with financial and technical assistance or by supporting so-called deprived sector lending in the selected un-served remote areas.

2.11 State's Priorities in Microfinance Sector

In the context of developing Nepalese microfinance sector, state can play the protector, provider and promotional roles on a priority basis. A discussion on some of the priorities of the state on developing microfinance sector follows hereunder.

Complete Phase-Out of Directed Credit Programs

While it is generally assumed that the old directed credit paradigm is out and the new paradigm of financial system development is dominant and widely accepted, Nepal continues to have significant directed credit programs or have re-introduced in one form or other (Youth Employment Program) to channel credit on sectors considered important for addressing poverty problems. Budgetary funds are used and part of the deprived sector lending resources is diverted on such purposes. Since, these programs insist on loan disbursement and are not very serious about loan recoveries, there is likelihood that the scheme may weaken financial institutions. They also damage potential for sustainable development of microfinance market primarily through weakening of financial discipline among borrowers and reducing incentives for operations by commercially oriented service providers. Therefore, it is essential for the governments to phase out such programs where they exist and stay away from those in future as a policy. The rush to substitute short-cuts for building sustainable microfinance systems is most likely to reduce social welfare of the poor in the long-term.

Support ICT Development in Rural Areas

State's interventions are needed to support use of new information and communication technology (ICT) in rural areas because these can not only expand size of potential markets but also reduce transaction costs and risks for both clients and service providers. This is not only an "appropriate government intervention" but also "a more promising way to encourage sustainable rural finance than the old paradigm policies to induce more lending in rural areas" (Meyer and Nagarajan Vol. 3, p. 53). Supportive policies by governments are required to deal with emerging "digital divide" between urban and rural areas and enable rural financial institutions to take advantage of ICTs.

Allow more room for Foreign Equity Participation

The state can also make a significant contribution to microfinance industry by liberalizing foreign investments in the industry. In general, most Nepalese MFIs still do not have a capacity to bear foreign exchange risk associated with borrowing in foreign currency. On the other hand many social investors are interested in investing their funds in microfinance industry but are unable to make equity investments in MFIs because of restrictions imposed by the state. For example, foreign equity participation is not permitted in rural banks although these banks suffer from inadequate capital for expansion and have potential to become dominant players in microfinance market. If governments can initially allow and facilitate equity investments by foreign social investors, this market could be more dynamic. The experience of equity investments of such social investors may be used to determine whether microfinance market liberalization should be deepened to include commercial investors.

Reform State-Owned Rural Financial Institutions

Nepal has taken effective measures to reform state-owned rural financial institutions and contributed significantly to sustainable development of microfinance industry. A notable example is the Agriculture Development Bank, two state-owned commercial banks (NBL and RBB), SKBB and GGGBs. Notwithstanding these, Nepal continue to rely on state-owned rural financial institutions that adopt old paradigm of subsidized credit and continue to undermine potential for sustainable microfinance. There is a need to take a fresh look at these institutions with a view to either reforming or liquidating them. Emerging evidence appears to suggest that their physical infrastructure can be effectively used to provide financial services for rural population including the poor, provided that state is willing and committed to introduce and implement essential reforms. The state has mobilized financial and technical support for such

reforms from multilateral financial institutions such as Asian Development Bank, World Bank, etc.

Design Approaches to Microfinance Service Delivery

Only MFIs providing specialised and full cost priced financial products and services can provide sustainable financial services to the poor. Yet there has been great debate on approaches to microfinance programme design on aspects like (i) minimalist or integrated (i.e. financial services versus complete business development services) and designed under (ii) welfare or institutional development framework. Debate exist on whether MFIs should offer only financial intermediation (i.e. minimalist) or both financial intermediation and other services. Through MFIs adopting both *minimalist* and *integrated* approaches to microfinance service delivery coexists among MFIs, those MFIs using *minimalist* approach offer only financial intermediation and very much limited social intermediation services. Minimalist bases their approach on the premise that there is a single 'missing piece' for enterprise growth, usually considered to be lack of affordable, accessible short-term credit, which MFI can offer. Historically, micro-credit interventions started in Nepal mid 50s under governments' and donors' support with the objective to reach the greatest number of poor people and to provide them with financial services at a low cost. Initially the modality took a "welfarist approach" or "directed credit approach" in cognizance to wide believe that the key determinant of the poor demand for credit has been is costs and notion that poor lack ability to pay full cost services. The approach played counterproductive to growth and development of microfinance sector in Nepal and led to the evolution of a new approach commonly known as an "institutionalist approach" or "financial market approach" characterized by the will to liberalize financial markets; has strongly influenced financial reforms and emphasized that subsidies led to a worse allocation of financial resources, and to unsustainable institutions. The proponents of this approach seek to establish institutions offering

microfinance services on sustainable and commercial bases. Programme seeking to work under this approach work only with the MFI with proven evidence of viability. Such MFIs are characterized by financial self-reliance, viability, charging high interest rates and reach large numbers of poor. The case of RMDC is the example to cite with. The welfarist approach and institutional approach still co-exist in Nepalese microfinance sector. While those implemented under welfare approaches (SFDP, PCRW, MCPW, etc.) are almost collapsed, those implemented under institutional approaches (RMDC, MDBs, SKBB, FI-NGOs, etc.) are performing better and possess prospects for viability. Those programme started under institutional approach struggle on improving their performance thereby find new sources of external funding to increase their loan portfolio in order ensure their financial viability; and providing services to low-income and poor people to reconcile their economic and social objectives. Hence, available evidence indicates that only those microfinance programmes started under institutional approaches are viable.

Microfinance and Poverty Reduction

There has been substantial progress over the last three decades or so in design and delivery of financial services to the poor on a sustainable basis. The clients' loan repayment capacity is a pre-requisite for any microfinance services to implement well. Clients must have the capacity to repay the loan under the terms by which it is provided. Otherwise, clients may not be able to benefit from credit and rather it will risk them being pushed into debt problems. This sounds obvious, but microcredit is viewed by some as "one size fits all". Instead, microcredit should be carefully evaluated against the alternatives when choosing the most appropriate intervention tool for a specific situation. In general, microfinance services assist the poor to break the vicious cycle of poverty. However, there exist evidences that microcredit is an inappropriate intervention in situations where conditions pose severe challenges to standard microcredit methodologies. In Populations that are

geographically dispersed or nomadic; with a high incidence of debilitating illnesses (e.g., HIV/AIDS), depending on a single economic activity or single agricultural crop or reliance on barter rather than cash transactions, etc. are not suitable microfinance candidates. The presence of hyperinflation or absence of law and order may stress the ability of microfinance to operate. Microcredit is also much more difficult when laws and regulations create significant barriers (e.g. by mandating interest-rate caps) to sustainability of MFIs. Only the strong and innovative MFIs are able to operate even in extremely challenging circumstances. These providers uphold two prerequisites of successful microcredit: discipline both for clients (timely repayment) and institutions (business practices that lead to sustainability); and no subsidization of interest rates. There could be some alternatives to micro-credit that can assist poor to break the poverty trap.

Donor Support on Microfinance Sector

Donors who support financial services for the poor are advised to search out MFIs that are committed to financial self-sufficiency. Sustainability is a cornerstone of sound microfinance. Financially sustainable MFIs can become a permanent part of financial system because they can stay in business when grants or soft loans are no longer available. To promote sustainable providers of financial services to the poor, donors' role has been to build the capacity of the microfinance programming. Donors should acknowledge that many small MFIs require institution-strengthening grants and technical assistance before they can reach the operational and financial self-sufficiency needed to sustain large-scale growth and they should not come forward with their own agenda to promote microfinance.

Capacity building is very much time-intensive and should include designing and implementing a MIS; cultivating strategic and human resource management; developing financial forecasting capability; instituting transparent financial reporting, internal controls, and audit practices; and implementing a product

development process. For NGOs seeking to transform into regulated financial institutions, it also means creating a shareholder organization, attracting equity investment, and forming a strong board of directors.

Tendency of the donors to funding strong MFIs that already have access to commercial and quasi-commercial banks and investments from socially responsible investors (SRIs) need to be discouraged. The principal task of donors should be to identify and bet on promising but riskier MFIs, leaving the known winners to commercial investors. Country-level programming should be adjusted to facilitate funding of global or multi-country MFI networks. These networks provide much-needed technical assistance to their members while supporting industry-wide measures such as performance standards and transparency in financial reporting.

2.12 Brief Profile of DEPROSC Nepal

DEPROSC-Nepal is a non-profit making organization established in September 1993 under Association Registration Act 1978 as a non-governmental organization (NGO). As per Social Welfare Council Act 1992, it is affiliated with SWC too. Nepal Rastra Bank had authorized DEPROSC-Nepal to carry out limited banking functions in 1996. Presently it is operating its microfinance activities under Financial Intermediary Non Governmental Organization (FINGO). DEPROSC Nepal is committed to enhance the participation of rural people in general and poorest of the poor, people of so called Dalit Caste, backward women, indigenous people and their children in development process. DEPROSC-Nepal is headed by an Executive Director (ED) appointed by the Board of Directors. Four different professional sectors viz. (i) Livelihoods, (ii) Micro-Finance, (iii) Social and Infrastructural Development and (iv) Natural Resource Management are designed and operated its program.

