

**Role of Micro-finance in Poverty Reduction Through
Women Empowerment:
A Case Study of Micro Finance Program in Basdole VDC of Kavre
District, Nepal**

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Tribhuvan University,
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Recommendation Letter

The thesis entitled **Role Of Micro Finance In Poverty Reduction Through Women Empowerment: A Case Study Of Micro Finance Program In Basdole VDC Of Kavre District, Nepal** has been prepared by **Ms.Sujita Shrestha** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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Approval Letter

The thesis entitled **Role Of Micro Finance In Poverty Reduction Through Women Empowerment: A Case Study Of Micro Finance Program In Basdole VDC Of Kavre District, Nepal** submitted by **Ms.SujitaShrestha** in partial fulfillment of the requirements for the Master's Degree (MA) in Rural Development has been approved by the evaluation committee.

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Declaration

I hereby declare that the thesis entitled **Role Of Micro Finance In Poverty Reduction Through Women Empowerment: A Case Study Of Micro Finance Program In Basdole VDC Of Kavre District, Nepal** submitted to the Central Department of Rural Development, Tribhuvan University, is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of preparing this thesis. The results of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any form before.

Ms.SujitaShrestha

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This study on **Role Of Micro Finance In Poverty Reduction Through Women Empowerment: A Case Study Of Micro Finance Program In Basdole VDC Of Kavre District, Nepal** is undertaken as per partial requirement for fulfillment of Master Degree in Rural Development. During this study, I have received supports from number of persons and institutions. I would like to express my sincere gratitude and thanks to all of them, who directly and indirectly assisted me to complete this study. My sincere thanks go to my supervisor Prof. Dr. Chandra Lal Shrestha for his time, effort and expertise from the beginning till the end of this report.

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Sujita Shrestha

Abstract

Micro-finance refers to the extension of small amount of credit and saving services to unemployed or low income individuals or groups who do not have access to formal financial institutions to help them engage in sustainable income generating activities. The focus of the study is SwarojgarLaghubittaBikas Bank Ltd. (SLBB) with head office at Banepa-10 Kavrepalanchowk. It is a woman participating micro-finance institutions with the main goal of generation of income and employment opportunities for women.

This study is an evaluation of the impact of SLBB microfinance on women in Kavre district. It has focused primarily on women and analyzed the role of SLBB on the empowerment of women. The objective of the study is to examine the impact of SLBB on living standard and self-employment opportunities in Kavre district. It also focuses on how access to SLBB helps to improve status of women , influence the member to save, helps in creation or expansion of business, how it helps to distribute loan and its repayment policy , generate income and empower women.

For the purpose of the study, a survey was conducted among the people who are the member of SLBB. It was undertaken in the rural area of Kavre district and the area covered was Basdole. The sample size was 45. The overall study shows that the women involvement in SLBB micro-finance program has made positive impact on their living standard and consumption pattern. It has improved the income level of the poor women by providing self-employment opportunities through micro-credit facilities. Loan is disbursed in different sectors such as agriculture, retail business and cattle farming which has helped in the generation of employment and was economically profitable.

Primary data is the first hand data collection method, primary data were collected from the sample beneficiaries of SLBB through different data collection technique. It was collected from the actual field using questionnaire, face to face interview and observation. The overall progress of the SLBB was being assessed with the help of secondary data which are collected from the annual reports, journals of microfinance, published and unpublished books, internet, various research studies and articles

This gave the conclusions a validity which would not have been obtained through the use of secondary data.

The respondents basically use loans for the improvement of their agricultural and cattle farming represented by 37.78% and 26.67% respectively for their livelihood. Out of 45 respondents, 40 responded that SLBB had helped them very much to raise their standard of living whereas 5 responded that it helped to some extent. Thus, out of 100%, approximately 90% had responded positively. The microfinance program has positive impact on respondents as traditional agriculture has declined by 28.8%. It is due to the modern technology and methods of farming, members have left their previous traditional occupation and started business which is economically profitable. SLBB microfinance has helped women to start or expand existing (86.67%) business. Similarly, the study shows that enrollment of children into the school was increased by 63%. Accessibility to the health services to the respondents was satisfactory to 46.66 percent respondents getting moderate health services and 44.44 percent respondents getting adequately.

Hence, SLBB microfinance has created jobs and thereby contributed to reduction in unemployment. Moreover, women have started economic activities which are economically profitable and according to their skills and interest. The savings of the sample respondents has also increased. The provision of small loans provided by SLBB helped women to start or expand their own business which has improved their earning capacity, living standard and socio-economic status. Hence, involvement in SLBB microfinance program has led to an increase in savings, income, investment and living standard.

Thus, this study has shown the positive changes in all the sectors considered.

ACRONYMS

ADB	:	Asian Development Bank
ADBL	:	Agricultural Development Bank Limited
FINGOs	:	Financial Intermediary Non-government Organizations
GDP	:	Gross Domestic Production
GBBs	:	GrameenBikas Banks
MFIS	:	Micro finance Institutions
NGOs	:	Non-Governmental Organizations
NHGs	:	Neighbourhood Groups
NIDC	:	Nepal Industrial Development Corporation
NRB	:	Nepal Rastra Bank
NUBL	:	NirdhanUtthan Bank Ltd
PMS	:	Putalibazaar Municipality Syangja
RMDC	:	Rural Micro-Finance Development
RMFDB	:	Rural Micro- Finance Development Banks
SFCL	:	Small Farmers Cooperatives Ltd
SFDP	:	Small Farmers Development Programs
SHGs	:	Self-Help Groups
SLBB	:	SwarojgarLaghubittaBikas Bank ltd
UNIFEM	:	United Nations Development Fund for Women
VDC	:	Village Development Committee/s

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CHAPTER I

INTRODUCTION

1.1 Focus of study

Nepal is one of the least developed countries in the world having US\$ 730 GNI per capita income (ADB,2014). The Nepalese economy is predominantly an agricultural economy. Around 80 percent of the population lives in the rural areas of the country engaging in the agriculture sector. The average GDP growth rate of the agricultural sector is 3.0 percent (ADB,2015). Although more than 80% of the population is involved in agricultural sector, the growth rate is comparatively low. At the declaration of Microfinance Summit Nepal 2010, the average number of the poor people has come around 25 percent. But it could not be distinguished as the real aspect of the poverty reduction; it might also be the result of the income gap between the rich and poor people in Nepal.

Poverty is a complex and multidimensional phenomenon. It is widespread and pervasive. Income poverty is considered as deprivation, low education, fragile health including reproductive health, low nutrition and unemployment, and weak social and political participation. These are supplementary elements of the deprivation of capability and empowerment (Sen, 1999). A study argued that the measurement and the examination of the characteristic causes of poverty at household levels is an important input into the design of economic policy and poverty reduction (Sahn and Stifel, 2003). Poverty has become now an international agenda, and the world leaders have committed to social development in order to address the problems of poverty in twenty first century. Recently continuous efforts were made for reducing the large proportions of people living in extreme poverty.

Micro finance has emerged as a major hope for the millions of rural/urban poor for dealing with 'poverty and dignity'. Poverty is a multi-sectoral problem and does not fit into any one of the sector. Hence, an innovative approach is the need of the hour rather than the sectoral approach in addressing the poverty. United Nations has set Millennium Development Goals in 2000 and one of the goals is to halve the proportion of people suffering from poverty and hunger by 2015 (Jeyeseelen, 2004). Under this context, the Micro finance is emerging as a poverty reduction and women empowerment tool.

Microfinance increases household income, which leads to food security, the building of assets, and an increased likelihood of educating children. Microfinance is also a means for self-empowerment. It enables the poor to make changes when they increase income, become business owners and reduce their vulnerability.

“Microcredit, or microfinance, is banking the un-bankable, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without”(Maanen, 2004). Microfinance has emerged as an effective poverty alleviation tool because it is based on the fundamental principle that human beings are motivated to do whatever it takes to make themselves as well as possible. (www.grameen-info.org/bank/).

So microfinance is a significant tool for women empowerment. The main goal of micro-credit is generation of income and employment opportunities for the rural people, especially women providing credit and mobilizing their savings. Its main target is women with low income in rural areas or below the poverty line. It plays an important role in improving their living standards, gain control over savings, credit, increase women self-confidence, self-reliance, improve family income and reduce domestic violence. It provides small amount of loan to poor women for self-employment project that generate income to care for themselves and their families which leads to the empowerment.

This study is an evaluation of the impact of SLBB microfinance on women in Kavre district. This study is of great significance as it enhances the economic status and meets the needs of rural poor, deprived and vulnerable women of a society. It focuses primarily on women. It analyzed the role of SLBB for the upliftment or empowerment of women and outlines the positive impact on income, savings and quality of life. It focuses on how access to SLBB microfinance creates self-employment opportunities and improve living standard of women in Kavre District. It also focuses on how it helps to improve socio-economy status of women, develop local level women’s financial condition, how it helps to save small amount of money and how it helps to distribute loan and its repayment policy, generate income and empower women.

1.2 Problem statement:

Micro-finance refers to a monetary lending system that provides people living in poverty with access to financial services not reached by the formal financial sector to help them engage in sustainable income-generating activities. It provides credit to poor women without collateral. It is based on the idea of social capital, mutual trust. Microfinance is an effective instrument for women empowerment. Microfinance empowers women by putting capital in their hands to earn an independent income, which can be a seed to build their economic foundation and empowerment.

Nepal is a developing country with mass of population 25.2% (CBS, 2010) below the poverty line. The intensity of poverty has increased in rural areas especially among rural women. They are mostly unpaid family labors, involved in traditional household production activities. Women occupy low status jobs and paid less as compared to male counterparts for the same work. Most of the Nepalese women lack skills and experience, it is so because of illiteracy and lack of proper support. They lack access to financial services. So it is necessary to uplift their livelihood. So, microfinance is such an effective tool which will bring change in their life and empower them.

The term “Empowerment of women” is closely linked with micro-finance programs because many studies have shown that improving women’s income through microfinance has a substantial effect on their empowerment. Empowerment through micro-finance is identified and measured on various dimensions such as impact on decision making, on self-confidence of women and on their improved living standards.

It is generally believed that women are empowered when they gain access to financial services such as loan, savings, insurance and money transfer. It helps poor people to increase their income, create job, reduce external shocks, improve living conditions, smooth consumption flows, expand their asset base and reduce domestic violence. It provides women with loans to improve their existing economic activity or to start a new enterprise. It helps them in developing self-employment opportunities and income generating activities.

Kavre, a part of Bagmati, is one of the seventy five districts of Nepal. The district, with Dhulikhel, as its district headquarters covers an area of 1396 km square and has

population (2011) of 381,937. The women of Kavre District are mostly found to be illiterate. The main occupation of women living here is agriculture. Some problems related to women in this district are such as low level of education, limited scope to generate income and low status. They are less conscious to save money and financial mobilization. It is difficult for them to get high amount of loan without collateral or with less collateral. So, empowerment of women is necessary to uplift their living standard. Thus, micro-finance institution has emerged as one of the effective method of financial development. It is considered as an entry point or vehicles towards empowering women.

There are many micro-finance institutions in Kavre District. Among them one is “SwarojgarLaghubittaBikas Bank Ltd (SLBB) established in 2009. It mainly targets women and has the main goal of empowering women by providing financial and non-financial services. It is playing greater role to uplift the poor people livelihood. The main aim of SLBB is to help them engage in productive activities and improve their quality of life. It is generally believed that women have benefitted most from the microfinance program. It has the ability to improve the lives of the poor in many ways like it help women to gain income security, autonomy in decision making, create occupation , assets and even savings which reduces women poverty and empower them. Women who have increased their income are automatically empowered which leads to improvement in their living standard and ability to respond to crisis. Therefore, this research will attempt to find out the impact of SLBB on women empowerment on Kavre District and focus on various aspects like:

- Does access to SLBB improve living standards and create self-employment opportunities?
- Does access to SLBB helps to start or expand their business?
- Does access to SLBB resulted in improved women status?
- Does access to SLBB helps to improve income and savings?

1.3 Objectives of the Study

Poverty is not only the issue of least developed countries. It is a global issue where huge amount of investment is poured for reduction of poverty. Microfinance is one of the program designs to hunt the poverty through generating economic opportunities in the local level. Microfinance supports the poor women and deprived indigenously backward groups to generate income. It provides micro saving, small credit, insurance and transfer services including various capabilities building programs (Skill development training).

General Objective:

To study the role of micro-finance program on economic status of women of Basdole VDC of Kavre district.

Specific Objectives:

- To identify priority areas at which women have used the credit received from their micro-finance program.
- To analyze the impact of microfinance on income generation of rural women.
- To analyze the change in socio-economic and education status of the rural people especially women before and after participating in programs of co-operative.

1.4 Importance of the Study

This is a study of community about the use of organized micro finance services provided by SwarajgarLaghubittaBikas Bank ltd (SLBB) and its impacts on economic, women' priority areas of loan and income investments well as, problems faced by women member in Basdole VDC of Kavre district. Recent policies of the government are to promote micro-credit program, especially women's engagement and their empowerment through enhancing economic resources and skill based trading. Women empowerment and inclusion are also given priority in policy making process. Women to be empowered, they should have access and control over cash income. Through micro-credit program, women can have cash in their hand and opportunity to invest both in private and public. Women's involvement in this sector is one of the most important options that have both challenges and opportunities to undertake this profession for economic and social empowerment of women. The study would be more helpful to understand problems and capacity of women as well as policies of micro-financing. The study will describe the process, obstacles and areas of investment so that policy maker may think to make practical policy related to rural women.

The study has significance because it aims to identify the problem causing hindrance in the development of the women and to demonstrate the success of cases in SLBB program in Basdole VDC. This study focused on how women developed social prestige, self-confidence and feeling of equality right of male andfemale eradicating the existing backwardness, illiteracy and superstition. The myth of income generating activities has really helped to uplift the socio-economic life of women and their living standard or more problems they faced because microcredit of the Basdole VDC. Therefore this study explored unintended consequences of microcredit so it has multiple significances.

1.5 Limitations of the study:

The limitations of the study are as follows:

- The study evaluates the impact of microfinance within the territory of kavre district. so it may not represent the actual scenario of the whole country
- The study is confined within the beneficiaries group or women involved in microenterprise program

- This study is only a case study of “SWAROJGAR LAGHUBITTA BIKAS BANK LTD”, so it is not applicable to all types of banks.

1.6 Organization of the Study

Chapter I give the brief introduction about microfinance and its development. It also highlights the sources of microfinance, historical development of microfinance in Nepal, institutional development and outreach growth, statement of the problem, objective of the study, significance of the study and the limitation of the study.

Chapter II deals with the reviewing of relevant literature. It includes available literature to understand the nature, sources, trends, implications as well as research findings regarding microfinance and women empowerment.

Chapter III explains about research methodology. It gives information about research design, study area selection, sampling procedure, method of data collection, data collection, data collection tools and techniques.

Chapter IV present and describes about the general findings of study and impacts of microfinance in the clients of microfinance program. It highlights impact of microfinance program on education, sanitation and hygiene, assets and livelihood, improvement in income through microfinance, expansion of the business and improvement of livelihood.

Chapter V concludes the theme of the thesis through key findings and conclusions of the study. It highlights major findings, conclusions, lesson learnt, policy highlights and further research.

