

# CHAPTER - I

## INTRODUCTION

### 1.1 Background

Microfinance can be regarded as an effective tool in spreading economic opportunity, fighting against poverty, giving poor people the freedom to earn and fulfilling livelihood. Microfinance has proved itself a powerful tool for economic development of low income women and men. It is an effective approach for alleviating poverty through access to the poor for operating their small enterprises. The term microfinance refers to the provision of financial services to low income clients, including the self-employed, financial services generally including savings and credit. But some microfinance organizations also provide insurance and payment services.

The Microfinance industry is evolving quite rapidly around the world with rapid spread of best practices on Microfinance service delivery. Increasing number of institutions are providing Microfinance services with an increased emphasis on sustainability and profitability (Robinson, 2001). Nepal's situation is not too much different than the world situation. Rural finance has been playing a catalytic role to improve the economic condition of rural people through imparting services from formal and semiformal institutions implementing across the country so as to maintain macro-economy satisfactorily. So the financial sector henceforth has been emphasizing towards poverty reduction endeavour as well.

Rural sector needs modernization, diversification and commercialization of production and distribution system. Even among the rural people, the poorest of the poor need more sustained assistance to enable them to stand on their own feet. Construction of rural physical infrastructure would provide some assistance temporarily, but that alone cannot provide sustained employment and income. They need assistance, exclusively targeted at them, for social development, asset creation, skill development and technology transfer and marketing to provide long term

employment opportunities. A properly designed and effectively implemented financial system could thus help the rural poor to create productive assets as well as increase employment and income. Credit can play a very important role to increase production, income and employment for the low income people.

Prof. Muhammad Yunus gave birth to the concept of micro credit in 1976 when he distributed his own money US \$27 to 42 poorest people in Jobra village, nearby Chittagong University in Bangladesh, where he was teaching Economics. In order to institutionalize the program, Prof. Yunus went to the village with a Grameen Bank (Rural Microfinance Development Centre [RMDC], 2006). As of August 2006, Grameen Bank has a total of 6.61 million borrowers, 97 percent of them are women and loan recovery rate is 98.95 percent. It finances 100% of its outstanding loan from its deposit collected from members and other rural people. The Norwegian Nobel committee has appreciated Grameen's programs and decided to award the Nobel Peace Prize for 2006, divided into two equal parts to Yunus and Grameen Bank of Bangladesh for their efforts to create economic and social development. Yunus's long term vision is to make the world free of poverty.

## **1.2 Statement of the Problem**

Nepal is one of the poorest countries in the world and poverty is the main problem of the country. Thirty one percent of the population lives below poverty line out of total population 85% people live in rural area and about 80% of people depend upon agriculture. People consume almost 88% of gross domestic product. Gross domestic saving and investment is around 12% and 27.3% of Gross Domestic product respectively. Its poverty reduction rate is very slow. The reasons for this reduction rate are low per capita income, concentrated urban growth and high population growth rate. Most of the poor people live in rural area and have very limited access. Most of the people are farmers who should depend on agriculture. As poverty is the main problem of the country, it acts as the barrier for development activities. Without the poverty alleviation Nepal can not achieve its goal to develop the country. There are many programs, which are launched to reduce poverty in the country. But all programs

are not successful to eradicate the poverty of country. In this context, eleven interim plan also takes one major objective i.e. poverty alleviation. Though that in Nepal, there are some reasons of not reducing the poverty. Mainly they are lack of education, unequal wealth distribution, geographical Problem, lack of cooperation and awareness, unplanned program me, lack of implication of program me weakness of government administration, political instability poor super vision and monitoring of lunched program etc.

In Nepal different types of programs have been lunched such as Priority Sector Credit Program (PSCP), Small Farmers Development Programs (SFDP), Integrated Rural Development Program (IRDP), and Production Credit for Rural Women (PCRW), Participatory District Development Program (PDDP) which in fact is intended to uplift the rural poverty.

There are various constraints of the Microfinance program to achieve its objective and development goals. The focus of Microfinance program is for ultra poor to improve their sustainable economic condition. Converting the labour mind into business mind is difficult task. utilization of loan is not easy in the beginning. If the loan is not utilized in proposed works, it will become a burden in future.

Poverty reduction has been receiving high priority by in the periodic development of five years plans in Nepal. Different Microfinance program are focused on women, small farmers and backward people. So, Microfinance is one effective tool in improving their status. It is therefore, expected that overall household welfare is likely to be higher when Microfinance is provided to them. Different studies show that welfare impacts on the household are significantly better when Microfinance program was implemented. Considering the factors, present study aimed to assess the socio-economic impact of Microfinance.

Women in Nepal are extensively engaged in agriculture activities. They should work either on their father farm or Husband's farm to be economically productive. They also

lack other kind of productive assets. So to promote the economic status of women few policies and guidelines are formed and implemented in the eight plan (1992-1997) in Nepal. The ninth plan (1997-2000) and the tenth plan (2000-2007) focused to uplift the economic status of women in country. Beside these different groups like "Ama Samuha", GBS, CBB, self help groups, different programs of NGOs and INGOs paid attention to develop the women socially and economically.

To sum up, this research deals with the following issues.

- a. What are the socio-demographic characteristics of micro credit users?
- b. What is the condition of loan borrowing, investment and income?
- c. What is the socio-economic impacts of microfinance for the upliftment of women?
- d. What is the status of saving program?
- e. What is the perception of women groups about the microfinance program?

### **1.3 Objectives of the Study**

The main objective of the study is to measure the impact of microfinance on women in Dhamilikuwa VDC under Grameen Bikas Bank, Bhotewodar, Lamjung. The specific objectives of the study are as follows:

- a. To determine the socio-demographic characteristics of micro credit users.
- b. To examine the condition of loan borrowing, investment and income.
- c. To analyze the socio-economic impacts of microfinance for upliftment of women.
- d. To explore the status of saving program.
- e. To find out the perception of women groups about microfinance program.

### **1.4 Significance of the Study**

Poverty is today's main problem. many country in the world facing this problem. Nepal is also facing this problem. About 31% people are under poverty line in Nepal. So, poverty is the main challenge for the Nepal. Without reducing poverty, Nepal

cannot be developed. Nepalese government and other sectors are trying to solve this problem. Microfinance is one of the sources which help reduce the poverty and develop the rural area of Nepal. With the help of microfinance, Nepal can achieve in poverty alleviation. Poverty alleviation helps rural development, improves the life standard and also uplifts socio economic status of people in the society.

This study is significant because this research tries to signify microfinance in Nepal and how it helps to reduce poverty of country with the help of case study of Microfinance program of Grameen Bikas Bank. The following points will justify the significance of the study.

- ) How to reduce the poverty through Microfinance activities in Nepal?
- ) How to change the status of women in society through microfinance program?
- ) How women collecting and mobilizing rural saving through microfinance activity?
- ) How do women improve their economic condition after microfinance programs?

### **1.5 Limitation of the Study**

This study will be only for the partial fulfillment of MBS Degree. So this purposed study will have certain limit. This study will be related only analyzing the economic impact of Microfinance on women. Following points are major shortcomings.

- ) Concentrating only on service area of GBS at Bhotewodar, Lamjung the study may not represent the actual picture of the areas of the country.
- ) Collecting information from all members is not possible. So the study is based on sampling method.
- ) Due to time and budget constraint, overall impact of microfinance in all aspect cannot be studied thoroughly.
- ) All direct and indirect impact of the Microfinance cannot be studied due to time and budget limitation.
- ) This purpose study is partial fulfillment of MBS degree and will prepare in limit time and format.
- ) The purposed study will cover the analysis of Microfinance functions of GBB.

) The limited statistical tools had been used for the accuracy to the study due to the qualitative based study rather than quantitative.

## **1.6 Organization of the Study**

This proposed study will be organized in the following five Main Chapter and necessary Sub-Chapter.

Chapter I : Introduction

Chapter II : Literature Review

Chapter III : Research methodology

Chapter IV : Presentation and Data Analysis

Chapter V : Summary, Conclusion and Recommendation

**Chapter 1** : Major issues to investigate along with the objective, significance, focus and limitation of the study and organization of the study will present in this chapter.

**Chapter III** : This chapter consists of conceptual framework about meaning, history, trends, importance, principles, loan, saving, investment, programs of microfinance in Nepal. It also incorporates the socio economic background of women in Nepal. Empirical studies so far undertaken in this area will review in order to explore the research gap.

**Chapter III** : Research helps us in analyzing the objectives listed above will be outlined in the third chapter. It includes research design, sources of information, sample selection and the statistical tool used for the purpose of analysis.

**Chapter IV** : Chapter four deals with the presentation and analysis of relevant data and major findings emanating from the study. Various statistical tools will be used for this purpose.

**Chapter V** : Major findings, summary and conclusion along with recommendation will be presented in last chapter.

## **CHAPTER - II**

### **LITERATURE REVIEW**

#### **2.1 Conceptual Framework**

##### **2.1.1 Background**

The first ones and most repeated ones are the studies on Grameen Bank in Bangladesh and its success theory. Based on studies, many replication of Grameen bank are tried all over the world in developing countries adopting it to the local context. Now a sizeable amount of documentation is available on Grameen Banks and its major replications also addressing the change or diversion from the original track of Grameen Bank approach. Some of the major studies in South East and South Asian context include case studies of successful Microfinance service providers: Grameen Bank, Bangladesh Rural Advancement Committee, Bangladesh Rural Development Program (Rutherford; 1996).

An important feature of MF program is the non financial service it provides to its members. These services mostly include training program of some sort. Some training such as basic literacy and arithmetic are prerequisites to run the program smoothly and for the members to be able to keep their accounts. Apart from that, the studies show that auxiliary trainings on micro-enterprises, health, sanitation, nutrition and awareness from a part of non financial services.

One of the major objectives of the Microfinance programs being empowerment of its target users, various studies pertaining to impact assessment of Microfinance programs are now being conducted. Compared to other areas mentioned above, this field of research is fairly recent and has provided a bright insight on the direction and

growth of Microfinance programs. The lessons learnt and impact assessment of MF programs has been useful in designing of new programs.

Since the success of NIRDHAN, there have been many studies carried out mostly in the form of case study of NIRDHAN and feasibility of replicating NIRDHAN or providing similar services in other areas. Researchers, scholars and microfinance practitioners have reached out to these programs and have carried out many types of studies. Cloning Grameen Bank: Replicating a poverty model in India, Nepal and Vietnam edited by Helen Todd (1996) gives an account of early years of establishments and success of NIRDHAN as a model replica in Nepal. It gives brief discussion background in establishing NIRDHAN, its first year of rapid growth, second year where problems emerged, outreach etc.

### **2.1.2 Concept of Microfinance**

The term micro refers to very small and finance is the art of managing money. So Microfinance is the management of small amount of money. It means providing very small loan to very poor people. So that they can involve in productive activities and grow their small firm or business. In the past Microfinance was focused. On providing a very standardized credit product. According to change in time it is covering other areas such as saving, insurance etc. "Microfinance is small in value amounts targeted at low income clients. It includes loans, savings, insurance, transfer services and other services" (Sharma, 2005).

Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc) as we have come to realize that the poor and the very poor that lack access to traditional formal financial institutions require a variety of financial products.

Microfinance activities usually involve:

) Small loans, typically for working capital.

- ) Informal appraisal of borrowers and investments.
- ) Collateral substitutes, such as group guarantees or compulsory saving.
- ) Access to repeat and larger loans, based on repayment performance.
- ) Streamlined loan disbursement and monitoring.
- ) Secure saving products.

Sharma (2007), indicates different important approaches to women from microfinance. They are:

- ) Women's involvement in decision-making will be improved and affects their lives and their future.
- ) Self-confidence for women will increase.
- ) Women's participation in income generating activities is assumed to strengthen women's bargaining position.
- ) It will help women to earn independent and contributes the household economy and social and political participation.
- ) It will help women to earn independent and contributes the household economy and social and political participation.
- ) Women are more likely than man to invest increased income in the household and family well being.
- ) Microfinance program seems to be highly effective in uplifting the women's economic and social condition.
- ) It will help to reduce domestic violence and family relationships appeared to have improved.

Since microfinance is targeted to poor people of rural areas, it assists the poor in many ways. Such as; providing poor people to invest in assets, organizing and facilitating difficult activities to earn their livelihood, protecting against income shocks in case of emergency needs and smooth consumption, improving quality of life by building social capital.

### **2.1.3 Historical Development of Microfinance in Nepal**

The establishment of microfinance in Nepal has no old history. Before developing Microfinance in Nepal, financial institution like Bank was established. At first in 1937, Nepal Bank Limited was established then after in 1956 Nepal Rastra Bank, in 1959 Industrial Development Corporation, In 1966 Rastriya Banijya Bank, in 1968 Agriculture Development Bank and other private Banks were established in Nepalese financial sector. The term 'microfinance' is the latest version of used term 'rural finance', 'educational finance', 'small scale finance', which was participated by many financial institutions in Nepal dating back to 1956.

Asian Development Bank (ADB) (2000), also indicates the earliest initiatives for establishing Microfinance services in Nepal can be dated back to the 1950s when the first credit cooperatives were established. These were primarily intended to provide credit to the agricultural sector. A well-structured and specialized program to cater to the financial needs of the poor was provided further impetus with the launching of the Small Farmer Development Program (SFDP) in 1975 within ADB/N. Over the past few years, a process of institutionalizing the Small Farmer Groups into the Small Farmer Cooperatives Limited (SFCL) has been under way. In 1974, NRB directed commercial banks. In 1981, to strengthen the priority sector program, NRB introduced the Intensive Banking program (IBP).

In Nepal the periodic plan, especially starting from fifth plan (1975-1980) had addressed poverty alleviation as one of the main goal. From this time the activities in microfinance increased day-by-day. Government recognized microfinance as official poverty alleviation program only in sixth plan (1980-1984/85). Various programs to ensure poor women and disadvantaged group, access to financial services from organization sector are designed and implemented during that period. The sector further gained acceleration after the restoration of democracy in 1991 with establishment and promotion of Grameen Bikas Bank and other form of Microfinance Institution (MFIs).

The next main step in the development of microfinance in Nepal came in the form of the first gender-focused program, the Production Credit for Rural Women (PCRW). In 1992, the first two RRDBs – one for the eastern region and one for the far western were established with govt. and NRB funds as replications of the Grameen Bank of Bangladesh. Focusing on extremely poor women, RRDBs use a group lending approach and a weekly repayment system. By mid 1997, five RRDBs had been established.

Besides these, NGOs and cooperatives have also had an increasing role in microfinance. Center for Microfinance in Nepal (CMF) was established in July 21, 2000 with main activities of providing trainings, technical assistance consultancy services and undertaking studies, research, documentation and publications etc.

#### **2.1.4 Microfinance Sector in Nepal**

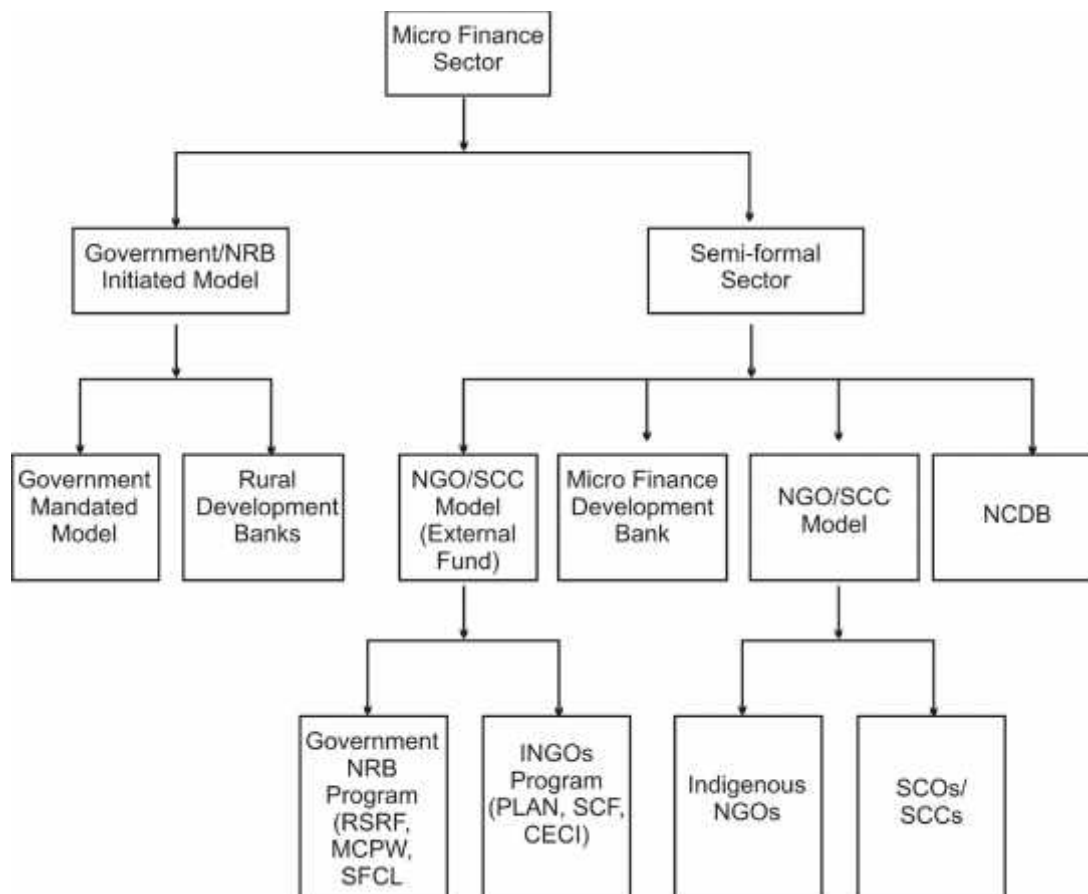
The microfinance market in Nepal is divided into three sectors: formal, semi-formal and informal.

**Formal Sector :** The formal sector comprises 17 microfinance development banks including two whole sale lender banks.

**Semi Formal Sector :** The semi formal sector comprises 225 Small Farmer Cooperatives Ltd. (SFCLs), 5161 Saving and Credit Cooperative Societies (SCCs) and 45 Financial Intermediates Non Government Organizations (FINGOs).

**Informal Sector :** The informal sector comprises about 40,000 informal community based organizations (the groups formed by grameen replicators are excluded) such as self help groups and informal saving and credit organizations. In addition, Rotating Savings and Credit Association (ROSCA) known as "Dhukuti", money lenders, traders, friends also provide an informal source of finance to the people (NRB, 2011).

#### **Figure 2.1 Microfinance Sector in Nepal**



Source : Nepal Rastra Bank, 2007

Microfinance has been developed largely outside the realm of formal financial sector. There is extensive evidence that Microfinance has a positive impact on reducing extreme poverty. There is no doubt that strong demand exist for Microfinance services among the poor. Until recently, the term “Microfinance” was easily understood as a credit methodology that employs effective collateral substitutes to deliver and recover short-term, working capital loans to Microfinance goes beyond business loan. Poor use financial services to invest in micro-enterprises, health, education and household emergencies in addition to meet wide variety of other cash needs that they encounter. The financial services-savings and credit enables clients to increase their household incomes, build assets and reduce their vulnerability to crises.