Vision

Though committed to social justice, gender equity and human resources development, DEPROSC-Nepal firmly believes that attempts of social changes cannot materialize in isolation of economic activities. Therefore, economic promotion activities and social mobilization should go hand in hand for the overall improvement of a community. Social mobilization stands for creating environment where people in the difficult circumstances can be organized into their own institutions to develop and sustain their human potential under participatory framework and to initiate positive changes in societies.

Mission

DEPROSC-Nepal is committed to enhance the participation of rural people in general and poorest of the poor, women and marginalized ethnic groups in particular in their development process for:

-) Social Mobilization and Institutional Development,
-) Community development,
-) Income generation,
-) Micro-finance,
-) Natural Resource Management and
-) Education, Health and Nutrition

With primary focus on fostering the evolution of Community Based Organizations (CBOs) to carry out their socio-economic activities in cost-effective way, DEPROSC-Nepal enhances their capabilities through a package of technical, managerial and material inputs. It also attempts to ensure credit access to rural people for income generation.

Objectives

DEPROSC-Nepal aims at empowering rural people for attaining self-sustaining socio-economic uplift through a package of policy research, action research and training. Its specific objectives are:

-) Promote equal access to opportunities, resources, ownership and participation for women and underprivileged section of the societies.
-) Provide micro-finance services in rural area,
-) Social mobilization to sensitize and capacitate rural and underprivileged communities.
-) Act as an intermediary between development programs of government, NGOs, bi-lateral and multi-lateral projects and local small/marginal farmers' groups,
-) Enhance the capabilities of CBOs by organizing appropriate training and involving them as partners in development intervention process,
-) Organizing different skill based training programs for the dissemination of improved technology in agriculture, livestock and off-farm activities,
-) Provide support services to local institutions for the development of agriculture, irrigation, drinking water, cottage and rural industries, forestry and alternative energy and encourage them to undertake feasible and appropriate enterprises.

Approach and Strategy

DEPROSC-Nepal is working under the principles of sustainability, participatory development, time and cost-effective delivery of services to the people in rural areas. Within this overall framework, its working approach and strategy includes:

Promoting people-centered development by mobilizing local resources (human as well as material),

-) Organizing the target beneficiaries into groups (users' groups, commodity groups, income generating groups) at hamlet level and federating these groups into CBOs representing all members of the groups,
-) Involving women (at least 50%) in all activities from organization development to income generation,
-) Involving target beneficiaries in all aspects of decision making process,
-) Making CBOs sustainable and financially viable institutions within the intervention period,
-) Increase the awareness level of marginalized groups in terms of social justice and equality issues, and
-) Providing professional microfinance services by ensuring sustainability of DEPROSC Nepal itself.

Microfinance Methodology

DEPROSC Nepal has adapted Grameen model of Bangladesh, however, a slight change has been done to make the methodology more compatible to our local situation. The details are as below.

1. Base line data is collected using Participatory Rural Appraisal tools. The secondary data are also used to collect detail information,
2. Selection of VDCs is done based on the available information, priority has given to the cluster or hamlet with dense population of poor and vulnerable families,
3. Orientation programs are organized to disseminate objective of the program in the community. The target group, local leaders and representatives from line agencies participated in the orientation,

4. The interested households organized into informal group themselves constituting 5 women members per group. There are 2-8 groups in one cluster/centre. Facilitation is done to form homogenous groups.
5. The informal groups have trained on basic concept of savings and credit program, called Compulsory Group Training (CGT). The duration of this training is generally seven days, but the duration varies with the learning capacity of the members.
6. The participants of the CGT training should pass Group Recognition Test (GRT) to be eligible for further action. A test is conducted at the end of the training in order to ensure the members are aware of program methodology.
7. Once the members pass the test called GRT, registration of the group in DEPROSC-Nepal field office is done defining the group number and the centre venue for fortnight meeting.
8. The members deposit Rs. 50/- to open the savings account. In the subsequent months they deposit at least Rs. 30/- monthly as group savings and Rs. 5/- fortnightly as individual savings. The members can draw their individual savings as and when required but monthly savings can be withdrawn only maintaining at least Rs. 5000/- balance.
9. Members will deposit Rs. 30 in the first loan cycle and Rs. 50 from the subsequent loan cycles as member insurance premium in turn they are insured with Rs. 3000 and Rs. 5000 in the first and subsequent years. Husbands of the clients are insured with half of the clients with same premium.
10. All the transactions are recorded in the passbook and the passbooks are distributed to the individual member.
11. Out of 5 members in a group, only 3 can get loan in the first phase (except chairperson and secretary). Remaining two members can get loan after the paying back two instalments of the loan obtained by previous members. The initial loan size other than project loan does not exceed Rs. 10000/- and the

upper limit for second, third, fourth and fifth onward loan is Rs. 13,000/- Rs. 15,000/- Rs. 18,000/- and Rs. 20,000 respectively. However, the project loan is ranged between 13000/- to 25,000/- as per the nature of project.

12. The loan has to be repaid in ten equal installments after two months gestation period. The interest rate is 9.8 percent flat or 18 percent effective charged on remaining balance method.
13. The group solidarity and centre commitment acts as collateral for the loan, there is no requirement of physical collateral to obtain the loan.
14. All the activities such as savings collection, loan disbursement and loan collection are performed in the fortnight centre meetings organizing group discussions.
15. Whole methodology is based on centre discipline which assures loan utilization and timely loan collection.

Based on their program implementation methodology, the characteristics of the model can be summarized as under.

-) Concentration to the poorest of the poor, landless, tenants, schedule casts and rural women,
-) Solidarity group approach as the basis of the program,
-) Solidarity group federated in the centre for receiving savings and credit service,
-) Loan disbursement on group and centre guarantee without any physical collateral,
-) Savings as integral part of the program having substantial share in the program resource,
-) Savings in groups maintaining individual ownership,
-) Savings being used as partial security of the loan,
-) Cost effective centre delivery system,

- J Intensive coverage in the project areas,
- J Fortnight meeting to maintain the discipline and effective monitoring,
- J Loan repayment within one year,
- J Monthly installment system,
- J Exclusive target to women,
- J Attractive interest rate to savers and competitive interest rate to borrowers,
- J Repayment rate maintaining more than 99 percent,
- J Ensuring financial viability within 5 years period,
- J Provision of 2 per cent risk cost for probable loan losses,
- J Continues members and staff training for capacity enhancement,
- J Program being implemented by the experience professionals.
- J Most compatible to the local condition and situation.

CHAPTER - III

RESEARCH METHODOLOGY

Methodology of this research is a comparative one. Socio-economic empowerment of women is compared based on their status prior joining the microfinance program with the present situation. The study is analytical based on the primary information obtained through field survey. This chapter presents the details of the methodology applied.

3.1 Population and Sample

DEPROSC Nepal has been implementing microfinance program in 7 VDCs out of 41 VDCs of Lalitpur among which Khokana VDC is the one where some 914 women clients (one from each household) are served.

Out of the total population of 914 microfinance clients of DEPROSC Nepal, 10 per cent clients (91 clients) are selected in this study as sample. The sample is selected randomly among the centers which are formed for more than five years. Prior to that, samples are categorized base on geographical distance and proximity to the market.

Additionally, frontline credit officers (Field Supervisors) of respective area are also selected as sample to interview.

3.2 Data Source

Data required for conducting this research is basically obtained from primary source conducting field survey. However, secondary source of information is used to some in the relevant areas reviewing official documents, periodic reports of DEPROSC Nepal and other related literature.

3.2.1 Primary Source

Individual microfinance clients, frontline Field Supervisors and group of microfinance clients were the primary source of information. Besides, key local level stakeholders, Branch Managers and Executive Director of DEPROSC Nepal have remained the primary source of information in the process of preparing key institutional issues, policy issues and their perceptions.

3.2.2 Secondary Source

In the process of literatures review and collecting key information, some secondary source of information is also collected which include review of official documents including program implementation guideline, annual plans, periodic progress reports, approach papers, strategy papers, manual and guidelines.

3.3 Primary Data Collection Tools

One set of semi-structured questionnaire is prepared in collecting information from individual clients and two focus group discussions (FGD) are conducted with (i) group of women and (ii) front line Field Supervisors (Credit Officers).

Individual visit is done to the primary stakeholders (local service providers, line agencies representatives, relevant donor's representative), Branch Managers and Executive Director for analyzing the policy issues and perceptions on socio-economic empowerment of women.

3.4 Indicators Used in Collecting and Analyzing Data

In order to fulfill the above mentioned objectives of this research, the following indicators are used and analyzed.

