

**SOCIO –ECONOMIC STATUS OF THE WOMEN INVOLVED IN
THE MICRO FINANCE PROGRAMME
(A Study of Bharatpur - 11, Chitwan District)**

A Thesis

**Submitted to Faculty of Humanities and Social Sciences
Department of Rural Development,
Saptagandaki Multiple Campus, Tribhuvan University,
in Partial Fulfillment of the Requirements for the
Master's Degree of Arts in
Rural Development**

Submitted By

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September, 2018

DECLARATION

I here by declare that the thesis entitled **Socio–Economic Status of the Women Involved in the Micro Finance Programme: A Study of Bharatpur-11, Chitwan District**, 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 ideal and in formation borrowed from different sources in the course of preparing this thesis. The results of this thesis have not been presented of submitted any where else for the award of any degree or for any other parposest. I assure that thesis has been published in any form before.

.....

(Sumitra Poudel)

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LETTER OF RECOMMENDATION

This is to certify that the thesis submitted by **Sumitra Poudel** entitled **Socio-Economic Status of the Women Involved in the Micro Finance Programme: A Study of Bharatpur-11, Chitwan District**, has been prepared under my supervision and guidance as a partial fulfillment of the requirements for the Degree of Master of Arts (MA) in Rural Development. Therefore, this is recommended for the final evaluation and approval.

.....

Ram Prasad Tiwari
(Thesis Supervisor)

Date :-

ACKNOWLEDGEMENTS

It is my great opportunity to complete this thesis under the supervision of lecturer Mr. Ram Prasad Tiwai Department of Rural development, Saptagandaki Multiple Campus, for generous encouragements and undertaking the supervision of my entire research works. This form of the report is the outcome of his continuous encouragement, helpful suggestions and comments. I am very much indebted and no words can fully express my feeling of gratitude to him. I wish to extend my thanks to my respected teachers of the Department of Rural Development, Saptagandaki Multiple Campus for providing me the invaluable information, suggestions and comments.

I would like to thank the all respondents for their participation in the survey who supported my work in this way and helped me get results of better quality. I am also grateful to the members of committee for their patience and support in overcoming numerous obstacles I have been facing through my research.

In the same way I am very much grateful to my friends Menu and Sunita for giving me their valuable time for collecting and compiling data. I would like to thank my fellow Master's thesis years students for their feedback, cooperation and of course friendship. I would like to thank my friends for accepting nothing less than excellence from me. Last but not the least, I would like to thank my family: my parents and to my brothers and sister for supporting me spiritually throughout writing this thesis and my life in general.

ABSTRACT

The study is based on the " Socio –Economic Status of the Women Involved in the Micro Finance Programme. A Study of Bharatpur - 11, Chitwan District. The main objective of this study is, to explore the role of micro finance program for changing status of women in Bharatpur Metropolitan 11 Chitwan District. To study the current socio-economic status of the women involved in the micro-finance program, To examine the changes in the status of the women by the micro-finance program. This study is mainly based on primary data as well as secondary data. There are 150 members. Out of these members 74 respondents were selected by lottery method.

The research area consists of heterogeneous groups of people, Brahmin, Chhetri, Ethnic group, Dalit and others. it is found that the younger women members' participation dominated the program. More than 90 percent of the participants are found a married in the study area. Only 37.8 percent of the participants are found women headed. More than three-fourth of the participants are educated (literate). From the study, it has been found that the members are sincere to spent loan to specific purpose. Most of the women beneficiaries from microfinance program are relatively poor women having income less than Rs. 2000 per year. So the program has attained it's of helping the women. The overall impact the microfinance program on women beneficiaries earning and living standard is found significantly positive. The program has also some positive impact on children's education, use of family planning devices, sanitation and other social reforms. Repayment rate of the women participants involved in agriculture activities is less than the participants involved in business activities. The involvement in the income generating activities has enhanced the self-confidence of the women.

Training for improving farming techniques and micro-enterprise has helped members to shift from the traditional agriculture to cash crop production and petty business. This has helped to increase income of the participants. At monthly group meetings, women discuss health issues, which they follow in their day-to-day lives. this has increased their awareness on healthcare, including women and children's health , family planning, sanitation and reduction in smoking and alcohol consumption habit.

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ACRONYMS/ABBREVIATIONS

ADB	- Asian Development Bank
ADB/N	- Agricultural Development Bank of Nepal
BAFIA	- Bank and Financial Institution Act
CBS	- Central Bureau of Statistics
CDRD	- Central Department of Rural Development
DDC	- District Development Committee
FY	- Fiscal Year
GBB	- Grameen Bikash Bank
GTZ	- German Technical Services
HA	- Hectare
HDR	- Human Development Report
HH	- Household
IBP	- Intensive Banking Program
IDP	- Institutional Development Programme
IG	- Inter-Group
INGO	- International Non-Government Organization
MCPW	- Micro Credit Project for Women
MFDB	- Micro Finance Development Bank
MFI	- Micro Finance Institution
MOF	- Ministry of Finance
NRB	- Nepal Rastra Bank
NGO	- Non Government Organization
PCRW	- Production Credit for Rural Women
PSLP	- Priority Sector Lending Programme
RD	-Rural Development
RMDC	- Rural Micro Finance Development Centre
ROA	- Return on Total Assets
RSRF	- Rural Self Reliance Fund
RUFIN	- Rural Finance in Nepal
SCC	- Saving and Credit Co-operative
SFs	- Small Farmers

SFCL	- Small Farmers Co-operative Limited
SFDP	- Small Farmers Development Program
SKBB	- Sana Kisan Bikash Bank Limited
SPO	- Sub Project Office
UNDP	- United Nations Development Program
VDC	- Village Development Committee

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Micro finance is a process of delivering varieties of financial services to the poor based on the market driver and commercial approaches covering savings mobilization, credit disbursement, transfer of money, and the micro insurance. It includes the financial transactions associated with all formal and informal financial institutions that provide small size of financial services to the rural poor.

Meaning of microfinance would differ accordingly depending upon the level of economic condition and the level of requirements of financial resources of any country. Even in USA and Canada Grameen banking model has been adopted. Ireland, Germany and many other developed countries also adopted this microfinance model for poverty reduction. Microfinance is such a tool that would bring a notable socio-economic transformation for economic development in the community through its invisible power. Microfinance institutions (MFI's) have provided such microfinance services to the very door steps of the rural poor, especially the rural marginalized groups. The relationship between the micro finance institutions (MFI's) and beneficiaries are of business transactions. MFI's are organizations which provide financial services to the very low income people for economic development of the rural communities of a country.

Microfinance is a small scale financial services that aim to support the marginalized, disadvantaged and deprived communities with the noble objective of enhancing their quality of life and mainstreaming them. It is a financial service for small entrepreneurs to help them in developing self-employment opportunities and various income-generating activities. Usually, micro finance is a program that serves larger number of clients with reference to women/ deprived people and works at grassroots level with financial services. The main objective of micro finance program is to provide quality financial services to the larger number of deprived population of the country and to ensure the availability of such services to their households.

In the 1970's experimental programs in Bangladesh, Brazil and few other countries extended tiny loan to groups of poor women to invest in small businesses. This type of micro enterprises credit was based on unity group lending in which every member of a group guaranteed the repayment of all members (www.wikipedia.org). But, the microfinance was first set up in the form of Grameen Bank in 1976 by Bangladeshi economist Prof. Muhammad Yunus as micro loans. (www.microfinancegateway.org).

Generally, microfinance products are categorized under three heads-micro credit, micro savings and micro insurance. The term micro credit is often used in place of micro finance itself. But micro credit is just one aspect of micro financing concept which means to provide micro loans to the low income group people, it covers a wide variety of loans for consumption as well as production such as housing loans, education loans, agricultural loans, loans for small and medium enterprises, it is the just the credit and saving aspect of the microfinance that has developed in the recent years. Micro insurance is still in the process of development. Micro insurance products include life and health insurance, crop insurance. In the mid-1970s, Professor Muhammad Yunus (yunus), then head of the rural economic program at the University of Chittagong, observed that banks did not extend their credit schemes to the rural poor as they were not considered creditworthy. In this situation, the rural poor were forced to approach moneylenders who charged exorbitant rates of interest. In 1976, Yunus launched the Grameen bank project, on an experimental base of the study the framework of banking services for the rural poor. Micro finance in India is still in its nascent. Micro finance yet remains a powerful tool for development. It may be a panacea, but it has brought a sea of change in the lives of many in the poor and over-populated country India. By reaching the un-reached rural poor in the rural areas, micro finance innovations are yielding results and giving hope to the millions of poor through providing credit

At present micro finance is being increasingly used in the form of development strategy for achieving the developmental plans. Clients of micro finance institutions are usually poor and low income people; often living an awful overcrowded setting, living in remote areas with limited access to basic amenities such as education, water, electricity, banking services, health services, market facilities etc. Many of them are women, playing a double bottom line role of a provider and caretaker at household

level. The poor people do not have enough land for farming; opportunities of off farm employment are very few. Additionally, they lack access to convenient, affordable and appropriate financial services (Sigdel, 2008).