Nepal has a long history in the operation of traditional lending groups often referred to in the literature as rotating savings and credit associations and known locally as Dhukuti, Parma, Ghuthi and Rodhi. These tend to be non –registered associations,

quite formally structured in terms of membership rights and obligations but generally self promoted and fully autonomous of formal development agencies.

Savings and credit organization is a community based financial organization that is owned and controlled by its members operates primarily on fund generated through member' saving and has savings mobilization and credit supply as its main activities (CEMF, 1998)

### **2.1.5 Microfinance Models Vs Poverty**

To date, Nepal about three decades of experience in Microfinance, which has been exclusively recognized as a poverty-reduction program focused towards raising the income level and social standard of the people living in poverty, particularly women. In due consideration of the success of the Microfinance program in bringing positive impact towards poverty reduction, the 10<sup>th</sup> Plan (2002-2007) incorporated microfinance as a major financial tool to achieve the objective of poverty reduction.

The Microfinance practices of the organized sector that are prevalent in the country can be grouped broadly into seven (7) Microfinance models as follows:

- a. Grameen Model
- b. Small Framers Co-operative Model (SFCLs)
- c. FINGOs Model
- d. Priority Sector and Deprived sector Credit Model
- e. Savings and Credit Co-operative (SACCOS) Model
- f. Project-based Micro-financing Model
- g. Wholesale Micro-financing Model

### **2.1.6 Grameen Model**

A concept of Grammen bank was evolved in 1992 when the Nepal Government felt the need to establish a separate institution which would take sole responsibility for financing the rural poor and supplementing, to some extent, the rural Microfinance

activities of the previously established institutions. The aim of the Grameen Bikas Banks (GBBs), established as a regional development bank in 5 development regions between 1992 and 1996 and operating on the Bangladesh Grameen model, is to engage the targeted rural poor with the appropriate credit delivery mechanism and on a group liability basis. These banks are the largest MF operators in Nepal. Training as an entry point of banking has been introduced, as a new specialized banking system by Grameen Bikas Bank. Although Nepal Rastra Bank had the major share ranging from 55-70 percent in GBBs, NRB is in the offing to divest its share of all GBBs to the private sector. As a result, Nepal Rastra Bank has been successful in diverting its share in three of five GBBs. Besides the government owned 5 GBBs, 4 MFIs based on Grameen model, and established as a development bank, are operating in the private sector. The bank provides credit basically for micro level income generating activities on a group guarantee basis to the group members through 2+2+1 system. In a group, there should be 5 women and have less than 1 bigha (0.71 hectore) in terai and 10 ropanis (0.55 hectore) in hills. The interest charged in the disbursed credit is 20 percent and the bank recovers the credit in 50 weekly instalments from the borrowers. As of mid January, 2007, 5 GBBs have altogether disbursed loans of Rs. 13,406 million to 161,385 female borrowers covering 36,875 groups through 5,207 centers. The activities of five GBBs have been expanded to 47 districts of the country.

The are four institutions working as replicas of GBBs They have disbursed loans of Rs. 7500 million to 156,958 women covering 39,256 groups through 7,597 centres and have successfully spread their heterogeneous income generating activities to 45 districts of the country.

**i. Swabalamban Bikas Bank Ltd. (SB Bank)**

SB Bank (Literally means self-help Development Bank) is a Microfinance Development Bank, which started its operation on January 14, 2002. The Bank's registered (central) office is situated in Janakpur, Dhanusha, Nepal. Over 13 years ago, Centre for Self-help Development (CSD), an NGO, initiated the Self-help Banking Program based on the Grameen Bank Model with some adaptations in

September 1993. The primary objective of the institution is to provide the disadvantaged section of the rural poor with easy access to credit, which will help them to improve their socio-economic status and make full use of their existing skills and resources. SB Bank targets families having per capita income not more than NPR 4,400 (USD 62) and serves women exclusively. At Mid-January 2007 SB Bank covers 417 Village Development Committees in 15 districts namely Panchthar, Illam, Terhathum, Dhankuta, Sunsari, Udayapur, Saptari and Siraha of Eastern Development Region and Dhanusha, Mahottari, Sindhuli, Sarlahi, Bara, Parsa and Makwanpur of Central Development Region of Nepal.

As of Mid-January 2007, SB Bank has reached 69,053 members (families) from its 47 branches. The current outstanding portfolio amounts to NPR 373.64 million (USD 5,262,479). However the cumulative disbursement has reached NPR 3,272.42 Millions (USD 46,090,470) including the CSD/SBP period. The repayment rate has been very satisfactory (99.57%). Saving balance of the members (clients) has reached to NRS 171.59 million (USD 2,416,750).

## **ii. Nirdhan Utthan Bank Ltd**

Nirdhan Utthan Bank Limited, "the bank for upliftment of the poor" is a microfinance bank established in November 1998. It was granted a license in April 1999 to undertake banking activities. It provides microfinance services such as loans, deposits, micro-insurance, and remittance services. The lending methodologies are individual lending based on Grameen Bank, Bangladesh model and group lending based on Self help Group model through a few specified branch offices. As of mid-January 2007, NUBL has succeeded to expand credit to 78,155 member families from its 45 branches, its loan disbursement stood at Rs. 318.3 billion by mid-January 2007.

Through, legally established as a company in 1998, the operation of NUBL is a continuation of microfinance services provided by an NGO called "NIRDHAN" which was providing microfinance services since March 1993.

NIRDHAN, as an NGO has limited resources and capacity to satisfy the demand of poor people in different parts of the country. Hence, in July 1999, NIRDHAN transferred all microfinance operations to Nirdhan Utthan Ban. NIRDHAN was reoriented to Nirdhan Utthan Bank Limited.

**iii. Chhimek Bikas Bank Ltd.**

Chhimek Bikas Bank Ltd is a Microfinance development bank providing microfinance service to the poor, the marginalized and the deprived, with a main focus on women living below the poverty line. It was registered with the company Registrar's Office in December 2001 and obtained a license in January 2002 from Nepal Rastra Bank.

**iv. Deprosc Development Bank Ltd**

Deprosc Development Bank (DD Bank) is a microfinance bank working in the central and western region of Nepal. The bank has been promoted by DEPROSC Nepal (an NGO active in microfinance business). The other promoters are Agriculture Development Bank, Nepal Bank, NABIL Bank, Lumbini Finance and Leasing Company, CEAPRED (an NGO) and former bankers having 15-20 years experience. This bank was registered in January 2001. Deprosc Development Bank has been established to provide microfinance services, which are adaptable to local situations, cost effective, and financially viable and sustainable.

**2.1.7 Regulatory and Legal Environment of Nepal:**

The law in Nepal doesn't actively restrict the foundation of microfinance for women. It is necessary, however to obtain an operating license from the central bank that coordinates the licensing with relevant government, ministers. Commercial banking institutions are also free to undertake microfinance lending. There is a lack of restrictive legislation when it comes to credit unions in Nepal. The 2004 Bank and Finance ordinance are responsible for overseeing a regulating any issues pertaining to the microfinance sector in the country.

Financial regulations are the rules that govern commercial behaviors in the financial system. In the cases of social rules, rules are needed to reconcile the conflicting interests of members of the social system. In the same way, commercial rules are needed to reconcile the conflicting interest of participants in the commercial system (Carmichael, 2002). Likewise microfinance regulation attempts to establish legal and ethical framework to the mutual benefit of all involved.

Microfinance regulation is no longer a new field. Much has been written about it and even more has been done in terms of actually implementing new ideas. In a number of countries through out the world, legal frameworks for microfinance have been amended or in some cases, completely revised. In the current environment, it is becoming difficult to stay abreast of new initiatives to regulate microfinance institutions (Staschen, 2003). It indicates that the drafting of legal text is neither the first step nor the last, but it is a vital one.

### **2.1.8 Outreach of Microfinance Services in Nepal**

Currently, 17 Micro Finance Development Banks (5 Grameen Banks and 8 private sector Micro Finance Development banks), 45 Financial Intermediary NGO's (FINGO's), 225 Small Farmers Cooperative Ltd. (SFCL), 5161 Saving and Credit Co-operative provide micro finance services.

**Table 2.1 List of Microfinance Institution with their Members**

<b>S.N.</b>	<b>Microfinance Institutions</b>	<b>no. of institutions</b>	<b>no. of members</b>	<b>Savings Mobilization in NRs. (Million)</b>	<b>Outstanding Loan in NRs. (Millioni</b>
i.	Microfinance	17	547435	1766	5992

	Development Bank				
ii.	Financial Intermediary NGOs	45	381392	1317	2394
iii.	Small Farmer Cooperative Ltd. (SFCL)	225	145419	1304	2302
iv.	Saving and Credit Cooperatives (SCC)	5161	714516	16247	13634
	<b>Total</b>	<b>5448</b>	<b>1788762</b>	<b>20634</b>	<b>24322</b>

(Source : NRB, 2011)

It is estimated that about 10 million people in Nepal needs micro finance (MF) services. MF services have reached only 18% of target population. Therefore, it is necessary to accelerate the pace of expansion of microfinance services to un-reached households.

Terai region (plain of Nepal) is largely well served by MFIs, the remote and mountainous regions continue to lack MF services. Government and donor support should be mobilized to help expand MF services. Government and donor support should be mobilized to help expand MF services in these areas. The existing models and technologies available do not seem to be appropriate for these difficult regions. External support is required to conduct in depth research studies to discover appropriate and effective microfinance methodology. SFCLs and SCCs operate in a limited way in these regions. Expansion of SFCLs and SCCs services by providing wholesale funding for on lending purposes and providing needed technical support has the potential of expanding MF services in these regions.

### **2.1.9 Socio-economic Background of Women in Nepal**

In our context, generally women are dependent on man. So women are mostly poor access to finance. In village areas, they are involved in household and agricultural activities. To collect and raise small fund, they can involve in different groups and community. For this, microfinance is an effective tool. The main objective is to investigate the impact of microfinance in particular the Self Help Group Bank linkage program on women empowerment. Traditionally, about 90% or more of micro finance clients are women. Hence microfinance is increasingly seen as an important tool in achieving the millennium development goals there to promote gender equality and empower women. For microfinance to show an impact on women's empowerment, it needs to be supplemented by microfinance plus or other non-financial services, like training, awareness creation programs, education etc (Sida, 2006).

#### **2.1.10 Women Microfinance in Dhamilikuwa Village Development Committee Lamjung (DVDCL)**

Grameen Bikas Bank was established in 2051 B.S. Chaitra 29. It received authority from Nepal. Rastrya Bank in 2051 B.S. Chaitra 29 to per form limited banking activities. The head office of this bank is located in Butwal, Lumbini zone. It has 47 branches located at different places of the country. Among there branches, out of the branch is situated at Bhotewodar, Lamjung which was established in 2055 B.S. Poush 15 and has started its micro financial activities in this area with vision of economic upliftment.

Dhammilikuwa Village Development Committee is located. South-east of Lamjung district. Almost all parts of village is covered with plain lands. People of this area are involved in agriculture and agriculture is the main income source of people. It would be beneficial for women if they save small amount of money in a groups and invest that in some profitable sector. So, to make this sector effective different organizations, co-operatives, BACHAT SAMUHA are establishing within village. Some of them are JANA CHETANA Program, Nabadurga Co-operatives, Marsayndi Cooperatives, Mahila Bikas Office and Programs of bank like Grameen Bikas Bank, Agriculture Bank etc. Mostly they make group of women themselves and collected fund within

group then after invest that fund. Some sector of investment are buffalo keeping, vegetables production, goat keeping, poultry farming, retail business and others etc. Grameen Bikas Bank is launching microfinance activities in some VDC but in the DVDC activities are launching in 2, 3, 4, 6, 7 and 8 wards.

Saving is store for future consumption. Now a days every people are involve in saving activities. Considering this GBB Lamjung organize women in three kinds of saving. They are group fund saving, individual saving and centre fund saving. In group fund saving, there are group saving and weekly saving. Women should collect Rs. 1 per month per week in weekly saving and 3% of loan in first year, 3% of loan on second year and 3% of loan in over three year in group saving. In case of individual saving they should collect more than Rs100 exceptionally. There is compulsory saving of Rs. 1 per week in centre fund saving.

**a. Management of Saving and Credit Women**

Saving facilities will help household risk management the most when women are safe and accessible to the depositors, and when the poor can deposit small amounts on a frequent basis. Credit is only one kind of financial service. Credit has gained wide acceptable as a key strategy for poverty alleviation and women empowerment (Mimosa, 1999). Loan can be disbursed with collateral and sometimes without collateral also.

**b. Credit with and without Collateral Securities**

GBB are in operation one each in all development regions to provide credit without collateral to deprive rural people especially for women in group for their income generation activities. Credit is disbursed from GBB on the basis of collateral also.

**c. Concept of Group and Center**

Beneficiaries are organized into group. There is containing number of members in a group. Group and other few members and functions at the centre level only. One group leader elects in a group. Group is the idea in Grameen Bikas Bank for loan

demand processing, saving, weekly or monthly installment, and to some extent for community development activities. Group functions are monitored, supervised and controlled by GBB office. Overall banking services are delivered through this center.

**d. Loan Demand and Processing of Loan**

As the whole process of loan demands and collection is based on group and collateral accountability, the group decides the amount of the loan required to its members either in case of collateral base on in case of without collateral. Maximum loan disbursed from GBB is Rs. 90,000.

**e. Saving of Members**

There is no obligation for GBB members for saving GBB members has to collect Rs. 1 in central fund. The type of saving is as follows:

**The Center Fund**

In this centre fund saving program, women have to save saving program, women have to save certain fixed money as centre fund collection. This is a kind of compulsory saving. Generally women save Rs. 1 as centre fund collection in every week.

**Group Saving**

The saving is common for all women who are involved in GBB activities. They can save small amount of money in group. This will help to uplift their saving activities, they same. Some money in every week. There is no obligation to save for women in this saving program.

**Fine Fund**

It is the money which is collected from punishment. It is collected from the members if they are late to pay loan in time.

**2.2 Review of Related Studies**

Although a lot of research has been done on microfinance, this financial impact of microfinance on women is new topic for MBS faculty. There are a lot of papers and views related to microfinance activities which were presented in different seminars and functions. Several research work has been conducted on microfinance practice in Nepal in case of women and relevance literature have been collected through different books, dissertation, papers, journals, articles and electronic devices.

Although education skills and formal opportunities are limited, majority of women in Nepal are primarily involved in self-employed activities as a means of supporting their families. These activities are not sufficient to earn income to raise them out of poverty. Women lack technical know-how capital, managerial skills, and access to credit, market and resources to make any significant improvement in their economic condition (Improving Access of Women to Formal Credit Facilities in Nepal).

This part includes the major related studies which are taken from articles, journals, electronic devices etc.

Kharel (1998) undertook the research study entitled; "Impact of Grameen Bikas Bank on Poverty alleviation among the Women of the far Western Development Region".

The specific objectives of this study were:

- ) To find out the impact of micro credit given by the Grameen Bikas Bank on the living standard and income generation capacity of women.
- ) To find out the extent to which poverty alleviation has been achieved.
- ) To find out the impact on the status of women especially with regard to their role in decision making.

Thus this study was undertaken to identify the impact of micro credit extended by Sudur Pashchimanchal Grameen Bikas Bank on socio-economic status of women. Likewise, this study also carries the objectives of measuring the degree of achievements towards poverty alleviation and women support. The major findings of this study were; Microfinance Institutions are very much supportive to enhance the

social economic status of women and on poverty alleviation. The study further says that increasing per capita income of Microfinance client's justifies the fact. Microfinance activities are not very much supportive towards the women support. Even though, there has been significant improvement in the women's education, health and employment situation, the decision making power of women has not been improved accordingly.

Asian Development Bank (1999) concluded that women's economic activity rates even by conventional definitions are estimated to be much higher than those reported in the census data. A scrutiny of regional data clearly indicates a persistent reporting bias in economic activity rates. While the overwhelming majority of mountain (73.6%) and hill (57.9%) women were reported as economically active only about 27% of the Terai women were so reported. Another point of concern is the declining economic activity rate of women in urban areas, shown to have fallen from 31.5% in 1981 to 20.3% in 1991.

Asian Development Bank (1999) organized a regional workshop program on bank's microfinance development strategy, in Philippines. A paper was presented by working group three on 'Reaching the Poorest'. This paper describes that many MFIs have been successful in reaching the poor. Substantial challenges remain for reaching more of the poorest with MF services. The challenges are great for areas such as resource poor, low population density, and are remote as marginal. So there remains a need for new cost-effective methods of reaching the poorest. The requirements are:

- Conducting policy for removal of interest rate restrictions.
- Enabling financial infrastructure that will allow MFIs to raise resource for the poorest.
- Development of pro-poor innovations.
- Building of MFI capacities to reach the poor.

The requirements can be fulfilled by:

- ADB must enhance its own in-house capacity in MF by, i.e. recruiting specialists, conducting training for staff, and creating specialized unit for MF.
- A conducive policy environment and in building an enabling financial infrastructure for reaching the poorest.
- ADB should provide technical assistance for developing effective targeting methodologies for reaching the poorest, women, and disadvantaged groups in society.
- ADB could serve as financier and initiate the establishment of one or more special funds that could be used for equity participation in MFIs technical assistance and research.

Baumann (2001) published a research article on topic ‘Microfinance and Poverty Alleviation in South Africa’. This paper stress that microfinance starts from an observation that the poor lack access to financial services, credit and saving facilities. South African govt. has begun to emphasize the importance of saving as part of the nation’s overall economic health. Finance minister, Traniil Manuel, gave speech emphasizing the importance of saving facilities for low-income households not only for its own sake, but to increase the national savings rate. Collective savings and credit movements use group savings autonomous grassroots savings groups. The ‘outputs’ of active women’s savings and credit collectives in poor communities include: social assets, leverage, reduced vulnerability saving and credit in the basic element in the development strategy, women who are interested in taking part are drawn into the training process and shown how such crises credit funds work in other communities.

The conclusion drawn by this report is that MFI’s expert contribution seems to consist not in assessing multi-faced goals, and the costs and the benefits thereof, but in demonstrating their own arithmetical competence. It is more an expression of frustration at the stage of discourse on microfinance and poverty alleviation in South Africa today. The technical finance skills employed by orthodox practitioners are highly valuable, and many alternative initiatives suffer for lack of them. Unless and until NGO put a side their fears, rivalries, and isolationism, they will probably fail to

influence government policy effectively. They must do so not for themselves, but for the poorest of the poor whom they seek to serve. The poor simply cannot wait as long as it will take the formal sector, in the form of emergent small business to absorb them and their activities into the main stream economy. Govt. must acknowledge programs that use microfinance as a means to mobilize poor households and communities to create, reclaim, and harness social assets as part of appropriate livelihood strategies. The micro credit orthodoxy in South Africa must be explored, critiqued, and challenged.