Finally, there are references which I referred while carrying out my entire research work. It also includes questionnaire used to generate data for entire research work.

CHAPTER II

REVIEW OF LITERATURE

A literature review is an account of what has been published on a topic by accredited scholars and researchers. It identifies what is already known about an area of study. It mainly uses secondary sources. This chapter is divided into two parts. The first part is conceptual framework which examines the available literature to understand the nature, sources, trends and implication of the microfinance operation in Nepal. The second part examines available research findings regarding microfinance operation and their impact in the lives of people.

2.1 Conceptual framework

Microfinance means extension of small amount of credit to small entrepreneurs particularly to poor to ease financial constraint in productivity, production and income raising activities. It is a source of financial services for entrepreneur and small business lacking access to banking and related services. Microfinance is banking that unbankables, bringing credit, saving and other essential financial services with the reach of millions of people who are too poor to be served by regular banks because they are unable to offer sufficient collateral. Thus microfinance is described as monetary lending system that provides people living in poverty with access to financial services to help them engage in sustainable income generating activities.

The term microfinance has two components namely “micro” and “finance”. The term “micro” refers to very small and finance is the art and science of managing money. It means providing a very small loan to very poor families so that they can involve in productive, income generating activities and grow their small business. The term “microfinance” has been defined differently by different organization. The Nepal Rastra Bank defines “microfinance” as financial services such as micro savings, microcredit, transfer payment services and micro insurance system provided to farmers and entrepreneur of low income group. The World Bank defines the term “microfinance” as the provision of financial services to low income clients including self-employed. The Asian Development Bank defines “microfinance” as the provision of a broad range of

financial services such as deposits, payment service, money transfer and insurance to poor and low income households and micro-enterprises.

The economic dimension of poverty is both a cause and consequence of financial vulnerability. People who are poor are vulnerable to experiencing more extreme forms of poverty as a result of unforeseen events, such as natural disasters, medical emergencies, and/or the unexpected death of the primary wage earner in the household. Facing financial disasters makes it even more difficult to get out of poverty, thus reducing financial vulnerability is a critical component of poverty-eradication efforts. Microfinance has the potential to provide protection from financial risk (Mosley & Rock, 2004), while offering other immediate and long-term benefits for individual borrowers and their families.

According to the World Bank, the term “microfinance refers to the provision of financial services to low income clients, including the self-employed”. Financial, generally include savings and credit; however, some microfinance organizations also provide insurance and payment services. In addition to financial intermediation, many MFIs provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group”. Thus the definition of MF often includes both financial intermediation and social intermediation. MF is not simply banking; it is a development tool (World Bank, 1997).

The salient features of microfinance are:

- Borrowers are from low income groups
- Loans under microfinance programs are very small
- Short duration loans
- Loans are offered without collaterals or security
- Loans are generally taken for income generation purposes
- Their payment period is generally very short
- Group appraisal and guarantee
- Microfinance target the rural and urban households with emphasis on women borrowers , provision of finance for creation of assets and their maintenance and bringing in greater quality of services

- Services are available at the door steps of the clients
- It is essential for promoting self-employment
- Microfinance is a tool for the empowerment of the poor women
- It is a continuous sequence because a new loan is available if its 1st loan is repaid
- All loans are to be paid back in installment (weekly , of bi-week)
- Simultaneously a borrower can receive more than one loan
- Transparency in operation
- Simple procedures for reviewing , processing and approving loan applications and delivering credit
- Chances of misutilization are rare and there is assured repayment
- Prompt repayment
- Meeting the financial services needs of poor and ultra-poor

There are mainly three types of sources of micro-finance. They are as follows:

- a) Formal institutions i.e. rural based cooperatives
- b) Semiformal institutions i.e. NGOS
- c) Informal institutions i.e. moneylenders

a) Formal sources of microfinance:

Formal source of microfinance refers to an organized, registered and regulated system of institution that provides microfinance services. It is regulated by the financial authorities of a country. It includes commercial banks, development banks, rural and microfinance development banks, finance companies that target the needs of poor and rural people. The formal financial institutions are subject not only to generated laws, but also to specific regulation and supervision by the Center Bank, Ministry of Finance. The advantage of formal sources are regulated status, public mobilization of savings, access to commercial funds, ensures better quality of services , potential to serve more people, focus on sustainability and offer greater loans. However, the drawbacks are profitability focus, less attention to social and environmental goals, more formal loan application and procedures are mostly collateral based. The sources are:

- Commercial banks: there are 17 commercial banks in Nepal and they have very small business micro-finance
- Development bank: there are 11 development bank including agricultural development banks of Nepal (ADB/N) and Nepal industrial development corporation (NIDC). Among these only ADB/N provides microfinance services to poor households.
- Rural micro-finance development banks (RMFDB): There are 11 rural micro-finance development banks. Others are Deprosc development bank, NirdhanUtthan Bank, Swabalamban Development Bank, Chimeki Development Bank and Small Farmer Development Bank. All these banks provide micro-finance services to the rural poor. These banks follow grameen banking model.

b) Semi-formal sector

Semi-formal sector is regulated by non-financing authorities. In the field of microfinance, there are variety of semi-formal financial organization which are unlicensed and generally un-supervised but may operate under certain general laws and regulations. These semi-formal institutions are often registered entities, but not usually subject to oversight by a banking or finance authority. The common semi-formal financial institutions are saving and credit co-operatives, financial NGOS, village banks and registered self-help group. The advantage of semi-formal sector are that it focus more on poorer markets, more socially and environmentally focus, tradition of operating on the basis of social-capital and with group. Moreover, it has the experience of providing non-financial support, wider outreach and mission of maximizing coverage of disadvantaged communities. The sources are:

a) Saving and credit co-operatives: There are 2800 saving and credit co-operatives spread all over the country. Its mission is to provide micro-finance services in the rural and remote areas of Nepal to make them financially independent.

b) Financial intermediary Non-Governmental Organizations: NGOS are neither government related nor profit oriented organization that provides financial services to specific group, mostly rural areas. There are 44 NGOS in Nepal recognized by and registered under Nepal Rastra bank. It provides credit access (both financial and non-financial) where the presence of both rural and commercial bank is inadequate. Some of

the important NGOS are NirdhanUtthanBank , Nepal rural development society center, Nepal rural development organization and TharuRazi women society.

c) Informal source of micro-finance

Informal source of microfinance provides micro-credit for poor and low income people. It refers to the economic activity that usually operates outside the border of regulators and often not subject to monitoring and supervision of government or agencies of government. It has contributed to the development of formal financial market. It is made up of organizations or persons engaged in financial services beyond the scope of banking and formal financial institutions. The lack of access to formal financial institutions has led to the emergence of informal system. The most informal sources of micro-finance are family, relatives, friends, landlords, community members, money lenders and traders. It is characterized in general by personal relationships and based on trust. It is neither licensed nor regulated by the financial regulators and their transaction hardly ever involves any legal documentation. Transactions are usually based on verbal and oral agreements. The advantage of informal financial sources for the poor are easy access to money, minimal or no paperwork, simple procedures, non-bureaucratic, quick processing of the loan, free of observation and regulation. Further, lenders in this sector have information on borrowers, which mitigates risk and minimizes default risk cause by adverse selection of borrowers. However, the negative aspects for the poor include high cost, poor quality or undependable availability. The other informal sources are saving and credit organizations, self-help group, dhukuti, guthi (trust) etc. Thus, informal microfinance services are not referred to as institutions, lack corporate identity , business license , formal agreements and are neither subject to special bank laws not to general commercial law and loans may be granted with or without collateral depending on the relationships , knowledge about the borrowers or amount involved.

Profile of SwarojgarLaghubittaBikas Bank Ltd. (SLBB)

SwarojgarLaghubittaBikas Bank Ltd (SLBB) was established in 2009 under the company act 2006 of Nepal. It means self-employment microfinance development bank. It has got license from the central bank of Nepal (Nepal Rastra Bank) in 2009 under the bank and financial institution act (BAFI) 2006 of Nepal. It is a “D” class financial institution and it is not permitted to collect public deposit. The microfinance has head office at Banepa -10,

Kavrepalanchowk. SLBB was registered as private sector promoted public limited company operation with paid up capital of Rs 15,700,000. It has rendered its services to the hilly areas of central Nepal. The SLBB microfinance has 10 branches (6 in Chitwan, 2 in Makwanpur, 2 in Kavre). Its working place is Banepa, Panauti, Narayanghat, Tandi, Parsa, Kholesimal, Gitanagar, Chanauki, Hetauda and Manari.

Currently it has 87 numbers of promoter shareholders and 1900 public shareholders. The board consists of 7 persons including promoter director, 2 public directors and 1 from central bank expert list.

SwarojgarLaghubittaBikas Bank Ltd believes in “micro financial business is not a pure business, it is a social business work, aims to uplift the income of the low income people and families. So it is not just a financing system but a tool for a social change. It has generally targeted women as clients. It helps to create self-employment and income opportunities, improve living standard and empower poor and marginalized women. It provides financial and non-financial services to low income and unemployed women. The bank was established with the vision of entrepreneurship development to clients.

Objectives:

Its specific objectives are:

- To provide simple and sound banking services to the poor.
- To serve clients with various types of financial and non-financial product and activities such as deposit, loan, remittance, business counseling etc.
- To collect different types of savings.
- To provide credit facilities with simple process.
- To provide various types of skill development trainings to clients
- To promote clients business with linkage development
- To promote self-employment business with high skill and labor and improve income level through micro credit facilities.
- To improve the socio-economic status of the poor especially women through financial services.

Strategies:

- If you are a member, saving is compulsory
- Microfinance services is for the target section of the society(preferably women as a client)

- Give priority to women , deprived , poor , underprivileged and low income group of the society
- Transparency in operation
- Simple procedure of lending
- Services are available at the door steps of the clients
- Repayment of micro-credit on installment basis
- Small loans are offered on group appraisal and guarantee but larger loans requires physical collateral or security
- Provides financial and non-financial services to low income and unemployed women.

Core values:

- Poor people are honest, bankable and creditworthy
- Access to microfinance services is a fundamental human right
- Microloan and saving services should go hand in hand
- Saving is an integral part and for future financial sustainability
- Women are the effective channel of microfinance operation
- Provides microfinance services without any discrimination
- Run smoothly through client co-operation , mutual trust and support
- It leads to socio-economic development
- It is a mix of financial and social intermediation
- It has created significant income and employment opportunities which helps to reduce poverty especially of women and creates peace and prosperity.

Women empowerment:

The World Bank defines “empowerment” as the process of increasing the capacity of individuals, groups to make choices and transform those choices into desired actions and outcomes. It is multi-dimensional and refers to the expansion of freedom of choice and action in all spheres i.e. economic, political, social, cultural, personal and familial to shape one’s life. It is the process of internal change and to the capacity and right to make decisions about one’s life. It consists of change, choice, and power and helps people gain control over their own lives and in their society by action on issues that they consider important. The concept of “empowerment” rests on awareness raising, capacity building

and organizing people in order to overcome unequal relationship and increase women decision making power at the household, community and national level. The Nepal human development report views empowerment as a process and also as the result of the process whereby the powerless or less powerful members of society and the women gain greater access and control over material and intellectual resources and challenge the ideologies of discrimination and subordination , which justify this unequal discrimination.

Empowerment does not mean setting women against men. Indeed it means making both men and women realize their changing roles and status and develop a consensus for harmonious living in the context of an egalitarian society. It means redistribution of work role, redistributing their values to the changing world and attitudes and evolving new kinds of adjustments, understanding and trust with each other. Empowerment of women is a new ideology for carrying democratic values into the family and society (Ambarao, 2005).

According to Kabeer (1999), empowerment is about the ability to make strategic life choices, and constitutes three dimensions: resources (defined broadly to include not only access, but also future claims to material, human and social resources); agency (including processes of decision-making and less-measurable manifestations of agency such as negotiation, deception and manipulation); and achievements (well-being outcomes).

According to UNIFEM (2000), women's empowerment consists of "gaining the ability to generate choices and exercise bargaining power ... developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life."

One major point of debate with regard to empowerment is its measurement. Measurement becomes important because of its policy significance. According to Malhotra et al., (2002), although empowerment has been identified as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment.

Microfinance and women empowerment:

Microfinance is the extension of small loans to entrepreneurs, too poor to qualify for traditional bank loans. It has emerged as a major hope for the millions of rural/urban poor

for dealing with poverty. It shares the concept that low income individuals are capable of lifting themselves out of poverty if given access to financial services. The goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. By taking advantage of income generating activities through micro lending, disadvantaged households can improve their living condition, provides better education to the next generation, improve household nutrition and provides economic cushion to protect families from those unexpected economic setbacks in life. Empowerment through microfinance is identified and measured in various dimensions such as impact on decision making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence. The main aim of microfinance is to empower women. Their common purpose is to extend the outreach of banking services especially business credit to those who do not qualify for normal bank loans. Women make up a large proportion of microfinance beneficiaries. It provides them with financial backing they need to start business ventures and actively participate in the economy. It gives them confidence , improves their status and makes them more active in decision making , encouraging gender equality , gain control over assets and subsequently acquire self-esteem , knowledge and power. It helps them to create assets and even savings which reduce poverty and empower especially women. It is one of the powerful tools of women empowerment. It helps low income women reduce the personal risk of going default, improve management capabilities, raise productivity, obtain higher return on investment, increase their income and improve the quality of their lives and those of their dependents such as children and their family members.

The few studies that have extended beyond the scope of financial conceptualizations of empowerment (De Mel, et al., 2009) have had contradictory findings. It has been found that microfinance programs are beneficial to women, with positive correlations between participation and empowerment (Holvoet, 2005). It has also been found that there is a negative impact of microfinance programs on women, and that they may even be disempowering (Kim et al., 2007).

Microfinance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of ‘virtuous spirals’ of economic empowerment, increased well-being and social and political empowerment for women themselves,

thereby addressing goals of gender equality and empowerment (Mayoux and Hartl 2009). Empowerment through microfinance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights (Cheston and Kuhn, 2002).

Although it is difficult to measure the exact impact of access to microcredit on different dimensions – such as impact on decision-making and on self-confidence – studies have shown that MFIs indeed have a positive effect on each of these different dimensions of women's empowerment.

Trends of microfinance in Nepal:

Microfinance is growing for several reasons:

- Microfinance has the purpose of reaching the poor, ultra poor and resource less people. It provides easy access to credit facilities, support income generation activities, creates self-employment which reduces poverty, dependency and vulnerability in long run.
- It has the promise of financial sustainability in long run as it makes financially self-sufficient
- Microfinance has been on rise as most commercial bank do not serve poor people due to lack of collateral, high risks, high cost involved in small transaction. They are not considered to be credit worthy .so poor people rely on microfinance as the process of extending loan is simple, without any complicated lengthy procedures and collateral.
- The main aim of micro-finance is to empower women. It supports women participation, promoted gender equality, reduces domestic violence, helps to start their own initiatives, build assets for their economic security, improve standard of living and re-orient themselves and their families.
- Effective delivery of microfinance services to urban and rural poor and good outreach in terms of number of clients served or reached.
- Micro-finance has proved that poor especially poor women are credit worthy client. They can save and have high repayment rates and their success benefits whole family

- Microfinance services have strengthened the social and human capital of the poor, particularly women at the household, enterprise and community level.

