

CHAPTER I

INTRODUCTION

1.1 Background

The term 'micro' means "very small" (Hornby, 1989:781). 'Finance' refers to the theory and practice of monetary credit, banking and promotion of operations in the most comprehensive sense. It includes money, credit, banking, securities, investment, speculation, foreign exchange, promotion reorganization, underwriting, brokerage, trusts, etc. (Woelfedl, 1994:440). Whereas the term 'credit' refers to the "borrowing up to a certain limit allowed by a bank to an individual or a company "(Singh, 1997:94). Poverty is one of the basic reasons for the barriers of development activity. Without poverty alleviation Nepal cannot achieve its actual success to develop the nation. There are various programs, which are launched to reduce poverty in the country. But all programs are not success to eradicate the poverty of country.

The 14th periodic plan will basically aim to support the government in achieving all the SDGs by 2030 and help Nepal emerge as a middle-income country by that time by embracing the spirit of a welfare state, 14th plan also takes major objective i.e. poverty alleviation in Nepal, Microfinance is a term that is broadly used for the provision of financial services to low-income households and the self-employed people. It has evolved on the approach of economic development intending to make low-income women and men more betterment. In Nepal, micro financing activity takes the country forward and slowly gets success whole country for development from each side. Microfinance can help small businessman, farmer, women and other sector. Today's nation demand is also depending upon microfinance activities. To get better result and get success, microfinance is necessary in our country at present situation.

Since Nepal is a developing country, from some decades she starts to develop all parts of country equal. From 2013 B.S. the five years plan have started and now 14th plan is running, the 14th periodic plan will incorporate strategies to meet these goals to ensure socio-economic transformation and poverty alleviation. These plans help Nepal to develop country from various parts although there were some challenges for this plan.

According to the Central Bureau of Statistics Nepal, the inflation rate of Nepal is around 4.45 percent (2018), about Nepal data profile, the population of Nepal is nearly 30 million, and population growth rate is 1.1% annual. About 81% population live in rural area (World Bank, 2016) and the per capita income of people is \$1004. The country is divided administratively into One Federal and Seven Province into Municipality and Rural Municipality.

According newsletter of RMDC (2006), Prof. Muhammad Yunus gave birth to the concept of microcredit in 1976 when he disbursed 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 village with a Grameen Bank. 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%. It finances 100% of its outstanding loan from its deposits collected from members and other rural people. The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two equal parts, to Muhammad Yunus and Grameen Bank of Bangladesh for their efforts to create economic and social development from below. Prof. Yunus's long-term vision is to make the world free of poverty.

Microfinance is a term that is broadly used for the provision of financial services to low-income households and the self-employed people. It has evolved on the approach of economic development intending to make low-income women and men more betterment. Although, some of the microfinance institutions provide insurance and payment services, but the main approach of financial services is to provide credit and raise the savings. Rather than a banking function, it comprises a developmental tool. The main activities of microfinance include (Ledgerwood, 1999:1);

- Small loans, typically for working capital.
- Informal appraisal of borrowers and investments.
- Collateral substitutes, such as group guarantees or compulsory savings
- Access to repeat larger loans, based on repayment performance.
- Securing savings products.

“Microfinance is small in value amounts targeted at low income clients. It includes loans, savings, insurance, transfer services and other services” (Sharma, 2005: p.87)

There are mainly three types of sources of microfinance:

- Formal institutions i.e. rural based cooperatives.
- Semiformal institutions i.e. NGOs.
- Informal institutions i.e. moneylenders and shopkeepers.

Apprehended in the 1990s, the paradigm of microfinance was advanced to improve access to credit for small producers, landless farmers, and other low-income individuals, particularly women and the vulnerable or the disadvantaged groups. Accordingly, the microcredit project for women (MCPW) was initiated in 1994 in Nepal. The project operated under the Ministry of Local Development of HMG/N is functioning in close coordination with Nepal Rastra Bank (NRB), Nepal Bank Limited (NBL) and Rastriya Banijya Bank (RBB) and Local NGOs which have been involved as financial intermediaries of the project. Particularly, the project provides loans to the women from both the urban and rural areas of the country.

Objective of micro finance, providing services and awaring village rural people about small fund generating program, microfinance was established in Nepal in 2000. Along with this microfinance summit was held in Nepal from 14th to 16th February 2008. From this summit it is known that currently more than Two million individuals in the rural population have access to microfinance services and 4th Microfinance Summit Nepal, 2017 slogan “Balancing Financial, Social and Human values main aim of its summit economic empowerment by consolidating the rural economy and regularizing the microfinance sector (<http://www.microfinancesummitnepal.org.html/>)

Bardiya is one of the Adibashi and Janjati population district of Nepal. The district, [Gulariya](#) as its headquarters, the district consists of eight municipalities, out of which Six are urban municipalities and two are [rural municipalities](#). i.e Gulariya Municipality, Rajapur Municipality, Madhuwan Municipality, Thakurbaba Municipality Basgadhi Municipality, Bar Bardiya Municipality, and Two Rural Municipality are Badhaiyatal Rural Municipality and Geruwa Rural Municipality . Bar bardiya municipality of Bardiya was established in 2073 B.S. According to BarBardiya Municipal Profile (2073), there are 68,031 populations in this municipality and 13,030 households. Out of 68,031 populations, 32,673 are male and 35,358 are females.

94.6% people are educated with in this municipality. Among this 67% of women are educated. There are eleven wards within this municipality.

Like other districts of the country, various fund raising programs especially for women are lunched in this area. With this, saving and loan distribution activities for small and poor families are famous. Chhimek Laghubitta Bittiya Sanstha, NIC Asia Bank, Bhargav Bikash Bank, Laxmi Microfinance, Mero Microfinance, Sodeshi laghubitta, Mahila Bikas Office of Government, Sadasiba Cooperative Limited, Swabalamban Laghubitta, Sanakisan co-operative, etc are some examples of organizations and banks which are playing role in women microfinance activities. The activities performed by Chhimek Laghubitta Bittiya Sanstha are also important in the field of microfinance. The head office of Chhimek Laghubitta Bittiya Sanstha for Provillance five is Butwal. The branch office of this bank in Bardiya was established in 2068 B.S. The name of this bank is, branch office Bardiya. The five other branches of this bank in Bardiya district are in Gulariya, Bansgadi, Magaragadi, Vurigaun and Rajapur. This bank is encouraging poor women of society to save small money and invest that money in some profitable sector. Women can save small money and also can get small loan.

The main objectives of CLBS are as follows:

- To provide banking facilities and services to the poorest of the poor people in the country.
- To uplift socio-economic status of the poor people through community based programs.
- To create income generating opportunity through credit and alleviate poverty prevailing among the poor people.

1.1.1 Microfinance Sector in Nepal

The history of financial sector of Nepal is not so old. At first in 1937 Nepal Bank Limited was established, from this the financial sector history of Nepal started. The after in 1956 Nepal Rastra Bank, in 1959 Industrial Development Corporation, in 1966 Rastriya Banijaya Bank and in 1968 Agricultural Development Bank were established in Nepalese financial sector. The term 'microfinance' is the latest version of the generally used term 'rural finance', 'educational finance' and 'small scale

finance', which was practiced by many financial institutions in Nepal dating back to 1956. Formally the financing on 'small sector' was initiated in the year 1974, when NRB, central bank of the country, had instructed to commercial banks to invest 5% of total deposits in this sector (Pradhan, 2005: p.14).

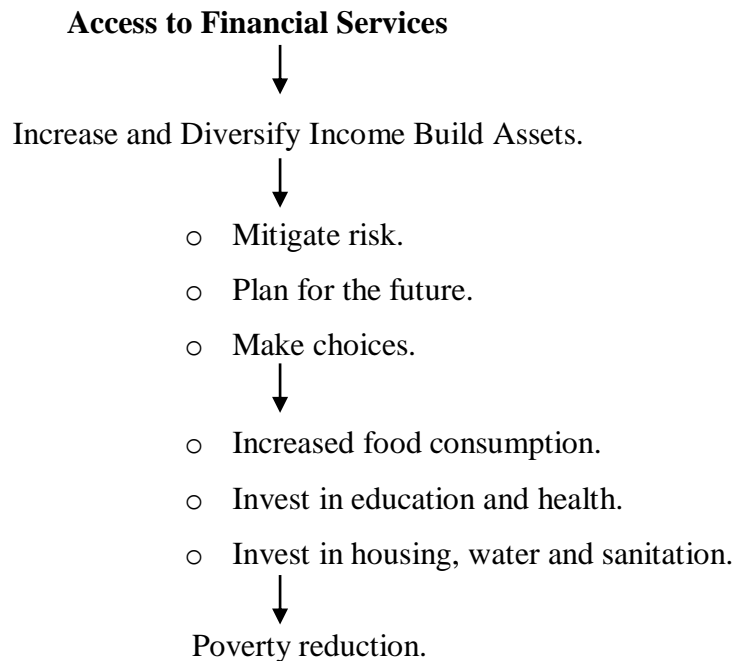
Before 1984 the financial sector was closed for foreign institutions but after liberalization policy of govt, this sector is open for foreign institutions. In 1984, firstly Nepal Arab Bank Limited (Nabil) opened in Nepal. On account of liberalization policy of govt. Nepalese financial system has winded and depended with many more new financial institutions and activities. The country has now many commercial banks, development bank, financial companies, cooperative limited, rural development bank, non-government organization etc.

These all play vital role for Nepalese financial sector. Total deposit with the financial system has increased by 20 folding one decade and half from less than Rs 10 billion in 1985 to Rs 200 billion in July 2001. The credit extended by the financial institutions has been up by 24 fold from us than Rs 8 billion in 1985 to Rs. 190 billion in July 2001. In Nepal capital market begins with the issue shown by Biratnagar Jute Mills Limited and Nepal Bank Limited in 1937. In 1976 the securities exchange center was established and first time in 1994 govt. bond was issued. In 1993 securities exchange center converted in to Nepal Stock Exchange.

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. Govt. recognized microfinance as official poverty alleviation program only in sixth plan (1980-1984/85). Various programs to ensure particularly poor women and disadvantaged groups, access to financial services from organization sector are designed and implemented during that period. The sector gained further momentum after the restoration of democracy in 1991 with establishment and promotion of Chhimek Laghubitta Bittiya Sanstha and other form of MFIs.

From the following figure it is clear about relationship between poverty and financial services.

Relationship Between Poverty and Financial Services



Source: Dhakal, 2004: p.34.

1.1.2 Women Microfinance in Nepal

Women in Nepal are extensively engaged in agricultural activities. Women constitute more than half the potential labor force in Nepal and contribute extensively to the Nepalese agriculture in terms of both labor input and decision-making roles. Women have to work either on their husband's farm or on their father's farm to be economically productive. They also lack any other kind of productive assets (Improving Access of Women to Formal Credit Facilities in Nepal, 1997: p.63).

A large number of micro-credit programs have focused on expanding micro loans to support economic activities of the poor and disenfranchised groups in the society mostly women. It is generally accepted fact that women are the poorest of the poor. The possibility of women development through microfinance program was realized and women's access to credit was given emphasis at the first international women's conference held in Mexico in 1975. Govt. in Nepal had no policies and objectives specifically directed to women development before the sixth five year plan (1980-

1985). Few policy guidelines were effectively formulated in the eighth plan (1992-1997) for maintaining women in economic development with the intervention of credit programs like the PCRW and SFDP and expansion of Grameen rural development banks. In 1993, the NPC created the Children and Women Development Section under the population division. In 1994, the National Council for Women and Child Development was formed followed by the establishment of the Ministry of Women and Social Welfare in 1995 to coordinate and monitor all activities directed towards enhancing women's status.

The plan also undertook other important actions like elimination of discrimination against women and enforcement of the revised Muluiki Ain (Inheritance Law) to remove the legal constraints related to equitable access to resources. The Ninth plan (1997-2000) and the Tenth Plan (2002-2007) also considered women as its major target group to fulfill the goals of human resource development and poverty alleviation in the country (Bashyal, 2008: p.75-76).

Nepal is mountainous country. So to provide microfinance services in all areas through well operating costs, program should be designed according to topographical differences. In populated area, modified Grameen model through federated "Credit agent" is suggested as an appropriate model. The saving and credit organizations can be mobilized to provide door-to-door services to the poor people. There are many community-based organizations in the villages like "Aama Samunha". On the other hand, the Self-Help Groups pay attention only for institutions development rather than the beneficiaries.

1.1.3 Women Microfinance in BarBardiya Municipality Bardiya

Among all parts of municipality is covered with Tarai. So women of this area are involved in agriculture, animal farming, Retail business etc. It will be beneficial for women if they save small amount of money in a groups and invest that in some profitable sector. To make this sector effective different organizations and banks are establishing within municipality. Some of them are Nic Asia Bank, Bhargav Bikash Bank, Chhimek Laghubitta Bittiya Sanstha, Swalamban Laghubitta, UNYC Nepal, Mero finance, Swodeshi Laghubitta, Laxmi Microfinance, Grewa gramini jagarn sangh, Sakcham Programme, Mahila Bikas Office etc. They used to make group of

women ranging from 10-29 women mostly. Some fund they collect themselves within group and can invest that fund. Some money can invest organization itself according to priority sector. Some sectors of investment are Agriculture, Buffalo Keeping, Goat Keeping, Poultry Farming, Fishing Farming, Retail Business and others etc. Mahila Bikas Office is doing women microfinance activities within municipality only. It also uses to invest forming small women group. Other banks and institution which are doing microfinance activities are in initial phase. Chhimek Laghubitta Bittiya Sanstha, is doing microfinance activities in whole district.

1.1.4 Role of Chhimek Laghubitta Bittiya Sanstha for Women Microfinance in BarBardiya Municipality in Bardiya

Chhimek Laghubitta Bittiya Sanstha of Bardiya is playing greater role to uplift livelihood and make financially support for women within this municipality. It was established in 2068 B.S. It is lunching its all programs within whole district along with Gulariya and Magaragadi branch. There will be a group of 10 women. If there are more than 5 group then it will be Kendra. Meeting of women will be weekly done by head office. Maximum loan amount of Chhimek Laghubitta Bittiya Sanstha is collateral basis Rs 700,000 and non collateral basis is Rs 500,000. There are two kinds of saving fund, i.e. Group saving fund and simple saving fund. They have to collect Rs 5 in central fund. Interest rate for loan investment is 18%. Loan can be provided in collateral basis and non collateral Basis also but maximum amount is only Rs 700,000 and 500,000. Loan can be provided on agriculture, service, trade, retail business etc. If some women deny repaying loan on time then member of group will force them to repay loan within schedule date.