In Nepal, the necessity of involving women in the development process was explicitly realized only after the sixth five year plan. The initiatives have been taken to mobilize and involve women both as agents and beneficiaries in the development process. Appropriate measures have been taken to strengthen their roles through better access to health care, educational training and formal credit (www.cmfnepal.com).

Nepalese women who comprise half of the population of the country have always been involved in national development, although deprived of control over economic resources like property, income, employment as well as other resources. Besides this, Nepalese women are also underprivileged and disadvantaged in terms of their socio-economic status in comparison to their male counterparts.

1.2 Statement of the Problem

Although financial sectors are expanding as these economies grow, in the most rural areas of the country the financial services are only available to a minority of the population. The majorities of the population and the backward areas of the country have no savings and do not receive credit from the formal financial institutions. They rarely enter in the formal financial institutions premises. In this way many bankable people are unbanked; the credit worthy people who would be able to generate income to repay the loans do not have access to credit. So, the question can be raised: why access and uses of microfinance services are low in the rural area? The study on the financial efficacy of MFIs in Nepal has helped to answer this question.

The comparative study of Nepal living standard survey 1995/96 and 2003/04 shows that microfinance services have succeeded in reducing the percentage people below poverty line but it is the pity that the inequality in income and wealth has been rising continuously even after intervention of Microfinance Institutions. The RSRF as a MFI has been playing an important part in poverty reduction since it established in 1991. A Question arising here, however, is: has the RSRF been able to really reach out to the poorest of the poor in its programme area? The comparative evaluation of the co-

operative organizations working as intermediaries under RSRF programme in mid – western development region of Nepal has showed, how they are effectively utilizing the credit for the benefit of target groups. Wholesale MFIs have been implemented but the problem is that the fruits of development could hardly trickle down to the poor and rural people .The problem is also concentrated on how to mitigate the saving investing gap in the rural economy and how to provide universal access to finance.

Gender disparity has been one of the most widespread and persistent features of Nepalese society. The Global Gender Gap Index (2012) ranks Nepal in 123rd position with its value 0.6026 out of 135 countries. This is very lower ranks if we compare with South Asian countries (Srilanka 39th, Bangladesh 86th). This rank has also been worsened as the rank was of 110th in 2009. Similarly the Gender Inequality Index of Nepal was 0.558 in 2012 (BTI, 2012). These indices are far below the regional and global average level. These facts reveal that there is a great disparity between men and women in Nepal and reflect that women are still living far behind than their male counterpart. The women participation in economic, political and professional sphere is very low in Nepal. Women are still deprived from the opportunities. This is mainly because of the limited access to economic resources like property, income, employment as well as other resources due to illiteracy, ill health, poverty and conservative social taboos. Widespread poverty, low perception of their personal capabilities, limited opportunities, and inaccessibility of external resources and a low or non existent personal savings, assets etc. are the other reasons behind weak performance of the women.

Many global evidences show that microfinance programs have helped to improve women's social position through running their own business, women have become more mobile geographically. Because of the success of many female businesses, women say that they become more respected in their communities, and their opinions and power to influence decisions in the household and the community may carry more weight. Many women clients of microfinance claim they now feel less isolated; they express satisfaction for belonging to solidarity groups or informal client groups, where they feel encouraged, understood and supported by their peers. A significant feature in the microfinance sector is the visibility and evidence of women as key actors in social and economic development. Women have become more visible as

successful micro entrepreneurs; disciplined credit payers; investing the proceeds from their businesses to improve their households and the family nutrition, childcare, health, and education. Microfinance can also provide the power 'platform' to create a favorable context to encourage women to gain political rights FAO (2002).

In this context this research aims to study whether the microfinance institutions in Nepal are able to meet the said goals. For this purpose this research will make a case study of a women based microcredit institution named Women (MAHILA) Saving and Credit Institution of Bharatpur Metropolitan , Chitwan District, Nepal. This institution has all women members and provides financial services of saving and deposit at a small scale. This institution has been providing financial services for its members who are exclusively women on group basis for small income generating activities like retail business, vegetable farming, beauty parlour, tailoring etc. the credit is provided under group guarantee basis.

1.3 Objective of the Study

The general objective of this study is to explore the role of micro finance program for changing status of women in Bharatpur Metropolitan 11 . The specific objectives of the study are as follows:

1. To study the current socio-economic status of the women involved in the micro-finance program.
2. To examine the changes in the status of the women by the micro-finance program.

1.4 Significance of the Study

The study on Microfinance Institutions will pave the way for future researcher. Besides its significant also lies in the fact that MFIs can help in policy formulation, improvement in their management and bridging up of their lacunae. This research is equally beneficial to the beneficiaries of the Microfinance Institutions. As result, it contributes significantly to access flexible, convenient and affordable financial services, empowers and equips the poor to make their own choices and build their way out of poverty in a sustained.

1.5 Limitations of the Study

The study has following limitations:

- This study, basically is concentrated on Bharatpur Metropolitan 11.Chitwan District, so the study may not represent the true picture of the whole project,
- Due to time and budget constraint overall impact of micro finance is not studied in the study.
- Due to diversity in social, cultural, traditional, geographical and economic norms, the findings of the project may or may not be generalized in micro finance programs running in other parts of the country.

1.6 Organization of the Study

This study has been divided into five chapter First one chapter deal with background , statements of the problems, objectives of the study, limitation of study, importance of the study, and organization of the study. Chapter two contains the review of literature. Chapter three describes research methodology in which relational of the site selection, research design, nature and source of data, universe and sampling procedure, data collection methods, analysis of data are described here. In chapter four, it dealt with the analysis and interpretation of field survey data. Finally chapter five is closely related with the major findings, conclusion and recommendations.

CHAPTER II

LITERATURE REVIEW

A brief review on the background, role, importance and impact of micro finance, the significance of micro finance in order to uplift economic condition and inter-relation between women and micro finance, different models of micro-finance especially income generation of rural poor women has been reviewed in this chapter. This chapter is based on the available reports, manuals, workshop reports, papers, proceedings and studies on micro finance program undertaken globally and nationally.

2.1 Conceptual Review

2.1.1 Evolution of Microfinance in Nepal.

In Nepal, both formal and informal MFIs are providing financial services to generate income through employment opportunities for low income families. The formal financial markets in the country have existed for generations whereas the formal sector micro lending began in 1956 with the establishment of credit co-operative in the "Rapti valley" of Chitwan district to provided financial services for those people affected by the flood.

Later, in 1963, co-operative bank was established to provide financial services to credit cooperatives. Thereafter several credit co-operatives and the ward/village committee were established to extend credit at the grassroots level along with national level institution i.e. Land Reform Saving Corporation. This institution was converted into ADB/N on 1968. Formally MF service was started in 1974 with NRB's direction to commercial banks for lending 5% of their total deposit liabilities to 'small sector' in order to increase production and employment in rural areas. The 'small sector' was renamed later as Priority Sector Credit (PSC) in 1976 which is the beginning of formal micro credit program raising the lending percentage to 7% of the total deposit liabilities. The PSC was redefined as Intensive Banking Program (IBP) in 1981. It was the main concern of government for implementing micro credit program through major commercial banks of the country viz. the RRB, NBL and NABIL Bank. The

NRB also made successive changes in lending percentage and it increased to 8% in 1984 and this lending was fixed at 12% by the year 1990 (Bashyal, 2008).

2.1.2 Approach of Microfinance

Basically, two approaches, "financial system approach" and "poverty lending approaches" have been developed regarding microfinance and poverty reduction. Two different schools of thought, namely the "banking school" and the "development school" have interpreted the role and the function of credit. The first approaches is propounded by banking school believes in sustainable (ability of MFIS to cover the costs) financial services only to the poor, but not to the poorest ones. This approaches stresses on financial viability of lending institutions, removal of subsidies, and mobilization of savings rather than on poverty reduction. In this approach, loans are demanded and paid back in time. It is considered that the services provided are valuable. The economists like D.W. Adams and Pischke are the supporters of financial system approach who opine that only credit only credit is not an important tool for poverty reduction (Adams' study 1992 and Pischke's study 1991, cited in Gulli, 1998).