Principles of microfinance

There are three major principles of microfinance which are:

- Buying of money means collection of domestic savings.
- Selling of money means investment of the collected domestic financial resources.
- Earning of money means receiving the interest and other income from the borrowers and others.

The key principles of microfinance are:

- The poor need a variety of financial services like savings, cash transfers and insurance, not just loans
- Microfinance is a powerful instrument against poverty as it enables the poor to build assets, reduce vulnerability, dependency, increase income and improve living condition
- Microfinance means building the financial system that serves the poor.
- Financial sustainability is necessary to reach significant numbers of poor people as it reduces transaction costs, offer better products and services that meet the needs of the clients and finding new ways to reach the unbanked poor.
- Microcredit is not always the answer
- Interest rate ceilings can damage poor people's access to financial services
- Microfinance is a specialized field that combines banking with social goals.
- Transparency in financial and outreach matters is important

Role of Different Models in Women Microfinance:

According to the Bashyal (2008), following models are effective in saving, credit and investment mobilization of women as well as rural people.

a)Grameen Bank Model:

Grameen bank was founded by professor Mohammad Yunus in Bangladesh. It provides credit to poor women to acquire assets for self-employment. It is a government owned bank which provides microfinance services to rural poor women under guarantee without collateral. It always gives priority to the poor, rootless, landless deprived as well as vulnerable people. The target client is poor rural women involved in economic activity

and provides financial services such as savings, credit and micro-insurance and non-financial services such as social mobilization, seminars group meetings and trainings. It is based on the idea of social capital, mutual trust accountability, participation and creativity. Grameen bank has removed conventional banking system by removing collateral requirements. The main objectives are to provide financial services to fight against poverty and empower women. The Grameen bank is based on the voluntary formation of small groups of five people to provide mutual, morally binding group guarantees as collateral requirement. So Group members are jointly responsible for the repayment of each other's loan. The entire group will be disqualified and will not be eligible for further loans even if one member of the group becomes a defaulter. Attendance at weekly meetings is compulsory and every week at the group meetings, all members must contribute to the saving fund. Yunus established the Grameen bank with the following five objectives

- Extend banking facilities to the poor people mainly women
- Eliminate the exploitation of the poor by moneylenders
- Create opportunities for self-employment
- Bring the disadvantaged, traditionally the women from the poorest households, within the fold of an organizational format, which leads to their empowerment
- Reverse the age-old vicious circle of “low income”, “low savings”, low investment “into a virtuous circle of “low income”, injection of credit, investment, more income, more savings, more investment, and more income.

It essentially adopts the following methodology:

A group of five prospective borrowers are formed in the initial stage; all the five people will not be qualified for the credit process. Only two of them are eligible for and receive a loan. The group is observed to see if the members are following the rules and regulation of the bank. Only if the first borrower repays the principal plus interest within the prescribed time period, other members of the group become eligible for loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the bank serves as collateral on the loan.

b) Village Banking Model:

Village banking model can be described as an informal bank for non-collateral loans to members in community and community will be responsible in handling the credit directly

to individuals. It is a community- based credit and saving associations. They typically consist of 25 to 50 low income individuals predominantly female heads of households who are seeking to improve their lives through self-employment activities. Initial loan for the village bank may come from an external source, but the members themselves run the bank, choose their members, elect their own officers, establish their own bylaws, distribute loans to individuals, and collect payments and savings. Their loans are supported by moral collateral i.e. the promise that the group stands behind each individual loan. Village bank are owned and run by the members and offers saving and credit services to the village residents. With the help of village bank, poor people can save and obtain loans on their own terms and conditions without leaving their villages. The village banking model is over dependent on external funding. In most village banks, each member can decide how much he/she wants to deposit and save different amount each month according to his/her financial condition. In addition to this, members can also withdraw savings on set days each month if needed, the way saving interest is calculated encourages them to keep their savings in the village bank. Most village banks use the savings as loan funds to issue loans to village bank members. Those who receive these loans pay interest on them, which increases the village banks income. Some village bank may choose to put the collective savings in a formal bank. When the savings are deposited in a formal bank, interest is paid on them and this goes back into the village banks fund. Village bank helps to empower women as involvement in the village bank helps to increase women's self-confidence, sense of responsibility and social status in the community. The saving and loan facilities provided by bank means that women have better access to and control over financial resources which helps to uplift them. Thus, the village bank is the oldest model of micro-financing established to provide access to financial services in rural areas, build a community self-help group, help member accumulate savings, become independent, self-reliant and serve the entire village.

c) Self Reliant Village Banking Model:

Self-reliant village banking model was developed in Africa, where population density is low, similar to hills of Nepal. Self-reliant village banks are established, managed by a rural village community. This model differs from village banks only on one ground that it meets the needs of village as a whole not just a group of 25 to 50 people.

d) Co-Operative Model:

A co-operative model is an autonomous association of persons united voluntarily to meet their common social and cultural needs and aspirations through jointly owned and democratically controlled enterprise. It provides microfinance services in the form of credit to individuals and groups with limited resources. Savings are the strong bases of co-operative model, which fulfills the needs of rural people. In Nepal, co-operative department was established in 1953. The true philosophy and principles of co-operatives is that it should be mutually owned, run, controlled and managed by them. Thus, this model is effective to empower and uplift the women by providing financial access.

e) Rural Credit Union Model:

Credit union is a co-operative financial institution owned and run by its members, who agree to save their money together and extend loans to each other at a reasonable rate of interest. Friedrich Wilhelm Raiffeisen founded the first rural credit union in the village of Heddesdory, in Germany. Rural credit union model plays an important role to encourage village women for their savings and credit activities and maintain standard of livelihood. It is a unique member driven, self-help financial institution. It is democratic, not for profit financial co-operatives which is owned and governed by its members. A credit union membership is open to all who belong to the entire group, regardless of race, religion, color or creed.

f) Individual and Peer Lending Model:

Individual lending model is a straight forward credit lending model where micro-loans are given directly to the borrower. It doesn't include the formation of groups, or generating peer pressure to ensure repayment. The individual lending are village money lenders, specialized development banks and commercial banks. Whereas peer lending model uses joint liability as a form of social collateral that replaces physical collateral, resources which the poor are usually unable to provide. Peer groups of five unrelated members are self-formed where group members guarantee each other's loans. Moreover no further loans are available if any one member doesn't repay the loan on time. Attendance at weekly meeting and savings is mandatory. This model of micro-financing is most commonly used by the banks. It has proven to be more effective in the long run as there are few loan defaulters as each member of the group is a guarantor of the other.

g) Formal and Informal Type:

There are different organized and legally operated microfinance institutions, which are based on legal rules and regulation are formal type. It is regulated by the financial authorities of the country. Most activities in the formal financial sector are commercial in nature, resulting in large loan size. The vast majority of loans are made to men, as women are not normally involved in large businesses. Formal sector financial institutions provide micro-finance services only through mandated government programs. It includes commercial banks, development banks, and finance companies.

But transaction with individual and which are not legally registered are informal type. Informal lenders in Nepal can be individual lenders such as landlords, merchants, farmer-lenders, goldsmith, friends and relatives. Informal lenders provide credit without procedural complexities and have flexibility regarding repayments and collateral which doesn't exist in the formal sector. It is made up of organizations or persons engaged in financial services beyond the scope of banking and formal financial institutions. It is based on relationship, personal trust. It remains outside the law, without corporate identity, business license. It offers easy and relatively quick disbursement of credit useful for emergencies and consumption with minimal procedural formalities and collateral requirements.

h) Associations:

In this "target community" form an association regarding political, religious or cultural issue through which microfinance activities is initiated. Such activities may include savings. Associations, the community based organizations are also informal systems:

a) Bank guarantees

b) Self-help group model

a) **Bank guarantees:** it is used to obtain loans from a commercial bank. Loan obtained may be given directly to an individual or they may be given to self-formed groups. It is a form of capital guarantee scheme and the guaranteed funds may be used for various purposes including loan recovery and insurance claims. This guarantee may be arranged externally through donor/donation, government agency and internally using member savings.

b) **Self-help group model:** self-help groups are the voluntary organizations, which disburse micro-credit to the members and facilitate them to enter into entrepreneurial

activities. Formation of self-help groups of women has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas. It is fast emerging as a promising tool for promoting income generating enterprises.

Role of different players in the field of microfinance in Nepal

The roles of other different players in the field of microfinance are as follows:

a) Role of government:

It is necessary to have a perspective plan on microfinance –the plan well integrated with the nation’s economic development perspective plan with the clear out objectives, targets, policies and strategies. The perspective plan considers expending outreach to the poor and providing quality services as the two most important elements of the overall microfinance policy, apart from strengthening micro-finance institutions.

b) Role of NRB:

Nepal Rastra Bank would have to regulate, monitor and supervise the operation of the RMDC and MFIS to make these competent, professional, result oriented microfinance organization. The role of NRB is to ensure that the MFIS operate autonomously in the professional manner.

c) Role of RMDC:

It is an apex institution that provides wholesale fund to these regulated organizations. It started with the objective of contributing “to improve socio-economic condition of the poor, their access to resources for productive undertaking and employment. It is the best performing microfinance institution and operated in all districts of Nepal. It is a “D” class financial institution which becomes operational since 2000. It was registered on 30th October 1998 under the company act 1996, as a public limited company with the mandate to operate as a wholesale lending organization within the framework of the “Development Bank Act, 1995. The primary objectives is to provide microfinance access through micro-finance institutions to rural poor households especially women, identify potential institutions across the country and assisting them to become qualify MFIS by providing intensive training and technical support, along with loan funds for on-lending to individual microfinance borrowers. It is the implementing agency for the rural micro-finance project funded through an ADB loan, provides support to MFIS for their institutional strengthening and capacity building.

2.2 Review of Related Studies:

Bashyal (2005) studied and evaluated the impact of microfinance program on poverty reduction in her Ph.D. dissertation entitled “Impact of Microcredit Programs on Poverty Alleviation in Nepal: A Case study of Rupandehi District”. She gave more emphasis on her study that women will not be empowered until and unless they get benefited both qualitatively and quantitatively with the promotion of gender equality. Overall objectives of the study were to evaluate the socio-economic impact and implications of microfinance on poverty alleviation through empowering women, and also evaluate the impact on natural resource management. The NirdhanUtthan Bank Limited (NUBL) situated in Rupendehi district, Bhairahawa, was selected for the purpose of case study. This study assumed that microfinance can reduce both income and human poverty over a period of time. If women are empowered economically and socially, they can increase their skill and confidence level to think of themselves as equal to men.

Simjoki (2003) analyzed the impact of micro-finance and opportunities to female micro-entrepreneurs in the informal sector in Nairobi, Kenya with the objective of clarifying how micro-entrepreneurs have benefited from credit and financial services. The study showed the inter-relationship among social and economic empowerment. Income generating activities were necessary for women. Control over credit and business has shown as an important indicator of empowerment. Related activities play an important role for the success of any microfinance program and their ability to contribute to women empowerment. Microfinance with neo-liberal priorities could help them for self-confidence and substantial tools to improve their lives. The most important part in effective microfinance is women’s participation and the strengthening of their sense of responsibility. The author suggests that an explicit policy of empowerment and related activities need microfinance programs for women empowerment. The government should promote various opportunities and fight against the exploitative features of the informal sector.

Thapa (2008) has done research on “impact of microfinance on women: A case study of Putalibazaar municipality Syangja under Grameenbikas bank. The general objective of the study is to access the impact of microfinance on women in Putalibazaar, MunicipalitySyangja. The other specific objectives are:

- a) To analyze saving and mobilization pattern of women

- b) To analyze the mode of loan and loan disbursement process
- c) To analyze the relationship between investment and income and in between loan disbursement and recovery.
- d) To assess the impact on the poorest of the poor women's financial condition

The study is limited with PMS (Putalibazaar Municipality Syangja). The sample is selected from a group of women. Only 101 women have been selected as sample for the study. The data were collected from primary and secondary sources. Primary data were collected from actual field using questionnaire, personal interview and field observation method. Secondary data were collected from the reports of GBB (GrameenBikas Bank), journals of microfinance, published books, unpublished books, thesis, newspapers and other related published journals and articles.

From the study, he found and concluded that program has made positive impact on the women living standard by generating employment and increasing productivity as well as empowering them and making them self-sufficient member of the society. The highest amount of saving is in group saving and the lowest amount is in individual saving. The main sector of saving by women are agriculture, buffalo keeping, goat keeping , retail business ,poultry farming etc. repayment of loan on time is in increasing trend. The increasing loan disbursement rate shows that women are interested to take loan and invest that money to earn more. Majority of women's income is increasing. Most of the sampled women are under farmers' category and the major sources of income of women are agriculture. The status of loan investment and income of women is found satisfactory. Thus, the study shows loan investment and income of women is found satisfactory. And it has raised the socio-economic status women and has uplifted them from the vulnerable status to the prestigious entrepreneurs.

Shrestha (2010) analyzed the Microfinance and social Mobilization in the context of ADBL (Agricultural Development Bank, Nepal) in promoting SFCLs (Small Farmers Cooperative Limited) in his book entitled "Financial Performance of Small Farmers Cooperative Limited in Nepal." Considering the positive outcome of SFDP in terms of targeting the poor for their overall well-being, expansion of the program was highly demanded in rural Nepal to deliver services to the poor and disadvantaged groups. Social mobilization is also equally required in order to improve and maintain the better financial performances of SFCLs.

Poudyal (2005) conducted research entitled “microfinance and its impact on economic upliftment of women in Baluwa VDC of Kathmandu district. The objective of the study is:

- a) To evaluate the impact of micro-finance on the economic upliftment of women
- b) To examine the enhancement in the status of women by micro-finance program in Baluwa VDC
- c) To suggest appropriate measures to improve micro-finance on the basis of economic upliftment of women.

From the study, it is concluded that microfinance services has played an important role on the economic upliftment of poor women of Baluwa VDC. It is because access to microfinance services makes women able to generate income to support themselves and their poor households. It has enhanced the living standard and social status of women in the VDC. Women have become self-sufficient, realize their sense of responsibility and achieved self-sufficient which ultimately support them to make a place for themselves in a society. They have become more socialized, interactive and participated in social activities and decision making process.

For the improvements, following suggestions are recommended.

- a) Training should be provided
- b) Employment opportunities needs to be increased among women
- c) Government or concerned organization should support to micro-entrepreneur to seek the market for their product
- d) Proper monitoring of loan mobilization is essential to ensure that the loan is invested on a productive sector or not.

In a study of the relationship of economic empowerment to microfinance in West Bengal, Basu (2006) reports that among women who had taken out loans for income-generating activities, only 5 per cent reported having total autonomous control over the money. Fifty-six per cent reported that they share control with their husbands, and 38 per cent that their husbands have sole control over the proceeds of the loan.

Rahman (1999) notes that the success of the Grameen Bank in Bangladesh is also due to the bank’s understanding of cultural factors embodied in women as their main client. Another study in Bangladesh also confirmed the need for a cultural orientation in

managing microfinance Rana(2008). Similarly, studies by Deubeul(2003) in Mali and Phlong (2009) on the informal credit system in Cambodia indicate that the understanding of local culture assists the effectiveness of microfinance in a society. A rather sophisticated analysis of the role of culture in MFIs in Bandung, Indonesia, by Saefullah(2010), explores the influence of two kinds of cultures, institutional and external, which have different effects on microfinance.