1.2 Management of Saving and Credit for 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: p. 135). Loan can be disbursed with collateral and sometimes without collateral also.

1.2.1 Concept of Group and Center

Beneficiaries are organized into group. There is certain number of members in a group. Group includes one group leader, one secretary and other few members and functions at the center level only. One group leader elects in a group. Group is the idea in Chhimek Laghubitta Bittiya Sanstha for loan demand processing, saving, monthly installment basis, and to some extent for community development activities. Group functions directly under the supervision and control of CLBS office. Overall banking services are delivered through this center.

1.2.2 Credit With and Without Collateral Securities

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

1.2.3 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 members either in case of collateral base on in case of without collateral. Maximum loan disbursed from CLBS is Rs 500,000. There is rule of 2+2+1 in CLBS i.e. two member can get loan on first month, another two member on third month and chairman gets loan on lastly i.e. in fifth month. The loan of Rs. 500,000 can get in the following way.

First Year	Rs 100,000.00
Second Year	Rs. 200,000.00
Third Year	Rs 300,000.00
Fourth Year	Rs 400,000.00
Fifth Year	Rs 500,000.00

1.2.4 Saving of Members

There is no compulsory saving in CLBS members. CLBS member have to collect Rs 5 in central fund. The type of savings is:

- **Group Saving**

This saving is common for all women who are involved in CLBS activities. They can save small amount of money in group. This will help to raise their saving activities. They save some money in every month. There is no compulsory to save for women in this saving program.

- **The Center Fund**

In this centre fund saving program, women have to save certain fixed money as centre fund collection. This is a kind of compulsory saving. This is not big money. Generally women save Rs 5 as centre fund collection in every month.

- **Fine Fund**

This is the money which is collect from punishment. They pay fine if they are late to pay loan amount in time.

1.3 Focus of the Study

Today, poverty is the world's main problem. Every country faces this problem. Since poverty is the main barriers for today's world without solve it no one cannot get really success in every part of country's development. Nepal is least developing country and faces this problem. Around 28.5% of people are under poverty (NPC). Nepalese govt. and other sectors of Nepal are trying to solve this problem from various methods. Microfinance is such a source which help to solve this problem, with the help of microfinance, Nepal get success in poverty alleviation. This microfinance is an effective tool to increase the life standard of women and give socio-eco status of people in society.

This research paper focus on impact of microfinance for women in CLBS and how it help to poverty reduction with the help of case study of municipality and Chhimek Laghubitta Bittiya Sasthan, how it helps to develop local level women's financial condition, how it helps to save small amount of money and it's mobilization, how it help to distribute loan and its repayment policy, how it helps to make relationship between investment and income and between loan disbursement and recovery, and how it emphasis on poorest of poor women's financial condition through microfinance activities.

1.4 Statements of the Problem

Women of Nepal are poorest then men because they lack access to health, education and economic resources. Most of the women of Nepal are involved in agriculture but not recognized as farmer due to triple burden of work. Majority of women in Nepal are suffering from hard work and have difficult social and economic condition. The most unprivileged class like women is to be especially targeted to effectively achieve overall poverty reduction in the country.

Different type of programs is lunching in women development in Nepal. Such as priority sector credit program (PSCP), Small Farmer Development Program (SFDP), Integrated Rural Development Program (IRDP), PCRW, Participatory District Development Program (PDDP) which in fact are intended to uplift the rural poor, especially women. Govt. also conducted micro credit project for women (MCPW) in twelve districts and five urban areas.

Although Bardiya is one of Agriculture district of Nepal, women of this district are still involved within household activities. They involve in agricultural activities. The ownership right over the family properties rests with males not the females. Some common problems related to women such as not owning land and low level of education, limited scope to generate income and low social status are interconnected and circular in nature. Most of the Nepalese women, lack skill and experiences to conduct enterprises on their own business, it are so, because of illiteracy and lack of proper supports. In rural area of Nepal, the main role of women is to look after the household and bring up children some common problems related to women such as not owning land and low level of education, limited scope to generate income and low social status are interconnected and circular in nature. They are less conscious to save money and financial mobilization. Women microfinance in Nepal has been facing many problems. So this study is tried to solve the following research questions within BarBardiya Municipality, Bardiya.

1. What is the impact women's status before and after microfinance program in Barbardiya municipality?
2. To what extent the microfinance program contributes women's Economic and Social empowerment

1.5 Objectives of the Study

The main objective of this study is to study the role of microfinance on rural women of BarBardiya municipality of Bardiya district. The specific objectives of the study area:

1. To analyzed of BarBardiya women's status before and after Microfinance program.
2. To find out the impact of Microfinance on women's Economic and Social empowerment.

1.6 Significance of the Study

Every research itself has own importance because it aims to gain knowledge and to add new literature to existing field. This study has great significance because microfinance program definitely enhance the economic status of rural poor, disadvantaged and deprived women of a society. The main reason behind this research work is to analyze the impact of microfinance on women. So this study is also important to get answer of above problems. Microfinance concept is very important to poor Nepalese people especially for women. From microfinance tools they can directly involve in fund raising program and can develop themselves. Today many research studies have been carried out in many developed countries including India, Bangladesh in microfinance. So to the best knowledge of the researcher, it will be more significant in Nepalese context.

In the light of above statements, the researcher believes that the study will explore a virgin field in Nepalese women's microfinance scenario and add new things to the literature of micro finance sector. It will also contribute scholars, teacher, decision maker, financial planner and other training providers. In addition to these, the present study has some practical relevance. It attempts to find out the ways it is trying to find out women's condition in Nepalese society. The increasing participation of the women in economic activities such as saving, taking loan etc. is supposed to enhance their capabilities to change and develop their household and overall economy.

1.7 Limitations of the Study

There are different models of micro finance program in Nepal. The study will be limited to the study of Microfinance institutions. Following are the limitation of the present study:

1. The study is based on the opinion expressed by microfinance clients; the reliability of the study depends upon the answer given by them.
2. Basically, secondary data has been analyzed to interpreted the result emerging from the decision consequently the result depend on reliability data.
3. The study is only a case study not been drawn in application in all types of Banks.

1.8 Organization of the Study

The study is organized in different chapters and sub-chapters as given below:

Chapter: 1. Introduction:

This chapter includes background, management of saving and credit for women, focus of the study, statement of the problem, objective of the study, significance of the study, delimitations of the study and organization of the study.

Chapter: 2. Review of the Literature:

This chapter consists of conceptual framework about meaning, history, trends, importance, principles, loan, saving, investment, role of different players, programs of microfinance in Nepal. This chapter also consist socio-economic background of women in Nepal. On the other hand it consist empirical studies of research articles and dissertations. Lastly it includes research gap.

Chapter: 3. Research Methodology:

In this chapter the research design, its methodology has been explained. This study mainly focused on primary data as well as secondary data, for the analysis purpose, obtained by the official records, published in journal and magazines, books and booklets published by the organization.

Chapter: 4. Data Presentation and Analysis

In this chapter presentation and analysis of relevant data and applying various statistical tools. Tables and graphs are also interpreted to accomplish the objective of the study.

Chapter: 5. Summary, Conclusions and Recommendations:

This final chapter is the major consideration of this study. Findings, conclusions and recommendations are mentioned in this chapter.

CHAPTER II

REVIEW OF LITERATURE

2.1 Conceptual Framework

Finance can be regarded as an effective tool in spreading economic opportunity and fighting poverty giving poor people the freedom to earn and fulfilling livelihood. Like all economic agents, low-income households and micro enterprises can benefit from credit, savings and insurance services. For this microfinance has evolved as an economic development approach intended to benefit low-income women and men. Mostly women of rural areas are illiterate and do not have access to sufficient financial benefits. The access to financial services, such as savings, remittance service, and insurance can help poor women overcome the fear of future long term factors such as inadequate consumption, education, health, and other indicators of human welfare. The overwhelming majority of people in Nepal are concentrated in rural areas where the incidence of poverty is 34.6 percent as compared with 9.6 percent in the urban areas. The government of Nepal since its early national plans gave emphasis to reduce poverty through improving financial access to rural people (Bashyal, 2008: p.1).

More women are in paid and self-employment than ever before. According to official measurement, 41% of the world's women aged fifteen and over are economically active through using different criteria and 1990. Women's share in the labor force increased in many but not all regions. It remained constant at fairly high levels in southeast and East Asia, and actually declined in sub-Saharan Africa. The increase was greatest in North America from 38-41% - and high in the other OECD countries (Bullock, 1994: p.14).

Concepts of 3Ss for Poverty Alleviation:

S₁ = Samuha means groups or organization or community.

S₂ = Seep means skills or empowerment.

S₃ = Sano punji means microfinance.

2.1.1 Concept and Definition of Microfinance

Microfinance has proved itself a powerful tool for economic development of low-income women and man. 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; however, some microfinance organizations also provide insurance and payment services.

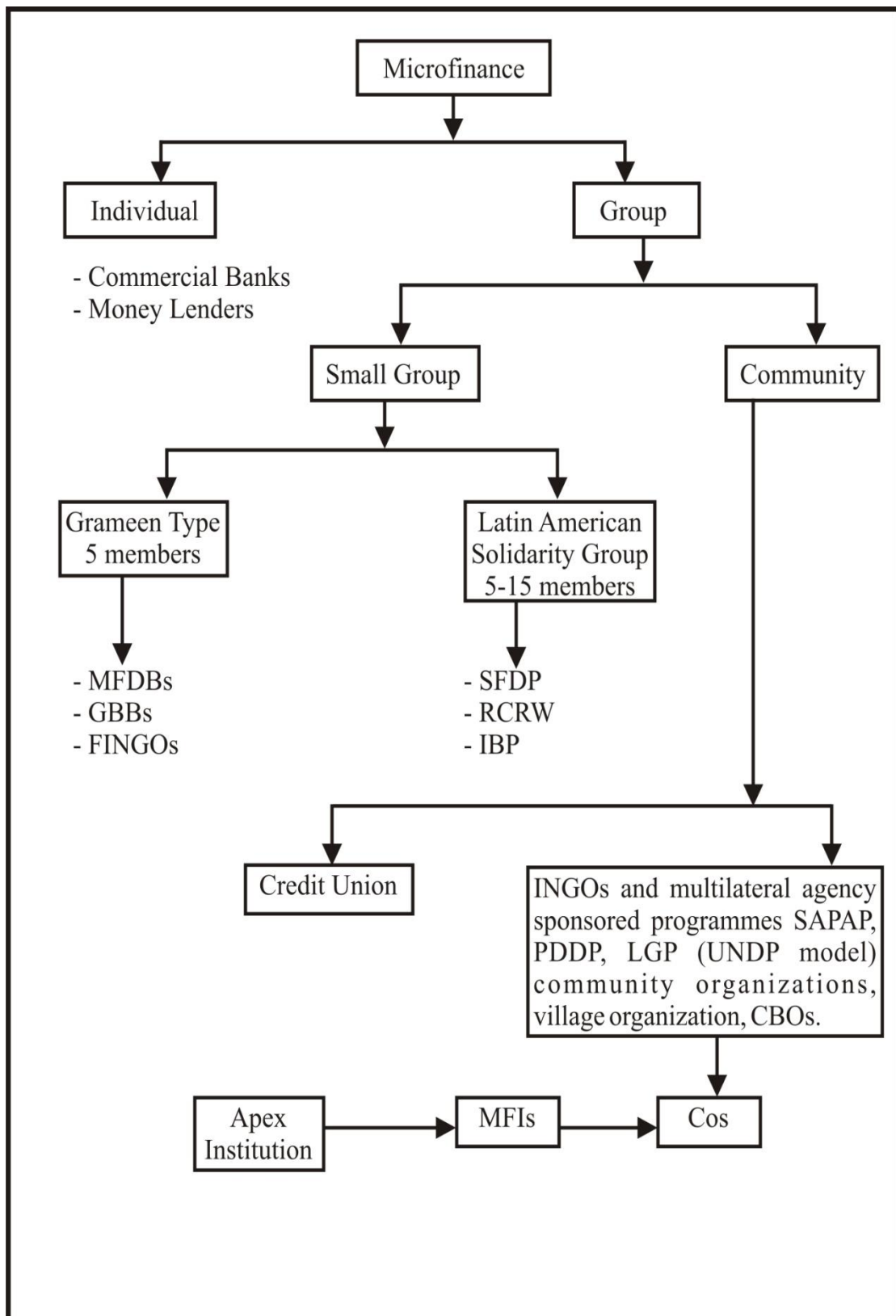
Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products (<http://www.microfinacegateway.org/section/faq.html>.2008: may19).

Micro finance activities usually involve:

1. Small loans, typically for working capital.
2. Informal appraisal of borrowers and investments.
3. Collateral substitutes, such as group guarantees or compulsory saving.
4. Access to repeat and larger loans, based on repayment performance.
5. Streamlined loan disbursement and monitoring.
6. Secure saving products.

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 incase of emergency needs and smooth consumption, improving quality of life by building social capital. Some MFIs provide enterprise development services, such as skills training and marketing, and social services, such as literacy training and health care; these are not generally included in the definition of microfinance. MFIs can be non-governmental organizations (NGOs), saving and loan cooperatives, credit unions, non-banks financial institutions. Microfinance clients are self-employed as well as street vendors, small farmers, service providers (hairdressers, rickshaw drivers) and artisans and small producer, such as blacksmiths and seamstresses.

The general microfinance model is as follows:



Source: Bashyal, 2008: p. 13.

“Micro-credit” remained as important tool to focus the rural poverty. The poverty situation in Nepal is alarming and to reduce this situation to a reasonable level is also a major concern of the govt. plans and programs. The current 10th plan (2002-2007) has also incorporated micro credit as a major financial tool to overcome its single objective; i.e. poverty reduction. To attain the objective, the 10th plan has set out a number of policies and strategies along with various credit programs. For this, the plan has set a target of Rs. 101 billion rural credits to be disbursed during the plan-period of which the MFIs alone will disburse 50 percent” (Pardhan, 2005: p.13).

2.1.2 Microfinance and Women

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: p.5).

