

**ROLE OF MICROFINANCE SERVICES ON LIVING
STANDARD
(A CASE STUDY OF PHALEWAS MUNICIPALITY AT PARBAT)**

A Thesis

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RECOMMENDATION LETTER

This thesis entitled “**ROLE OF MICROFINANCE SERVICES ON LIVING STANDARD (A CASE STUDY OF PHALEWAS MUNICIPALITY AT PARBAT.**” submitted by **Dhurba Tiwari** is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**ROLE OF MICROFINANCE SERVICES ON LIVING STANDARD (A CASE STUDY OF PHALEWAS MUNICIPALITY AT PARBAT)** presented by **DhurbaTiwari**, a candidate for the degree of **Master of Business Studies (MBS)** and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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CERTIFICATION OF AUTHORSHIP

I certify the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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DhurbaTiwari

November, 2018

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Dhurba Tiwari

Researcher

ABSTRACT

Microfinance is not a new development. It provides the collateral free loans to poor people, especially in rural areas, at full-cost interest rates that are repayable in frequent installments. Mfs is now being considered as one of the most important and an effective mechanism for poverty alleviation through which to disseminate precious information on ways to improve the health, education, legal rights, sanitation and other living standards, which are of relevant concerns for the poor. Likewise, many micro-credit programs have targeted one of the most vulnerable groups in society – women, who live in households with little or almost no assets. By providing opportunities for self-employment, many studies have concluded that these programs have significantly improved women's security, autonomy, self confidence and status within the household.

Several microfinance institutions are working in Parbat district, but Nirdhan Uthhan Bikash Bank and NESDO Nepal are chosen for the study. These institutions are working tremendously to the empowerment, poverty reduction and improvement of living standards for the poor people in Phalewas Municipality at Parbat district. They are not only working in Parbat district but also providing help and support, and are the source of motivation to other MFIs around the whole Nepal. The study has chosen random sampling technique and has interviewed the people who are already involved in microfinance activities. Therefore, the accuracy of the analysis heavily relies on the data provided by the people, interviewed.

From the analysis of data, the study found that microfinance has the positive impact on the standard of living of the poor people and on their life style. It has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves. There is an argument that the interest rate of MFIs is high. In spite of the debate about higher interest rate, MFIs are contributing not only in alleviating the poverty and improving the living standards of the poor people, also offering extensive human development programs in Nepal.

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ABBREVIATIONS

ADB	:	Agriculture Development Bank
ADB	:	Asian Development Bank
ADB	:	Asian Development Bank
ADB N	:	Agriculture Development Bank Nepal
B.S.	:	Bikramsambat
%	:	Percentage
CDF	:	Cooperative Development Fund
DCRDC	:	Dhaulagiri Community Resources Development Center
e.g.	:	Example
i.e.	:	That is
IBP	:	Intensive Banking Program
Km	:	Kilometer
Ltd.	:	Limited
Mf	:	Microfinance
MFI	:	Microfinance Institution
MFI	:	Microfinance Institution Service
MFs	:	Microfinance
MFs	:	Microfinance Service
NBL	:	Nepal Bank Ltd.
NCCC	:	National Cooperative Consultation Committee

NCDB	:	National Cooperative Development Board
NESDO	:	Nepal Educational and Social Development Organization
NGO	:	Non-Government Organization
NRB	:	Nepal Rastra Bank
NUBL	:	NirdhanUtthan Bank Limited
OLS	:	Ordinary Least Square
PSL	:	Priority Sector Lending
RBB	:	RastriyaBanijya Bank
RMDC	:	Rural Microfinance Development Center
RMP	:	Rural Microfinance Project
ROSCA	:	Rotating Saving Credit Association
Rs.	:	Rupees
SAFAL	:	Sustainable Access to Financial and Livelihood
SFCL	:	Small Former Cooperative Limited
SHG	:	Self Help Group
Sig.	:	Significant
SKBBL	:	Sana KisanBikas Bank
SPSS	:	Statistical Package for Social Science
Std.	:	Standard
UN	:	United Nation
VDC	:	Village Development Committee