Ojha (2002) has conducted the study on 'Microfinance in Practice: Loan Recovery Approach to the Program Assessment of Micro credit Product for Women in Pokhara'. The basic objective of this study is to examine the performance in terms of loan recovery of micro credit financial projects. The other objectives are; to overview the state of outreach, training activities, savings and its mobilization; to examine the state of loan disbursement, repayment outstanding and overdue; to assess the overall performance of participating women; to analyze the state of loan recovery in terms of loan repayment to show the relationship between investment and income; to recommend appropriate suggestions. From this study he found that the loan disbursement and outstanding is related to its repayment in due time. The performance of participating women is quite satisfactory. The sampled women have repaid in time, create savings and disbursed loan from the savings. Investment caused to increase in income and hence the capability of loan recovery and repayment becomes higher. Some of the group members were found of less difference and equal income status, but some of them were found a highly effective aspect of the program and there by loan disbursement and training program were considered to be less effective aspects than savings. NGO's program help to identify targeted women training program is an essentially required to participant women more skilled. He concluded that the MCPW, if managed effectively, reaches to the targeted women, educated and trained the women entrepreneur and also if made regular supervision and initiated them the agricultural production. Productive and business activities, self-employment, income

earnings, savings and investment could be raised. This becomes the cause of uplifting vulnerable and poor women to higher social and economic status.

Lekhak (2004) conducted research on the topic 'Microfinance in Nepal and The Case Study of SFCL Anandavan, Rupendahi, ADB/N'. The main objective of this study is to do case study of SFCL Anandavan, Rupendahi, ADB/N. The other specific objectives are; to study the financial sustainability and viability of SFCL; to know the facing change of society after SFCL; to know the major problem of SFCL Ananadavan. From the research study following results finds out women empowerment participation in SFCL increased. After SFCL people participation in literacy program helped to improve the literacy position of village. SFCL also success to convince the people about the importance of group saving and impact of forest conservation. SFCL also gives the different types of training to small farmers which help to make more efficiency to small farmers. There was politicization and financial undisciplined in some cases. There was lack of inspection from government side. The position of share capital is not so bad. SFCL also able to get profit from its activities. The position of saving is increasing ways every year. Borrowed loan position of SFCL is decreasing ways.

Baral (2004) has published a research article in 'Banijya Sansar' on 'Microfinance: Good Portfolio and Management of Delinquency'. He has made some important improvements in the field of microfinance. Quality portfolio he refers to the loan recovered in time within or on the due date, loan recovery rate is a measure of quality of loan. Financial institutions analyze the present financial condition while approving the loan, statistics of many countries shows that the loan recovery rate of micro credit is higher than that of commercial bank and finance company loan. In microfinance, the term delinquency is used to imply the situation when over due loan remains unpaid. In context of Nepal, high loan recovery rate indicates that microfinance institution do not have to face much more problem relating to delinquency. He identified two kinds of irregularities both MFIs and borrowers.

On the part of MFIs the irregularities were commonly found on selection of target area, identification of target group, irregularities in formation of group, mobilization of loan on the basis of securities and emphasis on investment and recovery of loan. Similarly following irregularities has been found from the side of borrowers such as misuse of loan, loan non-repayment of due installment, and repayment of loan from different sources.

He has suggested and argued that target groups are not properly identified in remote areas borrowers may not be able to repay the loan in time due to the same source of the family. It is easily said that micro credit is out of the access of the ultra-poor. NGO have not taken the use of loan for the very purpose into consideration. The considered institution doesn't create care about even through loan is misused. It has been also found that micro entrepreneur has shown the enterprise already in existence as a new one and decamped with the loan at cheaper interest rate and invested at higher rate to other borrowers. Borrowers could not repay the due installment of loan because of the same income source of different borrowers. Micro credit programs have protected the borrowers from the costly interest rate of indigenous bankers, but it has added more burden of loan. He suggested the target area should be selected according to priority of district development plan, an effective monitoring mechanism should be developed, loan should not be provided only on the basis of securities both group and real assets. The concerned project and institution should not consider only the target of investment and recovery of loan.

Sharma (2004) has published the research article on 'The Journal of Nepalese Business Studies' about 'Microfinance: A Powerful Tool for Social Transformation, Its challenges, and Principles'. This research article attempts to explore the role and importance of microfinance in reducing poverty by generating the income of the poor. Microfinance has been emphasized for poverty reduction in developing countries through executing dual articles such as collection of domestic saving and investment of small loan. This article try to find out the answers of different claiming by institutions such as- Are these institutions really delivering microfinance services to

the poorest of the poor? Are they really sustainable in the long run? Are they financially efficient?

The conclusion drawn by this article is that the Nepalese MFIs aren't being able to reach the poorest due to inability of proper identification of the poor and lack of commitment and clear vision of their action. Expanding microfinance programs along with restructuring the whole financial system is essential so as to ensure financial system to better serve the rural economy. The time frame to reach or grant based on clients serving to reach financial self-sufficiency will be shorter for MFIs serving the economically active poor.

A research paper on Microfinance, Informal finance and Empowerment of the Poor: Lessons form a case study of the SHG-bank linkage program in a backward district in India by R. Sunil (2004) discuss the process of access to finance, primarily credit, and the resultant empowerment of the rural poor, especially women, facilitated by the SHG-ban linkage program in India. This case study argues uncertainties, credit demands and usage pattern of the poor could differ from general theoretical assumptions. The perceived positive link between credit empowerment of women and the wider empowerment of the poor becomes weak and unpredictable.

The main objective of this research paper are to identify the process of credit empowerment of women, to identify the intra-household debt pattern of the household and to identify whether the emerging debt patterns correspond with the declared and documented pathways of empowerment of the poor through microfinance, especially micro credit. From the study it is found that local moneylenders prefer to lend money to women rather than men, men took fewer loans than women. Women maintain a wider, more diversified loan portfolio than men. There has been a clear shift in credit liability towards women. The average annual interest rate hovered at around 24% for SHGs, 30% for local moneylenders and 18% for institutional credit. This study observed that SHGs are emerging as a potential source of credit for women, participation in the SHG has enhanced their financial credibility in the local money

market and they are, therefore able to contact more credit from sources other than the SHGs.

A study was done by Robyn Cornford of The Foundation for Development Cooperation on 'Micro credit', 'Microfinance' or 'Access to financial services' what Pacific people need? It describes Gregory's comparison is useful as it highlights an interesting way of analyzing differences in the country context when considering the provision of financial services. The population size and density, infrastructure, economic activity and socio cultural norms may differ markedly. What links most Pacific countries too many Asian countries is a common set of indices indicating low levels of human development. The indices may be a common bond: low level of human development, access to financial services, culturally specific approach to providing financial services, best practice and sound practice etc.

The conclusion drawn by report is that the provision for financial services to poor people has evolved from credit to micro credit to microfinance. Saving is important in microfinance. The true innovations in the provision of financial products and services to poor clients usually occur when those products and services meet the needs of poor clients as determined by careful market analysis. Financial needs of poor people cannot be implied; they are not a homogenous group. We argue that access to financial services is valuable to all people not just the poor.

A report was presented by United Nations Capital Development Fund (UNCDF) (2004) which is based on case studies in Haiti, Kenya, Malawi and Nigeria. The topic of report is Microfinance Program Impact Assessment 2003. This report describes that microfinance is a cost effective means of contributing to development and poverty alleviation, because any dollar invested is used more than one time. Microfinance takes consideration effort on financial planning and enables poor people to expand and increase outreach to the poor through internally generated funds. The objective of program impact assessment is to examine whether UNCDF's programs have had the desired impact on microfinance clients, institutions and the enabling environment.

Lamichhane (2005) conducted research on the topic "Microfinance in Nepal A Case Study of SFCL Anandavan, Rupandehi" with the objective to know the facing changes of society after Small Farmers Co-operatives Ltd. The researcher concluded that SFCL particularly emphasize democratic norms, empowerment of backward people, and access to potentialities and local resources to the development of their settlement territory by them. Integrated development approach improving saving, credit, social and community development activities are major outcome of the SFCL. Similarly awareness towards development, sanitation, literacy attainment, community and social development were major contribution of Small Farmers Credit Ltd.

Pathak (2006) has conducted the research on the topic 'Microfinance in Nepal and its Effect in ADB/N under Small Farmers Cooperative Limited (SFCL), Shankarnagar Rupandehi'. The objectives of study are; to find out the advantages, limitations, and conclusions of micro financing; to know the changes in society brought by SFCL after its implementation; to know how development of the country is positive through microfinance activities; to study the financial sustainability and viability of SFCL; to know about the role of SFCL Shankarnagar in women empowerment; to know about the major problems of SFCL/Shankarnagar Rupandehi. From the study he found that the small Farmer's participation in SFCL after handover is increasing. The position of share increasing positively. So it is good sign for SFCL. It helps to increase internal sources. Profit of SFCL increases every year. Position of deposits through members in increasing way. It is also seen that borrowed bank loan is decreasing. Loan and advance to total deposit ratio is flexible during study period. Loan loss ration is normal just to meet legal provision. Toilet facility, drinking water facility, use of store, bank saving, group saving and forest conservation all are in increased ratio. Women education rate is increase by 96.55% after SFCL activities. Women are aware on their rights and capacity to women empowerment in increase in the Shankarnagar VDC Rupandehi.

Asian Development Bank (2007) has indicated that Nepal had a population of 24.8 million people with an annual growth rate of 2.3%. The Nepal standard of living survey report from 2004 revealed that the population living on less than US\$ 1 per day has decreased to 31%, compared with 42% eight years ago. The unemployment rate in the country was 2% in rural areas and 7% in urban locales. However, the International Labor Organization reports that 73.3% of the working age population is employed by informal sectors of Nepal's economy.

Acharya (2007) conducted research who did research for MBS degree on the topic, 'Impact of Microfinance: A Case Study of Micro credit program for Women in Bhadaure Tamagi VDC, Kaski'. The main objective of the study is to explore the role of micro credit program for women of Bhadaure Tamagi VDC Kaski. Other specific objectives of this study are; to analyze the position of existing credit; to analyze the relationship in between investment and income; to measure the perception of users group towards the program; to assess the effect of micro credit program on living standard of the people; to assess the financial sustainability of the program. From this research study she found that the overall impact of micro credit program for women's earning beneficiaries and living standard is positive. It has positive impact on clothing and sheltering facility after the intervention of the program. The condition of loan recovery have a positive impact up on the regularity of loan payment. Among the sample women, 4% could not repay both the principal and interest, 28% could repay only interest and not principal and 18% could repay only principal and not interest regular. Since all the respondents of the program have taken loan at least one time from the program. Out of the total investment of micro credit program, the highest proportion of investment is made on poultry farming (35.95%), and the lowest is made on goat keeping (18.21%). The main sectors of taking loan were poultry farming, buffalo keeping, retail business and goat keeping.

Aryal (2007) on 'Microfinance under Rural Development program: A case study of Khilung Deurali VDC Syangja'. The basic objective of the study is to examine the effective activities and effectiveness or rural development program and is to carry out

the detail study of rural development program in khilung Deurali VDC o Syangaja. The other specific objectivities are; to know the activities operated under rural development program; to analyze the mode of loan disbursement, repayment, outstanding and overdue; to analyze the state of saving, deposit and its mobilization in terms of loan disbursement; to find out the problems 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. Most of the women's income is sufficient for one year living or less. The performance of the project in terms of achievement of loan disbursement and recovery has been found very well in study period. So the repayment of loan was very satisfactory in the following years. It was 100 percent successful. The identification encouragement and training of local leadership saving and its mobilization, loan disbursement and its recovery should be a basic objective in any program.

In this way different papers which are related to this research paper gives the conclusion that only microfinance success to reduce the poverty alleviation of country especially for women.

Poudel (2007) has made study on "Micro credit in Leknath Municipality : A Case Study of Paschimanchal Grameen Bikas Bank (PGBB)". The main objective of this study is to assess micro credit phenomenon of Paschimanchal Grameen Bikas Bank in Lekhnath Municipality. Other specific objectives of this study were; to identify the sectors and types of investment on micro credit; to study the role of micro credit in employment generation; to study the state of micro credit in terms of distribution, repayment and investment sustainability; to study the fruitfulness of micro credit in terms of income generation pursuing poverty alleviation; to study the bank's performance on target group identification and accessibility of micro credit to the target group. Form the study he found that the investments were mainly of three types i.e. investment of loan to support existing business/ occupation, expenditure. Out of 97 new employment, the highest contribution in new employment generation was from small business and lowest was from animal keeping sector. The highest amount of

loan was borrowed for the purpose of small business. It is also seemed that investment of the bank loan to the members who have existing business/ occupation is not fruitful for poverty alleviation. It is also proved that the performance of bank to identify target group is also poor.

Sharma (2007) has who published an article on 'The Journal of Nepalese Business Studies' about 'Microfinance and Women Empowerment'. It has examined effect of women's participation in group-based micro credit programs on a large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The data were taken from a special survey carried out in hill and Terai in 2004-2006 of Nepal. In this paper, analysis were done on women's involvement in decision making, changes in self-confidence, women's status in gender equity, changes in social and political participation, changes in control over income, changes in awareness of social issues and problems, and family relationships and domestic violence. From the study the result was taken out those similar changes in making decision was noticed in both hills and Terai. There is a significant change in self-confidence of women after the program. By ecologically belt hills showed relatively higher proportion of men's involvement in cooking as compared to Terai, but in childcare, fetching water, washing clothes, cleaning house and utensils, men's involvement is relatively higher in Terai belt than the men in hills. It also shows that there is a significant change in social and political participation of women after the program. MFI program has substantial impact on Terai women's income control as compared to hills. Terai shows a relatively greater change in family relationship and domestic violence.

Shrestha (2007) had conducted the study on 'Agriculture Credit' journal on a topic 'Microfinance: A Tool to Fight with Poverty'. This paper briefly reviews the targeted programs and initiatives undertaken for creating conducive environment for institutional credit system in the rural areas particularly microfinance.

From the research paper it is found that poverty decline is sharper in the thousands with lesser number of children, households with bigger land holding, and also in the households with educated household heads, collateral based lending practice of commercial banks and development banks deprived the poor people from institutional sources of credit. Such institutions for women are productive credit for rural women and, micro credit program for women, rural development banks and other Grameen bank replicates etc. Outreach and disbursement of credit by microfinance activities have shown that substantial amount of saving could be generated from rural saving and credit schemes. Proportion of household taking loan increased substantially particularly in the rural areas.

Collins, (2008) has published the article on Investigating the Financial Lives of the Poor about financial diaries method which is downloaded from internet on 21<sup>st</sup> May, 2008. In this research article a case study of a 50 year old single women, Mambongo is shown. She lives with her three children and one grand child in a crowded flat, in South Africa. Her main source of income is a small business cooking sheep intestines. Govt. also sponsored some grant. Her primary financial concern is making ends meet on a daily basis, and making sure her family enjoys a good Christmas in a year. How does Mambongo manage her money and try to meet these financial goals? The financial diaries, a data collection method answer such questions by tracking household's cash flows over the course of a year. With its rich set of data, the financial diaries aims to help policymakers, the financial industry and donor agencies understand financial management practices of the poor so they can strategize, on how to increase financial access for these household. The success or failure of financial management: this can only be assessed by observing a build up of savings or how quickly a loan is paid off over time.

Datta (2008) has made a study of Micro credit Program for Women; A Case Study of Prithivi Narayan Municipality in Gorkha District. The main objectives of the study were: i) to analyze the position of existing credit. ii) to measure the relationship between investment and income. iii) to assess the effect of training on standard of

living of the people. iv) to measure the perception of users group towards the programs. v) to assess the financial sustainability of the programs.

The major finding of this study (Datta, 2008) is that the respondents of the program have taken loan only on four sectors and all of them have taken loan at least one time. After the intervention of the program women are especially attracted toward the business of poultry form, cow keeping and retail business. Increase in income due to the investment program is positive. Around 70% of women have participated in any one type of training programs. Overall impact of beneficiaries and standard of living is positive. The perception of the users groups towards the program is positive. Most of participate women are married and literate. There is no association among age structure, education level and ethnic groups of the women toward the perception of the program.

Bashyal (2008) had conducted the study on “Microfinance: Access to Finance for Nepal’s Rural Poor”. The author mainly focuses on access to fiancé for poor people, role of microfinance on poverty alleviation and empowerment of women. The study has found that microfinance has improved family’s well being by increasing household’s food sufficiency level, asset accumulation and children education. It has been credited with empowering women by increasing their self confidence and decision making power with influenced family status, family cooperation, household spending and by increasing their social capital by joining some type of community based or non government organization. The program has accessed to more years of schooling for both male and female children equitably. No discrimination was found between son and daughter in sending school up to this level. Micro credit has positive impacts on many aspects; it has also contributed to women’s dual burden of productive and reproductive work.

Poudel (2008) has conducted the study on economic impact of microfinance to upliftment of women: A case study on Palpa District, Nepal. The objectives of the study were: i) to find the economic impact of Microfinance in uplifting the economic

condition of women and small farmers in Palpa. ii) to find who participate in Microfinance. iii) to analyze the change in socio- economic and education condition of the rural people especially women before and after participating in programs of cooperative.

The major finding of Poudel's study are presenting in the following lines. Most of the women beneficiaries of the microfinance program are relatively poor. Women have no their own income. The women beneficiaries of the microfinance program have improved their earning and equally stimulated their living standard. Repayment rate of the program is 80 percent in Palpa district. Though the loan has not seemed to be utilized on the specified purpose but they have been paying on time from other sources. The loss of lives stock, lack of appropriate market knowledge and lack of sufficient supervision due to low number of staff are the main reason of not having 100 percent payment rate. As becoming the member of the MF program they have become more active mentally as well as physically. They have widened their consumption as they have to gather twice in a month to repay and for saving. They have to get chance to discuss on their improvement and failure of their investment activities. Women do not have their own control on their earnings. The intervention of the MFI is significant in increasing the consumption pattern of family members. They have started to use quality cloths.

Thapa (2008) has made a study on the Impact of Microfinance on Women: A Case Study of Putalibazar Municipality Syangja under Grameen Bikas Bank. The main objective of his studies was: i) to analyze saving and its mobilization pattern of women. ii) to explore mode of loan, loan disbursement and repayment practice. iii) to analyze the relationship between investment and income, in between loan disbursement and recovery. iv) to assess the impact on the poorest of the poor women's financial condition. The major findings of the study includes: the total saving amount has increased up to FY 2063/64 and decrease FY 2064/65. The main sectors of saving by women are agriculture, buffalo keeping, goat keeping, retail business, bio gas, Poultry farming and pig keeping etc. Mainly women are involving in regular and

optimal saving. Majority of the women are saving from agriculture and retail business. Mobilization of save money by women is increasing. Repayment of loan on time is also increasing. Loan disbursement rate of GBB to women are increasing. Similarly, women are running their business well after entering GBB.