On the other hand, the development schools of thought emphasized on the poverty lending approach claiming poverty reduction and empowerment as overall goal of microfinance. This approach stresses on measurable impact on client's poverty level rather than on financial sustainability. The proponent of this approach, like Michel Lipton (1977) gave emphasis on importance of credit as a mechanism for achieving normative or behavioral objectives of income redistribution and social justice. And this is particularly relevant in structural adjustment effects on lives of the poor increasing the opportunity for resource control by these people (Lipton's study 1977, cited in Abeywardena, 1993). This is the target group- centred approach favoured by United Nations agencies and bilateral donors, who perceive credit as an instrument for achieving a higher level of distributive justice. Yunus, emphasized this view strongly with underlying belief that "Credit for self-employment should be considered as a fundamental human right, it should also be recognized as a human right that plays a critical role in attaining all other human rights" (Yunus's study 1987, cited in Bernstein, 1996, p.232). However, this study is concern with poor the poor women, who are marginalized in development efforts due to the double disadvantages of

poverty and gender, and gender is defined as the role played by men and women based on social norms and values that is changeable.

It is difficult to identify any specific approaches operating in Nepal as there is overlapping of financial system approach and poverty lending approach. Microfinance institutions (MFIs) in Nepal emphasise on the poverty lending approach with poverty reduction and empowerment as their major goal. But unfortunately, they lack the sustainability that the financial system approach tries to gain. On the other hand, commercial Banks in Nepal opt for the financial approach, but they seem reluctant to finance the poorest and even the poor opting instead for large institutions and firms. Thus, the aim of the poverty reduction is not given enough priority by the later ones. It is commonly believed that there exists a trade off between financial sustainability and outreach (impact on poverty reduction). But the evidence provided by numerous studies does not support this conclusion. Although microfinance programmes established during the 1990s (both NGOs and government managed Programmes) failed to reach towards financial sustainability, many others demonstrated that poor people, particularly poor women, are excellent borrowers if provided with efficient loan services at commercial rates. In the same way, MFIs also can provide micro loans to poor people in an efficient and financially sustainable way, once the numbers of the clients increases to reasonable scale. It has also been provided that MF is an effective way to help themselves in building assets, managing risks, and working their way out their poverty. On the basis of these experiences, it can be suggested that the best approach of MF need to combine both the characteristics, i.e. institution's financial sustainability, and its willingness, or ability to reach greater numbers of poor people in a particular economic settings.

2.1.3 Principles of Microfinance

The conditions and procedures of microfinance (MF) are more flexible and easy to understand by the local community. Depending on the operational system, some key principles are common to all successful MFIs. The study Rhyne and Otero 1994, explains three key principles as (a) MFIs are able to know their markets that the major services needed by the poor are saving and the credit for liquidity and working capital with one-year loan terms. Simple application procedures and small size of the loans are important elements for access and convenience of the clients. Because of these

elements, the poor are willing to pay higher interest rates than the prevailing rates in the formal financial system (b) the successful of MFIs keeps administrative costs low as possible. Quick and simple procedures and decentralized loan approval systems are important principle, and (c) they are able to ensure high portfolio quality as they have developed a modality, like peer-pressure model to ensure high repayment rates than in traditional collateral-based loans. Yunus has demonstrated some essential elements and practices that differentiate MF

from traditional finance, and these elements according to him are major obstacles for the poor people to get financial services from formal economic and banking system.

Microfinance do not require collateral, guarantor and it reaches to the doorsteps of the poor, but the formal finance does not. Because of these important elements and practices persisted, the MF strategy is more suitable to meet the needs and the realities of the poor people. In fact, the principle of MF is very simple as it endeavours to emulate essential elements of informal lending system that can create confidence and better relationship between the borrowers and the lenders assuring financial credibility in the credit market. Regarding the confidence creation, ACCION International highlighted the need to learn from the modus operandi (minimize the risk and achieve cost efficiency of the informal lenders in Latin America). It is essential mainly to develop a relationship with them and have knowledge of their investment (use of the loan). If the lenders cannot deliver credit in a timely manner, borrowers go to informal lenders. Besides, the ACCION have used such lending practices that reflect the needs and realities of their clients pursuing client delinquency to make the programmes success (Christen, 1989).

2.1.4 Access to Finance in Nepal

Access to finance appears to be heading in the wrong direction. Physical access to finance improved slightly between 2001 and 2005: while branch penetration dropped from 1.94 bank branches per 100,000 people to 1.67, ATM penetration grew from 0.06 per 100,000 people to 0.24. Yet this progress was marred by adverse trends in the use of financial services: deposit accounts fell from 112.71 per 1,000 people to 89.55 over the period, and loan accounts per 1,000 people dropped by about 45 percent. Data on the share of adults with bank accounts are not available. But if

deposit accounts per 1,000 are indicative, the trend in that indicator too would probably be negative. The sectoral distribution of credit shows an almost equal allocation of lending among commerce, services, and other sectors.

2.1.5 Performance and Efficiency of Microfinance

The successful restructuring of Nepal's two state-owned banks—Nepal Bank Limited and Rastriya Banijya Bank—improved the performance of the entire banking sector. After continuous losses in 2001–03, the sector turned around to post net profits in 2004 and 2005. But the huge retained losses of the two banks resulted in negative core capital for the period as a whole, depressing both return on equity and return on assets (figure 2.3). With the negative capital base and the lower returns, both the performance and the efficiency of the commercial banking sector suffered. Still, there appeared to be some improvement in cost efficiency. After rising in the early part of the period, the staff cost ratio fell to 77.34 percent in 2005. Meanwhile, the operating cost ratio declined by almost 23 percent, from 66.58 percent in 2001 to 50.92 percent in 2005. On technological efficiency, the share of banks with computerized systems remained low at 40 percent, while the ATMs available per bank rose from 1.07 to 3.52. So there is room for improving technological efficiency as well as for monitoring and further reducing staff and operating costs.

2.1.6 Stability of Microfinance

The regulatory capital adequacy ratio remained well below the required 8 percent in 2001–05 and negative for the last four years of the period. Two main factors contributed to this: the huge retained losses of the two public banks and the consequent negative core capital, and the operational losses suffered in the first three years. The negative core capital also affected the ratio of large loans to own funds. But closer examination of the data reveals that the value of large loans more than doubled over the period. Thus beyond strengthening returns and the capital base, another priority for Nepal's banks is to improve their large loans situation by maintaining a healthy balance between large loans and own funds. Thanks to successful loan recoveries by the two public banks, which were under professional management during the past three years (2013–15), the gross non-performing loans ratio showed a healthy reduction of almost 35 percent over the period, to 17.10

percent in 2015. The net non-performing loans ratio fell by about 91 percent, from 4.72 percent to 0.4 percent. These changes reflect commendable gains in credit quality. Banks' liquidity position did not appear to pose a concern. The liquid assets ratio remained around 19 percent over the period, while the liquid assets to liabilities ratio declined by around 22 percent.

2.2 Empirical Review

INAFI, SAP Nepal (2005) used primary and secondary data to assess the impact of microfinance on poverty as well as other social impacts of microfinance services in Nepal.

The study found a significant impact on clients across a wide range of economic and social indicators. This include increased income, improved nutrition, better food intake, better consumption of clothing, better housing, lower child mortality, lower birth rate, higher adoption of family planning practices, better health care, better access to education for children, women empowerment and participation in social and political activities etc.. Thus, there is a direct link between microfinance and at least five of the Millennium Development Goals namely the eradication of extreme poverty and hunger; achievement of universal primary education; promotion of gender equality and empowerment of women; reduction of child mortality and improvement of maternal health.

The study concludes that gender should be made a part of the microfinance strategy. In general, Micro-finance Institutions (MFIs) target women clients for pragmatic reasons. Being a microfinance client is a good start, but membership by itself may be empowering. In view of this, the MFIs should be encouraged to make gender concern, more of a focus in its strategy and approach, especially in the Tarai, where culture constraints women's mobility and empowerment.

Majorano (2007) assessed the impact of the rural microfinance projects based on the observation and analysis of MFIs working in Kathmandu, Makwanpur, Dhanusa, Sunsari and Chitwan districts. In her study, she found that the microfinance programs aimed at women empowerment have contributed to it in different ways. The women treated their savings as a means of building up an assets base and gaining a certain

independency from their husbands. The programs have increased women's self-confidence and their influence in household decision-making process has also increased. From her analysis, she has concluded that the microfinance services have reached the poor and the poorest families. The women clients have improved their confidence, leadership, decision-making power and entrepreneurial skills after participating in the microfinance program.

Bashyal (2008) assessed the financial access of the women and their empowerment through gender equity improvement based on survey of clients of Nirdhan Utthan Bank Limited. The study found that microfinance has improved family's wellbeing by increasing household's food sufficiency level, assets accumulation and children's education. The effectiveness of program in improving socio economic condition is more visible in the improvement in housing condition and possession of consumer durables. It has been credited with: empowering women by increasing their self-confidence and decision making power, enhancing family status, family co-operation, and greater say in household spending. Moreover, the access to credit not only gave women opportunity to contribute to the family business but they could also deploy it to assist the husband's business which increased their prestige and influence within the household. Micro loans have enabled women to start non-farm activities particularly, petty trade.