2.1.3 Historical Background of Microfinance in Nepal

According to ADB (2000), country studies, the earliest initiatives for establishing micro finance 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). 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 on 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 Trends of Microfinance in Nepal

Microfinance has promise of reaching the poor. Its activities can support income generation for enterprises operated by low-income households. It has promise of financial sustainability. Its activities can help to make financially self sufficient, subsidy free, often locally managed institutions. It has potential build on traditional system such as rotating saving and credit associations. They provide the same service in similar ways, but with greater flexibility at more affordable price to microfinance enterprises and on more sustainable basis.

The contribution of microfinance is strengthening and expanding existing formal financial system such as saving and loan cooperatives, credit union networks, commercial banks etc. There is increasing number of well-documented innovative success stories in setting savers as rural microfinance in women. The availability is better financial products as a result of experimentation and innovation. These experimentation and innovation have shown that living standard of women is growing at range.

2.1.5 Major Principles of Microfinance

The conditions and procedures of microfinance are more flexible and easy to understand by local community. The principles of microfinance are as follow (Bashyal. 2008: p.17).

1. MFIs are able to know their markets that the major services needed by the poor are savings and credit for liquidity and working capital with one-year loan terms.
2. The successful MFIs keep administrative cost as low as possible.
3. They are able to ensure high portfolio quality.

Three major principles are considered in microfinance. Those are:

- a) Buying of money means collection of domestic saving.
- b) Selling of money means investment of the collected domestic financial resources
- c) Earning of money means receiving the interest and other income from borrowers and other.

2.1.6 Importance of Microfinance for Women

Since 1970s, tens of thousands of poor women have started their own business-often with sewing machine-using loans of as little as \$100 from organizations like Grameen Bank in Bangladesh and the Washington, D.C. - based Foundation for International Community Assistance (FINCA), which has been active in Latin America. The results have been eye-opening: Women turned out to be reliable debtors, and since many who received micro loans squirreled away their earnings to send their children to school and buy more food for their families, the positive impact has rippled through communities (<http://web.ebscohost.com/ehost/detail>., May 21: 2008).

There is greater importance of microfinance in Nepal. It is mostly important for women because they are inhabitant in rural areas. There is lack of financial assess in rural areas. To engage women in small fund raising program and making them self-dependent, microfinance is an effective tool. Nepal's gender empowerment measure is only half of the global average and after Pakistan, the second lowest in south Asia. Agricultural feminization in Nepal is caused by de facto rather than de jury reason as the number of female-headed households in rural areas is increasing mainly because of male out-migration and male employed in other sectors (Bashyal, 2008: p.74-75).

In social sector, awareness development is found one of the major outcomes of this program. In this respect, many MFIs members started to join in literacy center,

schooling to their children including daughters, participating in the village level election so far they are daughters, participating in the village level elections so far they are elected in ward members, VDC chairman and vice chairman. In addition, they are actively involved in community development activities such as construction of village community hall, road, and bridge and drinking water system. By this, MFIs have been imputing the momentum for poverty reduction endeavor.

Majorities of women are not accessing the credit easily as due to lack of the collateral. In this respect, MFIs have been providing credit on the basis of group liabilities to such downtrodden people in income generating activities such as vegetable production, livestock raising, tea and daily uses shop, marketing of goods (better rice, vegetables and fruits) as per their experience and market potentialities.

According to Puspa Raj Sharma (2007), 'The journal of Nepalese Business Studies' there is different important approaches to women from microfinance. They are:

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

Microfinance has the provision of saving, credit and other financial services and product of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise income levels and improve living standards. The objective of micro financial services is to ensure the availability of these services to the doorsteps of the poor and low-income households. Microfinance framework, if properly

Designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

2.1.7 Microfinance Interns of Saving, Investment and Loan Distribution

Microfinance is targeted to poor and low-income people. It includes loans, savings, insurance, transfer services and other financial services. Providers of microfinance include non-government organizations (NGOs), self-help groups, cooperatives, credit union, and commercial bank. Insurance and credit card companies and other points of sale (Sharma, 2005: p.87). The poor already save in ways that we may not consider as “normal” saving-investing in assets, for example, that can be easily exchanged to cash in the future. After all, they face the same series of sudden demands for cash we all face: illness, school fees, needs to expand the dwelling, burial, and weddings. It is hard to cutoff one leg of a goat that represents a family’s savings mechanism when the sudden need for a small amount of cash arises, or, if poor women has loaned her “saved” funds to a family member in order to keep them safe from theft, there may not be already available when the women need them. The poor need savings services that are both safe and liquid. These savings services must be adapted to meet the Poor's particular demand and their cash flow cycle. Thus to maximize the savings propensity of the poor, institutions must provide flexible opportunities- both interms of amounts deposited and the frequency of pay ins and pay outs. This represents important challenges for the microfinance industry that has not yet made a concerted attempt to profitably capture tiny deposits

(<http://www.microfinancegateway.org/section/faq>. May 19: 2008).

Saving and investment are two parts of same coin. If people save they are encourage investing also. Women in the rural village area are interested to invest in gold and other small profitable sector. They cannot invest in large area because their saving is low. The main objective to save is that either to invest or to provide service to poor people. So from the microfinance activities some women are saving and other poor women are getting benefit from loan services at low rate.

From newsletter of RMDC(2006), prof. Yunus’s long-term vision is to make the world free of poverty. He argued that loans to the poor without physical collateral had once appeared to be an impossible idea. He also showed that micro credit is a strong

instrument to alleviate poverty in the developing countries. Loan clients are the most valuable agents in MFI operation. Income of MFI depends on loan client's willingness to receive financial services on continuous basis. For efficiency MFI requires that their entire client borrow and make disciplined transaction (Sharma, 2006: p.46). Mobilization and recovery of loan should be impartial. Loan can be in the form of individual loan, group loan etc. Individual loan should be mobilized on the collateral of real assets where as in group loan also more emphasis is given on group guarantee (Baral, 2004:

2.1.8 Microfinance Emphasis on Poorest of Poor Women

Women are behind man in Nepalese society. They are lacking access to financial services. They should depend on man for financial services. Most of women are staying in rural areas. They are poor and illiterate also. It is necessary to uplift their livelihood. So microfinance is such an effective tool, which will bring change in their life, and they will be easily access to financial services. In Nepal, there are micro credit programs for poor women both in the public sector and in the non-governmental sector. The majority credit programs in the public sector are the Women Development Program of the Small Farmers Development Program (WDP/SFDP), Production Credit for Rural Women (PCRW) Program and Regional Rural Development Banks (RRDBs). Apart from numerous non-registered NGOs, there are a lot of registered NGOs, which primarily operate as welfare organizations but may include saving-credit activities for poor women (Improving Access of Women to Formal Credit Facilities in Nepal, 1997: p.15).

2.1.9 Role of Different Models in Women Microfinance

The government along with all the public and private sector financial institutions contributes to the development of microfinance industry (MFI), each playing a significant role in its development. However their roles have to respond to emerging requirements.

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

a. Rural Credit Union Model

Credit union is a cooperative financial institution owned and run by its members, who agree to save their money together and extend loans to each other a reasonable rate of interest. The early Raiffeisen's Rural Credit Union and Herman Schulze-Delitzsch's Urban Credit Union model that provided microfinance services to the German farmers in the last century are the example of credit union model. Today this model is playing greater role to encourage village women for their saving and credit activities and maintaining standard livelihood.

b. Cooperative Model

Cooperative provides microfinance in the form of credit to individual and groups with limited resources. Saving are the strong bases of cooperative model, which fulfill both the economic and social needs of rural people. In Nepal, cooperative department was established in 1953. The true philosophy and principles of cooperative is that it should be mutually owned, controlled and managed by people themselves. So this model is effective for rural women to uplift their financial access.

c. Individual and Peer Lending Model

According to the study of CMF, lending modalities are divided into (I) Individual lending and (ii) Peer lending. Individual lending are village moneylenders. Specialized development banks and commercial banks where as in peer lending a gradual modification is operated from different countries in the form of informal source of finance.

d. Formal and Informal type

There are different organized and legally operated MFIs, which are based on legal rules, and regulations are formal type. But transaction with individual and which are not legally registered are informal type.

e. Grameen Bank Model

Grameen which comes from the word village, provides credit to poor women to acquire assets for self-empowerment, Muhammad Yunus propounded this model as a simple act of trust in lending with collateral with minimal conditions. The very poor clients often don't have the capacity to manage fund and to repay the loan resulting negative impact but these days, most of the Grameen type institutions have changed the weekly meeting arrangements into fortnightly transactions.

f. Village Banking Model

This model can be described as an informal bank for non –collateral loan to members in a community and the community will be responsible in handling the credit directly to individuals.

g. Self-reliant Village Banking Model

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

h. Association

In association type, the target community such as youth or women from an association regarding political, religious, or cultural issues through which, microfinance activities are initiated. Associations, the community-based organizations are also informal systems:

- Bank Guarantees.
- Self-Help Group Model.

i. Banking with the Poor Model

Banking with the Poor (BWTP) model, which came into existence at the first regional workshop in Manila in 1991. This model gives emphasis on domestic financial development by linking between self-help groups of the poor and commercial financial institutions with NGOs performing a range of intermediary functions.

The role of other different players in the field of Microfinance is as follows:

I. Role of the Government

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

II.Role of NRB

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

III.Role of RMDC

RMDC was established as an apex microfinance organization, which became operational since 2000 only. It started with the objective of contributing “To improve socioeconomic condition of the poor, their access to resources for productive undertaking and employment.”

IV.Role of ADB

ADB is also playing an important role in the field of microfinance. On the other hand World Bank and CMF are also playing an important role in the field of microfinance.

2.1.10 Micro credit Programs in Nepal

The unit describes the historical background of Nepalese financial system, microfinance systems. It also includes different programs which are working in the field of microfinance. These microfinance programs are playing a great role from their side to uplift livelihood of poor Nepalese women as well as other people in remote areas of Nepal.

2.1.10.1 Historical Background of the Nepalese Financial System

The history of modern financial system in Nepal was begun in 1937 with the establishment of the Nepal Bank Ltd. (NBL) as the first commercial bank of Nepal. Before the establishment of NRB, there were only 12 branches of NBL. With the establishment of NRB in 1956, the development of the financial system took a momentum. NIDC (Nepal Industrial Development Corporation) was established in 1959, which helped for industrial development. With the equity participation of NRB, the Agricultural Development Bank (ADB/N) was set in 1968 by incorporating the assets and liabilities of the cooperative bank.

The Rastriya Banijya Bank (RBB) was established in 1968 as the second commercial bank of Nepal. From 1962 to 1982, a large number of non-banks financial institutions were setup such as the provident fund, insurance corporation, stock exchange etc the move towards financial liberalization encouraged the entry of joint venture commercial banks and finance companies. Even the non-governmental organizations (NGOs) and the savings and cooperative societies (SCCs) have been licensed by NRB for limited banking activities.

2.1.10.2 Microfinance System in Nepal

The formal sector micro lending activities began in 1956 with the establishment of credit cooperatives in the Rapti Valley of Chitwan district to provide financial services in rural Nepal. They were established to progressively abolish excessive rural indebtedness and contribute to uplift the socio-economic conditions of the rural people. To make financial resources available to these cooperative credit societies, the cooperative bank was established in 1959. As a result, ADB/N was established in 1968 to provide agriculture credit. ADB/N has still remained the foremost rural and agriculture financing institution and accounted for 55 percent of the total rural institutional credit. The role of Grameen Bikas Banks (GBBs) in rural micro financing has increased recently but their share in total outstanding rural institutional credit was less than 2 percent. Microfinance practice formally started in 1974 since the Nepal Rastra Bank's (NRB) direction to commercial banks for lending five percent of their total deposit liabilities to "Small Sector" in order to increase production and employment in rural areas.

2.1.10.3 Microfinance Programs

The three largest banking institutional of the country NBL, RBB and ADB/N has initiated several innovative microfinance programs since 1974/75. The Small Farmers Development Program (SFDP), the Intensive Banking Program (IBP), the Production Credit for Rural Women (PCRW) Program, the Cottage and Small Industries (CSI) project, the Educated Unemployed Credit Program, the Lead Bank Scheme, the Micro-credit Project for Women, the Priority Sector Credit, and the Deprived Sector Credit Program, the Rural Self-reliance Fund etc. are the different microfinance credit

programs developed to the alleviation of the poverty in rural Nepal. The different microfinance program will be separately dealt in the following paragraph.

a. Priority Sector Credit Program (PSCP)

The two Nepalese commercial banks, NBL and RBB were directed by NRB to invest 5 percent of their deposit liabilities in the “Small Sector” in 1974 which was redefined as the ‘Priority Sector’ in 1976 and the lending target was raised to 7 percent. The objective of NRB was to direct some portion of the financial resources of commercial banks towards the socioeconomic uplift life of small farmers and entrepreneurs in the priority sector credit program, at this initial stage had to face several constraints and barriers. NBL, RBB and the Nepal Arab Bank Ltd. are financing their priority sector credit under the Intensive Banking Program and the remaining 10 commercial banks are financing the priority sector under their separate individual credit program. Since 1990, all the commercial banks are directed to finance at least 12 percent of their total loans and advances under the priority sector program out of which 3 percent is required to be financed in the deprived sector failing this mandatory requirement, the commercial banks are penalized for the shortfall amount.

b. Small Farmer Development Program

To fulfill the demand for microfinance in rural areas, ADB/N initiated the Small Farmers Development Program (SFDP) in 1975 through two pilot projects to support self-help oriented development of small and marginal farmers and landless people. It had a total loan outstanding of Rs. 823.49 million with 357 sub-projects offices comprising a total of 165,679 members by mid-July 2004 (Bashyal, 2008: p.48). It is considered as the first poverty focused credit programs of the country. It is also the first group based credit program. The group is comprised of 5-50 members. It provides them credit and other supports to start income generating activities.

c. Intensive Banking Program

Intensive Banking Program (IBP) is a redefined name of priority sector credit program mandated by Nepal Rastra Bank in 1974 for two state-owned and one joint venture bank-Rastriya Banijya Bank (RBB), Nepal Bank Ltd (NBL) and Nepal Arab Bank Ltd (NABIL) to deliver loan in priority sectors including three percent loan to deprived sectors (Bashyal, 2008: p.48-49). Both the low income and lower middle-income clients are served under the program. The three sectors covered under IBP are

the agriculture, cottage and small industries and service sector. Even the borrowers who cannot offer physical collateral can be availed credit by forming them into a group of 4 to 10 persons. IBP follows the 'credit plus' approach. It has integrated the credit program with the other support services. The community and social activities and group saving scheme are the other feature of IBP. The recovery of loan is very poor because of the lack of proper monitoring and supervision, absence of reward and punishment and low participation of women borrowers in the program.

d. Production Credit for Rural Women (PCRW)

It is the first women-focused credit program in Nepal. NBL, RBB and ADB/N were three participating banking institutions. Initially it was started in 5 districts and by the end of 1998; it had covered 67 districts of the kingdom. PCRW was implemented in IBP and SFDP branches. Govt.'s Women Development Section (WDS) staff identifies the target groups and motivates them to form a group of 4 to 10 poor women. They also assist group member to select the viable project. They recommended the newly formed groups to IBP and SFDP offices. Both the staff of banks and WDS monitors and supervises the credit projects.