Acharya (2065) had conducted the study on “Power of Microfinance- too What Extent?” The researcher indicates that the microfinance program from the early days were to provide the financial resources to needy section farmers, poor women, deprived and underprivileged people of the country to activate them in to the development process by creating employment, income and social awareness. Nepal is a rural dependent economy as around 77 percentage of the population of the country resides in rural villages. Microfinance activities are on rise in Nepal with a significant growth even in the internally disturbed. Nearly 80 percentages of the rural people are still far of formal financial intermediation. The researcher focus that the microfinance has been considered to be effective in the development process basically for three reason i) service through microfinance can be targeted categorically to the poor with the other coordinated line services ii) these microfinance and other service can play significant role in socio economic development of the targeted groups and iii) gradual service expansion by the MFIs in the targeted area can be made more outreached and sustainable as they seek public support and they expand their network by certain level of investment and adaptation process.

Rakhal (2009) has conducted the study on “Microfinance Regulation in Nepal” The researcher mainly focuses on financial developments in Nepal, microfinance in Nepal, microfinance policy and regulatory mechanism. The researcher also contents different kinds of microfinance services are increasing in Nepal. With the growing number of financial institution as microfinance providers, the access of microfinance to the targeted groups will be eventually and effectively reached. There are no robust regulations that apply to microfinance institutions in Nepal. In case of Nepal the institutions working for microfinance services are Grameen Bikas Bank and replications, small farmer`s development banks, financial intermediary

nongovernmental organization, small farmers` cooperatives, deprived sector/ directed lending, saving and credit cooperatives, Project based micro financing, Microfinance Development banks and wholesale micro financing. In Nepal, most important regulatory provisions are the cooperative act of 1992, financial intermediary societies' act of 1998 and Banks and financial institution Act of 2006 as an umbrella act. Beside this, government of Nepal and the Nepal Rastra Bank are responsible for institutional arrangement, legal frame work, support services provision, regulation and supervision of the activity sustainability of the microfinance institutions.

The study (Rakhal, 2009) concludes that the NRB is the main regulatory agency of financial system in Nepal. The study also suggested that the NRB should comments the microfinance institution on the following areas of operation: i) Funds received by microfinance institutions for microfinance should not be used or invested in other microfinance operations. ii) Microfinance institutions should prepare annual action plan. iii) Additions to area of operation need prior approval from NRB. iv) Loan classification and loss provisions should be updated and made accordingly. v) Institutions are advised to conduct social awareness program along with credit programs. vi) NRB has advised to obtain credit information from other microfinance institution in operation areas. vii) Accounts are to be audited by an approved certified auditor.

Dulal (2010) has made a study of the Impact of Microfinance Program in Socio economic Empowerment of Women in Nepal: A case study of DEPROSC Nepal in Thaiba VDC of Lalitpur district. Kathmandu. The main objective of his studies was: i) to study the economic impact of the microfinance program in women empowerment. ii) to analyze the social impact of the microfinance program in women empowerment. iii) to analyze the constraints faced by the women clients because of the competitive microfinance services. The major findings of the thesis include: income is raised from 8 percentage to 32 percentage. All the clients have their own home to live but not sufficient land to cultivate except some vegetable. Improving the quality by changing roof, making ground cemented, plastering the wall.

Yadav (2010) conducted a research on micro credit program for rural women'. He concluded that positive impact of micro credit program on beneficiary's earnings and living standards. Similarly, involvement in the micro credit program has empowered women in varying degree. It has offered opportunities for poor women to come out of their house hold confines, to organize themselves in groups and to work in productive and social activities.

Baniya (2011) has conducted research on the topic, 'Impact of microfinance program for the upliftment of women: A case study of Kahun VDC, Kaski. The main objective of the study is to measure the socio-economic impacts of microfinance for the upliftment of women. And the main objectives of the study are to find out the socio-demographic. Characteristics of micro credit users, to identify the position of existing credit of the Kahun VDC, to explore the relationships between loan investment and income of the micro-credit users and their purpose and to access the perception of users group towards the program.

From the research study she concluded that that there is an improvement in the socio economic empowerment due to the program. Thus overall impact of the program is found to be positive; most of the women are satisfied of this program. Therefore microfinance program is contributing much for the upliftment of rural women. The intervention of the program has resulted in improved speaking ability of the women significantly.

### **2.3 Research Gap**

From the review of related studies, it is found that several researcher has studied and presented the microfinance and its activities. Some researcher has studied the saving and its mobilization pattern of women and loan disbursement system, assessing micro credit phenomenon of Grameen Bikas Bank, effectiveness of microfinance program, and others but, this type of study has not been attempted yet by others in this topic in the researchers study location. Therefore, the present study is of its own kind and tries to explore the impact of microfinance program for the upliftment of women of Dhamilikuwa VDC in Lamjung District.

## **CHAPTER - III**

### **RESEARCH METHODOLOGY**

Research is the search of knowledge again and again. It is the process by which we attempt to solve problems or search the answers to question. And research methodology, as a matter of fact, involves everything related to research which is concerned with analyzing the nature and types of data and examining the ways in which they can be used in social research. Here to achieve the aims of study appropriate methodology is required. So research methodology acts as the important part of the study. This chapter includes research design, study area, population and sample, nature and source of data, data collection techniques, data analysis.

#### **3.1 Research Design**

To conduct these studies descriptive and comparative research approach has been adopted. Descriptive approach has been utilized mainly for conceptualization of the problem. Comparative approach has been used to identify changes or similarities between two periods of time and analyze the relationship between loan investment, income, savings and other variables. Being a survey based study; it examined the microfinance impact on women upliftment.

#### **3.2 The selection of the Study Area**

The Dhamilikuwa VDC is located at the western region of Nepal. It lies southern east of Lamjung district. the VDC is a home to various communities such as Brahmin, Chhetri, Newar, Gurung, Tamang, Kami, Damai, Sarki and others. It has total households 1103 and has of total 4,427 population with plain land structure. The study area is limited with DVDC. The sample is selected from groups of women. The study is analyzed on the basis of the performance of participating people from micro enterprise groups. Micro credit institutions, local NGOs, CBOs and user groups are visible in this area. Despite the accessibility and available opportunity to the people of the VDC, there are still some hidden and unhidden truths which are to be explored through this study for

the awareness enhancement on the development of micro credits programs on the VDC so the very site has been selected to meet the objectives of the study.

### **3.3 Population and Sample Size**

Population or universe refers to the entire group of peoples, events or things of interest that the researcher wishes to investigate. It is not always possible to study every items or elements in a universe due to limitation of time and money. Hence, sampling becomes inevitable. A sample is collection of items or elements from a population. Hence, a sample is only a part of subset of the population. It compresses some observation selected from the population. The whole group of GBB within DVDC are considered as the size of the population. The survey covers some sample women members for the purpose of the study due to the limitation of area, budget and time. Only women have selected as a sample for this study. Here, the study is focused on the impact of women based micro credit the purposive as well as random sampling method is used. While studying the concern of the researcher, the sample for this study using a random as well as purposive sampling method.

Here, Population = total microfinance users women in Dhamilikuwa VDC under  
Grameen Bikas bank

= 432

Sample = 101 microfinance user's women were selected

### **3.4 Nature and Source of Data**

This study is based on both types of primary and secondary data and its nature is both qualitative. Primary data used in this study have been collected from structure as well as unstructured question native, interviews, observation to target groups discussion etc. The secondary data used have been collected from the available literatures such as records, various research studies, annual reports from GBB of DVDC, dissertations and other materials available in government and non-government institutes records of DVDC, published and unpublished documents have been reviewed to meet the objectives.

### **3.5 Data Collection Techniques**

This study basically based on primary data. Primary data are collected from the different primary data collection techniques.

(a) Primary Data:

Primary data were collected from actual field using:

- Questionnaire:

Questionnaire is used to get qualitative information. But some important quantitative information is also collected the respondents of questionnaire survey are the sample numbers and group managers of the program.

- Personal Interview:

This is also called direct interview. It is used to collect the information related to investment, credit, saving interest collection, repayment rate and so on.

- Field Observation:

In this techniques direct observation on field is done. Women's condition about economy and other facilities is considered.

- Case Study:

If some related cases about women's economic condition arrive they are discussed.

(b) Secondary Data:

Secondary data were collected from reports of GBB, Journals of microfinance, published books, unpublished books, thesis, and newspaper and other related published journals and article.

### **3.6 Data Processing and Analysis**

The available data have been edited, classified and tabulated in appropriate form. Processing of data have been done by the computer using Microsoft excel.

Analysis is the careful study of available facts so that one can understand and draw conclusion on the basis of established principles and sound logic. Various analysis tools are used. The following techniques are followed in analyzing the data:

- Collection of relevant information.
- Identification of data suited to fulfill the purpose of the study.

- Classification and tabulation of data.
- Use of percentage changes, average, ratios.
- Drive conclusion, summary and recommendations based on the analyzed data.

Some statistical tools such as mean are used. Mean is the central value on an average. A simple arithmetic mean is determined by dividing the sum of values by number of the observations.

### Mathematically

#### 3.6.1 Mean ( $\bar{x}$ )

Mean is the central value on an average. A simple arithmetic mean is determined by dividing the sum of values by number of the observations.

$$\text{Mean } (\bar{x}) = \frac{\text{sum of values}}{\text{No. of observation}}$$

$$\text{Mean } (\bar{x}) = \frac{x_1 + x_2 + \dots + x_n}{n}$$

Where,

n = No. of observation

$\bar{x}$  = Mean

## CHAPTER - IV

### PRESENTATION AND ANALYSIS OF DATA

The objective of this chapter is to present the necessary data, analyze them and answer the research questions. All the responses collected through questionnaire and VDC profile have been presented appropriately and analyzed them.

#### 4.1 Overview of Study Area

Dhamilikuwa VDC is one of the 69 VDCs of Lamjung district wedged statically between Historical Gorkha, Tanahun District and Mohoriyakot and Tarkughat VDC of Lamjung. The population of this VDC is 4427 and number of households is 1103 out of which 2080 (46.98%) are female and 2347 (53.02%) are male. Approximately 41.57% people live in under poverty line, out of which 9.53% are in absolute poverty line. The main ethnic groups residing over this village are Brahmin, Chhetry, Tamang, Magar, Newar, Gurung, Kami, Damai, Sharki and others. Hinduism is the main religion in this village. Micro credit program also held in this VDC (VDC Report, 2068). It covers 72 groups under Grameen Bikas Bank which have 432 members (Grameen Bikas Bank, 2068).

#### **4.1.1 Micro Credit in Dhamilikuwa VDC**

Dhamilikuwa VDC is located at Southern East part of Lamjung district. Almost all parts of Village Development Committee are covered with plains. Mostly women of this area are involved in agriculture. To empower the women different co-operatives, Groups, NGOs, INGOs, and banks have launched the different program within the village development committee. Some of them are Marsyandi Saving and Co-operative Limited, Nava Durga Co-operatives Limited, Champhabati Saving and Credit Co-operatives Limited, Pragatishil Samuha, Mahila Samuha, Ama Samuha, Jana Chetana Program and program of Bank like, Grameen Bikas Bank, Agriculture Development Bank, etc. Similarly NGOs and INGOs like CHESS Nepal, Helbitas, Hefar International have launched micro credit programs in the VDC. They used to make group of people ranging from 4-7 members. Firstly, they collect some fund themselves within group and can invest within the members. And also organization provides loan itself for the members in a productive sector according to priority basis.

## **4.2 Socio-Demographic Characteristics**

### **4.2.1 Age Group**

In the research survey it is found that the age structures of respondents are in the range of 20-60 years. Table 4.1 and figure below 4.1 show that the youngest women group (below 25) comprises of 7.14% while the oldest women groups (65 and above years

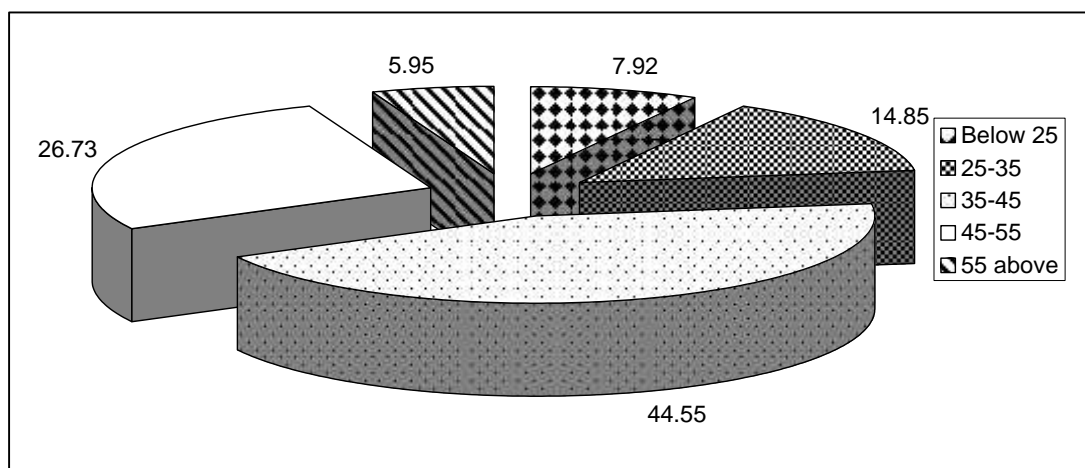
old) comprises of 1.02%. The highest percentage of the women is from the age group of 35 to 45 years (37.76%).

**Table 4.1 Age Group of Respondents**

S.N.	Age Group	No. of Respondents	Percentage (%)
1.	Below 25	8	7.92
2.	25-35	15	14.85
3.	35-45	45	44.55
4.	45-55	27	26.73
5.	55 and above	6	5.95
	<b>Total</b>	<b>101</b>	<b>100</b>

Source: Field Survey, 2068.

**Figure 4.1 Age Group of Respondents**



Source: Field Survey, 2068.

#### 4.2.2 Ethnic Group

Regarding the ethnic composition of respondents surveyed among the credit group, 45.55% women are Brahmin and Chhetri. Including Chiluwal, Bhatta, Thapa, Pathak, Poudel, Adhikari, Shahi and Giri. Likely 40.59 percent women from indigenous

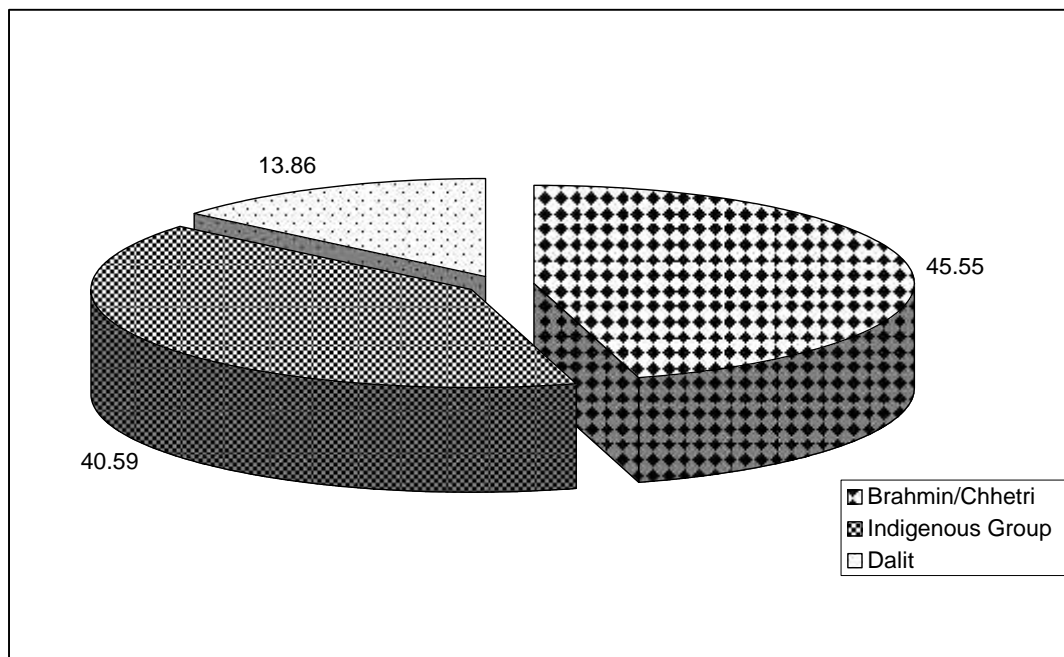
among them Newar, Tamang and Gurung and rest 13.86% Dalit including Pariyar, Sarki and Kami. Thus the Dhamilikuwa VDC is multi ethnic.

**Table 4.2 Ethnic Group of Respondents**

S.N.	Ethnicity	No. of Women	Percentage (%)
1	Brahmin/Chhetri	46	45.55
2.	Indigenous Group	41	40.59
3.	Dalit	14	13.86
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.2 Ethnic Group of Respondents**



Source: Field Survey, 2068.

### 4.2.3 Marital Status

Following table 4.3 and figure 4.3 show that majority 95.05% of the member surveyed were married. However unmarried women represent are not found these of all

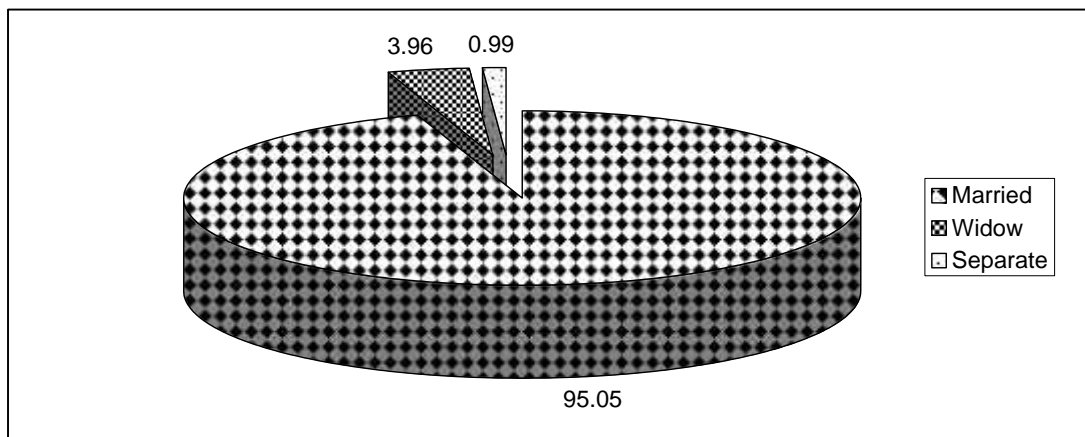
respondents, 3.96% are widow and only 0.99% women are separated during the researcher visit period.

**Table 4.3 Marital Status of Respondents**

S.N.	Marital Status	No. of Respondents	Percentage (%)
1	Married	96	95.05
2.	Widow	4	3.96
3.	Separate	1	0.99
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.3 Marital Status of Respondents**



Source: Field Survey, 2068.