The following indicators are used and analyzed to fulfill the objectives of the research:

Table 3.1
Indicators of Analysis by Objectives

Objectives	Major Indicators	Sources of Data
1. To study the economic impact of the microfinance program in women empowerment.	<p>Assets creation (physical and financial)</p> <ul style="list-style-type: none"> Landholding Building Livestock holding Other household Assets Savings Food Security Income and Expenditure pattern Loan borrowing and repayment Employment Creation 	Field survey with the sample of focused group women clients
2. To analyze the socio impact of microfinance program in women empowerment.	<p>Empowerment at household level</p> <ul style="list-style-type: none">) Decision making and participation in household level) Level of awareness on basic issues) Keeping and using of profits and fund) Household level discrimination and family cooperation) Household responsibilities and family support <p>Empowerment at external level</p> <ul style="list-style-type: none">) Travelling outside from the home) Awareness on political and legal issues) Participation on social activities) Exposure at the community level 	<p>Field survey with the sample of focused group women clients and interaction with DEPROSC Nepal personnel</p> <p>Field visit and survey on the focused group women clients and the interview with the related DEPROSC Nepal personnel</p>

	<ul style="list-style-type: none">) Trust and respect from others) Visit and demand services from line agencies) Confidence) Participation of the women group in the program organized by MFIs) Evaluation of the effectiveness of the organized program in women empowerment 	
3. To analyze the constraints faced by the women clients because of the competitive microfinance services.	<p>Constraints faced</p> <p>Opportunities gained from the MFIs</p>	<p>Discussion with focus group women clients</p> <p>Interview with the related personnel of DEPROSC Nepal and their stakeholders</p>

(Source: Designed by Researcher)

3.5 Data Analysis Technique

Obtained information is analyzed using the spreadsheet. Different mean based statistical tools and frequency counts are applied as per requirement. Specifically, quantitative analysis tools are applied to assess the economic impacts and qualitative indicators are used to assess the socio-economic empowerment. Generally, tabulation and cross tabulation is done to analyze the casual relations and effects across the relevant variables. Qualitative information is based on observation and perceptions which are analyzed and interpreted by researcher. Further, Qualitative information obtained through individual interview, focus group discussion is blend together with quantitative data to draw implications and conclusions.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

In the process of fulfilling objectives of this research, data revealed are tabulated and presented followed by analysis and interpretation in this chapter. Furthermore, the findings of this research are also presented at this chapter. As mentioned in the research methodology, the data are presented and analyzed in accordance with the flow of questions: (i) Socio impacts (ii) Economic impacts and (iii) constraints faced by women and critical issues of women focus microfinance.

Family size of sample 90 women is ranged between 4 to 8 members. The average family member is 6 which are more or less close to the average family size of Khokana VDC(5/6) - the sample VDC. The sample members have 3 children in an average which seems relatively higher as compared to the normal standard of 2. The average number of boy child (1.89) seems slightly higher than the average number of girl child (1.79). Adult children ratio is 0.68:1 which clearly shows the proportion of dependent compared to potential economically active household members.

4.1 Social Impact of MF program in Women Empowerment

Women empowerment is analyzed at two different stages: (i) household level and (ii) external level. Household level empowerment is assessed through decision making and participation on household affairs, awareness level on basic household issues, access to and control over resources, cooperation and discrimination at household level. External level empowerment is assessed mobility, awareness, exposure, social capital and confidence. Based on these the discussion is as under.

4.1.1 Women Empowerment at Household Level

For analyzing the gender dimensions and empowerment through microfinance among the sample clients, a FGD was done. Surveyed sample clients expressed their autonomy in obtaining membership and purpose of loan to borrow. Selection of MFI, amount of loan to borrow, and spending the borrowed cash are done jointly by husband and wife. In one sense, participation of husband in these crucial decisions can be seen as their support to wives while this might be their domination in the key decisions related to resources.

Particularly, joint decision and involvement of husband in managing regular savings, arranging loan installments and finding coping mechanisms to repay the loan in time might justify husbands taking ownership to the loan. Keeping cash received from the enterprises by husband—definitely not in favors of empowering women—can be seen along with the role of managing daily household expenditure by them. But, controlling over the decisions related to deposit and withdrawal of personal savings by husband clearly explains the high magnitude of their control over women members' autonomy. Decisions related to personal savings are optional thus member could enjoy the flexibility but they do not.

Furthermore, women expressed their increased level of confidence, increased awareness on other developmental such as education, nutrition, sanitation and increased participation and acknowledgement in the household level decision making process.

Table 4.1
Magnitude of Empowerment on other Domestic Issues after joining the MF
Programme

S.N.	Issues	Improved slightly	Highly improved	Has no difference	I am unaware	Total of respondents
1	Child Education	34%	63%	3%	0	100
2	Child Health	39%	60%	1	0	100%
3	Procurement of goods	41%	57%	2%	0	100%
4	Selling of products	25%	64%	5%	6%	100%
7	Keeping and use of profits and funds	50%	43%	5%	2%	100%
5	Decision making at HH level	35%	60%	5%	0	100%
6	Reduction on HH pressure and Discrimination	45%	35%	14%	1%	100%
8	Household level cooperation	35%	62%	3%	0	100%

Source: Field Survey, March 2010

The survey shows that some 63 per cent sample clients expressed highly improved child education situation. Similarly, some 60 per cent clients expressed the highly improved knowledge on child health and therefore their health situation. Likewise, the microfinance program has impacted to a larger scale for around 56 - 58 per cent sample clients on procurement of household good and selling of their products. Remarkably, almost 95 per cent sample clients mentioned that the household level cooperation has increased and family level discrimination has been reduced. Exceptionally, 1 per cent sample clients mentioned that participation on microfinance program has not make any difference on household level discrimination. Despite these, the strategic needs such as structural issues, power dynamics within the household, traditional roles of women and ownership

to land and other assets are still under ambiguity which has not covered in this study.

4.1.2 Empowerment at External Affairs

Women empowerment that begins from the household level will not be institutionalized unless it is reflected to the external affairs. In order to identify the impacts of microfinance on women regarding some strategic needs of women and developing of social capital which ultimately ensures the women empowerment, sample clients were interviewed whether there has been improvement or not. Responses of 90 sample women clients have been summarized.

Participating sample clients have increased social capital. Almost all sample clients (98%) mentioned their increased participation on social and community level activities however the magnitude varies among them. Trust and mutual respect are also increased to 96 per cent sample clients. Exceptionally, around 33 per cent sample clients mentioned visiting of government and other developmental line agencies to put pressure and demand support services have not happened. For those, who mentioned it has happened is also at low magnitude. Only 10 per cent sample clients mentioned it has happened with higher magnitude. Based on this result, we can say that women participating on microfinance have increased their social capital however the magnitude varies among them.

Social capital as defined earlier, the reciprocal cooperation, trust and respect among the community people, exposure and participation on the social and community level activities and visit of line agencies to put pressure and demand services were also asked. The field survey result in this area is found to be very much optimistic expect in one.

Awareness on political and legal issues such as political ideology, voting rights, political parties, women rights, child rights are slightly improved to 62 per cent

sample clients whereas 12 per cent sample clients find there has no improvement in those issues. Some 19 per cent clients in fact are unaware of the issues as such thus replied as they are unaware.

Among sample respondents 54 per cent said their traveling outside home has increased slightly where as 36 per cent respondents mentioned it has increased substantially. Exceptionally, microfinance has not improved to the traveling of 5 per cent women clients.

Beside, microfinance clients have enhanced their understanding and capability in many areas. The increased awareness and confidence on various aspects of life skills and economy are presented below as mentioned by sample women during the individual survey and focus group discussion.

Women's Perceptions on the Benefits of Microfinance Program

-) Made them able to handle various monetary transactions.
-) Made awareness of the harmful effects of narcotic drugs and timely reduction of its uses so as to save ones life and property.
-) Made us more up to date in the field of economic development and social engagement.
-) Taught the importance of money.
-) Realised the importance of investments and savings.
-) Helped in participating on economic transaction - taking loans.
-) Knowledge about handling responsibilities.Uplift the rural and the backward class people.
-) Enhanced the awareness about nuclear family.
-) Taught the importance of time and time management.

-) Involved in social program and knowledge about economic scenario of the region.
-) Made them capable and self sufficient so as to share the similar screen as the Made us more disciplined and mannered.
-) Taught the importance of child education.
-) other educated people.
-) Brought about the feeling of community living.

4.2 Economic Impacts

Economic impacts of microfinance on women are measured through some of the visible indicators that sample women have felt. The physical assets - land, building, livestock and other household amenities, savings - income and expenditure patterns, food security, loan borrowing, repayment, Employment and vulnerability are measured and analyzed.

4.2.1 Assets Creation (Physical and Financial)

Land, livestock and home to live are the three major assets which significantly affect the overall position of a poor household. Fundamentally, these three are the indicators that DEPROSC Nepal has been using in identifying a women to be their member. Therefore, measuring impacts of microfinance seems much more relevant using them thus has analyzed the changes revealed in the surveyed sample clients.

4.2.1.1 Landholding

Land is the primary assets that everyone asserts to have it since this is the primary source of livelihoods in the agricultural country like Nepal. The microfinance program itself is focus on landless, marginal landholders and deprived people. The survey revealed that majority of clients does not have sufficient land for cultivation. Probably all the clients have their own home and somehow little

kitchen garden before involving in the microfinance program. After involving in such micro financing program also there is no differences found in creating the fixed assets like landholding. This shows that the impact of microfinance doesn't show any positive movements for adding the land. May be being the VDC within the valley they might not be able to add the land. So from the survey done, it is found that the clients are not able to add the land after the involvement in the provided microfinance programs.

4.2.1.2 Building

Home to live poses higher value to anyone in other parts of the country and the world. According to the interviewed women, they value home in their life mainly on the two grounds (i) from the safety and comfort, and (ii) social value. They prefer to improve the quality of house by changing their roof, making ground cemented, plastering the walls etc. Women feel proud to say and show that changed the thatch roof into the CGI sheet. During the interview, the obvious happiness could be observed because of this improvement

Among the sample clients, merely 15% have renovated their home prior joining the program but during the survey, it revealed that almost all clients have renovated their home. In that sense, the microfinance program has been very much helpful in making them prosperous.