The recovery performance of PCRW is not satisfactory. Its recovery was found 64 percent in 1995/1996. The operating cost was around 27 percent whereas PCRW loan was distributed at 14 to 15 percent. If we combine even the costs of social intermediation, the operating cost would be much higher and the program would be unviable and unsustainable at the present circumstances. The impact evaluation study conducted by the Women Development Division of the ministry of Local Development has revealed that PCRW has greatly contributed for the socio-economic upliftment of the rural poor women of the project area in the following ways:

- Improvement in the role of women in the decision making process within and outside their household.
- Increase in income and thereby in consumption, saving and investment.
- Increase in group solidarity and cohesiveness.
- Improvement in the living conditions of children with an emphasis on school going children.
- Improvement in the social environment and status of women in the society and
- Improvement in social awareness among women.

The study has further revealed that some of the PCRW project credit groups have already graduated and converted their groups into viable savings and credit cooperatives (SCCs) and have started to manage on their SCCs effectively and efficiently. For this they have created a SCC out of a few credit groups. They have even registered these saving and credit to cooperatives and some of them are in the process of registration.

The impact evaluation study has further highlighted the following problems in the implementation of PCRW.

1. Inadequacy of trained bank and WDS staffs in the project.
2. Inadequate supply of rural and agricultural support services to borrowers.
3. Little efforts to make the program cost effective and financially viable.
4. Lack of appropriate technology and raw materials.
5. Inadequate opportunities i.e. skill development training and marketing of product and services.
6. Opportunity for free movement of trained bank and WDS staff out of program.
7. Improper coordination between bank and WDS staffs to implement the program.

e. Micro credit Project for Women

Government introduced micro credit project for women with some different modality using NGOs and self-help groups as credit agents for linking clients to commercial banks. Loan was collaborated between ADB/N with central bank and govt. in 1993 and project loan completion date as March 2000 (Bashyal, 2008: p.51). This Project has properly utilized the lesson learned from PCRW. MCPW is fully committed to develop and involved NGOs. It is the first project in which financial intermediaries are involved in a public sector credit program. The borrowers of the project are women from both urban and rural areas of Nepal.

The main objectives of MPCW are followings:

- i. Improvement of the socio economic status and condition of women.
- ii. Provision of financial and non-financial services to women in integrated way.

- iii. Provision of necessary institutional supports to NGOs.
- iv. Institutionalization of NGOs as financial intermediaries and
- v. Development of NGOs as cooperative associations.

ADB/N has funded the project. It provides 80% of the total loan able funds. The project design involves following stages.

- i. Social mobilization of Women.
- ii. Skill development training to borrowers.
- iii. Financial and non-financial services to NGOs.
- iv. Transformation of NGOs in suitable financial intermediaries.

f. Grameen Banking Replication (GBR)

There are five Grameen Bikas Banks (GBB) in five-development region, which were established between 1992 and 1996. These banks have been replicating the Grameen Banking Model of Bangladesh which is an innovative outreach model. It is a unique model implemented separately by both the government and the local NGOs in Nepal. Nirdhan, Swabalamban Bikas Bank (SBB), Chhemeki Bikas Bank and Deprose Development Bank are the NGO-promoted microfinance development banks. Transformation of NGOs into development banks is the recent development in the Nepalese microfinance sector as in other developing countries. These banks cater to the credit needs of the poor women in rural areas. The poor women had limited access to institutional credit services at their doorstep. Under this banking system a rural women with less than 0.6 hectare of land in the hills can participate in a group, which is comprised of five women.

g. Rural Self-Reliance Fund (SRRF)

RSRF was initiated in 1991 for providing financial assistance to deprived people in rural areas. The fund has been managed by the NRB since its introduction and also managed by the govt to meet long-term capital requirements for the prioritized sectors in agriculture. It provides loans to that borrower who have less than 10 ropani of land in plain and 10 ropani of land in the hills and mountains to those who cannot maintain his/her livelihood from own on earning.

h. Cooperative Societies and NGOs

Cooperative societies in Nepal have a history of more than 42 years. Most of the credit cooperatives funds are missing managed and effective. Though the history of cooperatives goes back to 1953 with opening of cooperative Department, the savings and credit cooperatives (SCCs) have become more active. The total number of cooperatives registered under this union is 404 comprising 63585 members (about 15000 female and about 63000 male) collecting total savings of Rs 732.7 million with Rs 83.3 million shares capital up to mid-July 2004 (Bashyal, 2008: p.60). So it seems that mostly women are involved in cooperative societies.

i. Banking with Poor

With the linkage-banking program, NRB has initiated “Banking with the Poor” program since 1991. It is a program in which NGOs and the association of self-help groups are being extended loan to on lend it to locally formed groups. The SHGs lend without collateral.

j. Rural Microfinance Development Center

The Rural Microfinance Development Center (RMDC) is an apex MFI established in 2000 under the company Act 1995 with an authorized capital of Rs 160 million issued and paid up capital Rs 80 million. To implement this project the Rural Micro-macro Finance Development Center (RMDC), the apex development banking institution, has already been established with the equity participation of NRB, all commercial banks and few other financial institutions an NGO. RMDC will operate as the wholesale financial institution and will on lend ADB/N funded loan to all the Grameen Bank Replicates, SCCs and financial intermediary NGOs who fulfill its eligibility conditional ties for funding.

As of 17th October 2006, RMDC has approved loan amounting to Rs 1,589.08 million for 47 MFIs, and disbursed Rs 1,165.7 million to 44 institutions. Among the 47 partner MFIs, 6 are microfinance development banks, 2 development banks, 24 financial-intermediary NGOs and 15 saving and credit cooperatives. On 16th September 2006, the outstanding loan with RMDC was Rs 691.5 million. RMDC has maintained 100 percent loan recovery rate from the very beginning of its operation. Altogether the partner-MFIs of RMDC are providing microfinance services to about 400,000 women of the poor households (RMDC newsletter, 2006).

k. Sana Kisan Bikas Bank (SKBB)

Sana Kisan Bikas Bank is a specialized wholesale microfinance development bank established with the aim of promoting and strengthening the grass-roots level Small Farmer Cooperative Ltd. (SFCLs) in particular a similar other MFIs in general. Mostly women are involved in SKBB, so this bank is effective for women's upliftment.

l. Other Rural and Poverty Focused Micro credit Programs:

There are few other rural microfinance programs, which are being implemented current fiscal year. They are the following:

- i. Third Livestock Development Project.
- ii. Poverty Community Groundwater Sector Project.
- iii. Hills Leasehold Forestry and Forage Development Project.
- iv. Community Shallow Tube Well Irrigation Project Nepal.

2.1.11 Socioeconomic Background of Women in Nepal

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, 1997: p.1).

According to report of ADB (1999), 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.

According to Asian Development Bank (2004), 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.

Bashyal (2008) stresses that a large number of microcredit programs have focused on expanding micro loans to support economic activities of the poor and disenfranchised groups in the society mostly women poorest the poor. Data have proved that 19.3 million women in the world falls under this category, of which only 14.2 million have access to financial services according for nearly 74% of those poorest women. Women manage day-to-day household budgets, and are more likely to save money from any increase in income from any sources for family welfare. They proved themselves to be much better credit risks than male counter-parts.

In Nepal, the percentage of economically active female and male population is 43.7 and 62.6 percentage respectively. An estimated national level unemployment is 5.1 percent. The labor force participation rate of population for 16-49 years of age for female and male is 48.9 and 67.6 percent respectively. The unpaid women workers are 12.9 percent where as male are 5.7 percent. Approximately, 70 percent of women working outside the domestic sphere. Women occupy only 8.1 percent of the professional workforce in agriculture and natural resource management (Bashyal, 2008: p.74).

2.1.11.1 Regulatory and Legal Environment Related to Microfinance 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.

According to International Trade Administration of the United States (ITA), the most significant foreign investment laws are the Foreign Investment and One Window

Policy of 1992, the Foreign Investment and Technology Transfer Acts of 1992 and 1996, the Finance Act of 2002 and most recent Finance Ordinance 2004 (and annual budget act), the Immigration Rules of 1994, the Customs Act of 1997, the Industrial Enterprises Act of 1997, the Electricity Act of 1992, and the Patent, Design and Trademark Act of 1965.

The government recently unveiled the national microfinance policy intended at enhancing the capacity for microfinance. The latest rural loan survey shows that only 20 percent of the demand of loans from the rural areas is met. The research carried out by ADB states that there is a shortfall of Rs 13 billion between the supply and demand of rural loans. Analysis said boosting microfinance could be a greater tool to cut poverty in Nepal (The Kathmandu Post, 2008: p.7).

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.

2.2.1 Review of Major Journals and Articles

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

ADB (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, Tranil 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 apart of appropriate livelihood strategies. The microcredit orthodoxy in South Africa must be explored, critiqued, and challenged.

A study was done by Robyn Cornford of The Foundation for Development Cooperation on 'Microcredit', '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 microcredit 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 Capacity 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.

The findings of the report are that UNCDF is making an important contribution to the growth of microfinance in a number of countries around the world. In terms of poverty reduction and client impact, UNCDF has been particularly successful in increasing outreach, with microfinance services expanding roughly 80-85% in the case study countries since the inception of the UNCDF/UNDP microfinance programs. The selected partners have successfully targeted largely poor and very poor population and appear to be increasing women's access to financial services. Program loans are one of the main ways clients overcome food, security, pay for medical and lifecycle express and address emergencies.

A research article published by Sharma (2004), 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 from 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-bank 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 microcredit. 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.

Baral (2004), published a research article in 'Baniya 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 microcredit 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 microcredit 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. Microcredit 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.

Shrestha (2007) published an article in an '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, microcredit 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.

Sharma (2007), who published an article on 'The Journal of Nepalese Business Studies' about 'Microfinance and Women Empowerment'. The studies paper examines effect of women's participation in group-based microcredit 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.

According to the article which was published by Collins, D. (2008), on investigating the Financial Lives of the Poor about financial diaries method which is downloaded from internet on 21st 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.

2.2.2 Review of Thesis/Dissertations

Ojha (2002), who did research for MBA degree on the topic 'Microfinance in Practice: Loan Recovery Approach to the Program Assessment of Microcredit Product for Women in Pokhara'. The basic objective of this study is to examine the performance in terms of loan recovery of microcredit 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 access 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.

Bideswor Prasad Lekhak (2004), who did research for MBS degree 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 Anandavan. 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.

Yobaraj Pathak (2006), who did research for MBS degree on the topic 'Microfinance in Nepal and its Effect in ADB/N under Small Farmers Cooperative Limited (SFCL), Shankarnagar Rupendehi'. The objectives of study are; to find out the advantages, limitations, and conclusions of microfinancing; 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 Rupendehi. 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 Rupendehi.

Gita Acharya (2007), who did research for MBS degree on the topic, 'Impact of Microfinance: A Case Study of Microcredit program for Women in Bahadaure Tamagi VDC, Kaski'. The main objective of the study is to explore the role of microcredit 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 microcredit 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 microcredit 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 microcredit 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

Hum Nath Aryal (2007), who did research for MBS degree on the topic '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 interms 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 give the conclusion that only microfinance success to reduce the poverty alleviation of country especially for women.

Poudel, (2007) has done a research on "Microcredit in Leknath Municipality : A Case Study of Paschimanchal Grameen Bikas Bank (PGBB)". The main objective of this study is to assess microcredit phenomenon of Paschimanchal Grameen Bikas Bank in Leknath Municipality. Other specific objectives of this study were; to identify the sectors and types of investment on microcredit; to study the role of microcredit in employment generation; to study the state of microcredit in terms of distribution, repayment and investment sustainability; to study the fruitfulness of microcredit in terms of income generation pursuing poverty alleviation; to study the bank's performance on target group identification and accessibility of microcredit to the target group. From 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.