#### 4.2.4 Family Size

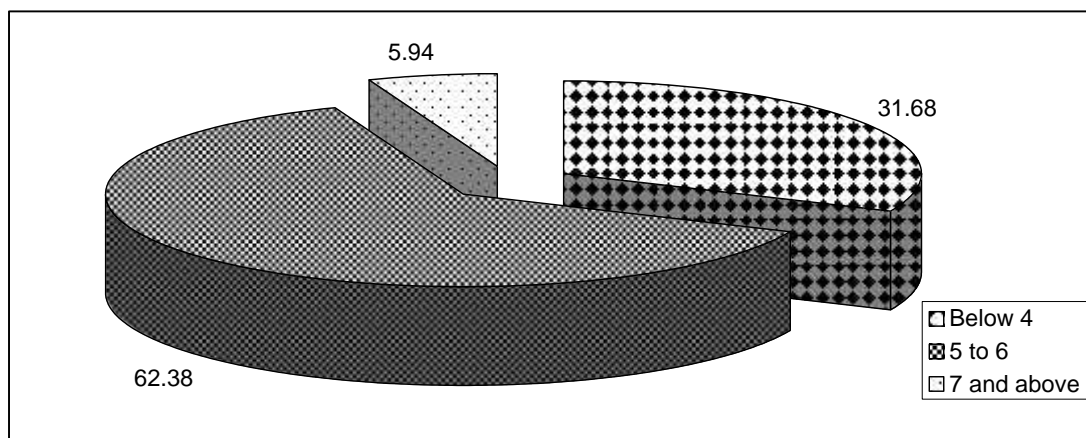
Table 4.4 and figure 4.4 show the increasing preference towards nuclear family. 31.68% of the member served belongs to small sized households with below 4 members. However, 62.38% come from medium sized households and negligible percentage, 5.94% has large sized family member with 7 and above. The increasing trend of the migration of youngster to the city area is the main reason of small sized family in study rural area.

**Table 4.4 Family Size of Respondents**

<b>S.N.</b>	<b>No. of Family</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
1	Below 5	32	31.68
2.	5 - 6	63	62.38
3.	7 and above	6	5.94
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.4 Family Size of Respondents**



Source: Field Survey, 2068.

#### **4.2.5 Level of Education**

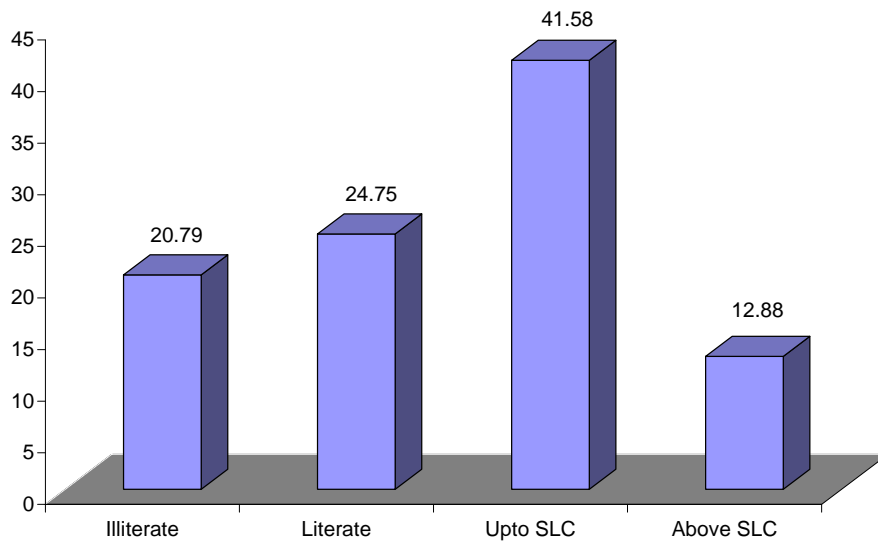
Male dominated society, younger poor women with almost no access to education and counseling on her married they face many problems related to intra household decision making. Therefore the study indicates the most of the women are literate and dedication upto SLC and only 12.88% are highly educated. Table 4.5 and figure 4.5 shows the literacy conditions rate of the respondents

**Table 4.5 Education Level of the Respondents**

S.N.	Level	No. of Respondents	Percentage (%)
1.	Illiterate	21	20.79
2.	Literate	25	24.75
3.	Upto SLC	42	41.58
4.	Above SLC	13	12.88
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.5 Education Level of the Respondents**



Source: Field Survey, 2068.

Table 4.5 and figure 4.5 shows the highest percentage of the women are educated upto SLC i.e. 41.58% and 27.79% women from illiterate. Among the credit group, 24.7% women are literate women. The women who completed 1 to 10 grade. Represent 12.88% of above SLC.

### **4.3 Loan Borrowing, Investment, Income and Saving**

#### **4.3.1 Purpose of Loan**

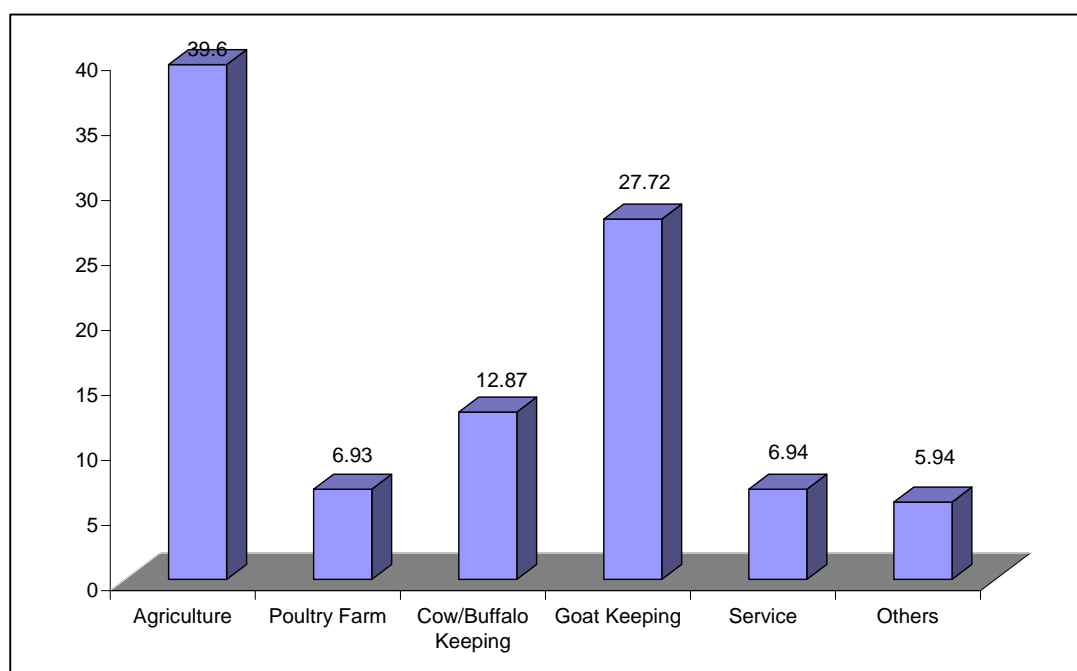
Out of the 101 sample, women have received loan for various purposes. The purposes of loan schedules of the respondents are presented in table 4.6 and figure 4.6.

**Table 4.6 Purpose of Loan to the Borrowers**

S.N.	Purpose of Loan	No. of Borrower	Percentage (%)
1.	Agriculture	40	39.6
2.	Poultry Farm	7	6.93
3.	Cow/Buffalo Keeping	13	12.87
4.	Goat Keeping	28	27.72
5.	Service	7	6.94
6.	Others	6	5.94
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.6 Purpose of Loan to the Borrowers**



Source: Field Survey, 2068.

Table 4.6 and figure 4.6 show the mentioned purpose of receiving loan from the micro credit. Maximum no of respondents 39.6% were receiving loan for the purpose of agriculture out of total respondents 6.93% were receiving loan for poultry farm, 12.87% respondents were receiving loan for cow and buffalo keeping, Similarly,

27.72% on goat keeping, 6.94% on service and rest 5.94% taking loan for small business and purpose (tailor, Tea shop etc.).

### 4.3.2 Loan Disbursement

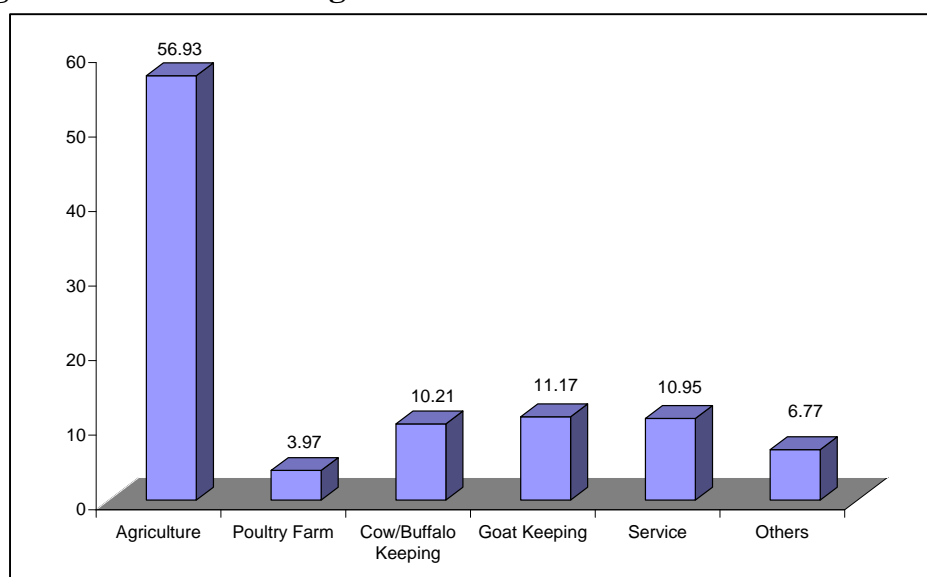
Loan disbursement to the respondents of sample survey is presented in table 4.7. Loan disburse column represents total annual loan of different sectors.

**Table 4.7 Annual Average Loan Disbursements**

S.N.	Purpose of Loan	No.	Loan Disbursement (Rs.)	Percentage (%)
1.	Agriculture	40	1579600	56.93
2.	Poultry Farm	7	110000	3.97
3.	Cow/Buffalo Keeping	13	283400	10.21
4.	Goat Keeping	28	310000	11.17
5.	Service	7	304000	10.95
6.	Others	6	188000	6.77
	Total	101	2775000	100

Source: Field Survey, 2068.

**Figure 4.7 Annual Average Loan Disbursements**



Source: Field Survey, 2068.

From the above table and figure it can be seen that total annual loan amount received by respondent was Rs. 2775000. Out of which they have invested 56.93% i.e. Rs. 15796000 on agriculture, proportion of other sector of investment such as poultry farm, cow/buffalo keeping, goat keeping, service and other was 3.97%, 10.21%, 11.17%, 10.95% and 6.77% i.e. Rs. 11000, 283400, 310000, 304000, 188000 etc. respectively. The highest of average loan percentage is made on Agriculture and the lowest percentage is made on poultry farm.

### 4.3.3 Size of Loan

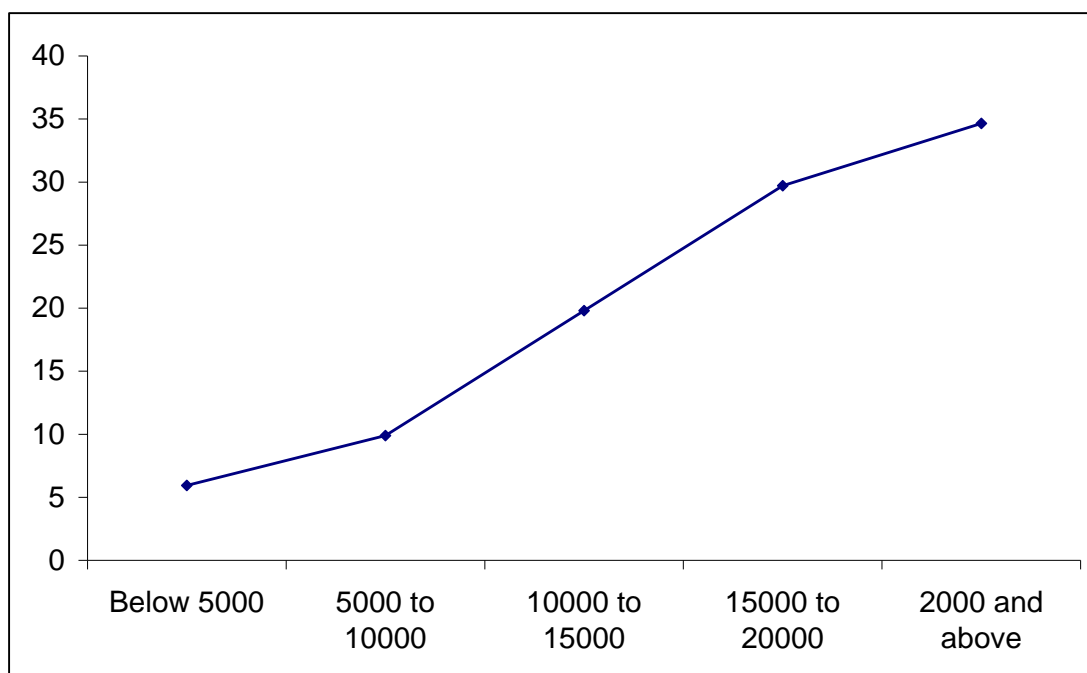
The overall loan size varied by number of times the client borrowed. More of the client goes on borrowing from different sector shown in given table 4.8 and figure 4.8.

**Table 4.8 Size of Loan to the Respondents**

S.N.	Loan Amount	No. of Borrower	Percentage (%)
1.	Below 5000	6	5.94
2.	5000 to 10000	10	9.90
3.	10000 to 15000	20	19.80
4.	15000 to 20000	30	29.71
5.	20000 and above	35	34.65
	Total	101	100

Source: Field Survey, 2068.

**Figure 4.8 Size of Loan to the Respondents**



Source: Field Survey, 2068.

Above table and figure shows that the scenario of the loan amount and percentage of the total borrowers. Since, the borrowers are curious about the use of the loan for agriculture, poultry farming, others, cow/buffalo keeping they demand accordingly to the need of their enterprise. Out of 101 sample women, the highest 34.65% of the women have taken loan for the rank 20000 and above and similarly the lowest 59% of the women have taken loan amount for the rank below 5000.

#### 4.3.4 Loan Repayment

The loan payment is another aspect of lending activities of any financial organization. If the loan is not paid on time it will not only affected the turnover or capacity of financial institution but also disturbed the borrowing and lending environment. The table shows how members repay their loan to GBB.

**Table 4.9 Loan Repayment**

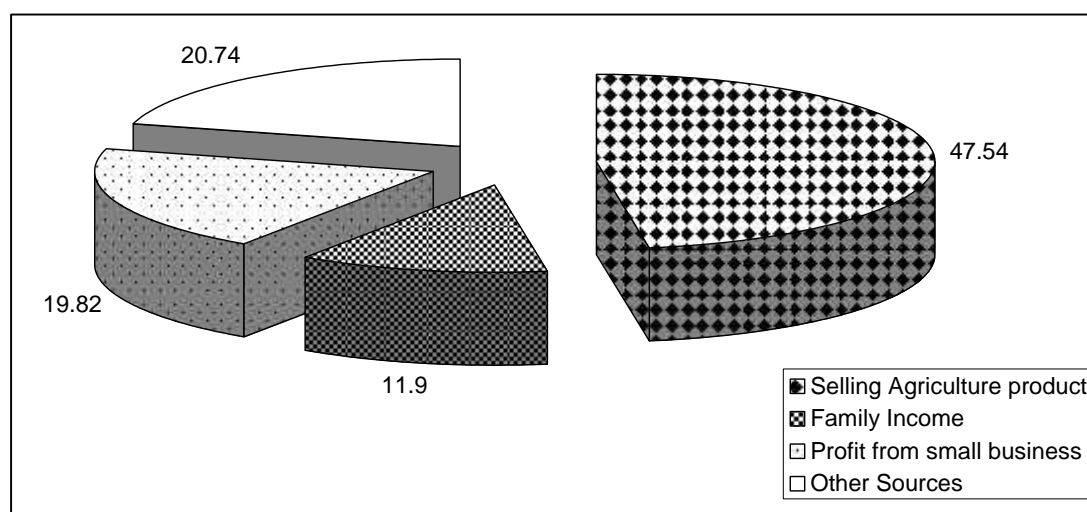
S.N.	Sources of Repayment	No of respondent	Percentage (%)
a.	Selling Agriculture product	48	47.54

b.	Family Income	12	11.90
c.	Profit from small business	20	19.82
d.	Other Sources	21	20.74
Total		101	100

Source: Field Survey 2068.

The table 4.9 shows the sources of loan repayment by GBB members in the study area. Being involved in agriculture the majority of the respondents were found that they were paying the loan from selling their agro-based products (47.54%). Similarly, from family income 19.82%, other sources 20.74% and profit from small business 11.90% respondents had paid the loan taken from GBB.

**Figure 4.9 The Loan Repayment by GBB Members**



Source: Field Survey 2068.

### 4.3.5 Investment and Income

Investment indicates the use of loan in different income generating activities. Income is the proceeds received from these activities. Table 4.10 indicates the investment and

income of different sector. Table 4.10 shows the income of the loan after taking loan from micro credit program in different investment areas.

**Table 4.10 Investment and Income of the Respondents**

S.N.	Investment Sector	No.	Investment Rs.		Annual Income Rs.	
			Total	Average	Total	Average
1	Agriculture	40	1579600	39490.00	899000.00	22475.00
2	Poultry Farm	7	110000	15714.29	73000.00	10428.57
3	Cow/Buffalo Keeping	13	283400	21800.00	189000.00	14538.46
4	Goat Keeping	28	310000	11071.43	198000.00	7071.43
5	Service	7	304000	43428.57	123500.00	17642.86
6	Others	6	188000	31333.33	111000.00	18500.00
<b>Total</b>		<b>101</b>	<b>2775000</b>	<b>162837.62</b>	<b>1593500.00</b>	<b>90656.32</b>

Source: Field Survey, 2068.

In the research survey the total annual investment was Rs. 2775000 and average investment per household was Rs. 27475.25. Out of total investment the total annual income was Rs.1593500 and average income per household was Rs. 15777.23. The highest average investment was made in Agriculture i.e. Rs. 39490 and lowest average investment was made in Goat keeping i.e. Rs. 11071.43. Similarly the highest average income was made in Agriculture i.e. Rs. 22475 and lowest average income was made in Goat keeping i.e. Rs. 707143.

#### **4.3.6 Annual Average Investment and Average Income**

Savings is a profit calculated by deducting the investment from income. Average investment, income and saving of sample women are shown in given table 4.11.

**Table 4.11 Investment, Income and Saving of the Respondents**

S.N.	Investment Sector	Annual Average	Percentage (%)	Annual Average	Percentage (%)
------	-------------------	----------------	----------------	----------------	----------------

		<b>Investment (Rs.)</b>		<b>Income (Rs)</b>	
1	Agriculture	39490.00	24.25	22475.00	24.79
2	Poultry Farm	15714.29	9.65	10428.57	11.50
3	Cow/Buffalo Keeping	21800.00	13.39	14538.46	16.04
4	Goat Keeping	11071.43	6.80	7071.43	7.80
5	Service	43428.57	26.67	17642.86	19.46
6	Others	31333.33	19.24	18500.00	20.41
	<b>Total</b>	<b>162837.62</b>	<b>100.00</b>	<b>90656.32</b>	<b>100.00</b>

Source: Field Survey, 2068.