The study reaches to the conclusion that no unique model of microfinance is applicable for all situations. To provide micro finance services to large numbers of scattered poor people in the hills and mountains of the country through well managed operating costs, the program should be designed according to its topographical differences and diversified settlements.

Thapa and Sharma (2008) conducted a small study based on secondary information generated by Sahakarya Project to assess the impact of rural finance program in empowering women.

They found that the rural micro finance program has empowered women and disadvantaged groups of people by providing access to credit services, in rural area. RMDC (2008) by using primary and secondary data studied to assess the impact of micro finance program on socio economic status of the ultimate beneficiaries. The

study revealed that the impact of micro finance services on participating women was positive to their household income. An increase in income improved the socio-economics of the participating women. The improved credibility of clients in other sectors through increased income and assets due to the involvement in the micro finance program is taken as a positive impact of micro finance. The microfinance program has greatly empowered the participating women in all respects.

This study shows that micro finance promotes diversification of income sources and brings about positive changes in investment, income received and savings made from each category of income sources. Microfinance program generates self-employment that generates income to meet daily necessities of the poor women and their families. Micro finance program also improves educational status of the children of member women as they get the required information from the implementers. Participation in micro finance program improves poor women's access to resources that they could own and use on their own decision without any interference from their male counterparts.

Acharya (2009), based on extensive field research amongst the small farmers of the Chitwan district of Nepal, examines and documents their understanding of credit, what sustainable microfinance means to them and why there is a high rate of loan defaults. He states that the paying back of loans on time is directly linked to the institutional sustainability of microfinance organizations. He has carried out the research with the major objectives of examining the factors behind the high rate of credit default amongst small farmers, documenting the small farmers' view on 'sustainability', documenting women's view about participation in the microfinance scheme and looking at policy implications for the development of micro enterprises and small farmer sectors in Nepal. Regarding research methodology, the researcher has followed standard research procedures: combination of deductive and inductive research strategies, and the use of both quantitative and qualitative methods as the only quantitative methods are not suitable to collect data on the subjective experiences of small farmers and on dealing with complex social and political relations in village communities. His qualitative research methods include case studies, individual interviews, focus group discussions and triangulations. He has presented the major findings: that the institutional sustainability of microfinance institution heavily

depends on the repayment rate of loans; low incomes amongst small farmers and their understandings about

credit are the key factors for high credit default; and there will be no mutually favorable outcomes unless governments and lending institutions understand how small farmers interpret the terms 'credit' and 'sustainability'. In the last chapter nine, he has made the recommendations of using new ways of involving poor rural communities in income generating activities and resolving the issues related to the high credit defaults: seeking an alternative source of the small farmers' income, building adequate infrastructure, giving them training, increasing literacy rate, establishing rural market centres, introducing local industrial enterprises into rural areas and empowering women by changing land laws and existing property rights.

2.3 Socio Economic Benefits of Microfinance

Microfinances were mainly focused on uplifting the socio-economic status of women. Women are bound within the household activities and don't get enough opportunity to go outside of home and involve in other activities. If women should be educated or empowered then she can support or empower her family members; she can well manage the health and education of the children. On the other hand, male migration is also increasing in Nepal, in such condition female has to take overall responsibilities of management of house and children. Microfinances are involved in the different social development activities also than the only saving and credit because microfinances have committed to reduce the level of poverty in the society. Economic and social uplifting is strongly associated with each other so it should be launched together (Dhakal and Nepal ,2016).

Microfinance institutions are developed with the common purpose of contributing in the socioeconomic changes of community. Microfinances were not working in the field of saving and credit but also providing the skill based income generating activities to uplift the economic status of people. The importance of microfinance was felt more in rural areas than the urban areas because of the less infrastructural development in in the former. Microfinances activities are more effective to reduce the poverty level. It has promoted the saving and credit habit of people. Microfinance has promoted the business activities by providing the loan facilities. Microfinance institutions accepted that they charged higher interest rates than the other banking

institutions because of its own sustainability strategy. It was necessary to monitor the microfinance activities from the government to strengthen the capacity of management and promote the effectiveness of communities services (Dhakal and Nepal, 2016).

CHAPTER III

RESEARCH METHODOLOGY

In this chapter the methodology used in this research is discussed. The population, sample, study area and research design of this study are specified here. The sources of data, sampling technique, process of data collection and data processing techniques are explained in this chapter. Besides this the analytical procedure is also explained.

3.1 Research Design

This study is based on the micro study of microfinance program. It seeks to analyze the effectiveness and sustainability of microfinance program in the above mentioned study area. A descriptive method is adopted to analyze and interpret the quantitative and qualitative data collected from the concerned field. Loan, investment and repayment process and situation of microfinance program are covered in this study. Primary and secondary data are used to attain the objectives of this study.

3.2 Nature and Source of Data

Primary as well as secondary data was used in the study. Primary data has been collected from the study area using structured questionnaire. Besides this, primary data were also collected from the knowledgeable people using checklists. The questionnaire is presented in Annex 1 and secondary data is obtained from secondary sources eg. books, Journal of MDG, ADB, CMF, RMDC, WB, WSC, Economic Survey, Various Plan documents of Nepal, different websites, NGO and Pamphlets etc.

3.3 Population, Sample Size and Producer

Population for this study is the member of the concerned microfinance programs conducted in Bharatpur Metropolitan 11 of Chitwan district of Nepal. There are 4 groups with 150 members in the are and each group consists of 15 to 25 members. Out of 150 respondents 74 respondents were selected by lottery method.

3.4 Techniques and Tools of Data Collection

Data collection techniques and tools are as follows:

3.4.1 Survey Questionnaire

In this research, the researcher was collected the information about the status and socio-economic impact of micro finance program of the study area by structured and unstructured questionnaire.

3.4.2 Interview

An informal interview has been done to know further about the micro finance program.

3.4.3 Case Study

In this research the research three case studies has been done to know further about the supporting and constraining factors of microfinance program of the study area.

3.4.5 Focus Group Discussion

Four group was formed for focus group discussion, among them two group comprised only of women and remaining two group was participate of both male and female.

3.5 Data Processing and Data Analysis

The collected data were processed by using simple statistical techniques viz. measure of central tendency, measure of dispersion, correlation etc. The data will be presented by using different types of table and charts. Quantitative as well as qualitative methods were applied to analyze the data.

Case Study 1

Aged 46, Ms. Putali Wasti was born as a fourth child among eleven siblings in a deprived family living in Bharatpur 11. Later she got married to a truck driver at the age of 17 and became widow at the age of 25 after giving birth to three daughters. Putali (Butterfly) neither had a colorful life nor could fly high like a butterfly. She grew up working in the agriculture farm and goat herding in jungles. She never received any form of formal education and had always imagined that there was no place for peace and happiness in her life. The helpless Putali was able to take care of her family for only a couple of months through some money saved by her husband before he passed away. She begged for help from her relatives and neighbors but no one showed any interest in supporting her. Being frustrated, she decided to jump into Narayani River to end her life but, at the last moment, innocent faces of her daughters stopped her from taking her own life.

The access to mainstream financial institution was distance dream for illiterate and deprived people like Putali, so, she went to local money lenders to borrow some money and start income generating activities. But no one believed that an accursed widow could pay back their money. As she struggled with her life by laboring from dawn to dusk in construction sites and agriculture works on daily wages . She found what she was looking for so long when she visited Micro finance institution branch office Bharatpur and came to know about the product and services of the bank. Putali gathered other women who were overlooked by the mainstream financial institution and formed a group. She got a week long financial literacy from bank staff and got qualified for the first loan. She started a small grocery shop at Cock factory . She worked tirelessly in her shop, conducting her business with honesty, and managed to repay the first loan within 10 months. Branch manager was highly impressed by her hard work and enthusiasm, and approved second loan of Rs 60,000. She further invested Rs 100,000 to scale up the business by adding new products in her shop. She was able to manage marriage expenses of two daughters from the money she earned through grocery shop and her younger daughter is doing graduation. Similarly, she has built a small concrete house from the earnings from her shop within 3 years. Putali who once decided to give up on her life is now a master of her own fate, and people are appreciating her hard word and strong determination.

Case Study 2

Shanti Devi Gurung, grown up in a “Lahure” (belongs to Army men) family in Bharatpur 11. Married to a waiter in a local restaurant without consent of her parent, she neither had any experience of working in the farms nor had a dream to be a successful agriculture business woman. After completing Bachelor’s Degree in Education, she ran a pre-primary school in her village for 12 years. She however was not happy with what she was doing because she could not improve her family’s economic conditions. One day, she got an opportunity to participate in a self-employment training program organized by the District Chamber of Commerce and Industry which made an impression on her and she came up with the idea of business diversification. She decided to do vegetable farming by taking a small piece of land in lease. But neither her family nor relatives supported the idea of doing vegetable farming. Her husband went for the employment in Middle East. She gave away her school in rent and started mushroom farming by building a tunnel in the leased land. People laughed at her when they saw a graduated woman doing farming. As she did not get financing from banks, she borrowed money from local lenders in higher interest rate. She faced the financial difficulties due to high interest and undesired terms and conditions of repayment. She wanted to scale up her business by adding varieties of seasonal and off seasonal vegetables but no one came to finance her. In the meantime she came to know about Nirdhan Utthan Bank from her friends from neighbor village. She visited the branch office of Bharatpur and got the detail information about microfinance services of the bank.