(Khun, et al. 2002)Empowering Women through Micro-Finance “women have been shown to spend more of their income on their households. Therefore, when women are helped to increase their incomes, the welfare of the whole family is improved.”

Ojha (2002), *Micro-finance program in poverty alleviation*, “The participating families were benefited as their income had increased and they had to pay fewer amounts as interest than local money lenders” In his article entitled, *Micro-finance for Achieving Millennium Development Goals in Nepal*, the author highlights that financial services would assist to improve incomes and build assets of poor populace and stresses that the poor needs sound financial services and specialized activity with a long term commitment. There is the direct link exists between micro-finance and Millennium Development Goals (MDG). Hence, micro-finance instructions can fulfill the objectives of MDG. Further, strong management and efficient operations are required in micro-finance institutions to reach the millions of people targeted financial services in Nepal

Aryal (2007), did research on the topic “microfinance under rural development program: A case study of KhilungDeurali VDC of Syangja. The basic objective of the study is to examine the effective activities and effectiveness of rural development program and to carry out the detail study of rural development program in KhilungDeurali VDC, Syangja. The other specific objectives are to know the objectives operated under rural development program, to analyze the mode of loan disbursement, repayment and outstanding procedures, to analyze the state of saving, deposit and its mobilization in terms of loan disbursement, to find out the problem faced by the women in obtaining the loan. From this study, he found and concludes that the program has made positive impact of the women living standard by generating employment and increasing productivity. The main sector of taking loan is poultry farming, retail business and goat keeping. Savings has increased. The performance of the project in terms of achievement of loan disbursement

and recovery has been found very well, so the repayment of loan is very satisfactory. It was 100% successful.

Anand (2002), in her discussion paper titled “Self-Help Groups in Empowering Women: Case Study of Selected SHGs and NHGs”, gives a review of progress of Self Help Groups. She has attempted to examine the performance of selected SHGs and NHGs and to assess its impacts, especially the impact of micro credit programme on empowering women. It has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structure through which credit is delivered, ranging from group formation and training to awareness-raising and a wide range of other supporting measures are critical to make the impact of group activity strong and sustainable.

Kulshrestha (2000), in her paper, “Micro Finance: The New Development Paradigm for Poor Rural Women”, points out that lack of capital is a serious constraint to the development of rural women. Often, the barriers like legal provisions, loan policies and procedures make credit inaccessible to women. Studies have shown that credit can help women to take up farm-allied activities and the income generated from credit given to women can be expected to be spent for well-being of the household. This novel innovative approach of micro finance emphasizes financial intermediation with self-sustainability of institutions.

In the book *Micro-finance and poverty reduction*, Johnson and Regally (1996) have cited that focusing on micro-finance, emphasis has been laid on the need that poor people have for a wide range of financial services. These needs are evidenced by the uses made of financial services that already exist but which are usually informal in nature. Providing micro-finance can give poor people the means to protect their livelihoods against shocks and as well as to build up and diversify also a means of protecting their livelihood activities by investing loan capital.

Fisher and Sriram(2002) in their book, “Beyond Micro Credit, Putting Development Bank into Micro Finance” analyze Indian microfinance in development to explore how development can be put back into microfinance. It sets out how microfinance can be designed in practice to contribute to a wide range of developmental objectives, including providing social and economic security, promoting livelihood, building democratic

people's organizations, empowering women and changing wider systems within the society. The analysis covers the great diversity of microfinance practice in India and its many innovative products and organizational features. It looks in detail at the fast expanding movement of saving and credit or 'self-help' group in India and compares and contrasts these with groups promoted by the Grameen Bank in Bangladesh.

INAFI SAP-Nepal (2004) conducted a thematic research study on the "Impact of Microfinance Services on Poverty Reduction in Nepal". The main objective of the study was to find out the overall impact of microfinance services on poverty reduction in the country. The study focused on (i) outreach of microfinance, (ii) access, use and contribution of microfinance, (iii) micro-enterprise development, (iv) managing risks and vulnerabilities by clients, (v) empowerment of women, and (vi) poverty reduction.

Both primary and secondary data were used for the analysis. In the study, both 'before and after' and 'with and without' approaches were used. The major finding of the study was the positive impact of microfinance on poverty reduction. Microfinance enabled the poor to enhance their access to financing for income growth and welfare improvement through micro-enterprise development and increased ability to address vulnerability and economic empowerment; Microcredit was used for production (66%) and the remaining for consumption. Microfinance contributed to reduce poverty in client households. Respondents increased their incomes by 56 percent after participation in the microfinance programs. Beneficiaries have increased slightly more financial, physical and human capital than non-clients; Microcredit has served to lessen their dependency on moneylenders, reducing the average interest rate burden especially for the poor; Microcredit has promoted micro-enterprise activities, which in turn have increased wage and self-employment opportunities for the beneficiaries and the community people. There is great need to expand the MFIs in high hills and mountains, where the majority of poor lives.

2.3 Research Gap:

Research gap is searching something new again and again. So it is never ending process. Microfinance is an emerging issue. Many studies have been done on the impact of micro-finance operation. Some studies are related to standard of living of poor women, credit position, social, political and economic development of rural women. Different scholars

and researchers have given their different findings and conclusions in the field of microfinance and women microfinance.

This study is focused only on Kavre district. There are many microfinance institutions in Kavre. But, for this research, SwarojgarLaghubittaBikasBank limited (SLBB) is chosen. This research paper is different from others in the case that it is trying to find out the impact of SLBB microfinance only on women on Kavre District. In this research, women are selected as a matter of study whom is majority in population but mostly unpaid family labors who occupy low status job and paid less as compared to male counterparts. Mainly this research is focused on women empowerment and discuss about impact of involvement in SLBB microfinance on status of women, living standard, employment opportunities and savings.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is the systematic, theoretical analysis of the methods applied to a field of study. It is a way to systematically solve the research problem. It is the science of studying how research is to be carried out. It is a general research strategy that outlines the way in which a research project is to be undertaken, identifies and describes the method and the process applied in the entire aspect of the study. Thus, this chapter will include research design, description of the study area, description of the sample, research instrument, data collection procedure, reliability and validity and analysis plan.

3.1 Research design

This is a case study of SwarojgarLaghubittaBikash Bank Ltd. (SLBB). For the purpose of the study, a survey method has been adopted. Thus, this research is based on both primary and secondary data. So, the data has been collected using questionnaire, direct observation and interview method as well as through websites, annual reports, articles and published or unpublished documents/ reports.

3.2 Description of the study area

The study is carried out in the rural areas of Kavre District. Kavre, a part of Bagmati, is one of the seventy five districts of Nepal. The district with Dhulikhel, as its district headquarters covers an area of 1396 km square and has population (2011) of 381,937. The women of Kavre District are mostly found to be illiterate. The main occupation of women living here is agriculture. Some problems related to women in this district are such as low level of education, limited scope to generate income and low status. Thus, this study is undertaken in rural areas of Kavre District and areas covered under this study are Kavre and Basdole.

3.3 Population and Sample

Since population consist of large group. It is difficult to collect data from each individual within the population. Hence rather than collecting information from each member, a sub-group is chosen, is believed to be representative of the population and the sub-group is termed as sample.

SLBB has been conducting micro credit project for women since 6 years at Basdole VDC. The VDC has 2 centers with 200 women members of the VDC. 45 members taken loan regularly from SLBB were selected for the study.

Total group members of the branch are the population of the study and among them 45 members was selected from 2 centers of Basdole VDC through simple random sampling method.

3.4 Instrumentation:

Instrumentation is the data collection tool used in the study to achieve the research objectives. It helps to guide the progress of the study to the ultimate goal of gathering data and formulating conclusions to answer the research questions. As for this research, the major instruments used were structured questions to find out the empowerment of women through microfinance. For this, Questionnaire was distributed face to face among sampled beneficiaries. Since most of the sampled women were illiterate, it was quite difficult, so the researcher has to fill the form themselves.

3.5 Nature and sources of data:

This research has been done using both primary and secondary data. Primary data is the first hand data collection method. Secondary data is data collected by someone, other than user. It is the information that already exists somewhere, having been collected for another purpose. In this study, primary data were collected from the sample beneficiaries of SLBB through different data collection technique. It was collected from the actual field using questionnaire, face to face interview and observation. The overall progress of the SLBB was being assessed with the help of secondary data which are collected from the annual reports, journals of microfinance, published and unpublished books, internet, various research studies and articles.

3.6 Validity and Reliability:

Validity is described as the degree to which a research study measures what it intends to measure. It involves collecting and analyzing data to assess the accuracy of an instrument whereas reliability is concerned with how consistent and stable a set of measure are. Reliability and validity are the important aspects of the research methodology. It is important in analyzing the appropriateness, meaningfulness and usefulness of the research study. Research methodology without reliability and validity cannot be trusted, doesn't yield good results and leads to error. Thus, when measure is both valid and reliable, the result will turns to be right and meaningful.

In this study, the impact was seen from the client's viewpoint. The women clients were the center of the research. For the reliability and validity, a set of questions were designed and pilot-tested. Pilot test assist in determining if there were flaws, limitations or other weaknesses within the interview design and allows for making necessary revisions prior to the implementation of the study. On the basis of the feedback received from the pilot-testing, the questionnaires were finalized and responses to those questionnaires were recorded objectively and accurately. Moreover, the analysis of the thesis was largely based on primary data, as the interviews constitute the main part of the empirical data. This gave the conclusions a validity which would not have been obtained through the use of secondary data.

3.7 Analysis Plan:

In this research, first relevant information was collected using questionnaire, personal interview and observation. Then data identification was done suited to fulfill the purpose of the study. The identified data were categorized, tabulated, processed and analyzed by using different data analysis methods and tools. The processing of data has been by the computer using Microsoft Excel. Presentation of data was done on a table form, bar-chart and pie-chart with the use of percentage. Interpretation and explanation were made wherever required.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

Data analysis is the process of developing answer to the research question through the examination and interpretation of data. It is essential for understanding results from particular survey. In this chapter, the collected data or information received from the questionnaire, observation, informal discussion with women is analyzed as per the set of the objectives. This study was focused on Kavre District and the area covered was Basdole which includes two groups. The sample size was 45. This part of data analysis provides demographic information of the respondents and mainly related with loan amount and its impact upon beneficiaries living standard, self-employment opportunities, earnings, women status, savings and loan repayment.

4.1 Socio -Economic characteristics of the households sample:

In this part of the study, attempts are made to explain the demographic characteristics of the respondents. The age, ethnic, marital status and the level of education of the respondents are explained. These attributes provides information that is valid, reliable and relevant to the study.

4.1.1 Age Structure of the Respondents:

The age structure of the sample respondents has been presented in the table below:

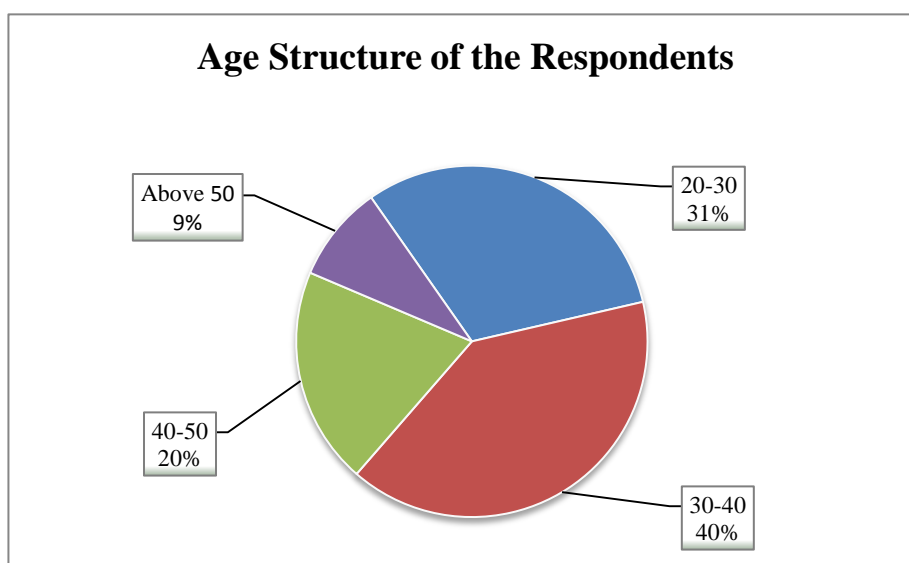
Table 4.1.1: Distribution of sample by age structure

Age Group	No. of Respondent	Percentage
20-30	14	31.11%
30-40	18	40.00%
40-50	9	20.00%
Above 50	4	8.89%
Total	45	100%

Source: Field survey, 2015

Out of 45 respondents, 14 belong to 20-30 age groups, 18 in 30-40 age groups, 9 in 40-50 age groups and 4 respondents were above 50 age group. The majority of respondents i.e. 18(40%) belong to 30-40 age group followed by 14(31.11%) in 20-30 age group, 9(20%) in 40-50 age group and 4(8.89%) above 50 age group respectively.

Figure 4.1.1: Distribution of sample by age structure



4.1.2 Ethnic composition of the sample:

The ethnic composition of the sample respondents has been presented in the table below:

Table 4.1.2: Distribution of sample according to Ethnicity

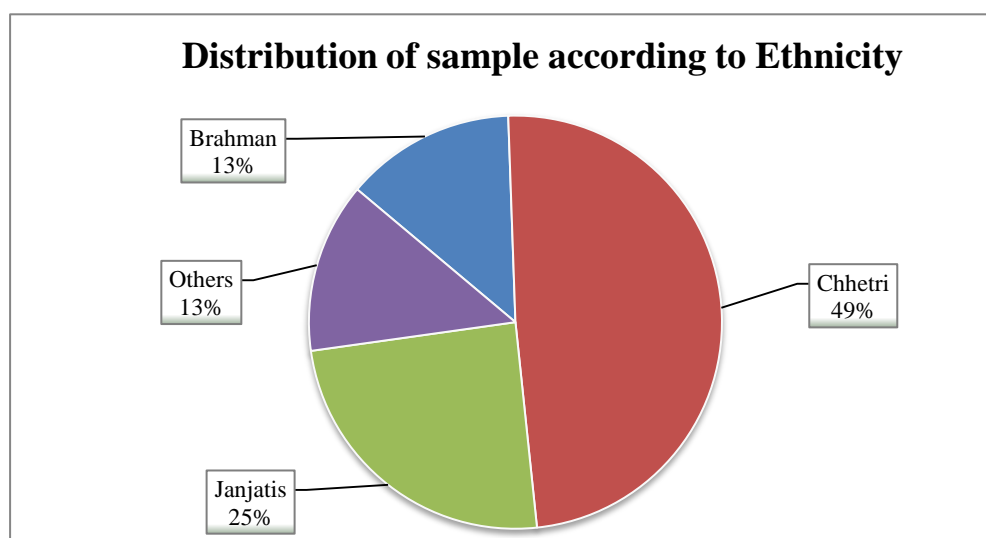
Cast	No. of Respondent	Percentage
Brahman	6	13.33%
Chhetri	22	48.89%
Janjatis	11	24.44%
Others	6	13.33%
Total	45	100%

Source: Field survey, 2015

From the above table, Brahmin represents 6%, Chhetri 22%, Janjatis 11% and others 6%.