Table 4.11 shows that the income affects after program intervention has been positive on the borrowers of the program in the study area. This fact has proved that the members associated with the program have significantly increased their income.

#### **4.4 Socio-Economic Impacts**

##### **4.4.1 Purchase of Additional Assets**

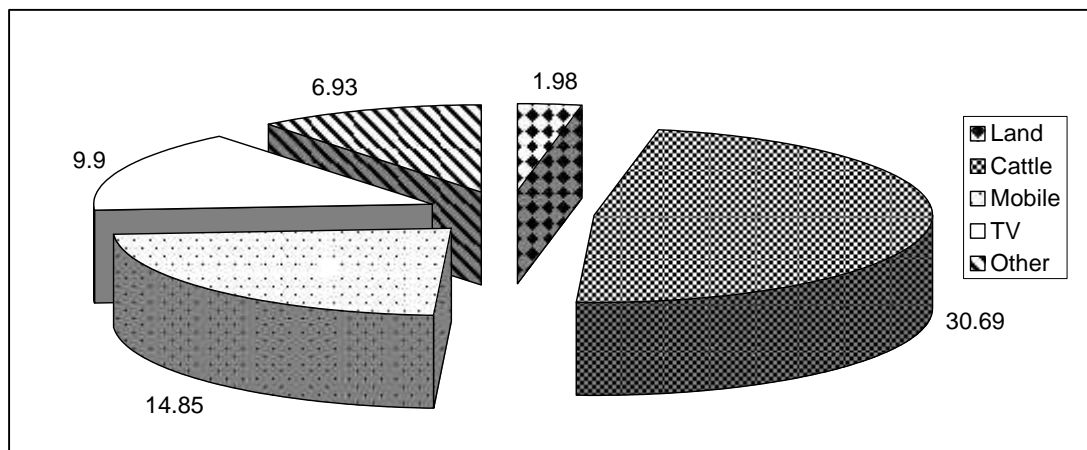
Table 4.12 shows the results on purchase in different types of assets after joining the micro credit program. In research survey we found most of the women have purchase mobile and TV.

**Table 4.12 Purchase of Additional Assets**

<b>S.N</b>	<b>Assets</b>	<b>Total No. of resp.</b>	<b>Additional Assets Purchase</b>	
			<b>No.</b>	<b>Percentage</b>
1	Land	101	2	1.98
2	Cattle	101	31	30.69
3	Mobile	101	15	14.85
4	TV	101	10	9.90
5	Other	101	7	6.93

Source: Field Survey, 2068.

**Figure 4.10 Purchase of Additional Assets**



Source: Field Survey, 2068.

The field survey revealed that most of the women have purchased Cattle i.e. 30.69%, it may due to increase in National GDP on Agriculture sector. The above table indicates that 9.90% TV, Land 19.98, Mobile 9.90% other items and rest 6.93%. In that sense, the microfinance program has been very much helpful in making them advance.

#### 4.4.2 Total Property Ownership Pattern

Property depends on the earning of the person .If one has the high earning; his properties will also more .So increment in property denotes the increment in earning too. The word “property” is used here for all kinds of physical assets such as houses, cattle’s, luxurious goods, land band balance etc. For the study purpose five property classes have been categorized.

Below given table shows below mentioned the property in liquidity and number of respondent lies under these classes before and after establishing of GBB.

**Table 4.13 Property Ownership Pattern (In Rs)**

S.N.	Property Ownership pattern	Before		After	
		No of res.	%	No of res.	%
1	Up to Rs. 1,00,000	21	20.79	12	11.88
2	Rs. 1,00,001 to Rs. 3,00,000	28	27.72	15	14.85
3	Rs. 3,00,001 to Rs. 5,00,000	23	22.77	29	28.71
4	Rs. 5,00,001 to Rs. 7,00,000	17	16.83	28	27.72
5	Rs. 7,00,001 and above	12	11.88	17	16.83
	Total	101	100.00	101	100.00

Source: Field Survey, 2068.

Table 4.13 reflects the economic strengthening in property ownership of the respondents involved in GBB. Those members whose property is valued upto Rs. 1,00,000 is decrease by 8.91% after involving in micro credit program. Likely, in the group of Rs. 1,00,001 to Rs. 3,00,000 decrease by the reduction of 12.37%. And in the remaining groups property ownership pattern is increased after joining in the program.

#### 4.4.3 Land Ownership Pattern

Main asset of the villager is land. Every person wants to buy more land than they have but due to low earning they could not so. After joining in GBB program, they have borrowed loan to increase the earning. All the borrowers have not utilized their loan amount properly. They take loan for one purpose and make investments in another purpose such as to pay the previous loan of creditors, to meet domestic expenditures etc. Those borrowers who have properly utilized the loan amount could increase their earnings and then invest their earnings in land purchase.

**Table 4.14 Land ownership Pattern**

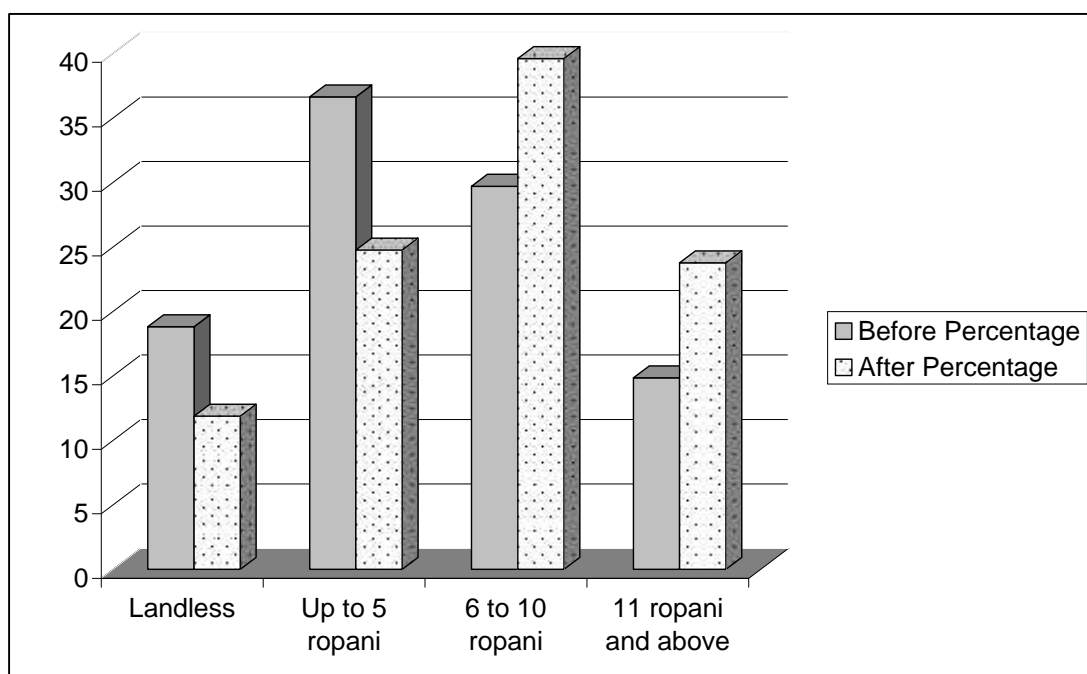
S.N.	Land	Before		After	
		No of respondents	%	No of respondents	%

a.	Landless	19	18.81	12	11.88
b.	Up to 5 ropani	37	36.63	25	24.75
c.	6 to 10 ropani	30	29.70	40	39.60
d.	11 ropani and above	15	14.85	24	23.76
	Total	101	100.00	101	100.00

Source: Field survey, 2068.

Table 4.14 shows that before joining in GBB, landless person were more than joining of GBB. Their might be various caused to decrease the landless persons but we can say strongly that the problem of landless is decreasing after the effect saving and credit policy of GBB. The above mentioned data can also be presented with the help of bar diagram.

**Figure 4.11 Land Ownership Pattern**



Source: Field survey, 2068.

#### **4.4.4 Types of Houses**

Housing condition shows the real economic status of the people. In the study area, we got various types of houses like stone, mud wall with thatched roof, stone mud wall with tin roof and brick wall with RCC roof. If the earning improves, the housing condition will also improve. Whether GBB has played significant role for improving the earning of villagers or not, it could be measured with the help of housing condition of the GBB members. Following table shows the housing condition of the study area.

**Table 4.15 Housing condition for the respondents**

S.N.	Types of Houses	Before		After	
		No of respondents	%	No of respondents	%
a.	Stone, Mud wall with thatched roof	30	29.70	15	14.85
b.	Stone mud wall with tin roof	57	56.44	70	69.31
c.	Brick wall with RCC roof	14	13.86	16	15.84
	Total	101	100	101	100

Source: Field Survey, 2068

Before joining in GBB, 30 respondents (29.70%) had the houses of stone mud wall with thatched roof. After joining in GBB program, there is an improvement in the housing condition of the members. The housing condition of the respondents of the study area has been improving now. 29.70% of respondents who had been living in the houses of mud wall with thatched roof but now there are only 15 respondents (14.85%) who have been living such kind of houses. After launching the program of GBB 15.84% has brick wall with RCC roof houses, whereas before it was only 14 (13.86%) respondents. 56.44% and 69.31% respondents have stone mud wall with tin roof houses before and after joining the GBB program.

#### 4.4.5 Medical Treatment

The role of GBB can be measured with the help of treatment capacity of respondents. Every person wants to go for better treatment if possible. For better treatment, money is needed. It is only possible when they have earning. Here describes about the treatment capacity of the members before and after joining in GBB program.

**Table 4.16 Medical Treatment**

S.N.	Treatment Capacity	Before	After
------	--------------------	--------	-------

		<b>No of Res</b>	<b>%</b>	<b>No of Res</b>	<b>%</b>
a.	Non-visiting Doctor	21	20.79	7	6.93
b.	Occasionally Visiting Doctor	69	68.32	81	80.20
c.	Regularity Visiting Doctor	11	10.89	13	12.87
	Total	101	100.00	101	100.00

Source: field survey, 2068.

Above table shows that before joining the GBB, treatment capacity persons were less than joining in GBB. There must be various causes why people visit doctor but one most important cause is earning.

#### **4.5.6 Household Expenditure**

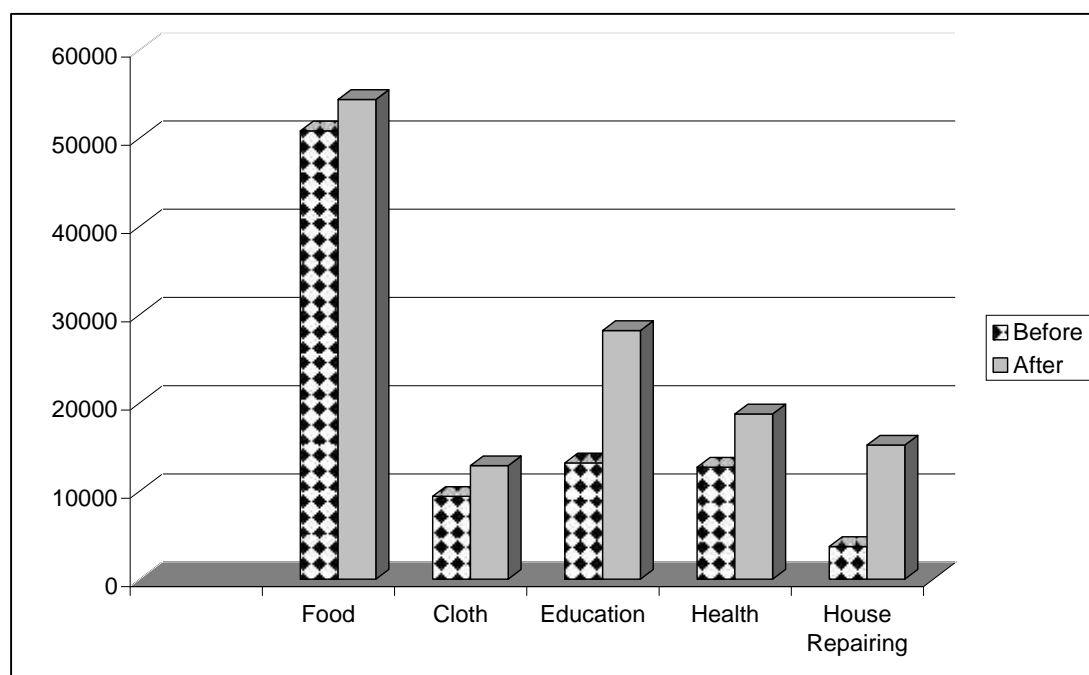
Annual average expenditure pattern of respondents before and after participation on microfinance program. Annual expenditure column represents the annual average expenditure of latest three years. Average expenditure column includes the annual average expenditure of per household. Change in annual average expenditure per respondents before and after participation on microfinance program shown in given table 4.17.

**Table 4.17 Change in Annual Average Expenditure**

S.N.	Expenditure	Before Joining Program (Rs)	After Joining Program (Rs)	Increase	
				Rs.	Percentage
1	Food	50805.00	54370.00	3565.00	7.02
2	Cloth	9387.76	12867.35	3479.59	37.07
3	Education	13178.26	28187.21	15008.95	13.89
4	Health	12700.00	18730.00	6030.00	47.00
5	House Repairing	3700.00	15200.00	1500.00	40.50
	<b>Total (Rs)</b>	<b>89771.02</b>	<b>129354.56</b>	<b>29583.54</b>	

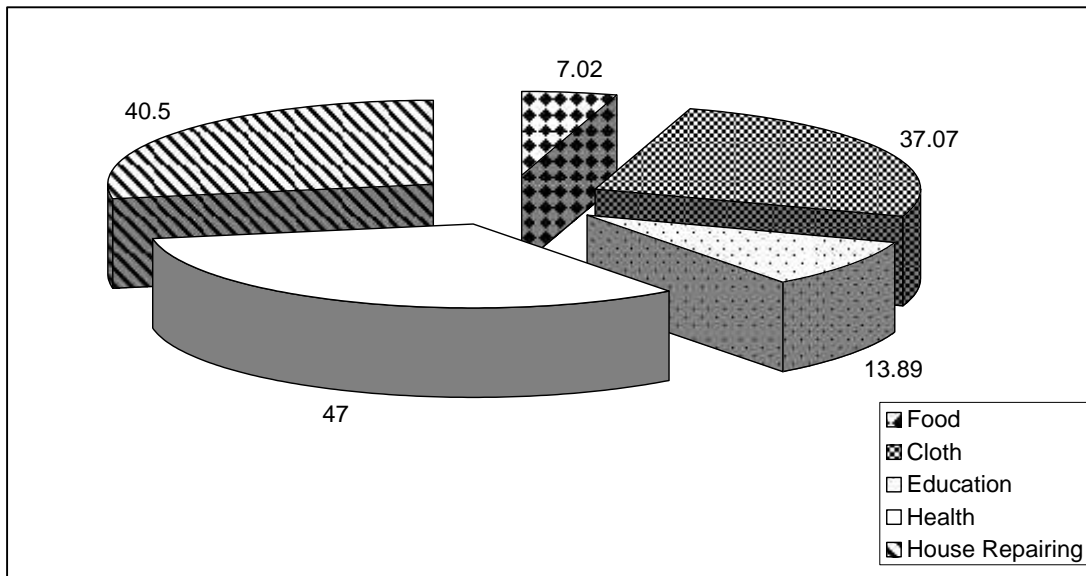
Source: Field Survey, 2068.

**Figure 4.12 Change in Annual Average Expenditure**



Source: Field Survey, 2068.

**Figure 4.13 Increased Change in Annual Average Expenditure**



Source: Field Survey, 2068.

As a result of increased economic standard, the amount of annual average expenditure per household on consumption has increased slowly. More than 90% percentage households reported their increased annual expenditure on consumption. The overall percentage of food sufficient households has increased by 7.02% percentage. Very high percentage of the respondents has spent on education i.e 13.89 percent. The amount spent on clothing has increased by 37.07%. With the increased economic standard and knowledge, women spent more on health. About 47% households started spending on health. Similarly, 40.05% spent on house repairing respectively.

#### **4.4.7 Empowerment of Women**

Out of the total households surveyed most of the women are affected from the program. The main empowerment areas of women are given in table 4.18.

**Table 4.18 Empowerment of Women**

<b>S.N.</b>	<b>Area</b>	<b>Before Joining the Program</b>	<b>After Joining the Program</b>	<b>Increase</b>
1.	Respect from Family and Society	30	89	59
2.	Access to Resource	47	87	40
3.	Improvement of Speaking Ability	11	75	64
4.	Participation in Community Work	15	101	86
5.	Feeling of Leadership Development	15	80	65

Source: Field Survey, 2068.

Women empowerment that begins from the household level will not be institutionalized unless it is reflected to the external affairs. In order to identify the impacts of microfinance on women regarding some strategic needs of women and developing of social capital which ultimately ensures the women empowerment, sample clients were interviewed to find whether there has been improvement or not. Responses of 101 sample women indicated improvement on the personality. It is indicated by the data that the additional 59 members who received respect from family and society after the program. Additional 64 women from sample population have improved their ability to speak in front of family, community, and mass. Similarly, there is increase of 86 client participation in community work. They have also increase in leadership development. Most of the client were active leader their community (increased from 47 to 87).

#### **4.5 Status of Saving Program**

If a person has more earning, he can save more earning. Saving depends on the habit of the person. Up to some extent, one who has lower income if he has the saving habit he can do more saving. Monthly saving is also one variable, which measures the earning of the person. Saving can be made through earning or saving through reducing expenses.

#### 4.5.1 Involvement of Saving Program

Following Table shows the involvement of the respondents in different saving program.

**Table 4.19 Involvement of Saving Program**

S.N.	Saving Program	No. of Respondent	Percentage (%)
a.	Compulsory Saving	61	60.40
b.	Optional Saving	26	25.74
c.	Others	14	13.86
	Total	101	100

Source: field survey, 2068.

From the table 4.19 it can be seen that majority of the respondents 61 (60.40%) have involving compulsory saving program whereas 14 respondents (13.86%) have joined in optional saving program.

#### 4.5.2 Monthly Saving Amount

Monthly saving can be made through earning or saving through reducing expenses.