Table 4.2

Number of client's households renovating and building new house

Particulars	Status Before	Status After
Clients having home	100%	100%
Clients renovated their home	25%	75%

Source: Field survey, March 2010

DEPROSC Nepal does not provide loan or home repair and maintenance thus there is no chances of using the loan fund for this purpose and monitoring of loan

utilization is also very much strict thus it is apparent that the revenue generated is used for this purpose which signifies the benefit of joining microfinance program.

4.2.1.3 Livestock Holding

Holding livestock is an integral part of livelihoods in any rural parts of Nepal like in rest of the developing world. Livestock provides revenue as well as safety measures. Probably that is why; rating the household level prosperity with the number of animal head hold is very common in Nepal. The similar notion applies to the type of livestock hold. Large animal like buffalo and ox represents the magnitude of wealth and security compared to small scale livestock such as goat and chicken. Therefore, this study has analyzed the changes taken place in these different types of animals. Among the surveyed clients also, keeping animal is an integral part of their life. The survey revealed that there has been significant improvement in their livestock holding but due to the lack of their own sufficient land and animal feeding problem there is no clients holding large animals like cow and buffalo but mostly they've small scale livestock like goat and chicken. After joining the microfinance program it is found that some clients have taken initiation in keeping pigs and chickens and making them the source of income generation.

Table 4.3

Number of Clients household holding livestock before and after

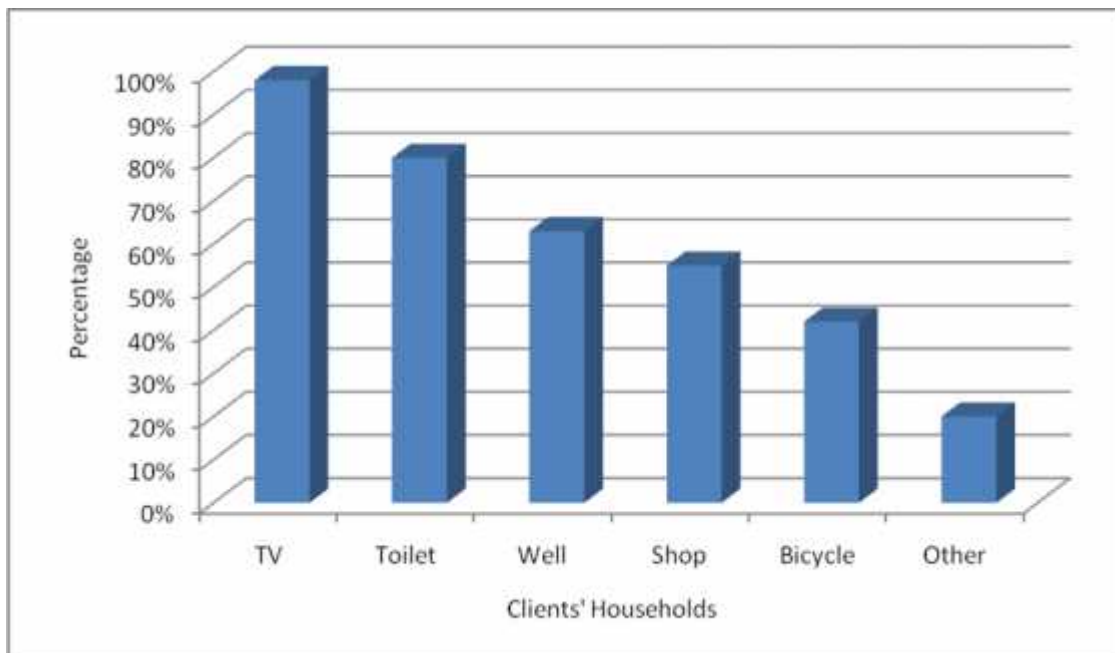
Number of Clients household holding livestock	Number of clients HHs (Before)	Number of clients households (After)
Large livestock (Cow, Buffalo and Ox)	12%	14%
Medium size livestock (Goat, Pig and Sheep)	22%	29%
Small scale livestock (Chicken and Duck)	18 %	30%

4.2.1.4 Other Assets

In addition to the land and livestock, possession of other basic assets were also analyzed in the study. The field survey revealed that 90 per cent client households have purchased television within this five year period. Similarly, 80 per cent have constructed toilet at their home premises. Having well is also one of the priority areas of women since this reduces the work load of women in one hand and improves the sanitation and hygiene situation of the household on the other. Besides, use of water resources for kitchen gardening is also preferred by sample women. The survey revealed that some 63 per cent households have installed well at their home yard. Besides, most of the clients utilize the loan by investing in shop where the family members could get involve in it. According to the survey about 55% they take loan to start a business especially a small scale shop.

Figure 4.1

Percentage of clients' households with Net Addition of Assets



Source: Field survey, March 2010

4.2.1.5 Savings

Savings has been acknowledged as an integral part of the micro-finance program. Experience shows that, the savings service is equally important to poor as credit service. Poor are bankable and they would have active participation in savings program, if proper savings products are designed and implemented. Savings has developed ownership in the participating members, act as collateral to the loan disbursed, help to maintain credit discipline, establish savings habit, provides flexibility to women, generates confidence among them, increase risk bearing capacity of borrowers, control unnecessary expenses and make program sustainable in long run. There are five types of savings products that sample women are participating i) Compulsory monthly group savings @ Rs. 30 per month (Rs. 50/- to open the account) ii) Personal savings at individual level iii) Loan guarantee fund, 4 per cent of the loan disbursed, iv) Centre fund collection managed by centre itself and v) Child savings. These products have helped sample women to generate quite a significant amount.

4.2.2 Food Security

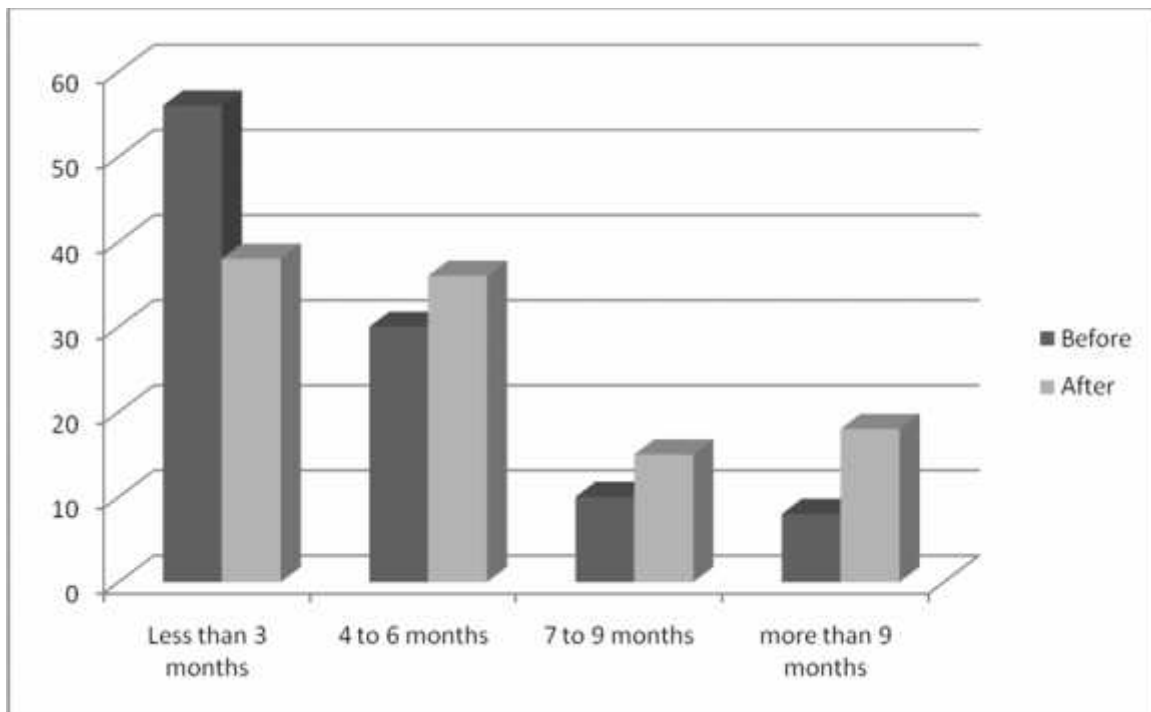
Level of food security directly reflects the economic impacts on a particular household. Food security has been broadly defined with two perspectives. The first, production from own land and the second is to be able to buy from the market from their other regular earnings. But in the case of Khokana VDCs no one is depended on the food by their production because of sufficient land for cultivation. Often these two are defined by different terminology: food sufficiency and food security. Here the food security is calculated considering their own production and the capacity to buy from their regular business and sale of other agricultural products but has definitely excluded the coping mechanism adopted to buy food.

Here in the figure below, we can observe the significant change in the food security situation of sample women. Prior joining the program there were some 55

per cent households with less than 3 months food from their own production and earning. Similarly, there were some 30 per cent households had food for only 4 to 6 months, however this has remained constant but there has been a great shift in the category having food for 7 - 9 months and more than 9 months. Percentage of households having food for more than 9 months was merely 8 per cent where as at present some 18 per cent households have food for more than 9 months. The case is similar with 7 to 9 months food sufficiency category. In an average sample client's families had food for 4 months before joining the program where as at present they have food for around 7 months with the net increment of food for 3 months. It seems that the microfinance program has significantly improved their food security situation. Based on this analysis, we can suggest that clients of all categories have a significant shift having food for higher months than before joining the program.