The majority of respondents i.e. 22(48.89%) were Chhetri.

Figure 4.1.2: Distribution of sample according to Ethnicity



4.1.3 Literacy status of the sample:

The literacy status of the sample respondents has been presented in the table below:

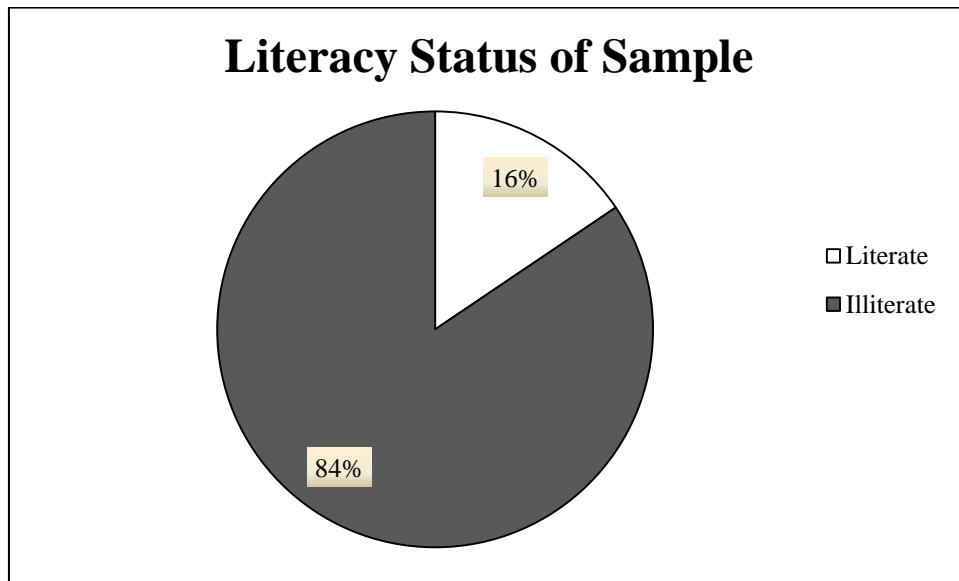
Table4.1.3: Educational status of sample

S.No.	Educational Status	No. of Respondents	Percentage
1	Literate	7	15.56%
2	Illiterate	38	84.44%
	Total	45	100%

Source: Field survey, 2015

Out of 45 respondents, 7 were literate and 38 were illiterate. In this study, literate describes a women who can read or write to some degree and illiterate refers to an uneducated and unable to read and write women. Thus, the majority of respondents were illiterate represented by 84.44%.

Figure 4.1.3: Literacy Status of Sample



4.1.4 Marital status of the Sample:

The marital status of the sample respondents has been presented in the table below:

Table 4.1.4: Marital status of the Sample

Marital Status	No. of Respondents	Percentage
Married	36	80%
Unmarried	5	11.11%
Widow	4	8.89%
Total	45	100%

Source: Field survey, 2015

Out of 45 respondents, 36(80%) were married, 5(11.11%) were unmarried and 4(8.89%) were widow. Thus, the study shows that majority of respondents were married.

Figure 4.1.4: Marital Status

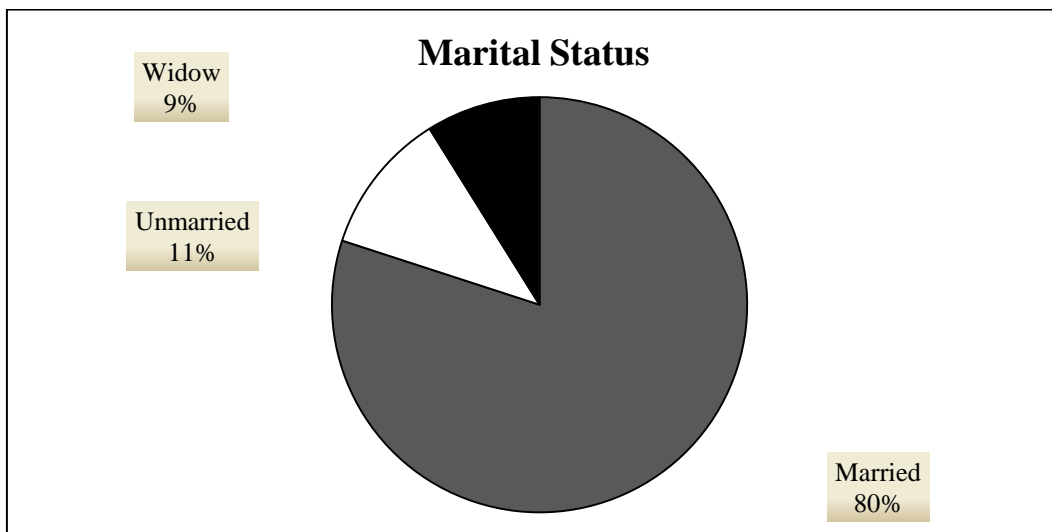


Table 4.1.5: Gender Wise Changes in School Enrollment

Scholl Enrollment	Unit	Before the Program	After the Program	% increased
Son	No.	25	45	80
Daughter	No.	27	40	48
Total	No.	52	85	63

Source: Field Survey, 2015

From the above table, it can be concluded that the program was effective. The number of children enrolling in the school has increased markedly. The percentage of male or son was found to be increased by 80%, while the female or daughter was found to be increased by 48%. The overall enrollment of children into the school was increased by 63%.

Figure 4.1.5: Gender Wise Changes in School Enrollment

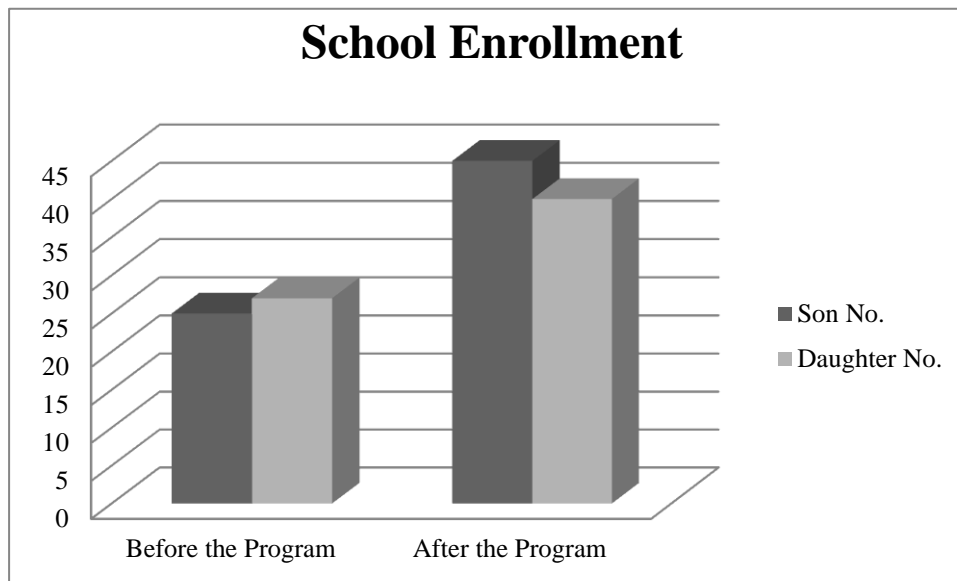


Table 4.1.6: Health Services

Particular	No. of Respondents	Percentage
Adequate	20	44.44
Moderate	21	46.66
Little	2	4.44
Have not got	1	2.22
No response	1	2.22
Total	45	100

Source: Field Survey, 2015

From the above table, we can see that the respondent have got health services satisfactorily. 44.44% respondents have got adequate health services, 46.66 % respondents have got moderate health services, 4.44 % respondents have got little health services and 2.22 % respondents have not got health services. When we compare with the national data, 69 % of people with acute illness reported to have consulted some kind of medical practitioner in the country. There is a discussion about health services and health matter which has positive impact on their family's health.

4.2 Purpose of joining SLBB microfinance programme:

There is various purpose of joining SLBB microfinance program. When respondents were asked the question, they responded that they get involved to earn and save money, to improve living standard, to be self-dependent and to get access to training and income generating activities.

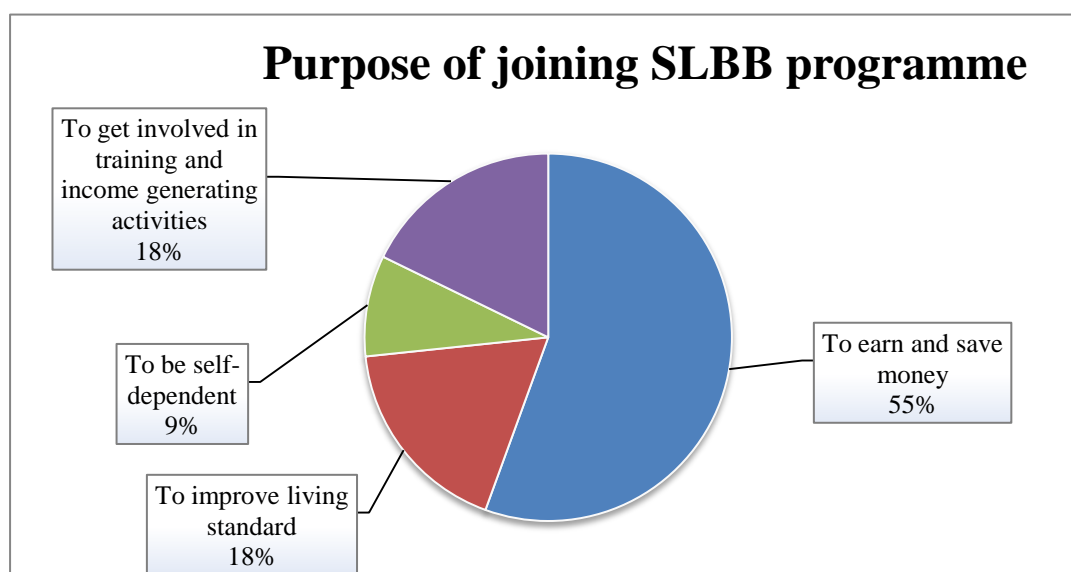
Table 4.2: Purpose of joining SLBB microfinance programme:

S.N.	Description	No. of Respondents	Percentage
1	To earn and save money	25	55.56%
2	To improve living standard	8	17.78%
3	To be self-dependent	4	8.89%
4	To get involved in training and income generating activities	8	17.78%
	Total	45	100.00%

Source: Field survey,2015

From the above table, out of 45 respondents, 25 responded that their main aim was to earn and save money, 16 respondents join the program to improve living standard and to get involved in training and income generating activities. 4 respondents responded that to be self-dependent they involve in the program. Thus, more than half of the respondents joined the program to earn and save money

Figure 4.2: Purpose of joining SLBB microfinance programme



4.3 Procedures of obtaining loan:

Loan is an amount of money that is given to someone at a prescribed rate of interest and date of repayment for a period of time with a promise that it will be paid back. Getting a loan from SLBB was not a difficult. All you need to have is a genuine reason for needing loan, reasonable project and minimal paperwork.

Respondents were asked whether SLBB procedures of obtaining loan are easier. On the basis of the response of the sampled women, the table is presented below:

Table 4.3: Procedures of obtaining loan

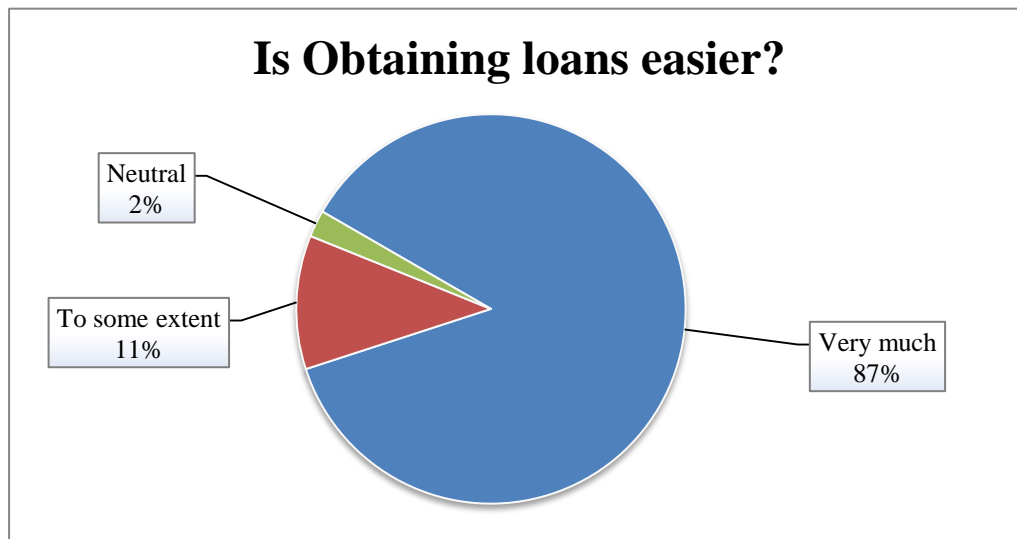
S.N	Description	Number of Respondents	Percentage
1	Very much	39	86.67
2	To some extent	5	11.11
3	Neutral	1	2.22
4	Not much	-	0.00
5	Not at all	-	0.00
	Total	45	100.00

Source: Field survey, 2015

From the above table, 39 respondents responded that the SLBB procedures of obtaining loan were easier. 5 responded to some extent it was easier whereas 1 has a neutral

opinion. About 2/3rd of the respondents has a positive opinion regarding SLBB procedures of obtaining loan. They experienced that the SLBB procedure of extending loan is simple without any collateral and complicated procedures.

Figure 4.3: Procedures of obtaining loan



4.4 Access to non-financial services:

SLBB microfinance provides financial as well as non-financial services. Financial services include credit, saving, insurance services whereas non-financial services includes development support services such as training, education, organizational support and skills according to the development of objectives. The response of the sampled women on access to the non-financial services is presented below:

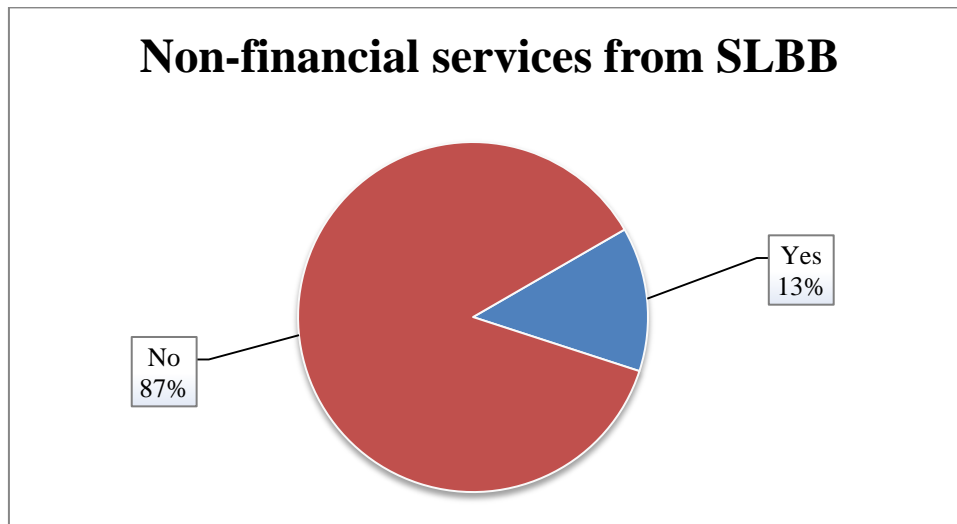
Table 4.4: Non-financial services from SLBB

S.N.	Description	Number of Respondents	Percentage
1	Yes	6	13.33%
2	No	39	86.67%
	Total	45	100.00%

Source: Field survey, 2015

From the above table, 6 respondents had received non-financial services and 39 respondents had not received any non-financial services. Thus, majority of respondents had not received any non-financial services represented by 86.67%

Figure 4.4: Non-financial services from SLBB



4.5 Improvement in Living Standard of Women after Joining SLBB:

Access to credit, increased income, savings, employment generation has positive impact on the living standard of women. Improvement in living standard of women after joining SLBB is presented in the table below by the help of questionnaire which was asked to them during field survey.