After getting a week long compulsory group training (CGT), a financial literacy about microfinance services offered by the Bank, roles and responsibility of group member during the training, she got Rs. 40,000 collateral free loan to scale up her vegetable farm. She added three more tunnels to produce tomato, cauliflower and chilly. She earned Rs. 125,000 net profit by investing Rs. 250,000 in a year. When she saw a ray of hope in vegetable farming within a year, she sold school and borrowed Rs. 500,000 microenterprise loan from the NUB. She added another 6 Kathha land for farming. She participated in the various training related to vegetable farming during the period. Now her husband has come back and supports her in the business. She has

purchased small plot of land from the earning of vegetable farming within a couple of years. She is thankful to NUBL for helping her in making her dream come true.

CHAPTER V

PRESENTATION OF FIELD SURVEY DATA

4.1 Socio-Demographic Status of the Respondents

4.1.1 Age Structure of the Members of the Microfinance Program (MFP)

The youngest among the members surveyed was 22 years old while the oldest was 62 years old; this shows that there is no age bar to be a member of the group. Table 4.1 shows that more than half of the women members are between 21-50 years who have heavy financial load for the survival and other social responsibilities such as educating their children and performing marriage ceremony of their children etc.

The age distribution of microfinance program clearly shows that the domination of the younger people (women member) in participating in the program. This explains that as the people become old the participation in the MFP is likely to reduce.

Table 4.1

Age distribution of the members of the microfinance program

Age Group	Total	Percentage
21-30	26	35.1
31-40	24	32.4
41-50	18	24.3
51-60	6	8.1
Total	74	100

Source: Field Survey, 2018.

This may be due to the higher financial burden that has to be born by the younger people than the older people. The younger people are usually more educated and they are enthusiastic to take part in the income generating activities and for which they are bound to dependent on MFP.

4.2.2 Marital Status of the Members of the Microfinance Program

Marriage is a socially recognized institution for having legitimate sexual relationship between a man and a woman for the protection, upbringing, maintenance and socialization of the children through establishing a family. It is a strong institution in Hindu society and perhaps every other society. According to social rule and regulations and their belief system, types and forms of marriages vary widely.

Table 4.2

Marital status of microfinance program

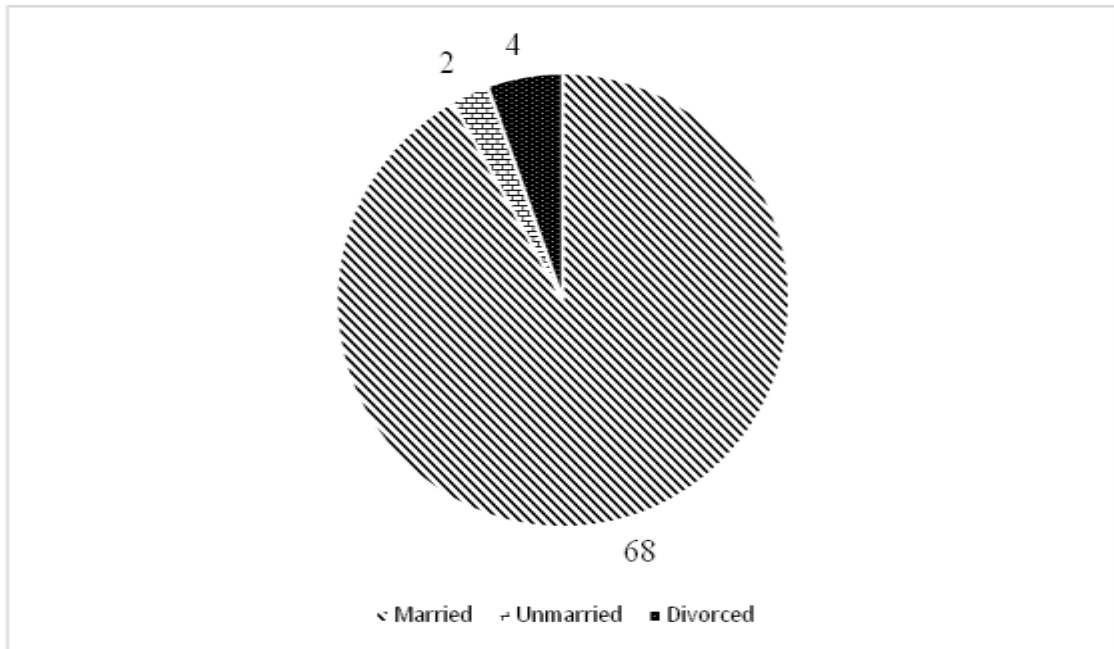
Marital status	No. of borrowers	Percentage
Married	68	91.9
Unmarried	2	2.7
Divorced	4	5.4
Total	74	100

Source: Field Survey, 2018.

Table 4.2 shows that majorities (i.e., 94.6 percent) of the members surveyed were married and 5.4 percent were divorced. In the same way 2.7 percent were unmarried and no widow was found as the members of the Microfinance Program. The dominance of married people in the participation of MFP reveals their higher dependence in such Program in comparison to others.

Figure 4.1

Marital status of microfinance program



Above table and figure shows that socio-economic factors such as for the education of their children, future security and improve their socio-economic status. On the other hand the unmarried people are mostly dependent on their parents in case of our country and hence they are less involved in MFP.

4.2.3 Family Size of the Members of the Microfinance Program

Family is a universal institution. It is found in every society. It fulfills emotional and physical needs of its members. It is a biological unit composed by group of persons and kinds who are related through blood and marriage. It usually begins when the partners marry because marriage is the basis of family. The family system is divided into three categories: nuclear, joint and extended. In a nuclear family, there is a couple with or without their unmarried off springs. But there can be found completely nuclear type of family system in Nepalese society as in European society. It is only nuclear in matters of separate residences.

Table 4.3

Family size of the members of the MFP

Family size	No. of Respondents	Percentage
Small up to 4	30	40.5
Medium(5 to 8)	34	48.6
Large up to 8	8	10.8
Total	74	100

Source: Field Survey, 2018.

Table 4.3 shows the increasing preference towards nuclear family. 40.5 percent of the members surveyed belonged to smaller sized household with 1 to 4 members. However 48.6 percent of the members have medium sized households with 5 to 8 members. And nearly 11 percent of the members have large size households.

This shows that the participated members are mostly from medium size and small size family which indicates the awareness about the burden of large family. This implies the transformation of the traditional large joint family towards small family.

4.2.4 Family Head

The family system is divided into three categories. It is generally believed that majority of families in Nepal are joint in nature. It happens because agriculture demands many labours during seeding and harvesting period. And the head of the family, who is usually the father, exercises control over the family members and family property

Table 4.4

Family head of the members of the MFP

Family Head	No. of borrowers	Percentage
Herself	28	37.8
Husband	32	43.2
Others but Male	14	27.1
Total	74	100

Source: Field Survey, 2018.

Table 4.4 shows that the majority of households are mostly male headed, clearly showing the patriarchic family system, which is often blamed for the lower efficiency of the family as a production unit and the main cause of repression of women within a family and society as a whole. Out of the total 37 households covered in the study, 23 members (about 62.2 %) belonged to male headed households and the remaining 37.8 percentage were female headed.

Lower percentage of female-headed households reflects the dominant position of male member of family over the female member. Most of the sampled members belonged to the house headed by the male members. It indicates major and important decision in the family is taken by the male members, no matter how serious it is towards their concerns.

4.2.5 Caste Distribution

Table 4.5 shows that in the study area majority of members belonged to ethnic groups. 35.1 percent of the members are Brahmin/Cheetri and then 24.3 Rai/ Limbu. The percentage of Dhimal and Newar members are 10.8 and 13.5 respectively. It indicates Madi Municipality is multi ethnic and all the ethnic groups enjoy microfinance program equally. In other words, microfinance service in this Municipality is an unbiased service.