Figure 4.2

Percentage of Sample Clients Households with Food Sufficiency Status



Source: Field Survey, March 2010

The survey has revealed that all most all clients have adopted some means of coping mechanisms. Among which wage earning is one of major. 91.5 per cent clients fulfilling their food requirements by wage earning which is still a valid source of earning for around 83 per cent clients. Wage earning include agricultural labor, industrial labor and migration to major other cities to sell their labor.

4.2.3 Income and Expenditure Pattern

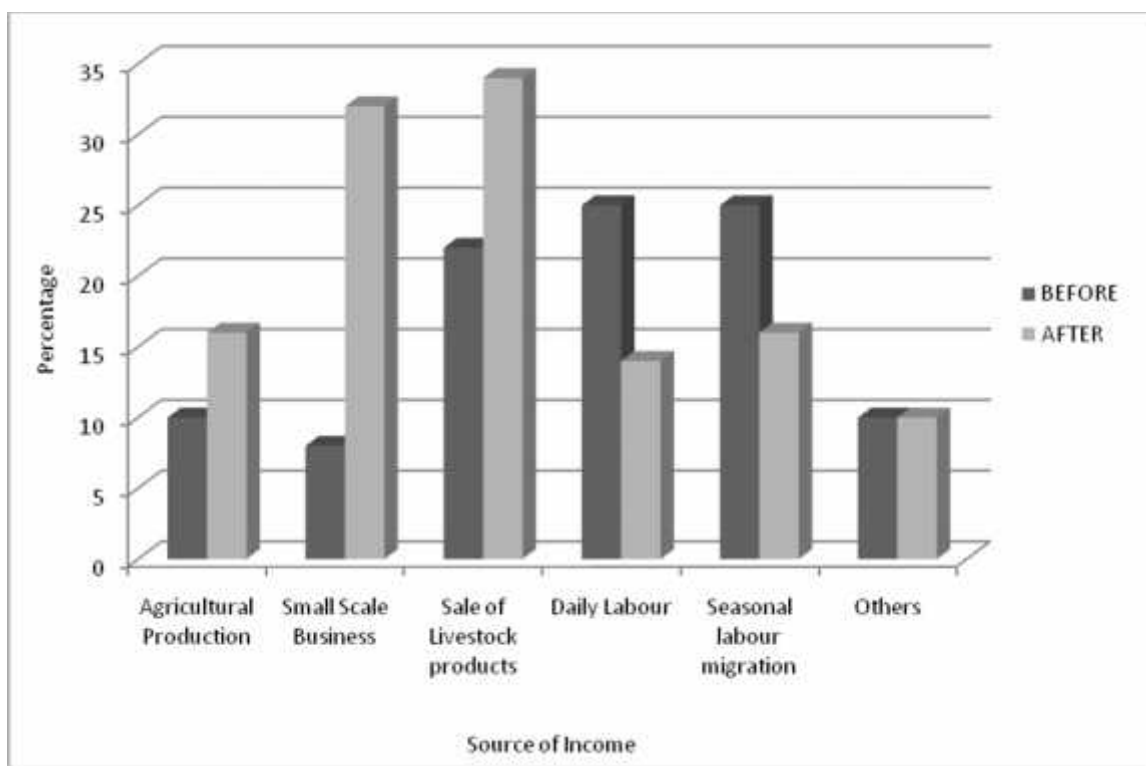
Analysis of sources of income among the surveyed women clients shows that there has a slight shift. Daily wage earning and the sale of live stocks products were the main source of income before joining the program but after joining the microfinance program the survey shows that the sources of income has shifted to the small scale business and the sale of agricultural products. The pattern of income and expenditure is shown below before and after joining to the microfinance program.

Table 4.4
Percentage wise Distribution of Sources of Income Before and
After Join in the MF Program

	BEFORE	AFTER
Agricultural Production	12	18
Small Scale Business	6	28
Sale of Livestock products	19	31
Daily Labour	24	12
Seasonal labour migration	22	10
Others	9	10

Source: Field survey, March 2010

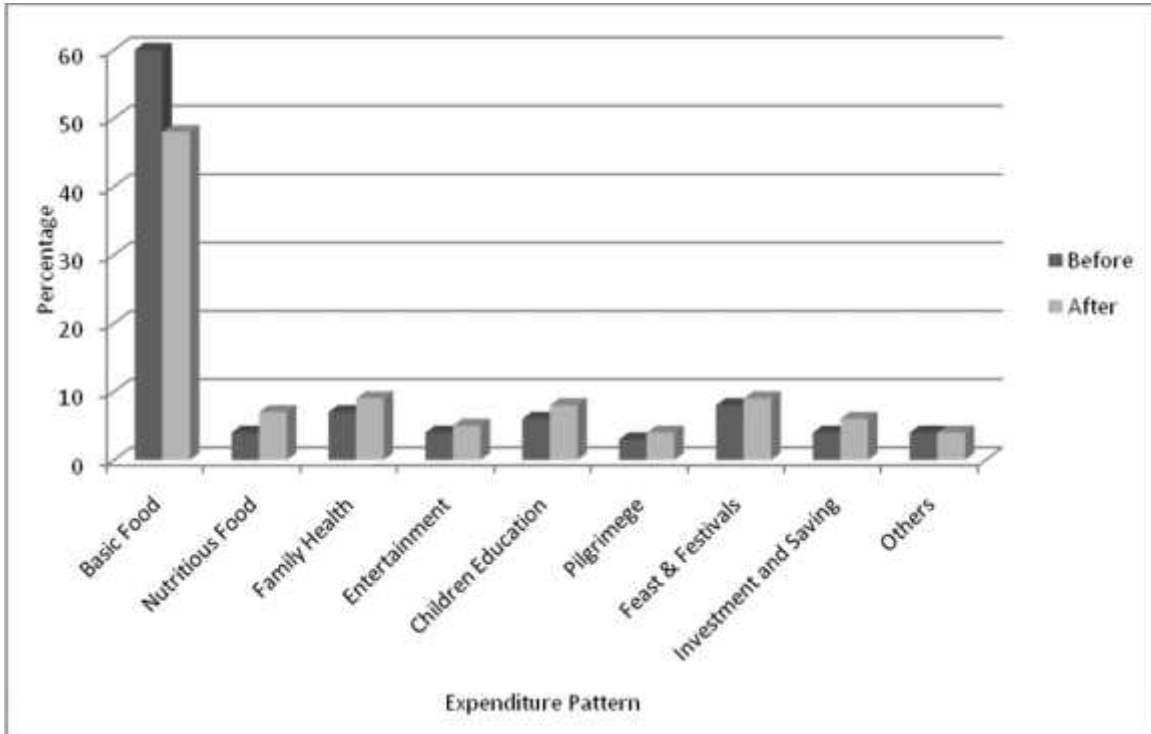
Figure 4.3
Percentage wise Distribution of Sources of Income Before and
After Joining the MF Program



Source: Field survey, March 2010

The analysis seems very much consistent with the notion of microfinance program that has financed for agricultural production, small scale business and livestock development. The same is the findings on increment of small scale business and increased number of livestock. Therefore, we can say, microfinance services have contributed towards generating own income from small scale business, agriculture and livestock holding thereby reducing the burden of daily labour.

Figure 4.4
Expenditure Pattern of Sample Clients before and After
Participation on MF Program



Source: Field Survey, March 2010

Expenditure pattern is analyzed to have an impression how the expenditure among the surveyed clients have changed because of having additional revenue. The general accepted principle about the expenditure is that higher the poverty and deprivation, higher is the proportion of expenditure done for food and basic amenities.

Here the pie charts show in the expenditure pattern. Expenditure done on acquiring basic food before and after is 60 per cent and 48 per cent respectively. Similarly, expenditure on nutritious food such as meat, milk, fruits and fresh vegetables is increased by around 3 per cent. Likewise, increment on expenditure proportion has taken place in children's education, investment and savings, and other unidentified areas.

The reduction on expenditure on client's, her husband's, and children's health shows relatively better health position of the clients family members which perfectly coincides with the increment of expenditure on nutritious food. The analysis further shows that, saved proportion of expenditure likely to have invested for children's education. Moreover, the requirement of spending less amount of their earning for basic food shows their increased income. However, the analysis also shows trivial changes on the expenditure made on entertainment and pilgrimage.

4.2.4 Vulnerability

Level of vulnerability also equally reflects the socio-economic situation. Rural families are normally characterized by low level of security and back fold measures, limited or none existence of investment and savings therefore, they are very much vulnerable with even a small incidences such as drought, ill of family members, celebrating feast and festivals and even sometimes the death of live stocks. In that sense, analysis of such vulnerability seems relevant.. The survey has revealed that the vulnerability of sample women has been reduced once they joined the microfinance program and started income generating activities.

Among the causes of vulnerability before joining the microfinance program, some 41 per cent sample clients mentioned the expenditure needed for health treatment and to celebrate feast and festivals as the major causes making them vulnerable. The expenses required for school admission of children is a cause of vulnerability for 20 per cent sample clients followed by drought and heavy rain for 13 per cent and death of livestock to 2 per cent sample members. Probably, it is co-incidence that none of the sample members are vulnerable because of flood.