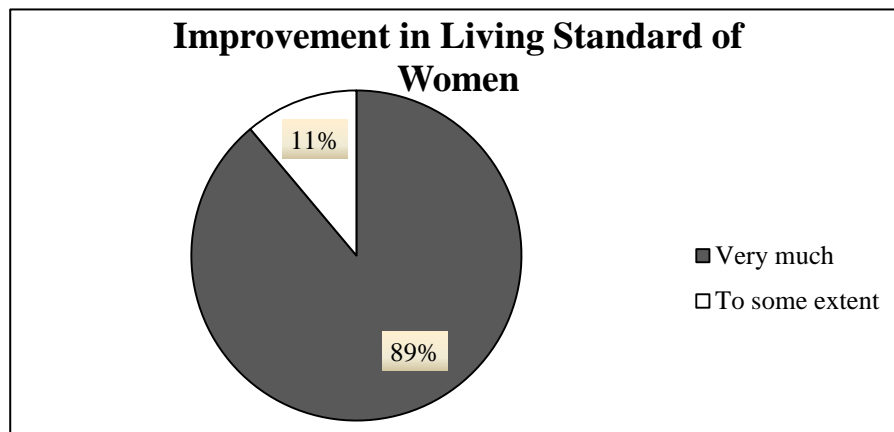
Table 4.5: Improvement in Living Standard of Women after Joining SLBB

S.N	Description	Number of Women	Percentage
1	Very much	40	88.89%
2	To some extent	5	11.11%
3	Neutral	-	-
4	Not much	-	-
5	Not at all	-	-
	Total	45	100%

Source: Field survey, 2015

From the above table, out of 45 respondents, 40 responded that SLBB had helped them very much to raise their standard of living whereas 5 responded that it helped to some extent. Thus, out of 100%, approximately 90% had responded positively.

Figure 4.5: Improvements in Living Standard of Women after Joining SLBB



4.6 Improvement in consumption pattern of Women after Joining SLBB:

To find out the changes in the consumption pattern of women was not an easy task as they do not record it frequently. Consumption is also related to income. Increase in income leads to an improvement in a consumption pattern. The responses of the sampled women on the improvement on consumption pattern of women are presented below:

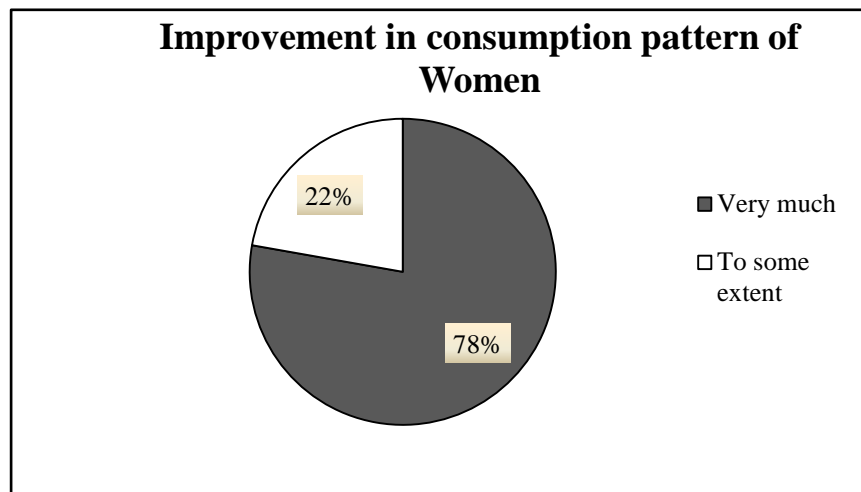
Table 4.6: Improvement in consumption pattern of Women after Joining SLBB

S.N	Description	Number of Women	Percentage
1	Very much	35	77.78
2	To some extent	10	22.22
3	Neutral	-	-
4	Not much	-	-
5	Not at all	-	-
	Total	45	100

Source: Field survey, 2015

From the above table, out of 45 respondents, 35 responded that SLBB program had helped them very much to improve their consumption patterns whereas 10(22.22%) responded that it had helped them to some extent. Thus, about 2/3rd of the respondents had felt improvement on the consumption pattern of the women borrowers.

Figure 4.6: Improvement in consumption pattern of Women after Joining SLBB



4.7 Self Employment opportunities of Women after Joining SLBB:

This section deals with women respondents' involvement in various economic activities such as agriculture, crop farming, retail business, goat keeping and cattle farming.

Table 4.7: Self Employment opportunities of Women after Joining SLBB

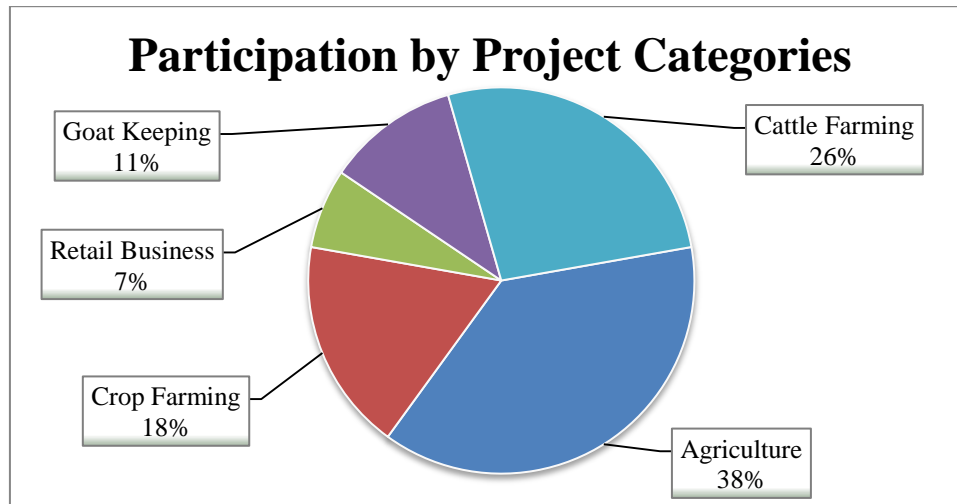
Name of project	No. of Respondents	Percentages
Agriculture	17	37.78%
Crop Farming	8	17.78%
Retail Business	3	6.67%
Goat Keeping	5	11.11%
Cattle Farming	12	26.67%
Total	45	100%

Source: Field survey, 2015

Out of 45 respondents, 17 were involved in agriculture and 3 in retail business which is the highest and lowest number of women borrowers and rest are involved in other sectors.

Thus, the data show that 1/3rd of the respondents were involved in agriculture. Their livelihood was mostly agriculture based.

Figure 4.7: Self Employment opportunities of Women after Joining SLBB



4.8 The mode of loan, loan disbursement and repayment practices:

This section deals with loan amount, loan disbursed for purpose and number of respondents borrowing particular loan amount. Through SLBB microfinance, small loans are produced and made accessible to women who were involved in various economic activities like agriculture, crop farming, retail business, buffalo farming and goat keeping.

Table 4.8: Mode of loan and loan disbursement

Amount (Rupees)	Agriculture	Crop Farming	Retail business	Buffalo Farming	Cow Farming	Goat Keeping
5000						5
10000		5				
15000	3	2				
20000	7	1	2			
25000	5					
30000	2			1	1	
40000			1	2	1	
Above 40000				5	2	

Source: Field survey, 2015

Above table shows the minimum and maximum loan amount was Rs. 5000 and above Rs 40000 for goat keeping and cattle farming respectively. The number of respondents

involved in agriculture were 17 and had borrowed a loan range from 15,000-30,000 whereas 8 respondents involved in crop farming had borrowed a loan from 10000-20000. Similarly, 3 respondents involved in retail business had borrowed a loan of Rs. 20000 and Rs. 40000. 8 and 4 respondents were involved in buffalo farming and cow farming had borrowed a loan from Rs. 30000 to above 40000.

4.9 Repayment Practices

Repayment plays an integral role in the overall lending process. Loan disbursement of any financial institution depends upon the loan repayment cycle. The repayment practices of the sampled women are presented in the table below:

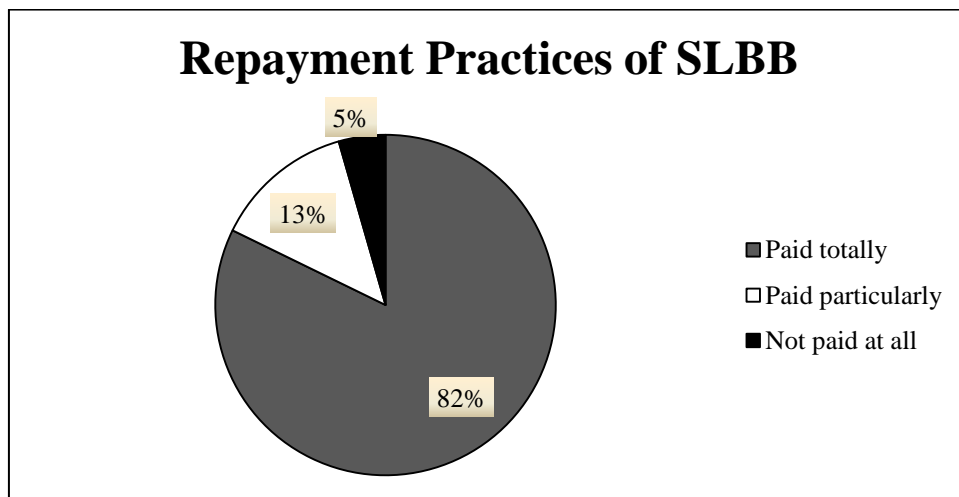
Table 4.9: Repayment Practices

S.N.	Description	Number of Respondents	Percentage
1	Paid totally	37	82.22%
2	Paid partially	6	13.33%
3	Not paid at all	2	4.44%
	Total	45	100%

Source: Field survey, 2015

Among the sampled women, it was found that 82.22% had paid loan totally, 13.33% had paid partially and 4.44% had not paid at all. Thus, the survey show only few respondents had not paid loan at all.

Figure 4.9: Repayment Practices of SLBB



4.10 Interest rate on loan:

The main income source of SLBB is credit. It charges an interest rate for the loan they give their clients. When respondents were asked question about interest rate, they indicated that it was charging 18.5 % interest on loan in diminishing balance as well as 19% on non-collateral and 18% on collateral which was quite high.

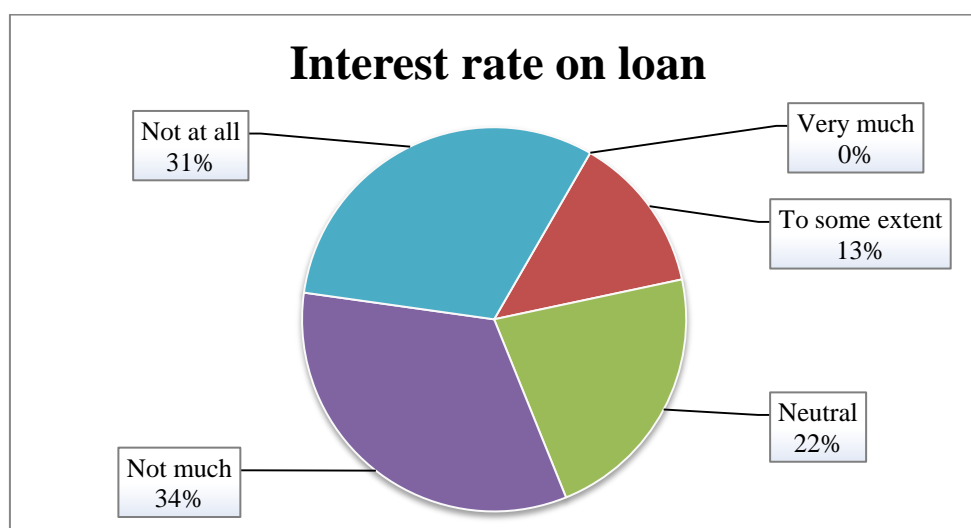
Table 4.10: Interest rate on loan

S.N	Description	Number of Respondents	Percentage
1	Very much	0	0.00%
2	To some extent	6	13.33%
3	Neutral	10	22.22%
4	Not much	15	33.33%
5	Not at all	14	31.11%
	Total	45	100.00

Source: Field survey, 2015

From the above table, out of 45 respondents, maximum number of respondents (15) responded that the SLBB rate of interest was not satisfactory.

Figure 4.10: Interest rate on loan



4.11 Saving Activities of Women who are involved in SLBB's Program:

Savings is the major components of SLBB microfinance program. It implements compulsory savings which makes the group reliant and strong. SLBB organize women in three kinds of savings. They are group saving, recurring and individual saving. In group saving, each member must save R.S 5 compulsorily after involving in the group. Recurring is like fixed account where they save fixed amount of money for specified time frame normally like 9 years, 15 years. And the third one is individual saving where individual save whatever amount they want and they can use this money whenever they want.