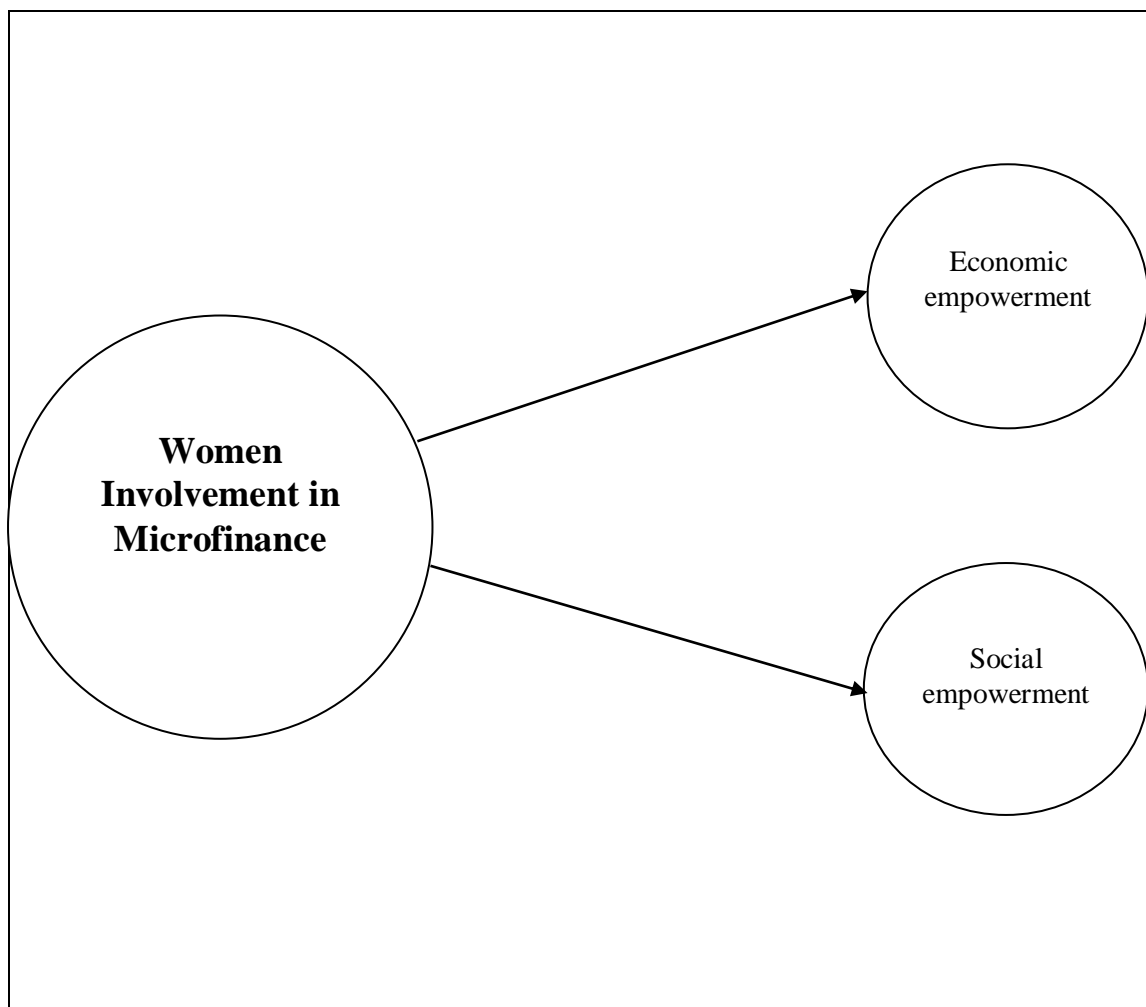
2.3 Research Gap

Research is searching something new again and again. So it is never ending process. Different scholars and researcher has given their different findings and conclusion in the field of microfinance and women microfinance. From the above review of articles

and dissertations it seems that this research paper is trying to find out something new in the field of women microfinance. This research paper is different from others in the case that is trying to find out the impact of microfinance on women of BarBardiyaMunicipality, Bardiya under CLBS. This research is trying to discuss about impact in case of saving activities, loan activities, loan disbursement and its recovery as well as investment and income. It is also trying to discuss about different profile of respondents. This paper is trying to discuss on the poorest of the poor women's financial condition.

2.4 Theoretical Framework

There are different types of microfinance program in Nepal. The general theoretical frameworks of microfinance on women empowerment are as follows:



2.4.1 Independent Variable

Independent variable is such type of variable this variable is not dependent under other variables and other word it is a variable that stands alone and isn't changed by the other variables. Here Independent variable is women involvement in microfinance under sex, category of women, education level, age structure and ethnic group etc.

2.4.2 Dependent Variable

It is something that depends on other factor. It could change dependent on several factors. Usually looking for a relationship between two or more thing to find out what makes the dependent variable change the way it does. Women empowerments on Barbardiya Municipality under dependent variable are as follows:

a. Economic Empowerment

i. Saving status

The state of saving by women in different saving programs is considering the CLBS Bardiya organized is group fund saving, individual saving, center fund saving, before and after regular/monthly saving and optional saving status, sector of women saving before and after status.

ii. Lending status

Taking loan, loan disbursement, loan mobilization, recovers/outstanding etc are related to lending activities of CLBS women's. loan taken involvement before and after status of CLBS women's. loan disbarment of different program i.e. micro business loan and micro enterprises loan. Sector of loan mobilization is agriculture, cow and buffalo keeping, gat keeping, retail business, poultry farming and pig keeping before and after status. Loan recovery and outstanding on different fiscal year CLBS group of women Bardiya.

iii. Investment and income

Incomes from investment are interrelated. Income from investment before and after description is divided to maximum, minimum, and no income. Loan taken by women investment in different sector before and after entering CLBS programs.

b. Social Empowerment**i. Social status**

There is different level of women in every society and different social status is CLBS women economic condition under education, health, fooding and saving sectors condition. Living standard of women before and after in to CLBS program. Some programs which are uplift the livelihood of poor women different perceptions of women about different programs. Confidently of participating women are maximum, minimum and no confidence level.

CHAPTER III

RESEARCH METHODOLOGY

The main objective of the study is to analyze impact of microfinance on women in BarBardiya municipality under CLBS. This study aims to recommend necessary suggestions to achieve the targeted objectives. So appropriate methodology is required to follow. Research methodology is the most important part of the study. This chapter has been divided in to six sections: research design, study area, population and sample, nature and source of data, data collection techniques, data analysis.

3.1 Research Design

A research design is a plan for the collection and analysis of data. It is an organized approach and not a collection of loose, unrelated parts. The research design serves instruments to be utilized and the sampling plan to be followed. It presents a residues of guide posts to enable to researcher to progress in the right direction in order to achieve goal. The design may be a specific presentation of the various steps in the research process. The steps include the selection of a research problem, conceptual clarity and methodology, survey of literature and documentation, bibliography, data collection, data analysis, interpretation, presentation and report writing.

To conduct these studies analytical and descriptive approach has been adopted. Analytical approach has been utilized mainly to analyze the relationship between income, investment and other variables. Descriptive approach has been used mainly for conceptualization of the research objectives and research problem of the study.

3.2 Study Area

This study area is limited within BarBardiya municipality of Bardiya. The sample is selected from groups of Women. The study covers only five years of data. The study is analyzed on the basis of the performance of participating people from micro enterprise groups.

3.3 Population and Sample

Population refers to the entire group of peoples, events or things of interest that the researcher wishes to investigate. A sample is a collection of items or elements from a population. Hence, a sample is only a portion of subset of the population. It comprises some observation selected from the population. The whole groups of CLBS within BarBardiya are considered as the size of the population. This study covers some sample women members for the purpose of study because of the limitation of area, budget and time. 13 centers from Only 105 women have been selected as sample for this study using a random as well as judgmental sampling method which is as follows in table 3.1.

Table 3.1
Name List of Sample Women Groups of CLBS in BBMB

S.N	Name of Groups	Ward No.	Sample No.
1	Sadashiva Chimek Mahila Samuha	1	6
2	Fulbari Chimek Mahila Samuha	1	7
3	Shantipur Chimek Mahila Samuha	2	4
4	Bangai Chimek Mahila Samuha	3	11
5	Taranagar Chimek Mahila Samuha	4	9
6	Sadashiva Chimek Mahila Samuha	5	10
7	Magaragadi Chimek Mahila Samuha	5	14
8	Pargatipur Chimek Mahila Samuha	6	8
9	Siuniya Chimek Mahila Samuha	7	8
10	Margatti Tole Chimek Mahila Samuha	7	8
11	Bhagatpur Chimek Mahila Samuha	8	7
12	Baidi Chimek Mahila Samuha	10	7
13	Belbhar Chimek Mahila Samuha	11	6
	Total Sample Women		105

Source: CLBS Bardiya, 2018.

3.4 Nature and Source of Data

This study is mainly based on primary data. These primary data are both qualitative as well as quantitative. Secondary data used in this study have been collected from different sources such as:

1. Various research studies, dissertation and article related to the study.
2. Annual reports from CLBS of BarBardiya Municipality.

3.5 Data Collection Techniques

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

1. Primary Data

Primary data were collected from actual field using:

a. 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.

2. Secondary Data

Secondary data were collected from reports of CLBS, 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:

1. Collection of relevant information.
2. Identification of data suited to fulfill the purpose of the study.
3. Classification and tabulation of data.
4. Use of percentage charges, average, ratios.
5. 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.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This chapter attempts to analyze the information received from the questionnaires, field survey and informal discussions with women. Especially analysis process and contents are determined as per set of objectives for the study. It consists of savings, investments, repayment pattern of loan, income from investment, impact on income, consumption, education, health, changes in custom and society.

4.2 Saving Activities of CLBS and Women who are involved in CLBS's Program

Saving is store for future consumption. Now a day every people are involve in saving activities. Considering this CLBS Bardiya 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 monthly saving. Women should collect Rs 100 per month in monthly saving and 5% of loan in first year, 4% 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 5 per month in centre fund saving.

4.2.1 Saving by Group Members in Different Saving Programs

The state of saving by women in different saving programs is shown in table 4.1.

Table 4.1
Saving by Group Members in Different Saving Programs

(In Rs.)

S. N	Fiscal Year	Group Saving		Centre Fund Saving		Individual Saving		Total	
		Amount	%	Amount	%	Amount	%	Amount	%
1	2070/71	2332575	15.52	143512	16.32	182218	24.25	2658305	15.95
2	2071/72	2441839	16.24	157724	17.93	194892	25.93	2794455	16.77
3	2072/73	3220645	21.43	164013	18.65	171344	22.80	3556002	21.34
4	2073/74	3758378	25.00	189234	21.51	107623	14.32	4055235	24.34
5	2074/75	3277974	21.81	225126	25.59	95421	12.70	3598521	21.60
Total		15031411	100	879609	100	751498	100	16662518	100
% in total		90.21		5.28		4.51		100	

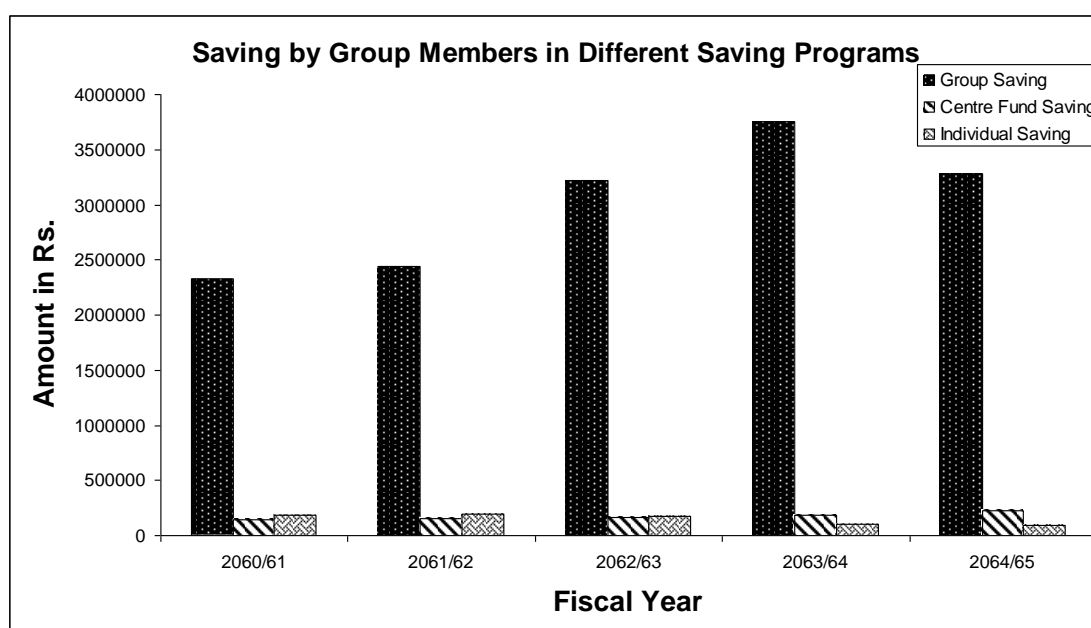
Source: CLBS, Bardiya, 2018.

The above table shows the saving of members of CLBS in different saving programs in last five fiscal years. There were different saving amounts in different headings. The overall saving from different saving programs was Rs 1,662,518. The total saving of group saving was Rs 15,031,411, centre fund saving was Rs. 879,609, and individual saving was Rs 751,498. Overall percentage in group saving was 90.21%, in centre fund saving was 5.28% and in individual saving was 4.51%. So there was greatest percentage of saving in group saving. The total saving in last five fiscal years were Rs 2,658,305 in 2070/71, Rs 2,794,455 in 2071/72, Rs 3,556,002 in 2072/73, Rs 4,055,235 in 2073/74 and Rs 3,598,521 in 2074/75.

There was greatest pc of saving in fiscal year 2073/74 which was 24.34% and smallest percentage of saving was in 2070/71 which was 15.95%. The greatest percentage and amount of group saving was in 2073/74, centre fund saving was in 2074/75 and Individual saving was in 2071/72 which were 25%, 25.59%, 24.34% and Rs 3,758,378, Rs 225,126, Rs 194,892 respectively. The smallest percentage and amount of group saving was 15.52% and Rs 2,332,575 in fiscal year 2070/71, centre fund saving was 16.32% and Rs 143,512 in fiscal year 2060/61 and in individual saving was 12.70% and Rs 95,421 in fiscal year 2074/75.

The above saving programs can be shown in the following table also.

Figure 4.1



4.2.2 Regular Saving of Sample Women

The regular saving of sample women is shown in following table 4.2.

Table 4.2

Monthly Regular Saving of Sample Women

S.N	Amount in Rs.	Before		After		% Increase/Decrease
		Numbers	%	Numbers	%	
1	None	42	40	31	29.52	(10.489)
2	0-100	29	27.62	30	28.57	0.95

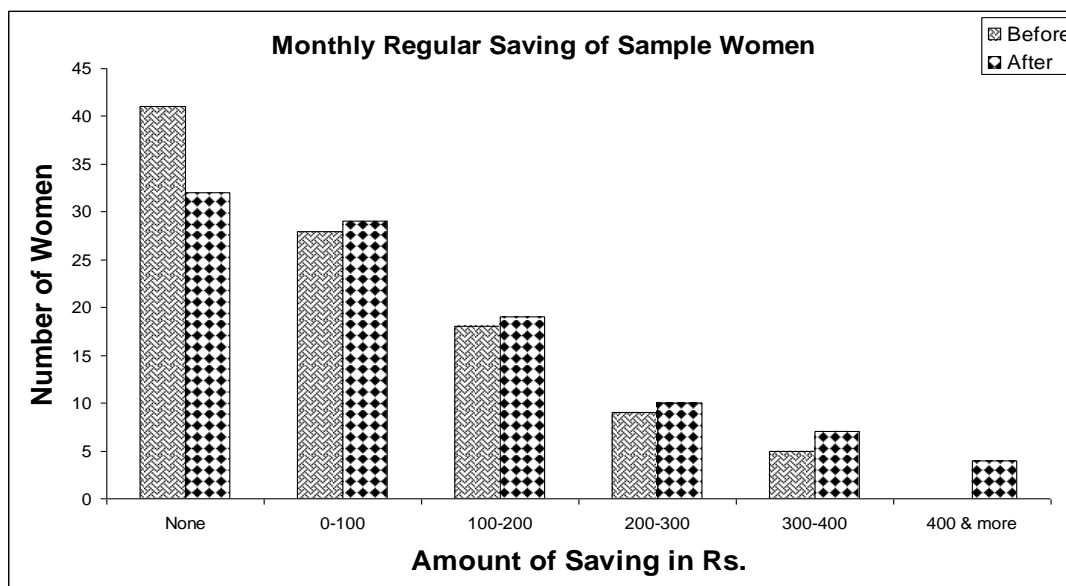
3	100-200	19	18.10	20	19.05	0.95
4	200-300	10	9.52	11	10.48	0.95
5	300-400	5	4.76	8	7.62	2.86
6	400& more	-		5	4.76	4.76
Total		105	100	105	100	

Source: Field Survey, 2018.