The survey revealed that there has been a substantial decrease in the percentage of household become vulnerable once they joined the microfinance program. At

present, 26 per cent client household mentioned them vulnerable for illness and festivals whereas 4 per cent clients find them vulnerable with drought and heavy rain. But it is surprising to know that in the increment in average livestock holding - as mentioned earlier - has made 4 per cent clients vulnerable with the death of livestock. Probably, clients might have purchased livestock to use in productive sector with the borrowed fund thus perceived it as a major threat making them more vulnerable. In general, discussion with the sample women has revealed that repayment of loan installments are often associated with the earnings they made from the return of their investment on livestock. Nevertheless, in totality prior joining the microfinance program some 59 per cent clients find them vulnerable because of any one of the reasons mentioned above. This has been decreased to 43 per cent clients once they participated in the microfinance program.

4.3 Constraints and Critical Issues of Women Focused Microfinance

In the process of analyzing the critical aspects, constraints faced by women are captured and analyzed. Moreover, the field survey has revealed further critical issues related to women focus microfinance for their socio-economic empowerment and poverty reduction which are discussed at length here below. Some of these are even related to policy issues whereas some are related to the pressure faced by MFIs and market phenomena.

4.3.1 Constraints faced

Despite the number of positive socio-economic impacts that women sample clients have enjoyed from microfinance, they are facing number of constraints since the microfinance program is a discipline based thus every activities has to be done with limited flexibility. Major constraints face include, the increased pressure, tension, difficulty in time management, difficulty in taking care of child, pressure of arranging loan installments, risk of need to fulfill fellow members loan

installment if some one fails. The details of the constraints faced by sample clients are presented in the table below.

Major Constraints Faced by the Sample Clients

- J Discussions which extend till late in the evening have created problems at home as elderly members do not allow females to be out that late.
- J Women are facing problems if they need to go out however, there is a provision of forwarding application. If application is not put in time, we have to pay penalty.
- J Entire process has to be done by the females and under their presence which put them in pressure and made them worry as they have their family and children to look after. Further, problems are seen to feed and send children to school.
- J Since it is a joint effort of the entire village and all has to be present together to work thus has become more problematic and difficult.
- J Taking loans and borrowing money has increased irrational feelings amongst the sample females because the loan has been passed in their name.
- J Regular meetings and discussions have brought difficulty in managing household activities.
- J Male counterparts are keeping less interest and wanted to be free from any household responsibility which has increased out tension.
- J Delay in paying the installment by any member brings about heated discussions and arguments amongst the village members. Often this has led to social conflict and unrest.
- J The installments need to be paid on specified days. Even if female are ill, it has to be managed anyway which is difficult.

Among the various constraints faced by women the most affecting constraint is the pressure of repayment. This has been discussed at length here below.

4.3.1.1 Repayment Pressure

Maintaining repayment rate more than 95 percent is considered as good among MFIs. DEPROSC Nepal has succeeded to maintain its repayment rate at more than 99 per cent. DEPROSC Nepal further claims selection of borrowers, increased borrowers knowledge on program, their commitment to repay in time, group peer pressure, centre discipline, loan utilization and credit worthiness of the borrowers, commitment of the Field Supervisor (Credit Officers), good CGT and GRT, enterprise feasibility analysis are the key elements to obtain higher repayment.

However, discussion with sample clients and DEPROSC Nepal itself reveal that it might have been possible mainly because of two reasons: group guarantee enforcement and back fold strategies adoption. Group guarantee includes taking responsibility of repaying by rest four members of same group if one member fails.

Fellow members partly contribute in cash or allow transfer her personal savings to repay others loan as a reciprocal help. If this does not happen and the client remains absent, all the members of the centre—including members from other group - make defaulter's home visit to collect the installment. Sometimes, members are also threatened to seize physical assets as practiced in some MFIs in Bangladesh (Devine, 2003). Unless the default installment is received, the centre meeting of that day does not close formally. This definitely forces clients to repay the loan in time. But such practices not only create tension and harassment but also affect the social image of the clients. However, DEPROSC Nepal has never used security force for repaying default loans so far. Rather, in some genuine cases of project failure, deaths, natural calamities and blockades, repayment dates are also rescheduled.

Back fold strategies applied include transferring of installment equivalent amount from the centre savings - centre savings is a sum of money accumulated from the penalty from clients and staff for different reasons and regular deposit of members to that specific savings product.

This fully remains under the control of centre management which is often mobilized as supplementary loan and emergency loans - which helps maintaining cent percent repayment. Once the client brings default installment, centre savings is returned. This option seems more amicable since it fulfills the requirement of DEPROSC Nepal as well as gives a solution to the client. Application of these types of strategies seems popular therefore the repayment rate is higher. The repayment rate to a certain extent indicates the sustainability of MFIs but client's adoption of coping mechanisms to repay and the capital output of their investment are not generally considered. Maintaining higher repayment rate ignoring these possibilities might put them at risk thus indicates a challenge of sustainability in the long run. Besides, repayment rate alone might not reflect the actual portfolio position because of loan write off and default ageing policies.

4.3.2 Critical Issues

In addition to the above mentioned major constraints faced, women focused microfinance consists of some critical issues which need to be duly considered. These include the (i) exclusion of bottom poor women, (ii) client duplication and its potential risk and (iii) lack of support services. Further detail discussion on each of these is done here under.

4.3.2.1 Exclusion of Bottom Poor Women

While discussing the issues of none participation or exclusion of bottom poor women in the microfinance, interviewed DEPROSC Nepal Field Supervisors explained following eight major reasons: (i) their fallback position is weak so

more probable to default their loan; (ii) they normally do not have experience of handling enterprises including livestock raising and marketing; (iii) their loan absorption capacity is low so outstanding portfolio will be lower thus impacting negatively the financial viability of MFIs; (iv) cost of providing services are high because they need rigorous effort to bring into the methodological track, for example they might need more than seven days Compulsory Group Training (CGT); (v) they are instable because of not having permanent home and cultivable land which increases the risk of default; (vi) they have higher chances of loan being used for consumption purposes which again increase the default risk; (vii) they are irregular in the group meetings; and finally (viii) they are often not being helped by fellow members—absence of social capital—in fulfilling their installment if they became unable. That is why their access is denied. Despite these all, access to microfinance is also hindered by political unrest: restriction on mobility and blockades in general.

These reasons question the microfinance services to deprived bottom poor women. Intensive implementation of preparatory and capacity building program, arrangement of support services and re-distribution of resource base seem urgent for which external support and government intervention and incentive mechanisms are must. Otherwise, it is highly probable that desperate poor women are excluded from the microfinance services.

4.3.2.2 Member or Client Duplication and Its Potential Risk

Discussion with microfinance Filed Supervisors revealed that there is a competition among MFIs to serve large number of clients thus prevail client duplication. ‘The most prominent implication of MF competition discussed within the MF industry even in Bangladesh is also the "overlapping"—a term whose definition itself has undergone changes over the years. The term was first used very broadly to denote similar service-providing NGOs working within a

geographical area. In recent times, the term is used to indicate multiple microfinance membership at the level of the household' (Martin, undated). Client duplication has fundamental two perspectives. For MFIs, it is a fast track to attain sustainability but risky option as it increases default possibility. For clients it is an option to cross finance projects and enjoy the fungibles but remains the risk of falling into debt trap. Both might enjoy it looking forward the bright part but may fall into the downside.

MFIs in Lalitpur have overestimated the need and potentiality of a client in the process of sharing targeted market. This has happened in most of the Latin American countries resulting over-indebtedness of clients thereby degrading the portfolio of all MFIs in the market. Similarly, research in Bangladesh also shows higher repayment rate in remote areas where the alternatives are fewer (Morduch, 1999). If the magnitude of client duplication is increased, it will result impending disaster. This will be further worse if a Field Supervisors or a branch continues to assign with targets on outstanding portfolio or number of member to attain financial viability. However, MFIs are not alone responsible for duplication since clients always secure an option to go to informal money market.

One of the major clients perspective identified from the study of Bangladesh is that 'multiple membership is a short-term attempt to cross-finance and manage repayment regularity--- it fails to be sustainable for most clients' (Martin, undated: 2). Uganda has also faced deteriorating repayment caused by multiple loans (de Janvry et al., 2005).

4.3.2.3 Lack of Support Services

DEPROSC Nepal with donors support has carried out limited quantity of preparatory and support services. These include: awareness raising campaign; vaccination campaign; literacy programs; information, education and

communication sessions; and skills development training. Technical inputs and marketing arrangement as support services after the credit are also provided. These programs because of low in quantity have not had visible impacts but have spread a positive impression to join DEPROSC Nepal. Besides, microfinance members have not obtained such support services from the government system because of various reasons. These include: limited financial and human resources; no working incentives to the staff; limited tools, equipments and machineries; and poor coordination and collaboration arrangements in the government system. Whatever level of support is available, local elites and those having better social capital with this sector exploit them. In this way, sample women clients are excluded from this support services.

Principally under the market economy, private sector should render Business Development Services (BDS) but they are confined at the district headquarter if any. Virtually, microfinance clients have no access to BDS therefore; issue of access to such support services to the microfinance clients becomes more pertinent.

4.4 Findings

Land holding, numbers of livestock, quality of home to live and possession of other household amenities have increased among the sample surveyed clients. Moreover, vulnerability has decreased, food security has been increased, and health, child education and sanitation situation are improved. Importantly, livelihoods pattern of microfinance clients has been shifted from wage base to the agriculture and self-employment base. Awareness, capability, confidence and social capital have also been significantly improved. In general, the survey has revealed that socio-economic conditions of the sample clients have substantially improved. The detail of the research finding is as follows.