The individual saving of the sampled women is presented in the table below:

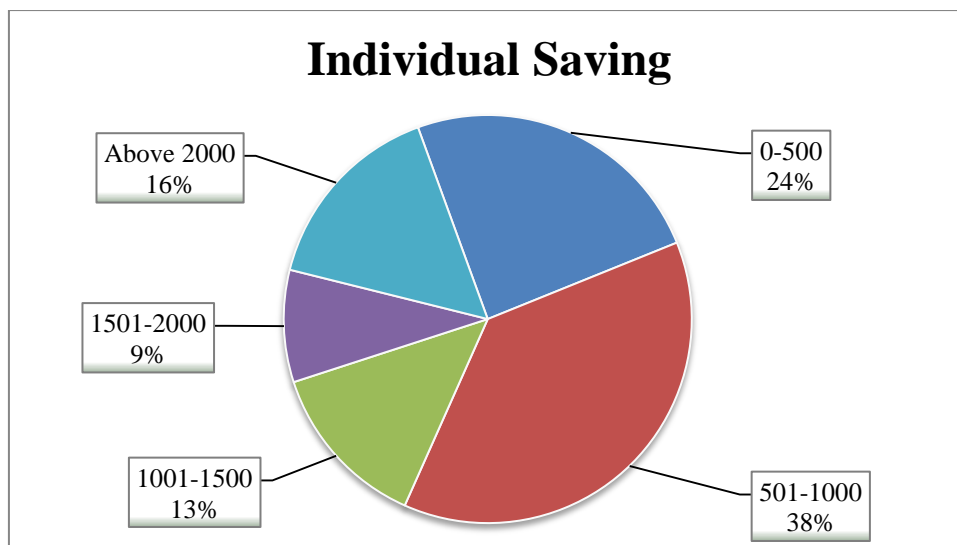
Table 4.11: Individual Saving

Amount	No. of respondents	Percentages
0-500	11	24.44%
501-1000	17	37.78%
1001-1500	6	13.33%
1501-2000	4	8.89%
Above 2000	7	15.56%
Total	45	100%

Source: Field survey, 2015

In the above table, out of 45 respondents, 11 saved Rs. 500 monthly. 17 respondents saved from Rs. 500-1000, 6 respondents saved from Rs. 1000-1500 and 4 from Rs. 1500-2000. Only 7 respondents saved more than 2000. About 1/3rd of the respondent's saved up to Rs. 1000. Most of the saving was used by the women to pay back their loan which they have taken from their saving groups. They also used this saving to start or expand their income generating activity.

Figure 4.11: Individual Saving



4.12 Changes in Income:

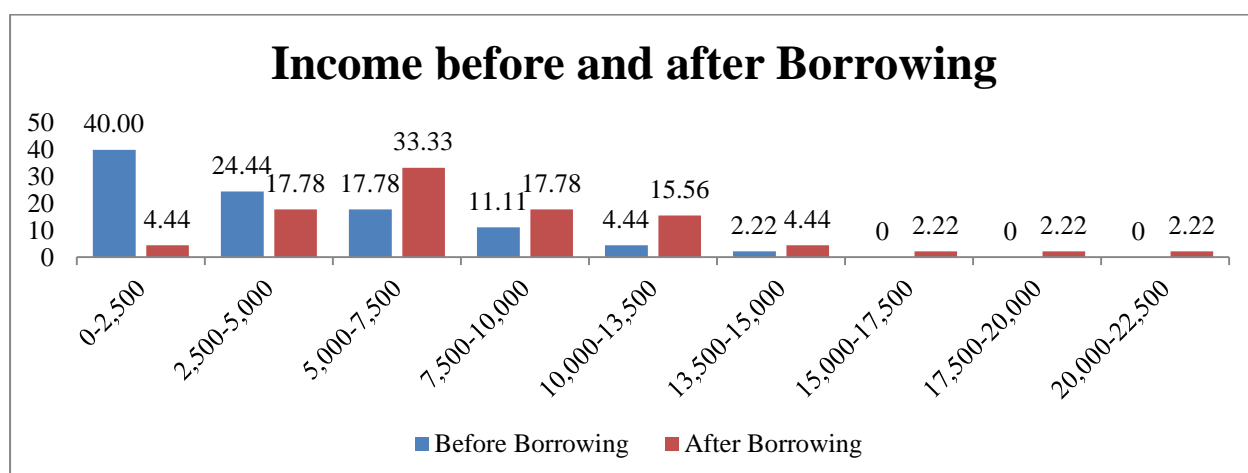
In general, income is an economic gain through economic activity. In this study, income refers to the earning of the borrowers of the program through any productive activity they are involved in. Personal questionnaire has been used to know the difference in women's income before and after borrowing loan from the SLBB microfinance program.

Table 4.12: Change in Income

Income Per Month	X	Before Borrowing		After Borrowing	
		No. of Respondents(Y)	Percentage	No. of Respondents(Y')	Percentage
0-2,500	1250	18	40.00	2	4.44
2,500-5,000	3750	11	24.44	8	17.78
5,000-7,500	6250	8	17.78	15	33.33
7,500-10,000	8750	5	11.11	8	17.78
10,000-13,500	11750	2	4.44	7	15.56
13,500-15,000	14250	1	2.22	2	4.44
15,000-17,500	16250	-	-	1	2.22
17,500-20,000	18750	-	-	1	2.22
20,000-22,500	21250	-	-	1	2.22
Total		45	100	45	100

Above table shows the difference in women's income before and after borrowing loan from the SLBB micro-finance program. From the above table, number of sample women whose income was less than 5000 was 29(64.44%) but after joining the SLBB program , it has been reduced to 10(22.22%). Similarly, women whose incomes were more than Rs. 5000 before involvement in the program were 16(35.55%) and had increased to 32(71.11%). Again, there was not a single woman whose income was more than 15000 but after borrowing loan from SLBB 3(6.66%) women have more than 15000 as income. The mean income before borrowing from SLBB was 4338.89. But after borrowing from SLBB it has reached to 8072.22. So the mean income has increased by 3733.33 Thus it is found that the respondents have increase their income level after joining the program.

Figure 4.12: Change in Income



4.13 Changes in Occupation

This section deals with the occupational changes of respondents after involvement in the SLBB micro-finance program. Women client of SLBB microfinance were involved in various economic activities such as traditional agriculture, non-seasonal agriculture, crop farming, retail business, goat rearing and cattle farming.

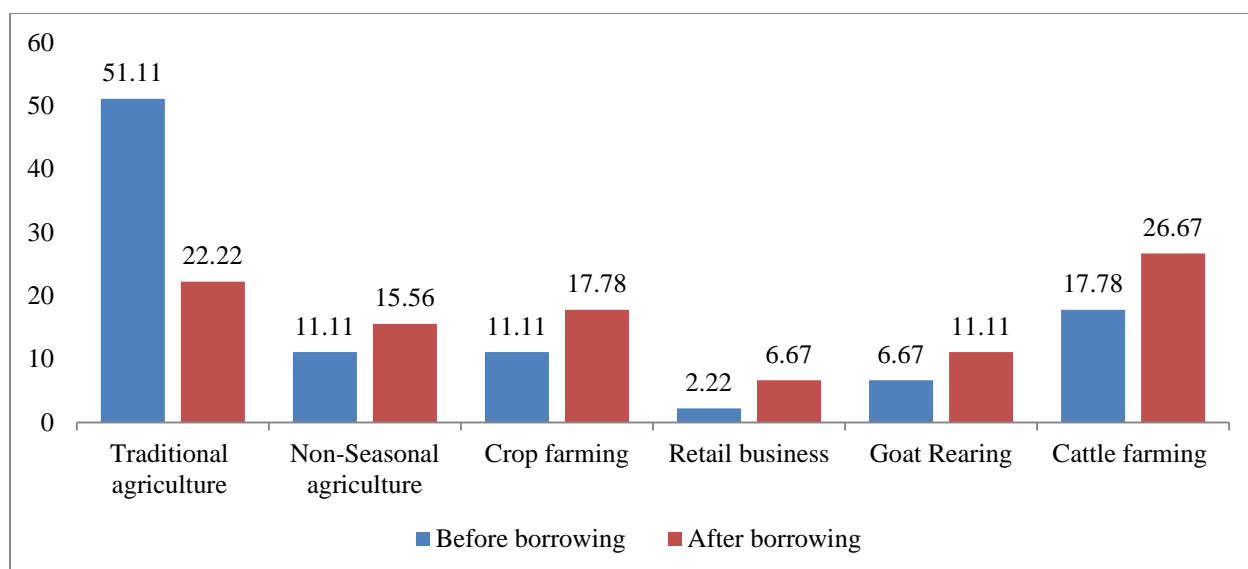
Table 4.13: Change in Occupation

Occupation	Before borrowing loan		After borrowing loan		Differences	
	No. of Respondents	%	No. of Respondents	%	Increase %	Decrease %
Traditional agriculture	23	51.11%	10	22.22%		28.89
Non-Seasonal agriculture	5	11.11%	7	15.56%	4.44%	
Crop farming	5	11.11%	8	17.78%	6.67%	
Retail business	1	2.22%	3	6.67%	4.44%	
Goat Rearing	3	6.67%	5	11.11%	4.44%	
Cattle farming	8	17.78%	12	26.67%	8.89%	
Total	45	100.00%	45	100.00%		

Source: Field survey, 2015

Before involvement, out of sample 45, 23 were involved in traditional agriculture, 8 in cattle farming, 5 in non-seasonal agriculture, 5 in crop farming, 3 in goat rearing and 1 in retail business. More than half of the respondents were involved in traditional agriculture for their livelihood. But after involvement in SLBB microfinance program, engaged percentage of women in traditional agriculture had declined by 28.89%. Because of training and introduction of modern technology methods of farming, non-seasonal agriculture had increased by 4.44%. Similarly, engaged percentage of women in crop farming, retail business, goat rearing and cattle farming had increased by 6.6%, 4.44%, 4.44% and 8.89% respectively. It was because members had left previous traditional occupation and had started such businesses which are economically profitable for them. Thus, borrowers had started different occupation according to their interests and skills.

Figure 4.13: Change in Occupation



4.14 New business initiation and expansion

SLBB micro-finance has helped women to start new business or expand existing business. In the study area, out of 45 sample women, 6 respondents had responded that they had started new business whereas 39 respondents had expanded existing business. Thus, from the study, it was found that the majority of respondents had expanded their business.

Table 4.14.1: Started and Expanded

S.N.	Activity	Number of Respondents	Percentage
1	Started New	6	13.33%
2	Expanded Existing	39	86.67%
	Total	45	100%

Source: Field survey, 2015

Figure 4.14.1: New business initiation and expansion

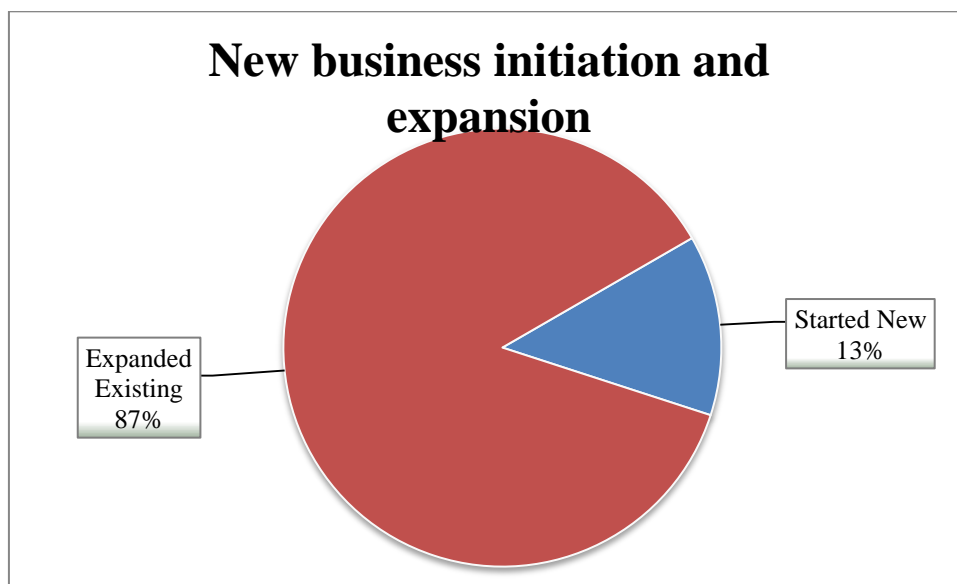


Table 4.14.2: Started and Expanded

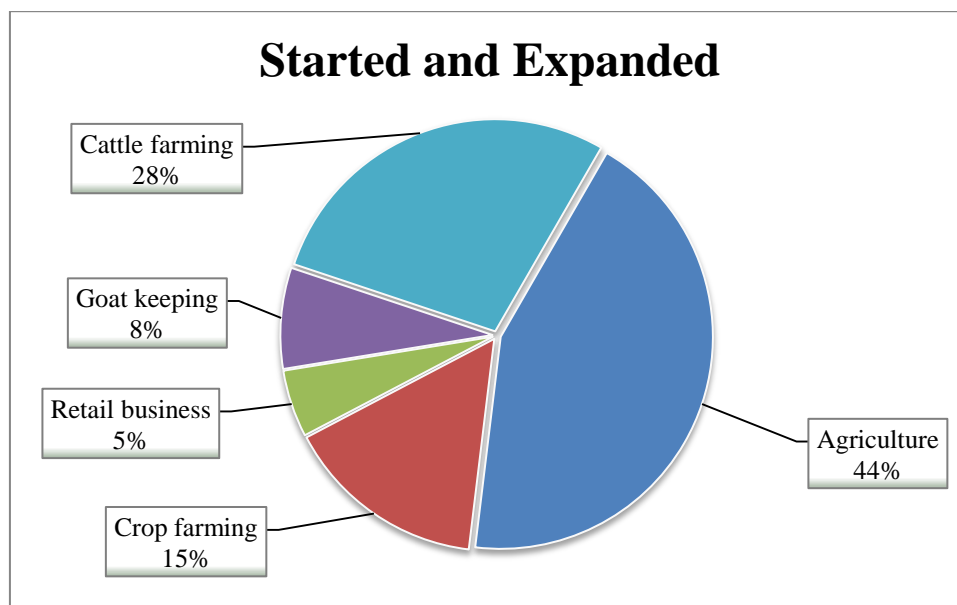
Activities	Started New	Expanded Existing
Agriculture	-	17
Crop farming	2	6
Retail business	1	2
Goat keeping	2	3
Cattle farming	1	11
Total	6	39

Source: Field survey, 2015

Above table shows that 17 respondents had borrowed to expand their agriculture, 6 respondents to expand crop farming, 2 respondents to expand retail business, 3

respondents to expand goat keeping and 11 respondents to expand cattle farming. And 2 respondents had started rope farming, 1 retail business, 2 goat keeping and 1 cattle farming.

Figure 4.14.2: Started and expanded



4.15 Status of women after the involvement in the program:

SLBB microfinance services leads to women empowerment by positively enhancing their status. The status of women were measured on various indicators such as i) participation in decision making ii) self-confidence iii) self-dependent iv) reduction in domestic violence.