Table 4.5

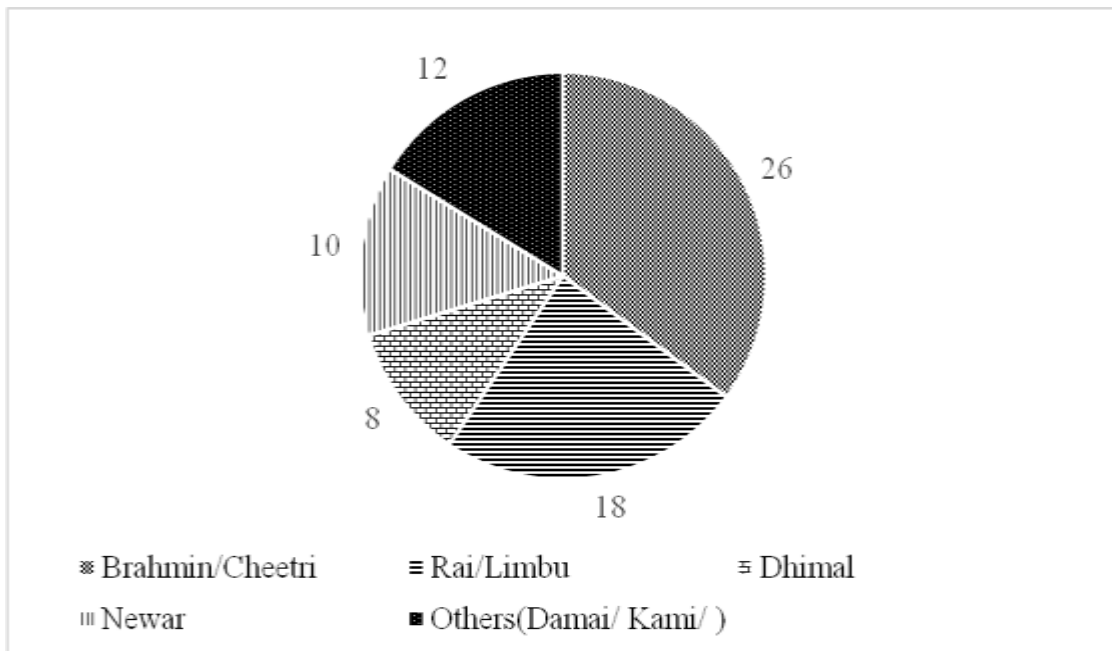
Caste distribution of the members of the MFP

Caste	Total	Percent
Brahmin/Cheetri	26	35.1
Rai/Limbu	18	24.3
Dhimal	8	10.8
Newar	10	13.5
Others(Damai/ Kami/)	12	13.6
Total	74	100

Source: Field Survey, 2018

Figure 4.2

Caste distribution of the members of the MFP



Above table and figure shows that higher percentage of participation of Brahmin/Chetri community explains their dominance in financial services followed by Rai/Limbu. This is due to the majority of their population.

4.2.6 Educational Status

Education is one of the indicators of women's status. This is crucial factor for not only availing employment opportunities created in the process of modernization but also for communication with the outside world. Educational attainment has become a most valuable identification of women's social status.

Table 4.6

Educational attainment of members of the MFP

Education Level	Total	Percentage
Illiterate	16	21.6
Literate	58	78.4
Total	74	100

Source: Field Survey, 2018

It was found from the study that highest number of borrowers had attained literacy that constitutes 78.4 percent. About 21.6 percent of the borrowers are illiterate. The table shows that the literate or educated more participated more in microfinance program than illiterate people. This signifies that education plays a key role in the success of the microfinance program.

4.2.7 Land Holding

Table 4.7 shows the land area, which the borrowers' family holds in their own names. This status gives the real picture of the borrower's economic status. The land holding of borrower's family is shown below.

Table 4.7

Size of land holding by respondents family

Size of land holding	No. of respondents	Percentage
Land less	16	21.6
Below 1 Bigha	8	10.8
1 to 5 Bigha	32	43.2
6 to 10 Bigha	10	13.5
11 to 20 Bigha	6	8.1
Total	74	100

Source: Field Survey, 2018.

Table 4.7 shows the size of land holding of the family of the members surveyed. 43.2 percent of the women members' family surveyed held land between 1 Bigha to 5 Bigha. This data reveals the scatterness of land among many, which really hampers the commercial purpose of production. 21.6 percent of the member's family, in the study area found land less. This also indicates the poor economic condition of the members. Size of land holding depicts the economic status of household as well as women themselves to some extent. This implies that most of the people don't have sufficient land to grow food for them. This implicitly suggests that the women engaged in the microfinance are poor. Hence, the Microfinance Program conducted in the study has been able to embrace poor people and is helping to reduce poverty in the study area.

4.2.8 Land Ownership of the Members of the MFP

In terms of the title of the land in a family, women members are not in a good position. Table 4.8 shows that 73 percent of the respondents do not have land ownership in their own name and it remained constant during the program period that is to say, the women members have not been able to acquire additional land in their name even after they were involved in the microfinance program. Only 27 percent of the respondents had title of land but it has remained constant up to now.

Table 4.8

Land ownership of the members of the MFP

Category	No. of Respondents	Percentage
Did not have land title and Still do not have	54	73.0
Have land title but remained constant	20	27.0
Total	74	100

Source: Field Survey, 2018.

Data on Table 4.8 shows that most of the women members involved in the program deprived of land ownership. It indicates women are in deprived position and because of this they have to work to improve their status. This may be the reason why a large percentage of women without land title are involved in the program. As we can see in table 4.8 the land title of the women members has remained constant even post to their involvement in the microfinance program. This suggests the program has not been able to empower their members. The program may not have been able to empower their members because of their docile nature.

4.2.9 Occupational Status

In the study area, occupation denotes employment of the people (women member) in different sectors for earning purpose. Table 4.9 shows that before joining the microfinance program 37.8 percent of the members surveyed claimed that their main occupation was shop and 35.1 percent as agriculture. 8.1 percent identified as Livestock/Poultry raiser.

After the introduction of MFP the occupational structure and mode of payments have changed significantly. There has been expansion of cash crops farming and development of local market. Occupation of shop keeping has increased from 37.6 percent to 48.6 percent after the intervention of the MFP. Whereas traditional farming as an occupation has decreased from 35.1 percent to 18.9 percent within the same period of time.

Table 4.9

Main occupation of the members of the MFP

Before Joining MFP		Occupation	After Joining MFP	
Percentage	Total		Total	Percentage
35.1	26	Farming	14	18.9
37.8	28	Shop	36	48.6
8.1	6	Livestock/Poultry	10	13.5
2.7	2	Teaching	2	2.7
8.1	6	Housewife	4	5.4
5.4	4	Weaving	8	10.8
5.4	4	Other	-	-
100	74	Total	74	100

Source: Field Survey, 2018.

The occupations like shop keeping, weaving has increased significantly after the introduction of MFP in this area. This shows that MFP has reduced the dependency on agriculture and has increased the people's involvement in other income generating activities like shop keeping, livestock/poultry farming and weaving etc. similarly; the decrease in the percent of the housewife after joining MFP indicates that the women are becoming more conscious and independent. The data clearly suggest, the MFP program has reduced the people's dependency on land and has encouraged people to adopt occupations that need only limited land to increase their productivity and production. a significant change in occupational structure due to MFP intervention is likely to reduce poverty, in the study area.

4.2.10 Loan Purpose

Table 4.10 and Fig 4 show the mentioned purpose of taking loan from the micro finance institutions. 45.9 percent of the loan was taken for the purpose of retail shops. 18.9 percent of loan was taken for Poultry/livestock farming. 13.5 percent were taken for cultivating vegetables. 18.9 percent of loan was taken for trading purpose and 2.7 percent of loan was taken for running hotel.

Table 4.10

Purpose wise loan disbursement

Purpose of Loan	Total	Percentage
Shop keeping	34	45.9
Poultry/ Livestock Farming	14	18.9
Vegetables trading	8	10.8
Running Hotel	2	2.7
Livestock trading	6	8.1
Vegetable Farming	10	13.5
Total	74	100

Source: Field Survey, 2018.

This higher percentage of loans taken for the purpose of shop is due to the daily transaction and easy repayment from such activities. While vegetable trading, hotel and livestock trading takes longer time and this type of trading is not well developed in the villages. The loan disbursed for shop keeping, poultry/livestock farming, vegetable farming, running hotel, livestock trading and vegetable farming are 45.9%, 18.9%, 10.8%, 2.7%, 8.10% and 13.5% respectively. It clearly suggests MFP has been providing loan to seen petty business and commercial farming. MFP has provided 67.6 percent of its total loan to conduct petty business and 32.4 percent to commercial farming. It suggests MFP has been providing loan to innovative members. the structure of loan provided by MFP on the one hand has diversified the occupational structure of its members on the other it is highly likely to help to reduce poverty, in the study area.

4.2.11 Spent on Purpose

Table 4.11 shows, 78.4 percent of the total loan is used on the specified purpose which has helped to increase trade in this area whereas 21.6 percent of the total loan is not spent on specified purpose. That is to say, nearly 22 percent of the loan is misutilized in the study area.