Landholding

The survey revealed that the micro- finance program has not shown a significant effect on the client's landholding position. Almost all the clients have their own home to live but not sufficient land to cultivate except some vegetables. After involving in such micro financing program also there is no differences found in creating the fixed assets like landholding. This shows that the impact of microfinance doesn't show any positive movements for adding the land. May be being the VDC within the valley they might not be able to add the land. So from the survey done, it is found that the clients are not able to add the land after the involvement in the provided microfinance programs

Building

Home to live poses higher value to the sample clients thus prefer to improve the quality by changing roof, making ground cemented, plastering the walls etc. Women feel proud to say and show that changed the thatch roof into the CGI sheet. Among the sample clients, 22 per cent clients have renovated home. In that sense, the microfinance program has been very much helpful in making them prosperous

Livestock Holding

Number of livestock holding households has also improved. Prior joining the program, only 13 per cent clients have any small scale livestock where 21 per cent clients used to have medium livestock but after joining the microfinance program it has changed to 30 per cent and 26 per cent respectively. This shows that after joining the microfinance program some clients have taken initiation in keeping pigs and chickens and making them the source of income generation.

Other Assets

Quite a size sample clients have created other household assets for example, 90 per cent client households have purchased television 85 per cent have constructed

toilet at their home premises and some 62 per cent households have installed hand tube well at their home yard. Similarly, 50 per cent household have also purchased bicycle and 60 percent clients have started small scale business.

Savings

Sample clients are enjoying five different types of savings products- i) Compulsory monthly group savings @ Rs. 30 per month (Rs. 50/- to open the account) ii) Personal savings at individual level iii) Loan guarantee fund, 4 per cent of the loan disbursed, iv) Centre fund collection managed by centre itself and v) Child savings. These products have helped sample women to generate quite a significant amount

Food Security

Food security situation has significantly changed. Prior joining the program, 55 per cent clients had food for only less than 3 months among which around half of them have increased food sufficiency at present. Percentage of households having food for more than 9 months were merely 8 months where as at present some 18 clients households have food for more than 9 months. .

Around 83 per cent clients are still adopting some means of coping mechanisms among which wage earning is one of major, however period required to manage through coping mechanism has decreased. Some 14.9 per cent clients even have to borrow around Rs. 1521 per year locally to buy food which was around 42.6 per cent before. The average amount of such borrowing has also reduced by 50 per cent.

Income pattern

Income source structure has also changed. Previously, daily wage was covering 30 per cent earning whereas at present it is reduced to 12 per cent. 9 per cent of

earning from agriculture has increased to 14 per cent making them less dependent on wage earning. Similarly, 25 per cent earning that comes from selling of livestock products has increased to 40 per cent. Small scale business has become another important source of income after joining the micro-finance program, prior joining the program it was just 6 per cent but after joining it has increased to 30 per cent. Microfinance services have contributed towards generating own income from small scale business, agriculture and livestock holding thereby reducing the burden of daily labor.

Expenditure Pattern

Expenditure done on acquiring basic food has been decreased by 15 per cent from 60 to 45 and expenditure on purchasing of nutritious food such as meat, milk, fruits and fresh vegetables is increased by around 5 per cent from 5 per cent to 10 percent. Likewise, expenditure proportion on children's education, investment and savings, and other unidentified areas has increased.

The reduction on expenditure on client's, her husband's, and children's health might represent relatively better health position of the client's family members which perfectly coincides with the increment of expenditure on nutritious food.

Loan Borrowing, Repayment and Employment Generation

Loans are obtained mainly for: (i) small business (ii) vegetable farming and (iii) animal husbandry. The survey has revealed that this program has created employment for 1.5 persons in an average. Further discussion with the women clients revealed that they themselves and their husbands are involved in the business, enterprises and cultivation related to their investment done from the borrowed fund. In some cases where women have invested for business has created employment for four persons of the family.

Vulnerability

The survey has revealed that the vulnerability of sample women has reduced once they joined the microfinance program and started income generating activities. Cost of illness and rituals were the major causes of making 41 per cent clients vulnerable which has reduced to only 26 per cent clients.

Likewise, 20 per cent clients saying unforeseen cost of school admission as making them vulnerable has also reduced to only 7 per cent clients and 13 per cent clients found identified drought and heavy rain as making them vulnerable has also reduced to only 4 per cent clients.

In total, 59 per cent have found them vulnerable because of any one of the causes before joining the program which has reduced to 43 per cent clients. 16 per cent clients have crossed the vulnerability level once they participated in the microfinance program.

Empowerment at Household Level

Sample clients are autonomous to make decisions related to obtaining membership of MFIs, and selecting purpose of loan to borrow. Decisions related to managing regular savings, arranging loan installments, volume of loan to borrow, spending borrowed cash, and finding coping mechanisms to repay the loan in time and the like are jointly done by clients and their husbands. Sample clients' husbands take the responsibilities of managing daily expenditure and involve in doing enterprises but at the same time keep cash received from sale of products and do the decisions related to deposit and withdrawal of optional savings solely.

Despite these, women expressed their increased level of awareness and confidence on many issues and increased participation and acknowledgement in the household level decision making process. Around 63 per cent sample clients expressed highly

improved child education situation and 60 per cent clients expressed the highly improved knowledge on child health therefore children's health situation are also improved.

Likewise, the microfinance program has highly improved the capacity of 56 - 58 per cent clients on household level procurement and selling. Remarkably, almost 95 per cent sample clients mentioned that the household level cooperation has increased and family level discrimination has been reduced.

Social Capital and Empowerment at External Affairs

Awareness on political and legal issues such as political ideology, voting rights, political parties, women rights, child rights are slightly improved to 62 per cent sample clients whereas 12 per cent sample clients find there has no improvement in those issues. Some 19 per cent clients in fact are unaware of such issues.

Participating sample clients have increased social capital. Almost all sample clients (96%) mentioned their increased participation on social and community level activities however with varied magnitude. Trust and mutual respect are also increased among 94 per cent sample clients. Exceptionally, around 29 per cent sample clients are not visiting any government and other developmental line agencies to put pressure and demand support services. For those, who mentioned it has happened is also at low magnitude.

Major Achievements Gained by MF Clients

Increased awareness and knowledge on education, health, sanitation, family harmony, enterprises handling; enhanced skills of financial transactions and trade; being more responsible and disciplined; realization of disadvantages of social evils and bad habits are some of the major achievements gained by sample clients.

Major Constraints Faced by MF Clients

Despite number of advantages, sample clients are facing many constraints since the microfinance program is a discipline based thus every activity has to be done with limited flexibility. Women are burdened with household as well as external works since participation on microfinance program does not excuse them from completing household works rather responsibility of loan related enterprises is added. Constraints face include the increased pressure to manage household finance, difficulty in managing time among home, children, enterprises and participation on community activities, and risk of need to repay others default loan are some of the constraints faced by sample women. Above all, the pressure of repayment is the major one.

Critical Issues

In addition to these difficulties, there are number of critical issues related to women focus microfinance. These include (i) there exists high probability of excluding bottom poor women because of not having resource base and social capital, (ii) the present microfinance program can put them into dept trap because of unhealthy competitions among the MFIs, and (iii) sample clients, even though they participate on microfinance program, are deprived from any business development and support services to strengthen their micro enterprises to come out of poverty.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter has summarized the research in general followed by conclusions of the study. Based on the findings and conclusion some recommendations are also put forwarded to be considered by DEPROSC Nepal in particular, and policy makers, academicians, researchers and microfinance practitioners in general.

5.1 Summary

Government of Nepal amongst others has envisaged that access to microfinance to women not only impact on socio-economic life of women but also empower them effectively thereby reducing the poverty therefore, has promoted it. MFIs are also expanding their services targeting to women with the same notion, however MFIs have a pressure of sustaining their program through the attainment of financial viability. Therefore, the interest of having good microfinance - better repayment - may have direct negative effect on socio economic empowerment of women. At the same time, the debate on microfinance whether it should be completely business oriented or it should carry some social responsibility of social development, capacity building, linkage and coordination also exist. Thus this thesis is conducted with the objectives of exploring consequences of such microfinance targeting to women through analyzing socio-economic empowerment and the critical issues prevailed.

In order to fulfill its broader objectives, it has three different objectives which have focused on economic impacts; thereafter women empowerment at household and external level; and the constraints and critical issues of such women focused microfinance for poverty reduction. It has considered the physical and financial assets, food security, borrowing and employment creation and vulnerability as

major indicators to analyze the economic impacts. To fulfill the objective of analyzing women empowerment, their participation and decision making at household level, awareness on health education, sanitation, financial transaction, family cooperation, discrimination, exposure, traveling, social capital and confidence are analyzed. Observations and perceptions are analyzed for tracing out the constraints and critical issues.

The study based on comparative analysis is done with 10 per cent sample 90 clients) of DEPROSC Nepal's - a FINGO - coverage in Khokana VDC of Lalitpur district. Data required is collected from the field survey with randomly selected samples. Individual interview of samples using semi structured questionnaire and focus group discussion are done. Individual interview of concern stakeholders, academicians and DEPROSC Nepal executives are also done. Simple statistical tools such as percentage, mean, frequency counting are done for quantitative data where as observation, interpretation and perception analysis is done for qualitative information.

Data received are presented in tabular form, bar diagram and pie charts comparing pre and post situation. Magnitude of empowerment on qualitative information is presented on a categorical basis - no impact, low, high, very high impact. General observations and perceptions are interpreted and summarized in boxes and paragraphs.