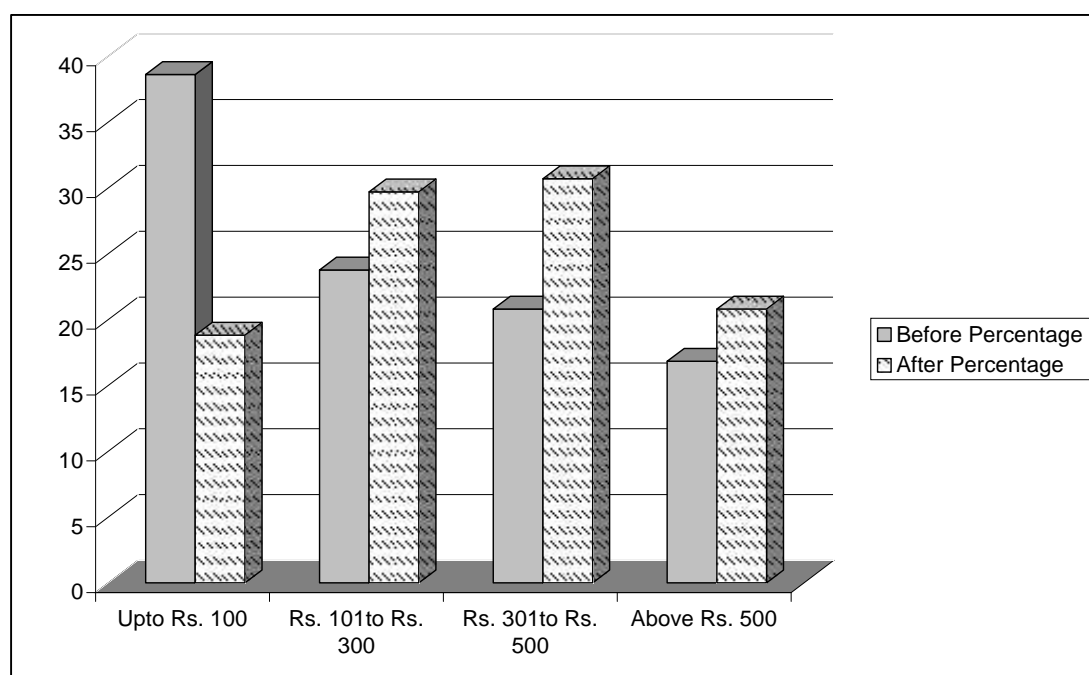
**Table 4.20 Monthly Saving Amount**

S.N.	Monthly Saving	Before	After
------	----------------	--------	-------

	group	No of respondents	%	No of respondents	%
a	Upto Rs. 100	39	38.61	19	18.81
b	Rs. 101to Rs. 300	24	23.76	30	29.70
c	Rs. 301to Rs. 500	21	20.80	31	30.69
d	Above Rs. 500	17	16.83	21	20.80
	Total	101	100	101	100

Source; Field Survey, 2068.

**Figure 4.14 Monthly Saving Amount**



Source; Field Survey, 2068.

The table 4.20 and figure 4.14 depicts the monthly saving amount of the respondents. In the group, saving upto Rs. 100 there were 39 respondents before and 9 respondents are there after joining GBB. Above Rs. 101-300 monthly saving group, there were 24 respondents and now 30 respondents are there. In Rs. 301-Rs. 500 group, 9.89% respondents have been increased in saving. Similarly in the rest group monthly saving

of the members is increased. So, we can say that in the study area, respondent's habit of saving is in rising trend. It is the positive implication on the economic aspects of people in the study area.

### 4.5.3 Economic Status of Saving Groups

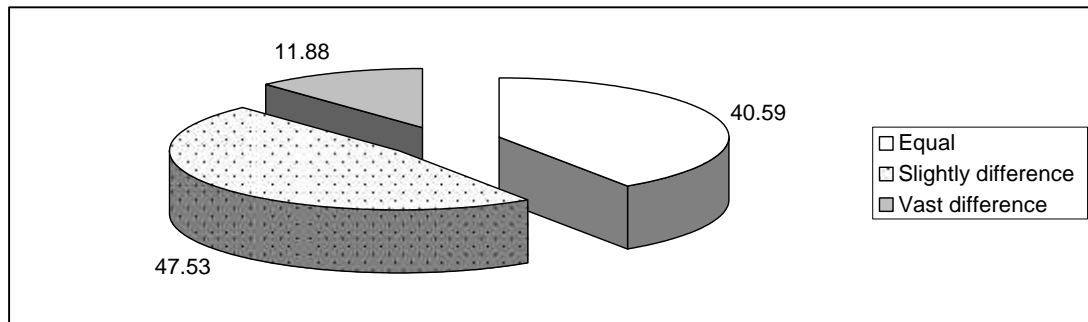
Following table shows the economic status of saving groups:

**Table 4.21 Economic Status of Saving Groups**

S.N.	Economic Status	No. of Respondents	Percentage (%)
a.	Equal	41	40.59
b.	Slightly difference	48	47.53
c.	Vast difference	12	11.88
	Total	101	100.00

Source; Field Survey, 2068.

**Figure 4.15 Economic Status of Saving Groups**



Source; Field Survey, 2068.

Table 4.21 and Figure 4.15 shows that the true economic status of the respondents of the study area. It is seen that about 47.53% of the respondents have slightly difference status and 40.59% of the members have equal economic status.

### 4.5.4 Utilization of Saving

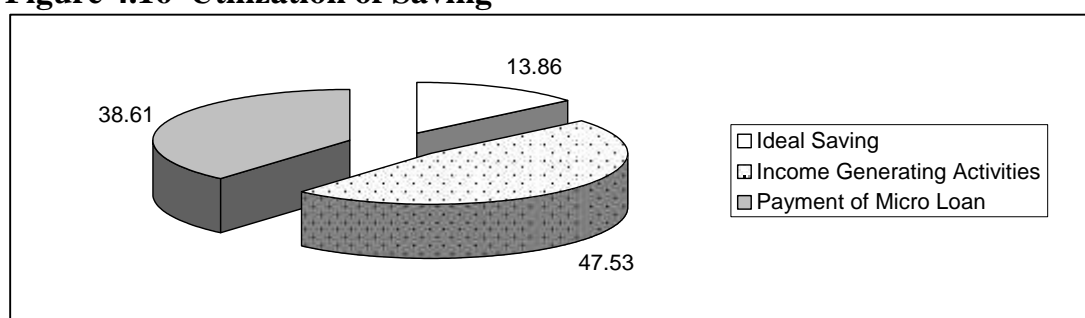
Efficient utilization of saving creates high earning of the person .In other hand; idle money creates the problem of insecurity. There are so many factors which encourage person for the efficient utilization of the saving money. GBB is also one factor, which has played significant role for effective utilization of the saving.

**Table 4.22 Utilization of Saving**

S.N.	Utilization of Saving	No. of Respondents	Percentage (%)
a.	Ideal Saving	14	13.86
b.	Income Generating Activities	48	47.53
c.,	Payment of Micro Loan	39	38.61
	Total	101	100.00

Source: Field Survey, 2068.

**Figure 4.16 Utilization of Saving**



Source: Field Survey, 2068.

Above table and figure shows the utilization of saving by the respondents of the study area. It is found that due to the effect of micro-credit program 47.53% of the respondents have utilized their saving in income generating activities whereas 13.86% of the respondents have utilized their saving in ideal saving. So we can say that status of saving and income generating activities are increased.

## 4.6 Perception about Microfinance Service

### 4.6.1 Reason for Taking Loan

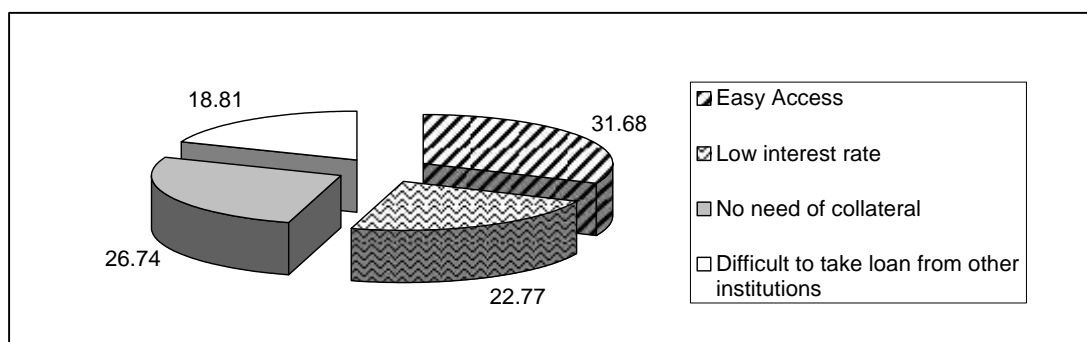
The loan payment is another aspect of lending activities of any financial organization. The following table shows reason for loan taking by GBB members.

**Table 4.23 Reasoning for Taking Loan**

S.N.	Reasons for Taking Loan	No of responds	Percentage (%)
a.	Easy Access	32	31.68
b.	Low interest rate	23	22.77
c.	No need of collateral	27	26.74
d.	Difficult to take loan from other institutions	19	18.81
Total		101	100

Source: Field Survey, 2068.

**Figure 4.17 Reasoning for Taking Loan**



Source: Field Survey, 2068.

The above table and figure shows that 31.68% members borrow the loan because of easy access to GBB. 22.7% take loan because of low interest rate and 26.74% take because of no need of collateral for loan. About 18.81% of the total respondents felt that other institutions have difficult provision for taking loan so they took the loan from GBB.

#### 4.6.2 Time of Receiving Micro Loan

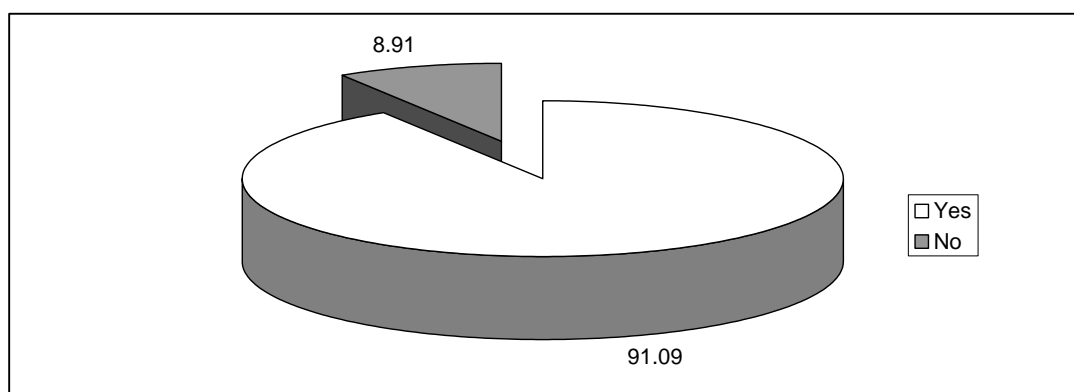
Following table and figure shows the appropriate time of receiving micro loan by GBB members.

**Table 4.24 Time of Receiving Micro Loan**

S.N.	Responses	No. of Respondents	Percentage (%)
a.	Yes	92	91.09
b.	No	9	8.91
	Total	101	100.00

Source: Field Survey, 2068.

**Figure 4.18 Time of Receiving Micro Loan**



Source: Field Survey, 2068.

The table 4.24 and figure 4.18 shows that the response of respondents towards the GBB is positive that means out of the respondent 91.09% have received micro loan in appropriate time from GBB whereas least about 8.91% respondent are not satisfied to the time of receiving micro loan.

### **4.6.3 Users' Perception**

Perception is the set of process by which an individual become aware of and interprets information about the environment. From a survey on the perception of client on the trend of loan approval, it is found that most of them have positive response. Out of 98 sample, 92.86% women said that they receive the micro loan in appropriate time but 7.14% women have said that they can't received the loan in appropriate time.

**Table 4.25 User’s Response Towards Micro Credit Service**

<b>S.N.</b>	<b>Perceptions of users</b>	<b>No.</b>	<b>Percentage</b>
1	Positive	84	83.17
2	Negative	17	16.83
	Total	101	100

Source: Field Survey, 2068.

Similarly, the users’ response towards micro credit services of microfinance program in from Dhamilikuwa VDC has positive response which is shown on the following table.

**Table 4.26 User’s Perception about Credit Service**

<b>S.N.</b>	<b>Perceptions of users</b>	<b>No.</b>	<b>Percentage</b>
1	Satisfied	96	95.05
2	Dissatisfied	5	4.95
	Total	101	100

Source: Field Survey, 2068.

The data of the above table indicates whether the microfinance programs in Dhamilikuwa VDC are satisfied or not. Our of 101 sample women 95.05 women are satisfied on this program. Out of the total 4.95% not satisfied on this program.

#### **4.7 Major Findings of the Study**

The major findings of the study are noted as follows:

1. In research all respondents women are married and most of their age structure ranges from 35-45 years.
2. Most of the participant women are found to be illiterate with the data of 20.79 of total sample.
3. GBB lunched the program towards only married women but not other.

4. The participant women are from different ethical groups. It has been found that the participant from Brahmin and Chhetri 45.55%, indigenous group 40.59% and Dalit 16.33%.
5. Most of participant women are found to have family size below four.
6. In this research we find that GBB provide loan without collateral.
7. Women groups are responsible for provided loan.
8. GBB provides the loan on installment basis.
9. Our of the total investment of micro credit program, highest proportion 39.6% of investment is made on agriculture sector.
10. Service sector was found to be more loan distribution (i.e. 6.94%) among other sectors.
11. Data obtained from the size of loan distribution table reveals that highest percentages (29.07%) have been received average annual loan between 15000 - 20000 ranks of amount.
12. The highest investment was found on Agriculture (i.e. 56.33%) among the other.
13. Average annual income was highest from service although investment on agriculture sector is high.
14. Women are especially attracted towards the business of service and Agriculture which is economically more profitable compared to other.
15. Around 30.69% women have purchased cattle which is the highest of additional assets.
16. Expenditure done on food consumption has been increased by 7.02%, cloth has been increased by 37.07% and the highest increase is on education i.e 113.89%. Likewise expenditure increase proportions are 47%, 40.5% on health, house repairing.
17. From the microfinance program, data analyzed found the highest expenditure was on education. It is because may be due to the general awareness among the people on the education of their children.
18. The majority of the loan repayment by the GBB members was found to be from selling agriculture products.

19. Property ownership pattern of the respondents is increased after joining the micro credit program of GBB.
20. The problem of landless is decreased by 6.93% which is the positive impact of microfinance.
21. The housing condition of the respondents is improving.
22. Earning of respondent is increased that positively impacts on treatment capacity of the respondents.
23. Economic status of the members of the micro credit program is slightly difference.
24. Majority of the members (47.53%) have utilized their saving in income generating activities.
25. Majority of the micro credit members (31.68%) have taken loan from GBB due to easy access. This reflects the positive impact of the program.
26. Almost all members of the program are fully satisfied about the time bound of loan receiving.
27. The intervention of the microfinance program has resulted in improved speaking ability of the women i.e. increase from 11 to 75 individual. This can be due to the improvement on local governance (transparency, accountability, predictability etc.) due to the women empowerment activities.
28. Users' perception towards trend of loan approval shows that they have positive responses. It shows, 83.17% women were responded that they can receive micro loan in appropriate time whereas 16.83% women can't receive it in appropriate time.
29. Analyzing the data of people's perception towards microfinance program, 95.05% were satisfied from the implementation of microfinance program was satisfied.

## CHAPTER V

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

Nepal is least developed country and most of the people live under poverty which can also be extended to the study area. The extreme level of poverty, and different geographic circumstances made the delivery of financial services to the poor particularly challenging. Limited income generating opportunities result in low incomes and reduced saving capacity. Women in Nepal are significantly poorer than male, have little access to education and have less control over economic decision. This is due to male dominated society. They are predominately confined to domestic and agricultural activities and have few economic opportunities. Access to microfinance services has proven to contribute towards poverty alleviation and the empowerment of women. However this must be in a sustainable and efficient manner, ensuring continued access to financial services over the long term.

In Nepal, there exist two quite different sources of microfinance services, the informal or the non-institutional sources, and the formal or the institutional sources. The informal sources consists mainly of money lenders, landlords, traders and friends and relatives while the formal source consists mainly of banks such as CBs, ADB/N, Small Farmer Development Bank, Co-operatives. This study confined contribution to microfinance's impact to women in case of Grameen Bikas Bank of Bhotewodar, Lamjung.

Since rural poverty is one of the burning problems of underdeveloped country like Nepal. Lamjung is hilly district of Nepal. There are 69 VDCs. Women of this VDC are unprivileged and low socio-economically background and poverty among the women population is high. To reduce this poverty and make women self-dependent,

economically strong different microfinance institutions are working here. Grameen Bikas Bank is one of them.

Grameen Bikas Bank was established in 2055 B.S. in Lamjung as branch office. The specific general objective of the study is to analyze the impact of microfinance on Women in case of Dhamilikuwa VDC. This study is important for the researchers, microfinance projects, investors, scholars, government and other parties. This study focuses only activities of saving (deposit), loan disbursement as well as impact on poor women etc.

Analytical research design has been used in this study. This study is based on primary and secondary data. Most of the data are collected from field survey.

On the basis of discussions stated in chapter four presentations and analysis of data, the summary of findings of the study is presented in the following points.

- Majority of the women are saving from agriculture and retail business so emphasis should be given to these sectors.
- Women are not changing more in sectors of lending area. More women are taking loan for agriculture purpose.
- Women are running their business well after entering GBB. So program of GBB is more effective than in the previous period.
- Majority of women's income from investment is maximum. Women who are earning more are increased after entering GBB. So the percentage of women who are earning maximum from investment is increasing comparing to women who are earning less. It shows GBB programs are effective and satisfactory to make their life better.
- The category of poor women is substantially higher. So emphasis on poor women is still necessary.
- Most of the poor women prefer low interest rate, more loan amount and long repayment time to improve their living standard.
- Most of the women are educated and they are highly benefited from GBB program.

- Most of the women are found in middle age. They all are highly benefited from GBB programs.
- The sample women are mixed in ethnic class i.e. higher class, middle class and low class. Majority of the women in this ethnic class are benefited from GBB programs.
- More than half of women prefer fooding facilities after improving their economic condition. So fooding program is necessary for women.
- The participant women are from different ethical groups. It has been found that the participant from Brahmin and Chhetri 45.55%, indigenous group 40.59% and Dalit 16.33%.
- Data obtained from the size of loan distribution table reveals that highest percentages (29.07%) have been received average annual loan between 15000 - 20000 ranks of amount.
- Around 30.69% women have purchased cattle which is the highest of additional assets.
- Expenditure done on food consumption has been increased by 7.02%, cloth has been increased by 37.07% and the highest increase is on education i.e 113.89%. Likewise expenditure increase proportions are 47%, 40.5% on health, house repairing.
- The intervention of the microfinance program has resulted in improved speaking ability of the women i.e. increase from 11 to 75 individual. This can be due to the improvement on local governance (transparency, accountability, predictability etc.) due to the women empowerment activities.
- Our of the total investment of micro credit program, highest proportion 39.6% of investment is made on agriculture sector.
- Service sector was found to be the highest loan distribution (i.e. 6.94%) among other sectors.

## **5.2 Conclusion**

Grameen Bikas Bank is a practical model to microfinance program without collateral. The programs of GBB aim to raise socio-economic status of women, to empower

them and uplift them from vulnerable status to the prestigious entrepreneur and self sufficient member of the society. From the discussions of all reported data and information, a sharp conclusion appears as following.

Grameen Bikas Bank, Lamjung is a women participating microfinance institution. So it is organizing different fund rising programs such as saving, loan disbursement etc with in participating women. In the GBB program saving and its mobilization and skill enhancement are the main instruments to raise the economic growth and human resource development.

Saving is the basis of investment and loan disbursement. GBB is actively involved in saving programs of women. Women are also interested and motivated to save more with GBB programs. With saving they are encouraged to mobilize that save in terms of loan. This will help to solve the financial problem of women in society to some extent.