Table 4.11

Distribution of purpose wise use of loan

Use of loan in specific purpose	Total	Percentage
Spend	58	78.40
Not Spend	16	21.60
Total	74	100

Source: Field Survey, 2018.

However the majority of the members are using the borrowed money properly. it indicates majority of the members are serious enough to improve their economic status. And it also shows that members are sincere to spent loan. However, nearly 22 percent of the members are mis-utilizing the resources. It may be because; their income is not sufficient enough to fulfill their daily needs, they may have suffered from unseen problem, they may have used the borrowed money to fulfill their social obligation and they may not have proper idea to use resources. in the other words, some of the borrowers may not have acquired the skill to use the resources in the specified projects.

4.2.12 Loan Amount

Microfinance products are categorized under three heads-micro credit, micro savings and micro insurance. The term micro credit is often used in place of micro finance itself. But micro credit is just one aspect of micro financing concept which means to provide micro loans to the low income group people, it covers a wide variety of loans for consumption as well as production such as housing loans, education loans, agricultural loans, loans for small and medium enterprises, it is the just the credit and saving aspect of the microfinance that has developed in the recent years.

Table 4.12

Distribution of loan according to amount

Loan amount borrowed till third phase of investment (in Rs.)	No. of Borrower	Percentage of Total borrowers
2000	8	10.81
5000	20	27.02
10,000	24	32.43
15,000	12	16.21
20,000	4	5.40
25,000	6	8.10
Total	74	100

Source: Field Survey, 2018.

Table 4.12 shows the scenario of the loan amount borrowed, and percentage of the borrowers according to the amount of loan. More than 70 percent of the members have borrowed Rs. 10,000 for less than Rs. 10,000 the higher percentage of borrowers borrowing a small amount of money clearly suggest the poor economic condition of the members. They demand according to their entrepreneurship talent. Out of the 37 borrowers 32.43 percent have taken the loan amount of Rs. 10,000 and nearly 28 percent have taken the loan amount of Rs. 5000. This indicates that the borrowers are concerned about the loan amount and their ability to use the borrowed money properly and productively. In nutshell, the borrowers seem to behave rationally.

4.2.13 Impact of the Program

Impact is measured with the help of the following indicators: Family Planning, Assets Purchase, Children Education, and Social Gathering and involved in other institutions. More than 80 percent of the respondents are aware of family planning which indicates a higher awareness about reproductive health and family size. This may be due to social exposure of the members of the microfinance program.

Table 4.13

Awareness of the respondents

Involvement increased of the Members post to MFP Program	No. of Respondents	Percentage of Respondents
Family Planning	60	81.08
Assets Purchase	52	70.27
Children Education	68	91.89
Social Gathering	58	78.37
Other Institutions	70	94.59

Source: Field Survey, 2018.

More than 70 percent of the respondents have purchased the asset which indicates their increased saving habits after they have involved in the microfinance program. Besides this it also suggests that the members have become aware about their future security.

The table reveals that more than 90 percent of the members are aware of the importance of education. Nearly 92 percent of the members have increased their expenditure in their children education, which shows an increased educational awareness of the participant of the microfinance program.

More than three-fourth of the respondents are involved in social gathering which indicates that they are more informed and more exposed. Similarly, more than 94 percent of the respondents are involved in many other institutions which indicates that the members are adopting more dynamic socio-economic life due to the involvement in microfinance program.

4.2.14 Effect of Training

56.76 percent of the respondent reported that the training they gone through were helpful to run the project. But 24.32 percent were of the opinion that the training was not useful. According them it was mainly because the training packages were improperly designed. 18.92 percent of the respondents hadn't received training yet. The figures clearly reveal that the training is useful to most of the women members. however there is sufficient room to improve training packages.

Table 4.14

Effectiveness of the training to the members of the MFP

Category	No. of respondents	Percentage
Helpful	42	56.76
Not Helpful	18	24.32
Did not receive training	14	18.92
Total	74	100

Source: Field Survey, 2018.

The program suffers from some defects. It is because; it has failed provided training to nearly 19 percent of its members. That is to say, nearly 19 percent are given money without providing them the idea to use the resources. Hence the chances of misutilization of resources are there. The successes of microfinance program depend on education and training of the participant. Hence, this shortcomings of the program need to be fixed promptly.

4.2.15 Confidence on Income Generating Activities

Table 4.15 and Fig 5 indicates that 67.57 percent of the respondents who have received training from the microfinance institution increased their confidence level on income generating activities, whereas 27.03 percent of the respondents reported that their confidence level on income generating activities have remained constant due to lack of appropriate type of training. 5.4 percent of the respondents reported that they are deprived of training provided by the MFI.

This implies that the confidence on income generating activities increased after the intervention of the program. This also shows that the women are less dependent on the other family members and can generate income if they are provided suitable training.

Table 4.15

Confidence on income generating activities

Category	No. of respondents	Percentage
Increased	50	67.57
Constant	20	27.03
Didn't know	4	5.4
Total	74	100

4.2.16 Income Status

In this study income denotes the additional earning of the borrowers by using resources borrowed from the program. The income may be in the form of money or in kind as food grain, milk, animal husbandry and so on. The income earned in kind is converted into money by using local price. However, the product consumed by the borrowers themselves is not included. Borrowers' self-consumption wasn't included mainly because the borrowers were not able to provide this information. Exclusion of the borrower's self consumption of goods and services have under estimated the income generated by the borrowers by using resources borrowed from the microfinance program. Definitely this is one of defect of this research. However, it is not going to hamper the objective of this research. The objective of this research is to find the change in income brought about by the program. Hence this shortcoming is compromised in this study. To know the changes in income before and after the program intervention the personal questionnaire has been used.

Table 4.16

Monthly income before and after joining the MFP

Before Borrowing		Income Group Per Month (Rs.)	After Borrowing	
Percentage	No. of borrower		No. of borrower	Percentage
59.45	44	Less than 500	10	13.51
24.32	18	500-1000	8	10.81
10.81	8	1000-2000	40	54.05
2.70	2	2000-3000	4	5.40
2.70	2	3000-4000	6	8.10
-	-	4000-5000	4	5.40
-	-	Above 5000	2	2.70
100	74	Total	74	100

Source: Field Survey, 2018.

Income effects of the program have been found positive in the study area. Table 17 shows that before joining the microfinance program about 60 percent of the respondent had monthly income of less than Rs. 500 while after joining microfinance program only less than 14 percent of the respondents have income less than Rs. 500. Similarly, the respondents with monthly income between Rs. 1000 to Rs. 2000 have remarkably increased from less than 11 percent to more than 54 percent. This shows that the microfinance program has been helpful in uplifting the income of the participant.

This fact has proved that the members associated with the program have significantly increased their average income after intervention of the program. In the other words, the microfinance program is helping to reduce poverty in the study area.

4.2.17 Living Standard

Living standard of the respondent is often analyzed in terms of consumption pattern and clothing pattern. Here both quantitative and descriptive tools are used to see whether the living standard has changed or not before and after program intervention.

a) Consumption Pattern

Microfinance finance program enables better wealth, nutrition, housing and education, especially in developing countries like Nepal. The consumption pattern of the respondents are shows in table as below:

Table 4.17

Consumption pattern of family members of the respondents

Food	Before Borrowing	After Borrowing
Traditional Food	52	26
Non- traditional Food	22	48
Total	74	74

Source: Field Survey, 2018.

Table 4.17 presents the consumption pattern of the households of the members prior and post to program intervention. The table clearly shows that participant's food habit has changed from traditional food (Dhido, Dal, and Bhat) to non-traditional food (Meat, Egg, and Milk) after joining the program. This change in food habit is an indication of an improved living standard of the family of the members. So, we can conclude that the microfinance program intervention is significant in increasing the consumption pattern of the family members.

b) Clothing Pattern

Microfinance program can not only affect the economic aspects of people but also the social aspects of people. They can change social structure and cultural practices. They can change the concept of people. The clothing pattern of the respondents are shows in table as below:

Table 4.18

Clothing pattern of family members of respondents

Category	Before Borrowing	After Borrowing
Traditional cloth	48	34
Relatively Better off	26	50
Total	74	74

Source: Field Survey, 2018.

Table 4.18 reveals that the clothing pattern has increased after the program intervention. This indicates that the participant's clothing habit have changed from traditional clothing to relatively better clothing. This change in clothing habit of the participant's is due to the increase in income and social status. In other words intervention of the microfinance program in this area has uplifted the living standard of the families of the women members of the microfinance program.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Study

The study has explored the role of microfinance program in uplifting the women in Bharatpur-11, Chitwan. The main objectives of this study has is to find whether the socio-economic status of the participant women in the program has improved or not. And it also has assessed the impact of MFP program on the beneficiaries' earning and living standard. The study is based on the case study of Bharatpur and has used qualitative and quantitative analytical techniques.