The above table shows the regular saving of sample women in both number and amounts. It also shows the saving of sample women before and after involvement in CLBS programs and percentage change in saving. 42 women were not saving regularly before involvement in CLBS programs but after the number are 31 with 10.489% decrease. There were no women who are saving Rs 400 and more before involvement in CLBS programs but after the number are 5 with 4.76% increase. The number of women falling in saving amount class Rs 0 to 100, Rs 100 to 200, Rs 200 to 300, Rs 300 to 400 were 29, 19, 10, 5 and 31, 30, 11, 8, 5 were before and after respectively. Similarly the percentage change in saving amount class Rs 0 to 100, Rs 100 to 200, Rs 200 to 300, Rs 300 to 400 were 0.95, 0.95, 0.95 and 2.86 percentages respectively.

The above table 4.2 can be shown in graphical figure which makes us clear, meaningful and understandable of above data. The graphical presentation of above table is below.

Figure 4.2



4.2.3 Optional Saving of Sample Women

Not all women were regular saving and not all women were optional saving in CLBS Programs. There was no compulsory saving in their programs. So some women were in optional saving programs. The optional saving of sample is shown in table 4.3.

Table 4.3
Monthly Optional Saving of Sample Women

S.N	Amount in Rs.	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	None	38	36.19	26	24.76	7.62-
2	0-100	34	32.38	36	34.29	1.90
3	100-200	18	17.14	19	18.10	0.95
4	200-300	8	7.62	11	10.48	2.86
5	300-400	4	3.81	8	7.62	3.81
6	400 & more	3	2.86	5	4.76	1.90
Total		105	100.00	105	100.00	

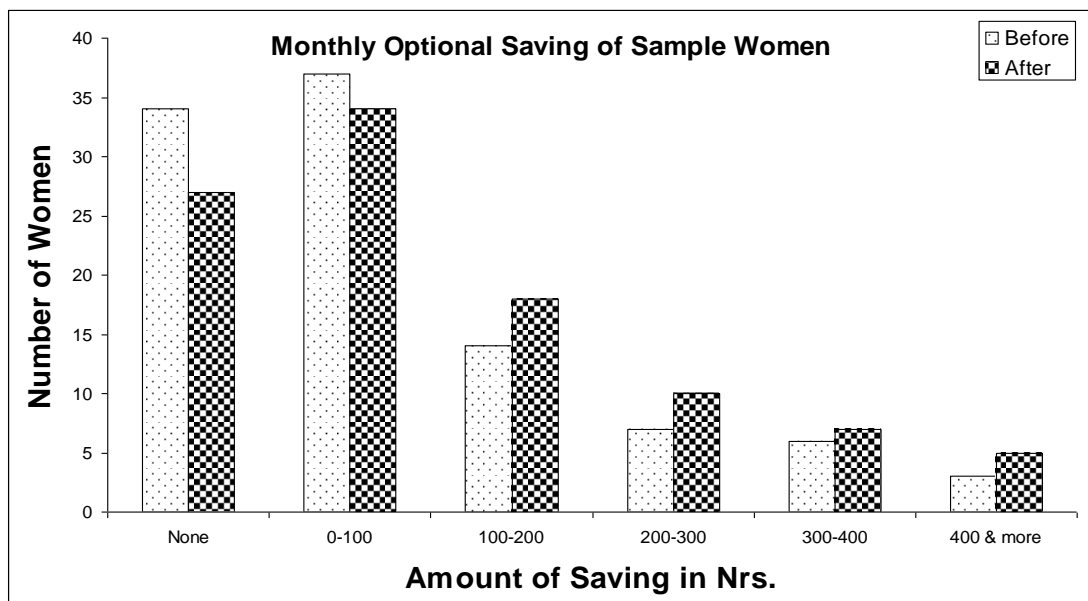
Source: Field Survey, 2018.

The above table shows the optional saving of sample women in both number and amounts. It also shows the saving of sample women before and after involvement in CLBS programs and percentage change in saving. 38 women were not saving

optionally before involvement in CLBS programs but after the number were 26 with 7.62% decreased. The number of women falling in saving amount class of Rs 0 to 100, Rs 100 to 200, Rs 200 to 300, Rs 300 to 400, Rs 400 and more were 34, 18, 8, 4, 3 and 36, 19, 11, 8, 5 were before and after respectively. Similarly the percentage change in saving amount interval class of Rs 0 to 100, Rs 100 to 200, Rs 200 to 300, Rs 300 to 400, Rs 400 and more were 1.90, 0.95, 2.86, 3.81, 1.90 percentage respectively.

The above table 4.3 can be shown in graphical figure to make clear, meaningful, and understandable of above data. The graphical presentation of above table is given below.

Figure 4.3



4.2.4 Sectors of Women Saving

Most of the Women were saving small amount of money from agriculture, Cow and buffalo keeping, goat keeping, poultry farming, retail business, pig keeping etc. The status of women saving is shown in following table 4.4.

Table 4.4
Sectors of Women Saving

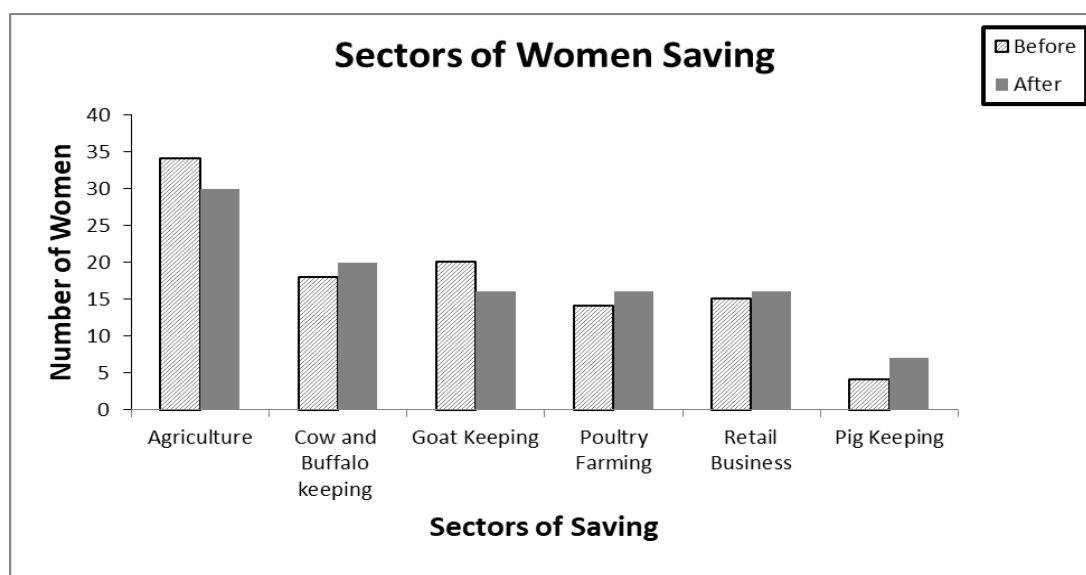
S.N	Sectors	Before		After		Increase/ Decrease %
		Numbers	%	Numbers	%	
1	Agriculture	34	32.38	30	28.57	(3.81)
2	Cow and Buffalo keeping	18	17.14	20	19.05	1.90
3	Goat Keeping	20	19.05	16	15.24	(3.81)
4	Poultry Farming	14	13.33	16	15.24	1.90
5	Retail Business	15	14.29	16	15.24	0.95
6	Pig Keeping	4	3.81	7	6.67	2.86
Total		105	100	105	100	

Source: Field Survey, 2018.

The above table shows that the sample women involved in different types of economic activities to save money before and after entering CLBS programs. Out of total savers of sample survey, about one-fourth was involved in agriculture and rest in others. Before entering the program, 34 women were saving from agriculture but after the number 30. The sectors of women saving were taken from only microfinance activities. Similarly the number of women saving from Agriculture and goat keeping were reducing in number from 34 and 20 to 30 and 16 before and after entering the programs respectively. There was 2.86% increase in women's saving from Pig keeping, retail business is 0.95%, Poultry Farming 1.90 %. There was reduced in Agriculture and Goat Keeping.

The above table 4.4 can be presented by figure also to make clear about the activities of saving. The graphical presentation of above table is given below.

Figure 4.4



4.2.5 Mobilization of Collected Saving Fund

Saving and investment are two alternative parts. If people save they will be motivate to invest that money to earn more. So the women involving in CLBS programs and saving small money are lending that money to other people in community. Doing this both people is benefited. Investor can get interest and borrower can utilize that money in appropriate area.

Following table shows the lending activities of women who are involved in CLBS programs.

Table 4.5
Mobilization of Collected Saving Fund

S.N	Description	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	Yes	61	58.095	65	61.90	3.81
2	No	44	41.905	40	38.10	(3.81)
Total		105	100	105	100	

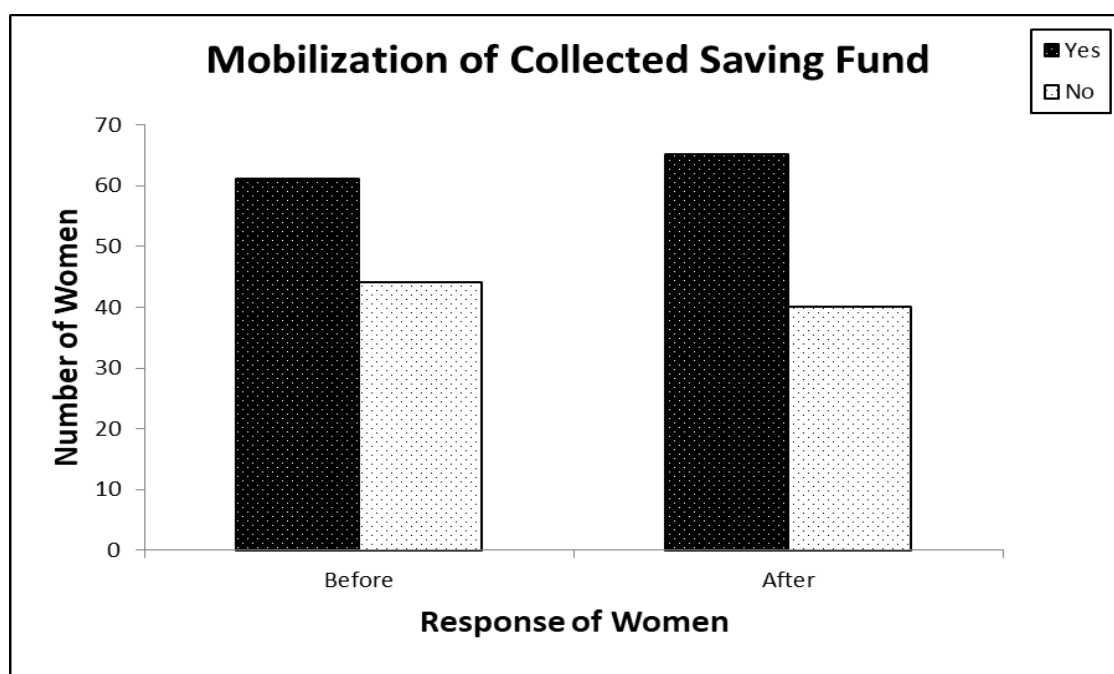
Source: Field Survey, 2018.

Above table shows that the sample women involved in mobilization of saving. Before involvement in CLBS programs, 61 women were mobilizing their money and 44 women were not mobilizing their small save money. But after involvement in CLBS programs, number of mobilizing women increased to 65 and the number of women who were not mobilizing decrease to 40. Hence there was 3.81% increase in women

who mobilize money and the number of women who were not mobilizing was decrease by 3.81%.

The following figure also shows the change in women who were lending and which were not lending.

Figure 4.5



4.2.6 Recovery Status of Lending Fund

Recovery is necessary for lending amount. But sometimes due to some reasons it can be difficult to recover lend amount. The following table shows the status of recovery of lending amount.

Table 4.6

Recovery Status of Lending Fund

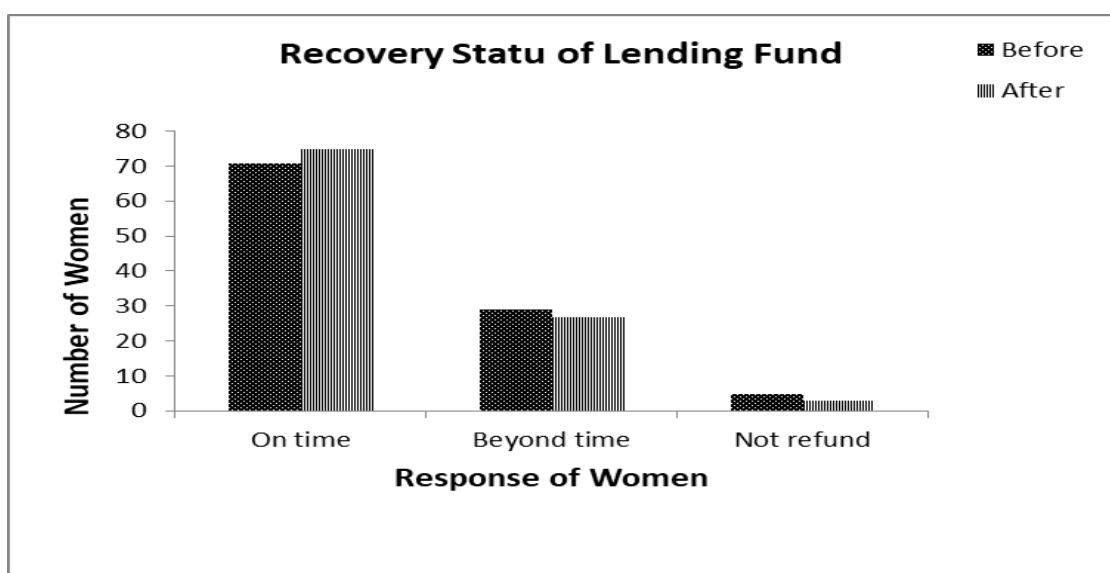
S.N	Description	Before		After		Increase/Decrease%
		Numbers	%	Numbers	%	
1	On time	71	68.3	75	71.3	2.97
2	Beyond time	29	26.7	27	24.8	(1.98)
3	Not refund	5	4.95	3	3.96	(0.99)
Total		105	100	105	100	

Source: Field Survey, 2018.