Majority of the women are involved in agriculture. The status of loan investment and income of women is found satisfactory and they are earning slowly higher with involvement of GBB programs. Instead of this, business which is running by taking loan is found as running satisfactory. Poor women are found more and some of them have high confidentiality of standing themselves as a successful entrepreneur in future. Majority of women believe that involvement in GBB program initiates to increase their living standard.

Participants in GBB programs are from different ethnic groups. Some of women prefer low interest rate, long repayment time, and more loan amount to increase their living standard more. Women prefer more fooding program after improving their economic condition.

The overall study shows that the program has made positive impact on the women living standard by generating employment and increasing productivity. The most important and effective program is to the basis to uplift the economic condition of

rural women. Most of the sampled women are under farmer's category and the major source of income of women is agriculture.

### **5.3 Recommendation**

The study has been found that GBB is an effective measure of empowering women, raising their social and economic status, developing micro enterprises and alleviating poverty. On the basis of findings of the study and conclusion, the following recommendations are put forwarded.

- The priority order to the participating women should be found out. So that it might be helpful to tackle the problem of major requirements and assist to resolve it. It may help to raise business activities and profitability.
- Loan disbursement should be made on targeted women and activities of awareness program is needed them for raising saving and repay the due loan in right time.
- The lending should be made on the basis of the requirement of the stated project and not on the basis of achieving target.
- The lending sectors should be supervised regularly and suggested to address the problem as soon as possible.
- The participating women should be educated about the proper utilization and mobilization of loan disbursement.
- Training should be given to the illiterate women to aware on the income and investment mechanism so that they can use the microcredit in successful way.
- If the borrowers did not repay the loan in due time, they should be motivated to repay on time by adopting different mechanism.
- The implementing organization should encourage the participating women to maintain the record of income and expenditure. For this necessary trainings should be provided to the entrepreneur themselves.
- Productive investment should be emphasized, which may promote the capability of loan recovery and repayment.
- Priority to poorer women's demand should be given while mobilizing saving lending.

- Saving should be increased for the effectiveness of implementation of microfinance program.
- Especially for the poor women, investment should be promoted on essential goods like agriculture, education, business etc, rather than others.
- Income generating activities of women should be promoted so that they can be self empowered and self motivated on the micro credit activities in terms of socio economic status.
- Loan should be provided in joint responsibilities of family members also, so that the users can be satisfied from microfinance program.
- Continuity should be given for different microfinance program in local level.
- Health and education facilities should be widely extended to the poor people.

## Reference

- Acharya, G. (2007). *Impact of Microfinance A case study of micro credit program for women in Bhadaure Tamagi VDC, Kaski*. Unpublished master's thesis, Prithivi Narayan Campus, Tribhuvan University.
- Aryal, H. N. (2007). *Microfinance under rural development program : A case study of Khilung Deurali VDC Syangja*. Unpublished master's thesis, Prithivi Narayan Campus, Tribhuvan University.
- Asian Development Bank. (1999). *Women in Nepal*. Kathmandu : Asian Development Bank.
- Asian Development Bank (2000). *Finance for the poor: Microfinance Development Strategy*. Manila : Asian Development Bank.
- Asian Development Bank. (2007). *South Asia economic people*. Manila : ADB.
- Baral, K. J. (2004). Microfinance: Good portfolio and management of Delinquency. *Banijya Sansar*, 11, 50-56.
- Bashyal, R. (2008). *Microfinance : Access to finance for Nepal's rural poor*, Kathmandu : Institute for Integrated Development Studies.
- Baumann, P. (2001). *Microfinance and poverty alleviation in South Africa*. Manizenberg: Bay Research and Consultancy services.
- Centre for Microfinance (1998). *Women's empowerment through microfinance: Case study of micro credit institution*. Kathmandu : Centre for Microfinance.
- Collion, D. (2008). *The financial diaries method: Investigating the financial lives of the poor*. Retrieved October 5, from <http://www.microfinancegateway.org> (June 7, 2011).
- Dhamilikuwa VDC (2068). *Dhamilikuwa Village Development Committee Profile 2067/68*. Lamjung : Dhamilikuwa VDC.

- Institute for integrated Development Studies (1997). *Improving access of women to formal credit facilities in Nepal*. Kathmandu : Institute for integrated Development Studies
- Kerlinger, F. N. (1986). *Foundations of behavioural research* (3<sup>rd</sup>. ed.) New York : Holt.
- Kharel, Y. (1998). *Impact of Grameen Bikas Bank on poverty alleviation among the women of Far Western Development Region*. Unpublished master's thesis, Central Department of Management, Tribhuvan University.
- Lekhak, B. P. (2004). *Microfinance in Nepal and the case study of small farmer cooperative limited*. Anandavan, Rupendahi, Agriculture Development Bank/Nepal. Unpublished master's thesis, Shankerdev Campus, Tribhuvan University.
- Mimosa, C. O. (1999). *An over view of Grameen Bank Replications in the Philippines and women empowerment*. Shankerdev Campus Doctoral dissertation, Graduate School of International Development, Nagoya.
- Ojha, N. R. (2002). *Microfinance in practice: Loan recovery approach to the performance assessment of microcredit project for women in Pokahra*. Unpublished master's thesis, Prithivi Narayan Campus, Tribhuvan University.
- Pathak Y. (2006). *Microfinance in Nepal and its effect in ADB/N under SFCL*, Shankarnagar Rupandehi, Unpublished master's thesis, Shankerdev Campus, Tribhuvan University.
- Poudel, G. P. (2008). *Economic Impact of Microfinance to upliftment of women*. A case study of on Palpa district.
- Poudel, R. N. (2007). *Micro credit in Lekhnath Municipality : A Case study of Pashchimanchal Grameen Bikas Bank (PGBB)*. Unpublished master's thesis, Prithivi Narayan Campus, Tribhuvan University.

- Rakhal, D. S. (2009). *Microfinance regulation in Nepal*. Pokhara : Organization for Integrated Research and Development.
- Rural Microfinance Development Centre (2006). *Newsletter*. Kathmandu : Rural Microfinance Development Centre.
- Sharma, P. R. (2004). Microfinance: A Powerful tool for social transformation, Its challenges and principles. *The journal of Nepalese business studies*. I (1), 69-72.
- Sharma, P. R. (2005). Millennium development goals and international year of microfinance 2005 in Nepal. *The journal of Nepalese business studies*, 87-94.
- Sharma, P. R. (2007). Microfinance and women empowerment. *The journal of Nepalese business studies*, 4 (1), 16-27.
- Shrestha, B. (2007). *Microfinance: A tool to fight with poverty*. Agricultural Credit, 40, 54-58.
- Sida (2006). *India: Microfinance and Women 's Empowerment*.
- Thapa, D. B. (2008). *Impact of Microfinance of women: A case study of Putalibazar Municipality, Syangja*. Unpublished master's thesis, Prithivi Narayan Campus, Tribhuvan University.
- United Nations Capital Development Fund (2004). *Microfinance program impact assessment : United Nations Capital Development Fund*
- Yadav, S. (2010). *Micro credit program for rural women: A case study of the Bahedo Bela VDC, Dhanusa*. Unpublished master's thesis, Central Department of Management, Tribhuvan University.
- Nepal Rastra Bank (2008), *Micro-financing towards Empowerment of disadvantaged groups in Nepal: Innovations and practices*. Kathmandu : SAHAKARYA Project.

Asian Development Bank. (2000). The role of central bank in microfinance in Asia and the Pacific. vol. 2: *Country studies*. Manila: Asian Development Bank.

Carmichael, H. & Pomerleano, M. (2002). *The development and regulation of non-bank financial institutions*. Washington DC: The World Bank.

Center for Microfinance. (2003). *A Directory of MFLs in Nepal*. Kathmandu: Center for Microfinance.

Government of Nepal (2006). *Bank and financial institutions act 2006*. Kathmandu: Government of Nepal.

Mathema, V. R. (2008). *Microfinance in Nepal*. Kathmandu: Ms Padma Mathema.

## APPENDICES

### APPENDIX-A

#### QUESTIONNAIRES FOR THE GROUP MEMBER OF GRAMEEN BIKASH BANK

I am Santosh Chiluwal. As a student of MBS, I am going to prepare a research thesis about micro-finance. So, I humbly request you to help me providing the required information for the completion o this research work. I promise you that I'll keep all the information's secrete in other cases except in my thesis. Thus fill up the suitable and factual answers of the given questionnaire.

Thanks.

1. Name of the respondents: \_\_\_\_\_  
VDC: \_\_\_\_\_ Ward No : \_\_\_\_\_ Tole : \_\_\_\_\_  
No. of family members: \_\_\_\_\_ Group: \_\_\_\_\_  
Institution : \_\_\_\_\_ No. of group members: \_\_\_\_\_  
Marital status : \_\_\_\_\_
2. Caste/Ethnic group: \_\_\_\_\_
3. What is your age?  
a. Below 25                      b. 25-30                      c. 35-45d. 45-55                      3. 55 and above
4. Are you involved in any other saving group?  
a. Yes                      b. No. If not why? \_\_\_\_\_
5. What sort of house you used before joining microfinance program?  
a. Stone, mud wall with thatched roof    b. Stone mud wall with tin roof  
c. Brick wall with RCC
6. What sort of house you have after joining microfinance program?  
a. Stone, mud wall with thatched roof    b. Stone mud wall with tin roof  
c. Brick wall with RCC

7. Land ownership pattern before and after joining in GBB.

Before joining in GBB			After joining in GBB		
S.N.	Types		S.N.	Types	
a.	Landless		a.	Landless	
b.	Upto 5 ropani		b.	Upto 5 ropani	
c.	6 to 10 ropani		c.	6 to 10 ropani	
d.	11 ropani and Above		d.	11 ropani and Above	

8. What about your educational status?

- a. Illstrate                      b. Literate                      c. Educated

9. What about your treatment capacity before and after joining in GBB?

Before			After		
S.N.	Treatment		S.N.	Treatment	
a.	Non visiting doctor		a.	Non visiting doctor	
b.	Occasionally visiting doctor		b.	Occasionally visiting doctor	
c.	Regularly visiting doctor		c.	Regularly visiting doctor	

10. Do you have toilet at your homes?

- a. Yes                      b. No                      If Yes, .....

11. In which saving programme are you involved?

- a. Compulsory saving    b. Optional saving                      c. others

12. How much money do you save per month?

- a. Upto Rs.100                      b. Rs. 101 to Rs. 300  
c. Rs. 301 to Rs. 500                      d. Above Rs. 500

13. What about the economic status of members of your saving groups?

a. Equal                      b. Slightly difference

c. Vast difference

14. How are you utilizing your savings?

a. Ideal saving                                      b. Income generating activities

c. Payment of micro loan

15. What is the purpose of loan and average annual loan borrowing in the last three years?

<b>S.N.</b>	<b>Purpose of loan</b>	<b>Amount (Rs.)</b>
1.	Agriculture	
2.	Poultry Farming	
3.	Cow/Buffalo keeping	
4.	Goat keeping	
5.	Service	
6.	Others	

16. What is your investment area and annual average investment?

<b>S.N.</b>	<b>Area/sector</b>	<b>Amount (Rs.)</b>
1.	Agriculture	
2.	Poultry Farming	
3.	Cow/Buffalo keeping	
4.	Goat keeping	
5.	Service	
6.	Others	



20. How do you repay the loan?

- a. Selling agricultural product                      b. Family income  
c. Profit from small business.                      d. Other sources.

21. Have you or your family bought additional household assets after joining the micro credit program

- a. Yes        [   ]                                      b. No[   ]

If yes, please fill up the following firm

<b>S. No.</b>	<b>Assets</b>	<b>Quantity</b>
1	Land	
2	Cattle	
3	Mobile	
4	TV	
4	Other	

22. Please specify the condition of annual household expenditure before joining and after joining the micro credit program.

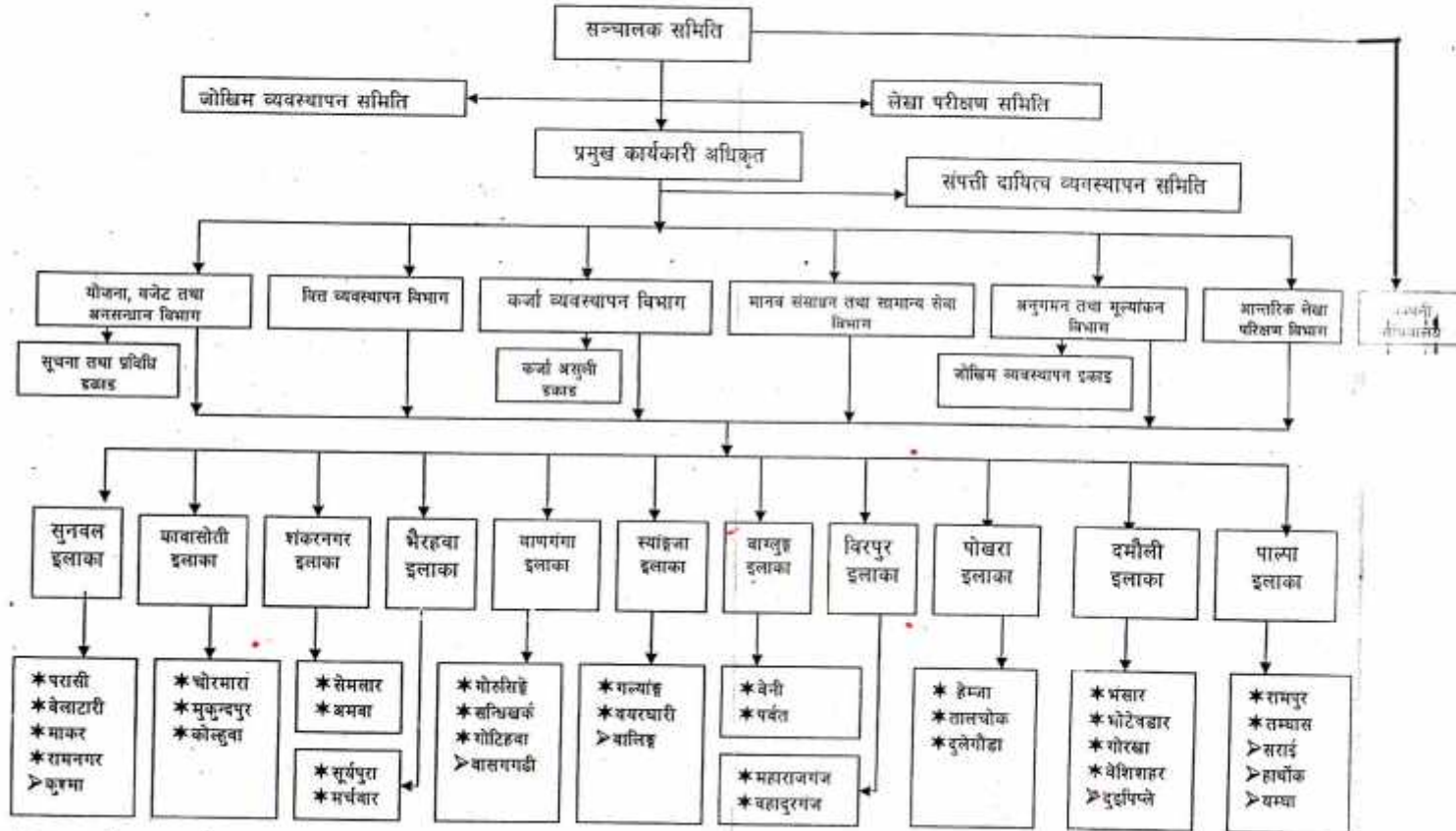
**Annual Household Expenditure**

<b>Expenditure</b>	<b>Before</b>	<b>After</b>
Food		
Cloth		
Education		
Health		
House Repairing		
Social Expenditure		



## APPENDIX-B

पश्चिमाञ्चल ग्रामीण विकास बैंक लि.  
संगठनात्मक संरचना तालिका



\* शाखा कार्यालय  
> संपर्क कार्यालय

**APPENDIX-C**  
**Summary of the study**

Problems	Objectives	Research	Analysis		Findings	Conclusion	Recommendation
			Tables	Figures			
a. What are the socio-demographic characteristics of micro credit users?	a. To determine the socio-demographic characteristics of micro credit users.	Primary Sources	4.1, 4.2, 4.3, 4.4, 4.5	4.1, 4.2, 4.3, 4.4, 4.5	<ul style="list-style-type: none"> <li>) 100% respondents are married women.</li> <li>) Age ranges 20-60 yrs.</li> </ul>	<ul style="list-style-type: none"> <li>) All respondents are married women and most of age ranges 35-45 years.</li> </ul>	<ul style="list-style-type: none"> <li>) Unmarried women should also included in micro credit program</li> </ul>
b. What is the condition of loan borrowing investment and income?	b. To examine the condition of loan borrowing, investment and income.	Secondary Sources	4.6, 4.7, 4.8, 4.9, 4.10, 4.11	4.6, 4.7, 4.8, 4.9	<ul style="list-style-type: none"> <li>) Maximum number of respondents have received loan for agriculture</li> <li>) Majority of the respondent have paid loan by selling agriculture products.</li> <li>) As compared to investment, average annual income</li> </ul>	<ul style="list-style-type: none"> <li>) Majority of the respondents have received loan from agriculture and paid loan by selling these products.</li> <li>) Status of loan,</li> </ul>	<ul style="list-style-type: none"> <li>) Investment priority should be given for the business of service.</li> </ul>

Problems	Objectives	Research	Analysis		Findings	Conclusion	Recommendation
			Tables	Figures			
					from the business of service is more	investment and income is found satisfactory.	
c. What is the socio-economic impacts of microfinance for the upliftment of women?	c. To analyze the socio-economic impacts of microfinance for upliftment of women.	Primary Sources	4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18	4.10, 4.11, 4.12, 4.13	<p>) Property ownership pattern is increased</p> <p>) Housing condition is improving</p> <p>) Women empowerment is satisfactory</p>	) Microfinance has positive impacts for upliftment of socio-economic condition of women.	
d. What is the status of saving program?	d. To explore the status of saving program.	Primary Sources/ Secondary Sources	4.19, 4.20, 4.21, 4.22	4.14, 4.15, 4.16	<p>) Most of the respondents have used their saving in income generating sources.</p> <p>) Monthly saving pattern of the respondents have improved.</p>	) Micro credit program enhances the respondents for proper saving and its mobilization.	) Awareness program should be given the women for effective saving and

Problems	Objectives	Research	Analysis		Findings	Conclusion	Recommendation
			Tables	Figures			
							utilization of earnings.
e. What is the perception of women groups about the microfinance program?	e. To find out the perception of women groups about microfinance program.	Primary Sources	4.23, 4.24, 4.25, 4.26	4.17, 4.18	<p>) Almost all respondents (95.05%) are satisfied towards the micro credit program</p> <p>) Micro credit users have positive response towards the appropriate time of loan receiving.</p>	<p>) The perception of women group about microfinance program is positive.</p>	<p>) Micro credit program should be continued in such rural areas.</p>