Some of the findings of this study are summarized as:

From the study, it is found that the younger women members' participation dominated the program. More than 90 percent of the participants are found a married in the study area. Only 37.8 percent of the participants are found women headed. More than three-fourth of the participants are educated (literate). From the study, it has been found that the members are sincere to spent loan to specific purpose. Most of the women beneficiaries from microfinance program are relatively poor women having income less than Rs. 2000 per year. So the program has attained it's of helping the women. The overall impact the microfinance program on women beneficiaries earning and living standard is found significantly positive. The program has also some positive impact on children's education, use of family planning devices, sanitation and other social reforms. Repayment rate of the women participants involved in agriculture activities is less than the participants involved in business activities. The involvement in the income generating activities has enhanced the self-confidence of the women.

5.2 Conclusions

Microfinance program serves the deprived populace of the country at their doorstep with the aim of improving their socio-economic condition. As microfinance has been considered as an effective and efficient mechanism to reduce poverty all over the world, however, Nepalese microfinance institutions are not being able to reach the poorest of the poor due to the inability to proper identification of the poor and lack of

commitment and clear vision of their action. Despite the financial sector, liberalization policy of the government aimed to encourage financial institutions to contribute in poverty reduction endeavor of the government. The satisfactory results have not been achieved due to some managerial challenges encountered by the micro finance institutions all over the country.

The microfinance institutions need to adopt strategic approaches in order to address these managerial challenges as a supportive policy with one door controlling and monitoring mechanism, efforts to link formal and informal financial sectors involved in microfinance programs and flexibility in financial management regulation. Additionally, financial institutions themselves need to develop business planning practice and efficient management of human resources within the institutions. It has offered opportunities for the poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities. The program with its focus on group activities and income generating activities has helped to enhance the self-confidence of the women participants. Besides this it has increased women's access to resources and hence women participants are spending more for their and their family's benefit. In spite of an increase in monthly income their average working hours have remained the same. They are still stuck on the traditional farming activities. The positive change in clothing and consumption pattern found in this study indicate a positive impact of the project on living standard of the people of the study area.

Training for improving farming techniques and micro-enterprise has helped members to shift from the traditional agriculture to cash crop production and petty business. This has helped to increase income of the participants. At monthly group meetings, women discuss health issues, which they follow in their day-to-day lives. this has increased their awareness on healthcare, including women and children's health, family planning, sanitation and reduction in smoking and alcohol consumption habit.

5.3 Recommendations

To increase financial access to small businesses and low-income households need financial institutions. However, it should be able to serve these segments in a financially sustainable manner. Providing credit profitably to small businesses and

low income household requires a high level of efficiency with high level of professionalism and technical skills. Despite the government's efforts to increase access to formal financial services for low income household, the access to them is declining. Thus, based on this empirical study the following recommendations are made to enhance the access of the poor in the credit market.

1. Banks procedures for small business loans and a low income group of people are too complex, making lending unnecessarily long and expensive for both lender and borrower. The interest rates that banks charge on loans to small businesses do not adequately reflect the cost of serving them. Similarly banks require high levels of immovable collateral, while small businesses tend to have only movable assets. So banks need to minimize transaction costs and generate large number of high quality loans to serve the poor profitably.
2. Nepal's formal microfinance institutions could play a key role in delivering financial services to low-income households. Yet, the performance of this sector is disappointing specially in the remote hills and mountains. It is necessary to devise appropriate operational microfinance modalities to enhance hill and mountain poor peoples' participation in the credit market.
3. By recognizing the critical role that credit can play in alleviating rural poverty in a sustainable way, innovative credit delivery systems should be promoted throughout the country. An efficient way of improving rural households' access to formal credit with minimal government involvement should be initiated.
4. Informal credit is mostly used for consumption while formal credit is used for agricultural production purposes and investment in non-farm income generating activities. Based on this it is recommended that credit institutions should diversify their loans. Lending from formal institutions should address not only production and income generating activities but also to form human capital like educational loan.
5. The government should create a technical assistance fund to help banks with potential develop appropriate products and procedures for profitable lending to small business. With the help from its development partners, the government can support grant-funded technical assistance programs to help selected banks adapt their lending procedures to significantly increase small business and poor

household lending. Not every bank will be a suitable candidate for small business and poor household lending, so technical assistance should be provided only to those fully committed to it. The technical assistance program should be comprehensive and cover the entire loan cycle.

6. The government should develop an enabling environment that makes small business lending safer, cheaper and faster. A supportive environment would enable banks to lend profitably to small business. To reduce information asymmetries between lenders and borrowers, Nepal's credit bureau should be strengthened.
7. The government should promote the microfinance industry by upgrading technical skills, reenergizing the sector and reforming state-owned providers. The government should also articulate a vision for the sector with a road map on how to improve access to financial services for low-income households and identify that the shift in the sector is a priority.
8. An increase in access to the poor in the credit market is a must if the government really wants to materialize its main development agenda of poverty reduction. The government needs to implement targeted credit programs and priority sector lending with greater coverage and efficiency.
9. From the study it is found that even the limited access of the households on the credit market is skewed against the targeted groups and communities. So it is recommended that the government should extend the financial institutions with appropriate policies and products to promote the government's agenda of inclusive growth and equity.

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APPENDIX

Annex A

PERSONAL INFORMARION

1.1 Name of Respondent:

Municipality:

Cluster.

Locality:

Age:

1.2 Caste/Ethnic Group

1.3 Education :

Illiterate Literate Level of Education:.....

1.4 Family Head:

Respondent Herself:

Husband/Other :

1.5 Marital Status : Married/ Unmarried/ Widow / Divorced

1.6 Household Information

S. No.	Name	Age	Occupation	Relation to Respondent	Level of Education School/ College(P/G)	Marital Status

ECONOMIC BACKGROUND

2.1 What is your land size holding and production?

S. No.	Khet (In Bigha)	Production(In man=40 kg)	Bari (In Bigha)	Production(In Mon=40kg)

2.2 who cultivate the land?

Owner Cultivate Herself Tenant Cultivates
Land on Rent

2.3 Do you have land in your name?

Yes No

2.4 Do you have to sell agricultural products?

Yes No

If Yes, How much:

2.5 Do you have to buy any agricultural products?

Yes No

If Yes, How much:

2.6 What was your occupation or job before joining the microfinance program?

- Agriculture
- Household Activities
- Poultry/ Livestock
- Government Services
- Small Business
- Other jobs, Specify,

PARTICIPATION IN MICRO-FINANCE PROGRAM

3.1 How did you know about the microfinance program?

By Friend By Radio
By News Paper Other, Specify:

3.2 Why did you join in the Program?

- a) To earn more income and to improve family condition
- b) To give company to friends
- c) To be self-dependent
- d) To be social person
- e) Others, specify:

3.3 What benefits you have received from microfinance program?

3.4 Have you taken loan from the program?

Yes No

3.5 Before joining in the program, was there any debt to pay for anyone by your family?

Yes No

3.6 Have you paid the debt, after joining the program?

Yes No

3.7 How many times, have you borrowed the loan from the program and how much?

First Loan Second Loan

Third Loan Fourth Loan

3.8 If you have taken loan from the group?

When?: How much?: Interest rate?:.....

3.9 Who decides regarding the utilization of the loan that you have received?

Self Household Head Common on

3.10 How much was the amount and what was its purpose?

S. No.	Amount	Purpose	Due Loan	Date of Loan

3.11 Is the loan fully spent in specified purpose or not?

Yes No

3.12 If, No then where have you used it?

Keep in Cash Household Expenditure

Other:

3.13 Are you benefited from the loan?

Yes No Don't Know

3.14 How do you reimburse interest?

From Profit Getting Next Loan

3.26 Have your involvement in program increased your access in the different areas?

Yes No

If Yes, what they are,

3.27 Who manage your household expenses?

Self others (specify):

3.28 Where do you go for your medical treatment?

Health Post Clinic Govt. Hospital

3.29 Where do you go to give the birth of your child?

Home Hospital

3.30 Do you suggest to go for regular check up while pregnant?

Yes No

3.31 Do you know about family planning?

Yes No

3.32 Do you have used any of means of family planning?

Yes No

3.33 What type of means you have used?

Temporary Permanent

If Temporary, Specify:

3.30 Do your family members help to participate in program?

Yes No

3.30 After joining the program, is there any work that you can perform now which

You could not do earlier?

.....

OTHERS

4.2 Has the training increased your skill?

Yes No

4.2 After receiving the training, has your confidence on income generating activities increased?

Yes No

4.3 Is there any problems you have faced after joining the program?

Yes No

If, yes what are they,

.....

4.4 Did you get any co-operation to solve the problem from NGO, Bank and Government?

Yes No

IF, yes what are they

.....

4.5 Any suggestion or comment from your side that can help to make the program more effective?

.....

APPENDIX II
PHOTOGRAPH