However, the research done within a very short period taking samples from only one VDC of one district using limited methods and approaches might not represent the whole microfinance industry of the country; its findings could be useful not only to DEPROSC Nepal and the participating clients but also to the policy makers, decision makers, academicians and other microfinance practitioners.

5.2 Conclusion

Access to microfinance services offered by DEPROSC Nepal has positive impacts on the life of surveyed sample women in Khokana VDC of Lalitpur district. Positive social impacts are observed in their livelihood structure and have empowered women in many ways such as awareness and knowledge on basic issues such as importance of educating children, child health and hygiene, importance of money management, their role in household economy etc. Satisfactory economic impacts are not observed in assets creation and self employment creation but the microfinance services provided have helped them to improve their better livelihood structure like: enhanced food security; improved health, sanitation and nutrition status; and reduction on vulnerability of drought, heavy rain, illness and cost of social rituals (feast and festivals).

The program has made participating client women more disciplined and conscious on time management. Further, awareness on enterprises handling, trading and local economic scenario has upgraded. Their social interaction and community level, harmony, mutual cooperation are magnificently increased, however at the same time the treat of having social conflict has raised because of group liability to repay loan. Domestic level violence and discrimination has also been reduced and their role on household level economic activities and participation on decision making process has been acknowledged.

Despite these all, women are also facing problems created through participation on microfinance program like increased responsibility to look after household as well as external affairs therefore, difficulty in time management. Even some respondents mentioned they do not find time to go to their birth home (*Maiti*) because of rigid and time bound participation on microfinance centers and the responsibility to mobilize the loan fund properly. Sample women are not

empowered to that level that they can unite and put pressure to the government line agencies and other developmental organization to demand services.

On top of these, sample clients are very much cautious in maintaining their social dignity by repaying the loan installment in time thus felt most pressured; however it has been said that their husbands are also taking responsibility. Probably, this is one of the main reasons that microfinance is focused towards women. Sample clients even have to adopt some coping mechanisms sometimes - borrowing from more than one places - to repay the loan in time which has enlarged the threat of putting them into a debt trap. However, good repayment can not be rationalized only with discipline and pressure but also with better return from their investment which has been proven from the analysis.

Besides, the notion of microfinance services to women is to capacitate them historically. For which, availability of support services: input supply, infrastructure development, market and friendly legal environment become integral part which are not adequately addressed. Moreover, the loans are mostly invested on small scale business, medium and small livestock and some how in agriculture (in growing seasonal vegetable) ,since participating women are not capacitated with upgraded skills and knowledge for market oriented value addition in micro enterprises.

Despite of having number of areas to improve and strengthen, microfinance services targeted to women clients have open up lots of avenues of empowering them. The significant social impacts, increased awareness, confidence and living in a more dignified life itself and somehow the improvement in economic level are remarkable achievements in the field of poverty reduction and women empowerment thus can not viewed only with the strategy of successful microfinance. In addition of providing loan and other financial facilities to women

they should also be given training to develop their skill and knowledge in micro enterprises so that they can do better to sustain economically.

5.3 Recommendation

Based on the analysis, findings and conclusions, the following recommendations are done at three different levels.

-) Microfinance methodology of DEPROSC Nepal is highly welcomed by clients except the rigidity of time. Therefore, microfinance methodology should be revised in such a way that women client's time involvement in the process should be reduced.
-) Social impacts of microfinance services targeted to women is significant thus should further be encouraged. But still there is not satisfactory economic impact in the clients regarding assets creation so there should be the provision of counseling and in case of need skill related training or program can be given to make them able to start a small and medium scale of enterprises.
-) There has been tremendous pressure on women regarding the repayment of loan so it has to be shared among the family members of the microfinance clients. The microfinance service delivery methodology should be designed in such a way that husband's also feel equally accountable and responsible in repaying the loan installment.
-) DEPROSC Nepal has provided very limited skills transformation and capacity building activities to sample clients which are not sufficient thus government line agencies, other development agencies should focus on such technical capacity building activities.
-) Microfinance clients are very much empowered on the basic issues and have also increased their access to financial services but unfortunately, mostly the control of such financial services are with their male counterpart thus, microfinance client's family need to be sensitized for strategic gender needs.

-) Business development services and support services available to microfinance clients are virtually not in existence thus arrangement has to be done for such services particularly in the area where private sector is reluctant.
-) Microfinance institutions including DEPROSC Nepal should develop other products and working methodology to bring the excluded ones into the orbit of microfinance services. The role of government seems important in issuing policy measures - preferably the incentive based - so that such excluded could be covered.
-) The implemented microfinance program should be evaluated and monitored timely so that the effective strategy can be followed in right time to make the program effective. Every MFIs should keep in mind that only providing small scale loan and serving their financial problem is actually not the motto of microfinance program, so all the MFIs should try to empower their clients socio-economically by showing them the correct way either by training or counseling and of course helping financially.

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ANNEX-I

Thesis Questionnaire

Socio-Economic Empowerment of Microfinance on Women

१. सदस्यको नाम:

२. सदस्यता प्राप्त मिति:

३. Demographic Information:

विवरण	संख्या
जम्मा परिवार संख्या	
बच्चा	
छोरा	
छोरी	

सम्पत्तिको किसिम	एकाई	DEPROSC मा समावेस हुनु अगाडी	समावेस पछाडी	कैफियत
जग्गा/जमिन	रोपनी			
भैसी/गाई	संख्या			
सुँगुर/बाख्रा	संख्या			
हाँस/कुखुरा	संख्या			
नयाँ घर	छ/छैन			

घर मर्मत	छ/छैन			
छाना परिवर्तन	छ/छैन			
टि.भि	छ/छैन			
शौचालय निर्माण	छ/छैन			
इनार	छ/छैन			
अन्य लगानी	छ/छैन (काँहा र के मा)			

४. सम्पति विवरण:

६. खाद्यान्न विवरण :

खाद्यान्न विवरण	एकाई	म्हण्डकमा मा आउनु पहिले	अहिले	कैफियत
आफ्नो उत्पादनले कति महिना खाना पुग्छ	महिना			
बाँक महिना कसरी व्यवस्था गर्नुहुन्छ	कामको प्रकार			
खाद्यान्न किन्न अरु बाट सापटी लिनुहुन्छ	रु.			

७. जीविको पार्जनको श्रोत :

आम्दानीको श्रोत	एकाई	म्हण्डकमा मा आउनु पहिले	अहिले	कैफियत
आफ्नै कृषि उत्पादन बाट	कूल आम्दानीको कति प्रतिशत			
घरपालुवा (दुध, मासु, इत्यादी)	कूल आम्दानीको कति प्रतिशत			
दैनिक ज्याला	कूल आम्दानीको कति प्रतिशत			
मौसमी बसाँई सराई (काठमाण्डौ, इन्डिया)	कूल आम्दानीको कति प्रतिशत			
अन्य	कूल आम्दानीको कति प्रतिशत			
जम्मा		१००५	१००५	

८. खर्च विवरण:

खर्च शिर्षक	एकाई	DEPROSC मा आउनु पहिले	अहिले	कैफियत
अत्यावश्यक खाद्यान्न	कूल खर्चको कति प्रतिशत			
पौष्टिक खाद्यान्न (दुध, मासु, फलफुल)	कूल खर्चको कति प्रतिशत			
स्वास्थ्यमा	कूल खर्चको कति प्रतिशत			
बच्चाको शिक्षामा	कूल खर्चको कति प्रतिशत			
मनोरन्जन	कूल खर्चको कति प्रतिशत			
तिर्थ वर्तमा	कूल खर्चको कति प्रतिशत			
अन्य सम्पत्तिमा बचत तथा लगानी	कूल खर्चको कति प्रतिशत			
अन्य.....	कूल खर्चको कति प्रतिशत			
कुल		१००५	१००५	

१०. बचत र ऋण:

विवरण	रकम/संख्या/उद्देश्य	कैफयत
तपाईंको बचत कति हो ?		
ऋहिले सम्म कति ऋण लिनु भएको छ ?		
के का लागि ?		
यस ऋण परियोजनामा कति परिवार सदस्य संलग्न हुनुहुन्छ ?		

११. तपाईं एकलै DEPROSC मा आवद्ध हुदा के के फाईदा बेफाईदा पाउनु भयो ?

विवरण	बुदामा लेख्नुहोस
फाईदा	
बेफाईदा	

१२. DEPROSC मा आवद्ध भएपछि तलका मुद्दामा तपाईंको अवस्थामा परिवर्तन वा सुधार भएको छ?

मुद्दा	केही हदसम्म	पूर्ण रुपमा	अहिले सम्म छैन	थहा छैन
बाहिरी भ्रमणमा				
बस्तु किन्न				
बस्तु बेचन				
घरयासी कार्यमा निर्णय				
घरयासी दबाबमा (Domination) स्वतन्त्रता				
राजनितिक तथा कानूनी सचेतता				
पैसा तथा नाफा निर्माण				
पारिवारिक सहयोग				
अन्य ब्यक्तिसग सम्बन्ध				
साथीहरु र समुदायमा विश्वास				
सरकारी तथा अन्य निकायमा सोधपुछ तथा माग गर्न				

१३. धेरै यस्ता लघुवित्त संस्थाहरुले गर्दा केही असजिलो भएको छ ?

(क) छ (ख) छैन

यदि छ भने, के कस्ता समस्या भएका छन?

➤

➤

➤

➤ सर्वेक्षण मिति *March 8 2010*

धन्यवाद ।