From the above table it is shown that recovery of money which was mobilized by women. The survey shows the satisfactory result of recovery of women's lending amount after entering into CLBS's programs. Before involvement in CLBS's programs, 71, 29 and 5 women's lending money was recovered on time, beyond time and not refund respectively. But after entering into programs 75, 27, and 3 women's lending money was not recovered on time, beyond time, and not refund respectively. Similarly percentage increase in recovery of money beyond time was 2.97% and decrease in recovery of money beyond time and not refund was 1.98%, and 0.99% respectively.

Following figure also makes us clear about the recovery of lending amount of women's.

Figure 4.6



2.4.7 Interest Expenses on Savings

When there is saving there is investment. After investment, saved money is charge by interest. CLBS collects some small money from women. For this they will get interest. The interest is expenses for CLBS.

The state of interest expenses in different saving programs is shown in table 4.7.

Table 4.7
Interest Expenses on Different Saving Programs

(In Rs.)

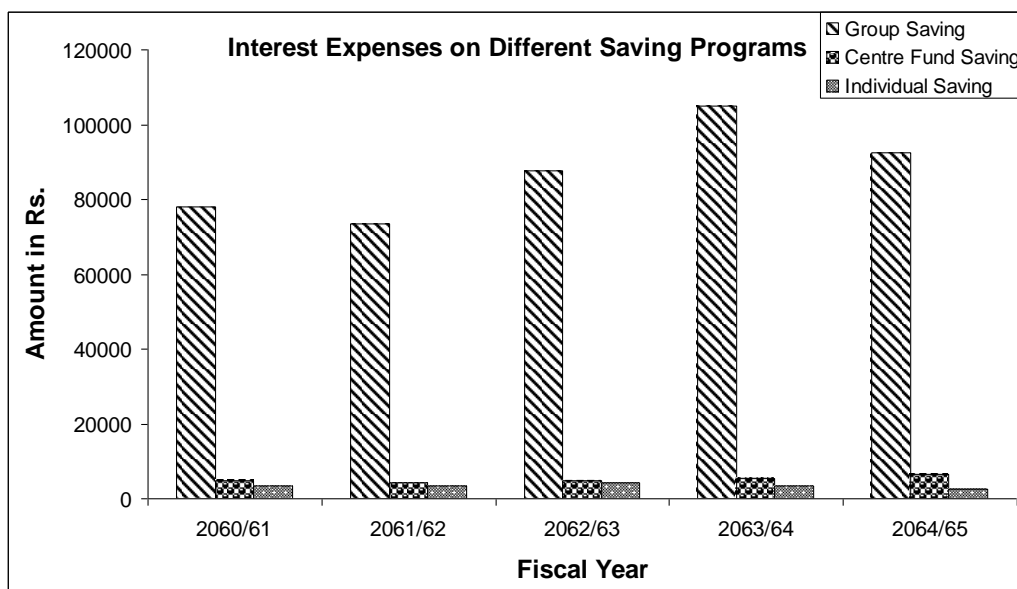
S.N	Fiscal Year	Group Saving		Centre Fund Saving		Individual Saving		Total	
		Amount	%	Amount	%	Amount	%	Amount	%
1	2070/71	77892	17.86	4750	18.44	3520	21.00	86162	18.00
2	2071/72	73461	16.85	4344	16.86	3277	19.55	81082	16.94
3	2072/73	87527	20.07	4806	18.66	4131	24.65	96464	20.15
4	2073/74	104882	24.05	5464	21.21	3321	19.82	113667	23.75
5	2074/75	92345	21.17	6397	24.83	2511	14.98	101253	21.16
Total		436107	100	25761	100	16760	100	478628	100

Source: CLBS, Bardiya.

The above table shows the interest expenses on saving of group members of CLBS in last five fiscal years. The overall total interest expenses on different saving programs were Rs 478,628. The total interest expenses on group saving was Rs 436,107, centre fund saving was Rs 25,761 and in individual saving was Rs 16,760. There was greatest interest expenses on group saving. The total interest expenses on different saving programs in last five fiscal years were Rs 86,162 in 2070/71, Rs 81,082 in 2071/72, Rs 96,464 in 2072/73, Rs 113,667 in 2073/74 and Rs 101,253 in 2074/75. The overall greatest percent of interest expenses was on fiscal year 2063/64. The greatest percentage of interest expenses on group saving was 24.05%, on centre fund saving was 24.83% and on individual saving was 24.65. The smallest percentage of interest expenses on group saving was 16.85%, on centre fund saving was 16.86% and on individual saving was 14.98%.

The above interest expenses on different saving programs can be shown in following figure 4.7.

Figure 4.7



4.3 Lending Activities

Loan disbursement repayment, outstanding etc are related to lending activities of CLBS women's. Loan disbursement to the targeted women is significant for reaching aspect of the livelihood upliftment. The implementing CLBS selects an appropriate enterprise to the targeted women according to their choice and recommend them for loan on the basis of group decision. The responsibility of operating business and repayment of loan with interest lies on the borrowers of CLBS. However the capacity of loan repayment depends on the performance of women and the income earning from the programs of CLBS. The main loan activities of CLBS are micro business and micro enterprise. Micro business loan is for small business activities which don't need collateral. But in micro enterprise loan collateral is needed sometimes. Both of these activities consist of retail business, agriculture, industry, foreign employment, buffalo keeping, goat keeping, poultry farming etc.

According to survey of CLBS Bardiya, 90% of loan is recovery on time but 10% is difficult to recover on time due to different problems. From the report of CLBS Bardiya, there are 102 number of weak loan, 46 number of doubtful loan and 237

number of bad loan. There are altogether 1021 loan numbers. Bad loan is such a loan which is not paid by members in groups of CLBS.

4.3.1 Loan Disbursement in Different Programs

CLBS Bardiya distributes loan on different programs. The state of loan disbursement by CLBS Bardiya in last five fiscal years is shown in table 4.8.

Table 4.8
Loan Disbursement by CLBS in Last Five Fiscal Years.

(In Rs.)

S. N	Fiscal Years	Micro Business Loan		Micro Enterprise Loan 'Ka'		Micro Enterprise Loan 'Kha'		Total	
		Amt.	%	Amt.	%	Amt.	%	Amt.	%
1	2070/71	12327890	16.43	282350	15.03	-	-	12610240	15.00
2	2071/72	14215230	18.94	301220	16.04	-	-	14516450	17.26
3	2072/73	18208810	24.26	411450	21.91	2291593	32.01	20911853	24.87
4	2073/74	16811180	22.40	566875	30.18	2553273	35.66	19931328	23.70
5	2074/75	13490310	17.97	316250	16.84	2314465	32.33	16121025	19.17
Total		75053420	100	1878145	100	7159331	100	84090896	100

Source: CLBS, Bardiya

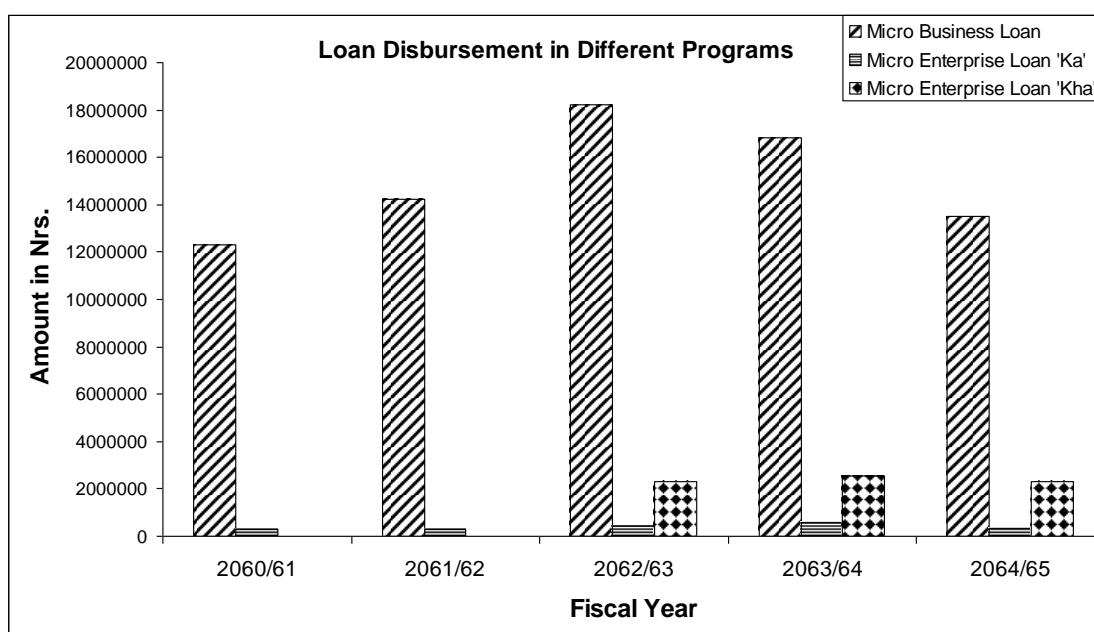
The upper table shows the distribution of loan to the women of CLBS in fiscal years from 2070/71 to 2074/75. There are three kinds of loan. They are micro business loan, micro enterprise loan 'ka' and micro enterprise loan 'kha'. Micro enterprise loan 'ka' is distributed without collateral but collateral is needed for micro enterprise loan 'kha'. The overall total loan distribution in last five fiscal years was Rs 84,090,896. Out of this Rs 75,053,420 was distributed in micro enterprise loan 'ka' and Rs 7,159,331 was distributed in micro enterprise loan 'kha'. In fiscal years 2070/71 and 2071/72 there was no micro enterprise loan 'kha'.

The highest percentage of loan distribution in micro business loan was 24.26% in fiscal year 2072/73 amounting Rs 18,208,810 in micro enterprise loan 'ka' was 30.18% in 2073/74 amounting to Rs 566,875 and in micro enterprise loan 'kha' was

35.66% in fiscal year 2073/74 amounting Rs 2,553,273. In overall the highest percentage of loan distribution was 24.87% in fiscal year 2072/73 and smallest percentage of loan distribution was 15% in fiscal year 2070/71 amounting Rs 20,911,853 and Rs 12,610,240 respectively.

Following figure 4.8 also clear about loan disbursement by CLBS Bardiya in different fiscal years in different programs.

Figure 4.8



4.3.2 Loan Recovery and Outstanding

Since loan is distributed in different programs and recovery is also from different programs. But according to GBB report overall recovery is shown. So the state of loan recovery and outstanding is shown in table 4.9.

Table 4.9
Loan Recovery and Outstanding

(In Rs.)

S.N	Fiscal Years	Recovery		Outstanding	
		Amount	%	Amount	%
1	2070/71	13033015	16.06	322445	11.82
2	2071/72	14669675	18.07	169220	6.21

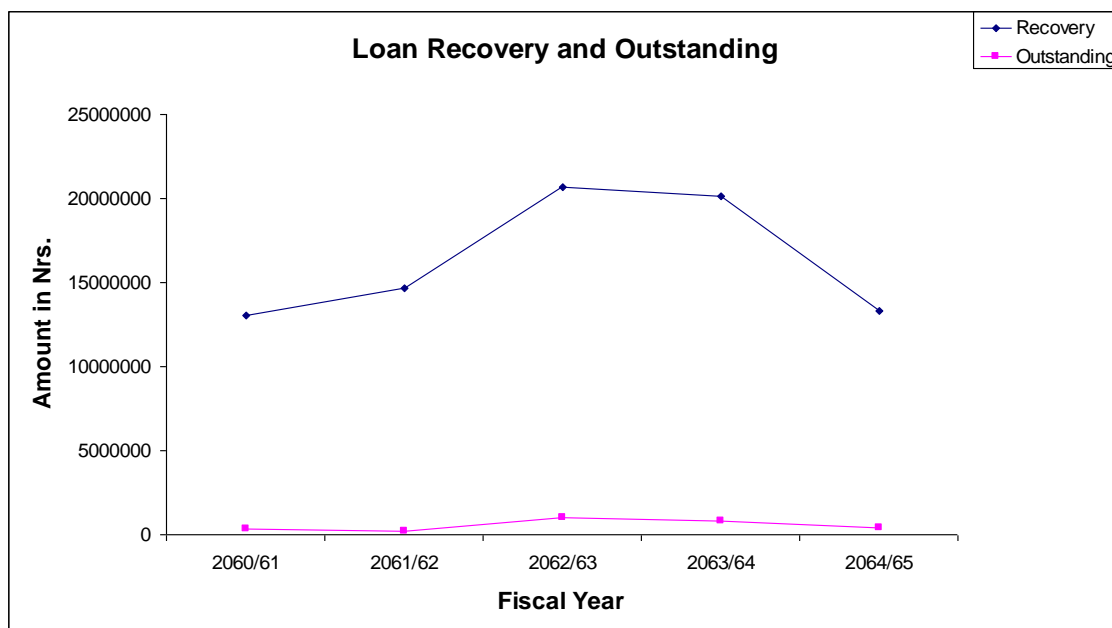
3	2072/73	20665828	24.72	1015245	37.22
4	2073/74	20105853	24.77	840720	30.82
5	2074/75	13289919	16.38	379930	13.93
Total		81164290	100.00	2727560	100.00

Source: CLBS, Bardiya,

The above table shows the amount and percentage of loan recovered by CLBS from groups of women in different fiscal years. It also shows the outstanding loan of CLBS, in different fiscal years. The total loan recovery on last five fiscal year was Rs 81,164,290 and loan to be outstanding was Rs 2,727,560. The highest amount and percentage of loan recovery was in fiscal year 2073/74 amounting to Rs 20,105,853 and 24.77%. The smallest percentage and amount of loan recovery was in fiscal year 2070/71 which is 16.06% and Rs.13, 033,015. Where as the highest pc of loan outstanding was in fiscal year 2072/73 which is 37.22% and Rs 1,015,245. The smallest pc of loan outstanding was in fiscal year 2071/72 which was 6.21% and Rs 169,220.