Table 4.15: Status of women after the involvement in the program

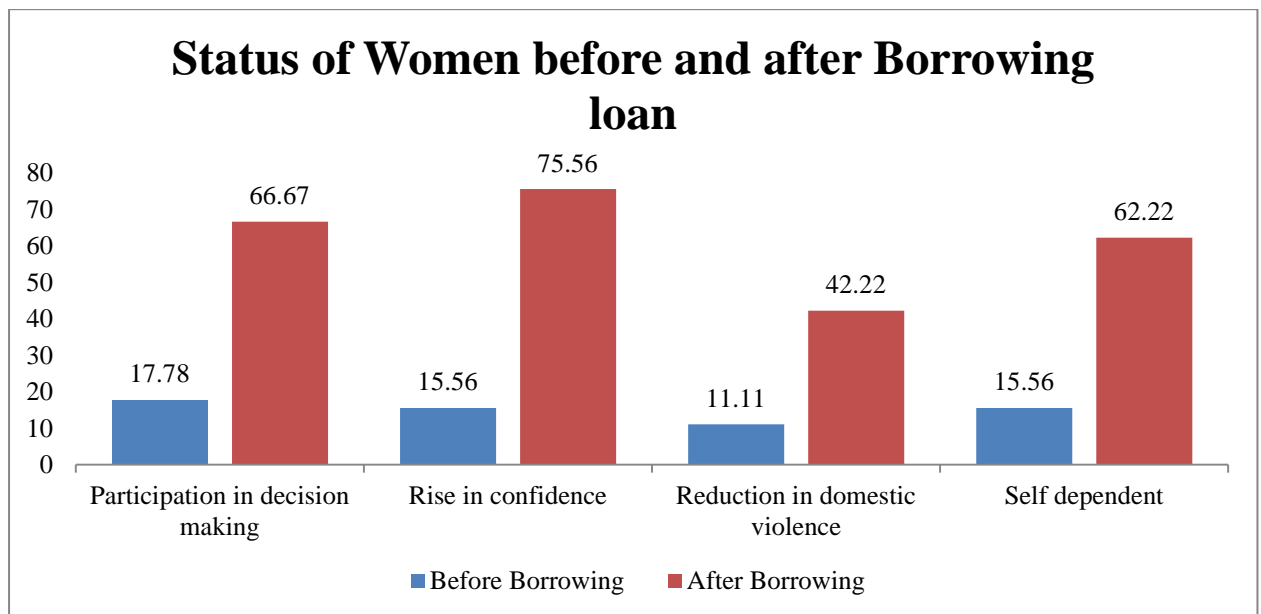
S.N.	Indicators	Before Borrowing		After Borrowing		Differences	
		No. of Respondents	%	No. of Respondents	%	Increase %	Decrease %
1	Participation in decision making	8	17.78%	30	66.67%	48.89%	
2	Rise in confidence	7	15.56%	34	75.56%	60%	
3	Reduction in domestic violence	5	11.11%	19	42.22%	31.11%	
4	Self-dependent	7	15.56%	28	62.22%	46.66%	

Multiple Choice answers

Source: Field survey, 2015

From the above table, before involvement in the SLBB microfinance program, women were not confident, lack participation in the decision making process. Domestic violence was also high. They were not self-dependent. More-over they were dependent on their husband for their livelihood. But after involvement a lot of positive changes had occurred on women clients. It had empowered women in varying degree. It was noticed that all the respondents agreed that microfinance had brought courage and self-confidence and improved their skills and self-worthiness. The ability of women to be independent had also increased. They had started taking part in decision making process. Domestic violence had also reduced significantly. Thus, impact of SLBB micro-finance was appreciable in bringing confidence, to be self-dependent, to reduce domestic violence and leads to empowerment.

Figure 4.15: Status of women after the involvement in the program



4.16 Rises in Prestige/Status:

The response of the sampled women on the rise on prestige/status after involvement in the SLBB micro-finance program is presented below:

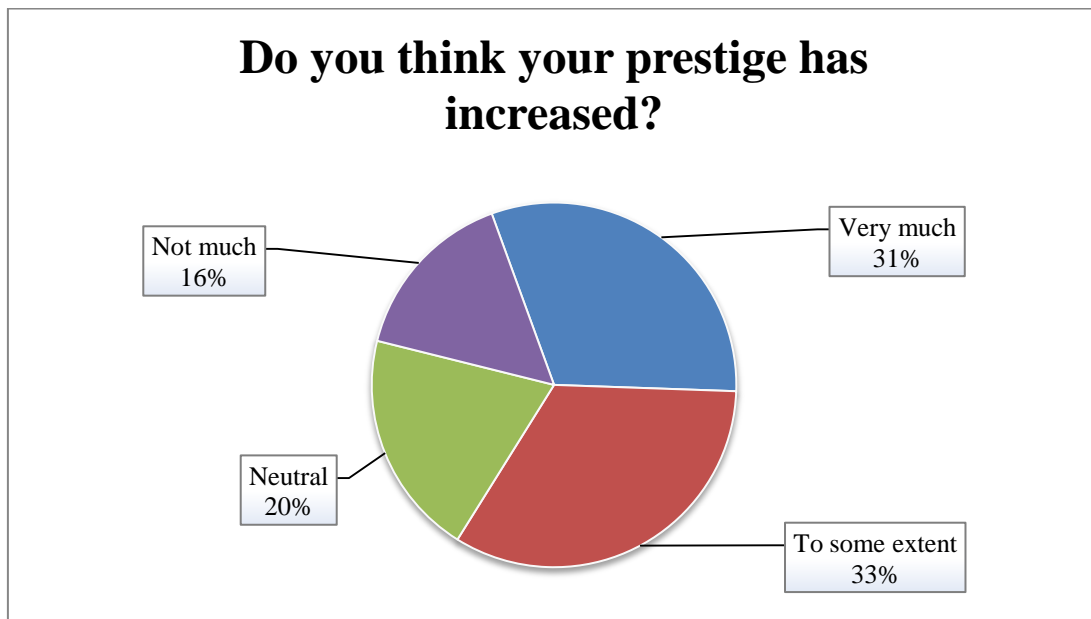
Table 4.16: Increase in Prestige and Status

S.N	Description	Number of Respondents	Percentage
1	Very much	14	31.11
2	To some extent	15	33.33
3	Neutral	9	20.00
4	Not much	7	15.56
5	Not at all	0	0.00
	Total	45	100.00

Source: Field survey, 2015

From the above table, out of sample 45, majority of respondents i.e. 33.33% had responded positively. Thus, involvement in SLBB microfinance program had helped to increase their prestige or status to some extent.

Figure 4.16: Increase in Prestige and Status



CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary and Conclusion:

Microfinance is a financial service for poor and low income people who have been excluded from the mainstream financial system. SwarojgarLaghubittaBikas Bank Ltd (SLBB) is one of the microfinance institutions with head office at Banepa-10 Kavrepalanchowk. It was established in 2009 under the company act 2006 of Nepal with paid up capital of Rs.15, 700.000. SLBB is a women participating microfinance institutions and has served 16651 women clients. Moreover, it has invested NRS 1,22,7064,760.00 in loans and recovered NRs. 937,909,280.00 in cumulative terms. In fiscal year 2013/2014 it has earned NRS 12.66 million net profit.

SwarojgarLaghubittaBikas Bank Ltd. has generally targeted women as clients. The main goal is generation of income and employment opportunities. Most of the sample beneficiaries of SLBB are relatively poor with no income or low income. The major income source of women is agriculture. Loan is disbursed in different sectors such as agriculture, retail business and cattle farming etc. SLBB are actively involved in savings program of women. It has implemented compulsory savings and encouraged women to save which can be used to pay back the loan and sustain future business.

The overall study shows that the women involvement in SLBB microfinance program had made positive impact on their living standard and consumption pattern. The income and savings of the sample respondents has increased. It has helped in the generation of employment. Hence, SLBB microfinance has created jobs and thereby contributed to the reduction in unemployment. The provision of small loans provided by SLBB has helped women to start or expand their own business which has improved their earning capacity and living standard. Women have started economic activity according to their skills and interest. Access to credit has enhanced their socio-economic status. The impact of SLBB is appreciable in bringing confidence, participation in decision making, to be self-dependent and reduction in domestic violence.

5.2 Findings:

The major findings of the overall study are addressed as follows:

- The majority of respondents i.e. 18(40%) belong to 30-40 group.
- The participants were from different ethnic groups. In research study, Brahmin represents 6%, Chhetri 22%, Janjatis 22% and others 6%
- Most of the participating women were married and illiterate represented by 80% and 84.44%
- The number of children enrolling in the school has increased markedly. The percentage of male or son was found to be increased by 80%, while the female or daughter was found to be increased by 48%. The overall enrollment of children into the school was increased by 63%.
- 44.44% respondents have got adequate health services, 46.66 % respondents have got moderate health services, 4.44 % respondents have got little health services and 2.22 % respondents have not got health services.
- Women joined SLBB microfinance for various reasons. Their main aim was to save and earn income. Others were to improve their living standard, to be self-dependent and to get involved in training and income generating activities.
- According to the respondents , it was easier to obtain loan form SLBB microfinance as the procedures of extending loan is simple without any complicated paperwork and physical collateral. Moreover, it was based on group appraisal and services were available at the doorsteps of the clients.
- In the field survey, it was found that the interest rate offered by SLBB microfinance is 19% on non-collateral and 18% on collateral which was relatively high and not satisfactory as per the respondent's opinion.
- The study has found positive impact of SLBB microcredit program on beneficiaries' living standard. The collected field survey data shows that it has helped them very much to improve their consumption pattern which resulted in improved living standard.
- SLBB microfinance has been facilitating women in various economic activities such as agriculture, crop farming, retail business, goat keeping, cattle farming etc. Majority of respondents were involved in agriculture and cattle farming represented by 37.78% and 26.67% respectively for their livelihood.

- The minimum and maximum loan amount borrowed by beneficiaries is Rs. 5000 and above 40,000 for goat keeping and cattle farming respectively.
- According to the field survey, 82.22% had paid loan totally, 13.33% had paid partially and 4.44% had not paid at all. Thus, the survey shows the satisfactory result as the majority of women were paying the lending amount on time.
- After involvement in SLBB microfinance program, engaged % of women in traditional agriculture has declined by 28.8%. Non-seasonal agriculture, crop farming, retail business, cattle farming has increased significantly. It is due to the modern technology and methods of farming, members have left their previous traditional occupation and started business which is economically profitable.
- SLBB microfinance has helped women to start or expand existing business. From the study, majority of respondents (86.67%) have expanded their existing business.
- SLBB microfinance implements compulsory savings. All the women clients are involved in saving programs. Majority of respondents saved up to Rs.1000. The maximum amount saved is Rs. 2000 and minimum amount saved is Rs.500 which they used to payback their loan and start or expand their income generating activity.
- From the field survey, the impact of SLBB microfinance program on income generation is positive. There is significant improvement in the income of the respondents after joining the SLBB. Since, the monthly income of the women is increasing their living standard and consumption pattern is also improving as they are earning sound from their investment. Thus, women who have increased their income are automatically empowered.
- Women have improved their socio-economic status and prestige after involvement in the SLBB microfinance program. Their participation in decision making, level of confidence, reduction in domestic violence, ability to be financially independent has increased which has contributed to their empowerment.

5.3 Recommendation:

Based on the study, the following suggestions are recommended for further improvement and successful implementation of the program.

- Interest rate should be reduced so that the burden of the borrowers will be less
- Non-financial services such as adult literacy and training programs should be designed carefully and regularly.
- Awareness program should be launched regarding proper utilization, mobilization of savings, loan repayment and rate of interest.
- The misuse of disbursed loan should be controlled and supervised regularly.
- Instead of charging fine as punishment for late repayment, the borrowers should be encouraged to repay the loan on time.
- Productive and profitable investment should be emphasized so that loan recovery and repayment rate increases
- Participants' women should be encouraged to maintain the record of income and expenditure, so that the state of profitability could be estimated.
- Exposure visit to similar other successful project should be organized for the participants so that they will gain practical experience and share knowledge and expertise.
- The lending should be made on the basis of the requirement of the stated project, not on the basis of achieving the target.
- Project field staff should be trained properly to deliver effective service to clients.
- Meeting should be held regularly to discuss about the problem of project of each member to reach to the appropriate solutions. The member of the office (SLBB) should also be present in the meeting so that it becomes easier to solve them with their guidance.
- Most of the disbursed loan goes to the agriculture and livestock purpose. So it will be beneficial to provide them with the new modern technique of farming. Livestock insurance should be implemented compulsorily to reduce the risk of the borrowers.

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APPENDIX

Dear Sir/Madam,

I am Sujita Shrestha, student of Masters in Rural Development (MA) at Tribhuvan University, Kirtipur. I am conducting a research on "Role of Micro-finance in Poverty Reduction Through Women Empowerment: A Case Study of Micro Finance Program in Basdole VDC of Kavre District, Nepal" which is a part of my academic requirement. I declare that all the information collected will be kept highly confidential and used for my study purpose only.

Respondent Profile:

Name of the respondent:

Ward no. :

VDC:

Locality/Address:

Caste/ Ethnic group:

Age:

Education: Literate, Illiterate

Marital status: Married, Unmarried, Widow

Family Head: Respondents herself, Husband, Others

Changes in children education enrollment

School enrollment	Before the program	After the program
Son		
Daughter		
Total		

How accessible is your family to health care services?

a) Adequate b) Moderate c) Little d) Have not got

1. When did you join the SLBB Microfinance programme?

2. Why did you join the programme?

To earn and save money

To improve living standard

To be self-dependent

To get involved in training and income generating activities

Others specify

3. Is the SLBB procedures of obtaining loan are easie?

Very much, To some extent, Neutral, Not much, Not at all

4. Have you received any non-financial services from SLBB (Like training)?

Yes, No

5. To what extent, the micro-credit you obtained from the SLBB has improved the living standard of your family?

Very much, To some extent, Neutral, Not much, Not at all

6. Have you made any changes in your consumption pattern after joining the group?

Very much, To some extent, Neutral, Not much, Not at all

7. Which of the following activities you are involved?

Cattle farming, Goat rearing, Crop farming, Cottage industry, Cash crop farming, Grocery shop, Poultry, Rickshaw (tri-cycle pulling), Small tea and snacks shop, Small vegetable /fruit shop, Others specify

8. Have you taken any loan from SLBB?

Yes , No

9. If yes, how many times you have taken the loan?

10. What is the purpose of taking the loan?

Purpose:

11. What is the amount you have taken?

Amount:

12. Did you pay the loan?

Paid totally

Paid particularly

Not paid at all

13. If not, state reasons

Insufficient income

Unwillingness to pay

Others specify

14. Are you benefitted from the loan?

Very much, To some extent, Neutral, Not much, Not at all

15. What is the rate of interest that you pay?

16. Is SLBB rate of interest satisfactory?

Very much, To some extent, Neutral, Not much, Not at all

17. Do you have made any savings?

Yes, No

18. If yes, what is the monthly saving (in Rupees)?

0-500, 500-1000, 1000-1500, 15000-2000, >2000

19. For what purpose, the saving is used?

To pay back the loan

- To lend to someone else
- To expand the existing business
- Others specify

20. What are your main economic activities before and after joining the SLBB?

Before:

After:

21. What is your monthly income before and after joining the SLBB microfinance program?

Before: 0-2500, 2500-5000, 5000-7500, 7500-10000, 10000-13500,
 13500-15000, 15000-17500, 17500-20000, 20000-22500

After: 0-2500, 2500-5000, 5000-7500, 7500-10000, 10000-13500,
 13500-15000, 15000-17500, 17500-20000, 20000-22500

22. Have you started any new business or expanded existing business?

Started, Expanded

23. If started, which one specify?

24. If expanded, which one specify?

25. To what extent, you have benefitted from the program?

Very much, To some extent, Neutral, Not much, Not at all

26. How have you benefitted from the program?(Multiple Choice)

Before:

- Rise in confidence
- Participation in decision making
- Reduction in domestic violence

- Self-dependent
- Others specify

After:

- Rise in confidence
- Participation in decision making
- Reduction in domestic violence
- Self-dependent
- Others specify

27. Do you think your prestige or status has increase after joining the SLBB microfinance program?

- Very much, To some extent, Neutral, Not much, Not at all

28. Do you feel secured and strong after involvement in the SLBB?

- Very much, To some extent, Neutral, Not much, Not at all