The table 4.9 can also be presented by figure to make clear about the recovery and outstanding loan of CLBS.

Figure 4.9



4.3.3 Number of Women Taking Loan

Most of the women were not financially sufficient. So they were taking loan to run their livelihood and also to earn some money. Following table shows the numbers of women taking loan before and after involvement in CLBS activities.

Table 4.10
Number of Women Taking Loan

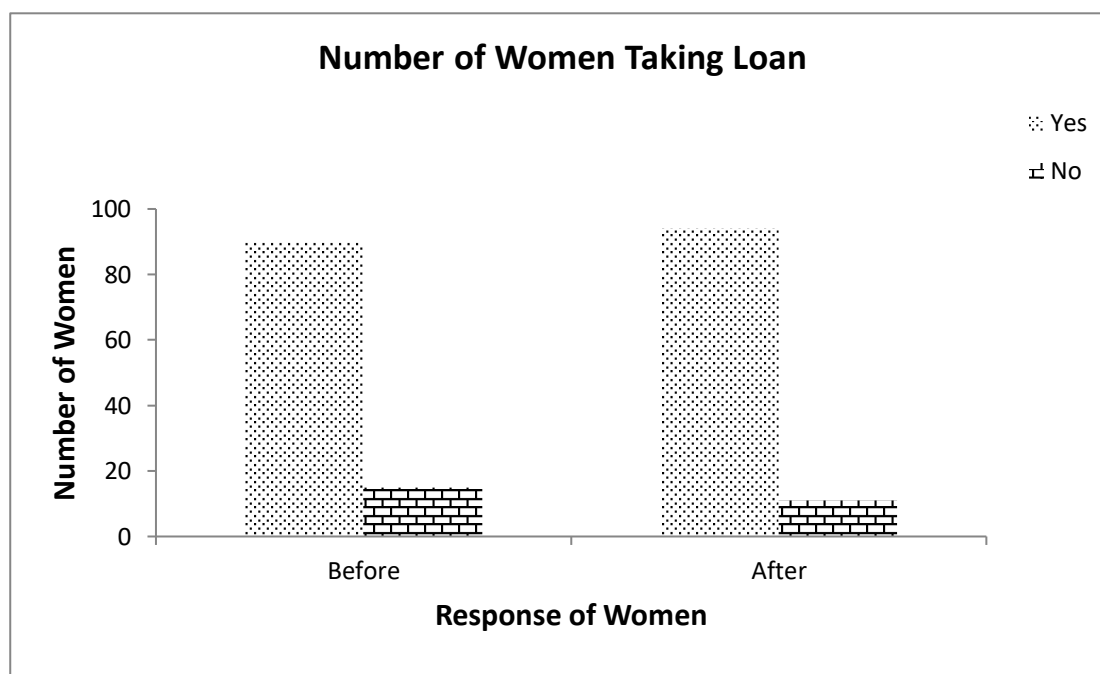
S.N.	Description	Before		After		Increase/Decrease%
		Number	%	Number	%	
1	Yes	90	87.1	94	91.1	3.97
2	No	15	12.9	11	8.9	(3.97)
Total		105	100	105	100	

Source: Field Survey, 2018.

Table 4.10 shows that before involvement of CLBS program. Out of 105 sample women, 90 women were taking loan but after entering of the CLBS 94 women were taking loan. Women who were not using loan facility were 15 before involvement of program and after involvement of program the number decrease to 11. In overall there was 3.97% increase in women's number of taking loan and 3.97% decrease in women's number of not taking loan.

The above table 4.10 can be shown in graphical figure which makes us clear, meaningful, understandable of above data. The graphical presentation of above data is given below.

Figure 4.10



4.3.4 Sectors of Loan Mobilization

There are various sectors of taking loan by women from CLBS programs. The following table shows the number and percent of women involved in various sectors of CLBS while taking loan.

Table 4.11

Sectors of Loan Mobilization

S.N	Sectors	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	Agriculture	28	26.67	23	21.90	(4.76)
2	Cow and Buffalo Keeping	18	17.14	21	20.00	2.86
3	Goat Keeping	25	23.81	20	19.05	(4.76)
4	Retail Business	16	15.24	19	18.10	2.86
6	Poultry Farming	13	12.38	15	14.29	1.90
7	Pig Keeping	5	4.762	7	6.67	1.90
Total		105	100	105	100	

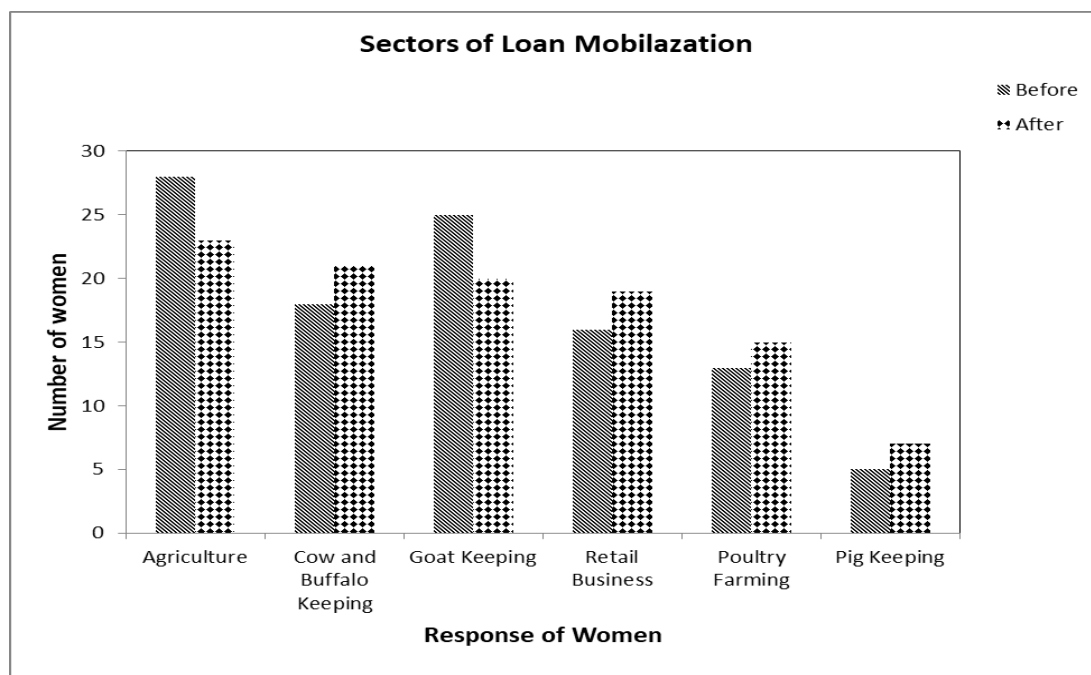
Source: Field Survey, 2018.

Above table shows that the sample women involved in different types of economic activities before and after entering into CLBS programs. Out of total borrowers of sample survey, about one-fourth were involve in agriculture and rest in other different programs. After implementation of program women did not left their old business but they motivate to make that business success.

Before entering CLBS, 28 women were involved in agriculture and 5 women were involved in pig keeping which was highest and lowest number of women borrowers. But after involvement in CLBS programs 23 women were in agriculture and 7 in pig keeping. In overall there was 2.86% increase in retail business borrowers and 4.76 decrease in agriculture and goat keeping.

Table 4.11 can be presented by figure to make clear about women's borrowing in different sectors.

Figure 4.11



4.3.5 Women's Response on Repayment of Taken Loan

Sample of women were taken who are involved in borrowing of loan for repayment pattern. The following table 4.12 shows the women's response on repayment pattern. The following table 4.12 shows the women's response on repayment of loan which was taken by women before and after entering into CLBS programs.

Table 4.12
Response on Repayment of Loan

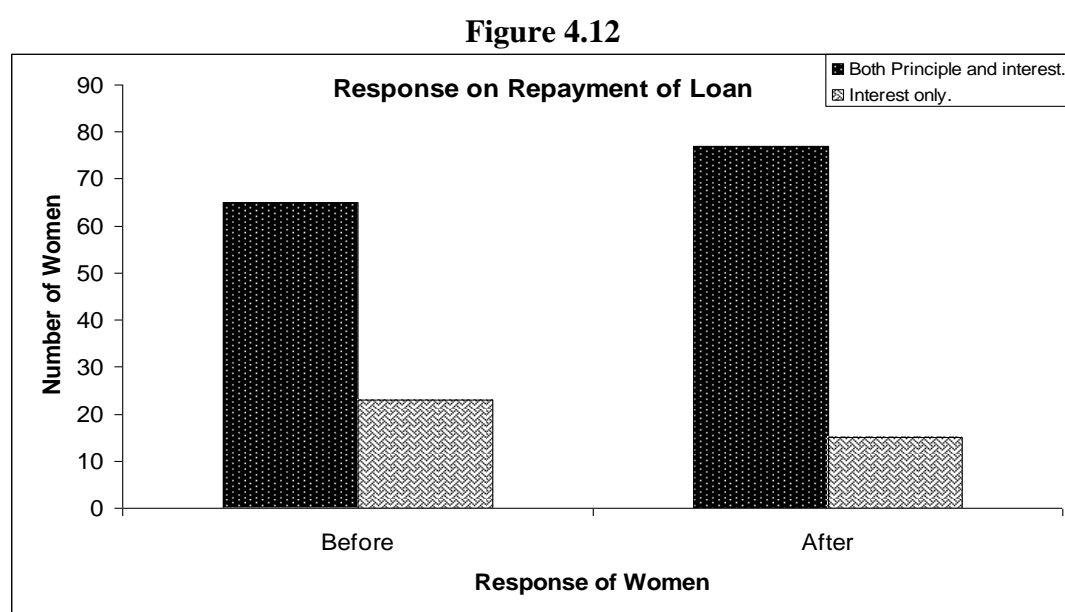
S.N.	Description	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	Both Principle and interest.	65	73.86	77	83.70	9.84
2	Interest only.	23	26.14	15	16.30	(9.84)
Total		88	100.00	92	100.00	

Source: Field Survey, 2018.

Table 4.12 shows that the response of women on repayment of taken loan before and after entering in to CLBS programs. No women were found that they were not paying both principle and interest. So it is not shown in table. Before entering in to CLBS

programs 65 women were paying both principle and interest and 23 women were paying interest only. But after involvement in to CLBS programs 77 women were paying both principle and interest and 15 women were paying interest only. In over all there was 9.84% of women increase in paying both principle and interest after entering in to CLBS programs whereas 9.84% decrease in paying interest only.

The graphical presentation of table 4.12 is given below to make clear, meaningful and understandable of above data.



4.3.6 Condition of Business which is running from Loan

Women are doing business from the loan which was taken from CLBS. They were also doing business from loan prior to entering CLBS. So following table 4.13 shows the condition of business which was running by them from loan.

Table 4.13

Condition of Business which is Running from Loan

S.N.	Description	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	Running well.	72	81.82	78	84.78	2.96
2	Running not well	16	18.18	14	15.22	(2.96)
Total		88	100.00	92	100.00	

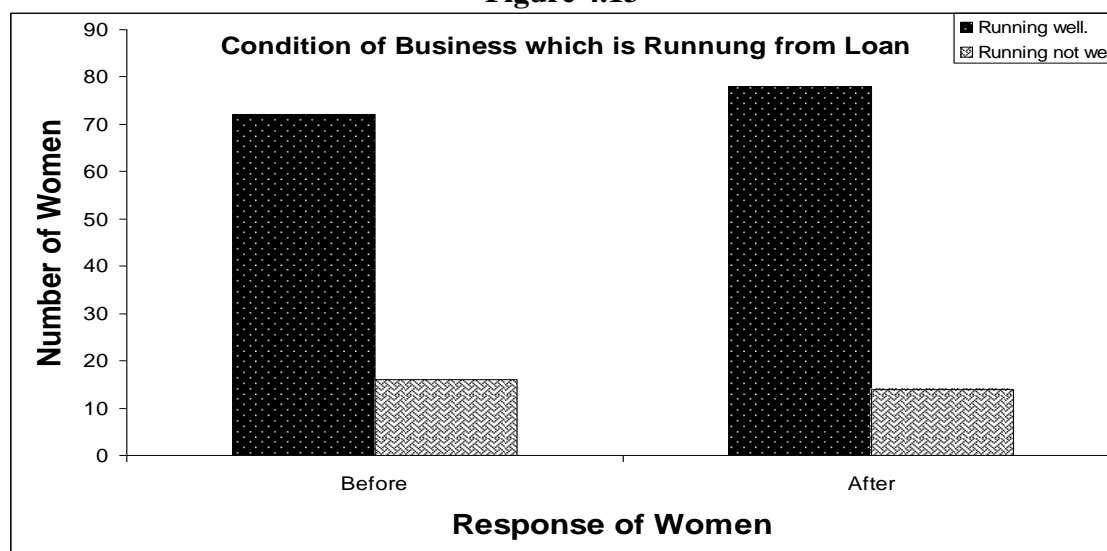
Source: Field Survey, 2018.

The above table 4.13 shows the condition of business which is running well or not before and after entering in to CLBS and doing by taking loan. Out of 88 women borrowers prior entering to CLBS, 72 said that their business was running well but 16 said that their business is not running well. After entering in to CLBS, 92 women have taken loan, out of them 78 said that their business from loan was running well but 14 said that their business was not running well.

In overall, there was 2.96% change in number of women who said that their business was running well after entering into CLBS. But there was 2.96% decrease in number of women who said that their business is not running well after entering in to CLBS.

The above table 4.13 can be shown in graphical figure which makes us clear, meaningful and understandable of above data. The graphical presentation of above table is below.

Figure 4.13



4.4 Investment and Income

Investment is using fund to raise more funds. The fund which is generated from investment is income. So money is invested in the form of loan at certain percentage of interest. Loan is recovered with interest after certain period of time. Fund without investment is useless. This fund investment is playing greater role to increase the livelihood of CLBS women.

4.4.1 Income from Investment

Income and investment are interrelated. Without investment there is no income and without income there is no investment. Following table shows the response of women getting income from loan investment of CLBS and before CLBS programs. Description is divided in to maximum, minimum and no income. Table 4.14 also makes clear about number of women and percentage of women getting income from investment.

Table 4.14
Income from Investment

S.N	Description	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	Maximum	32	36.36	39	42.39	6.03
2	Minimum	38	43.18	41	44.57	1.39
3	No	18	20.46	12	13.04	(7.42)
Total		88	100.00	92	100.00	

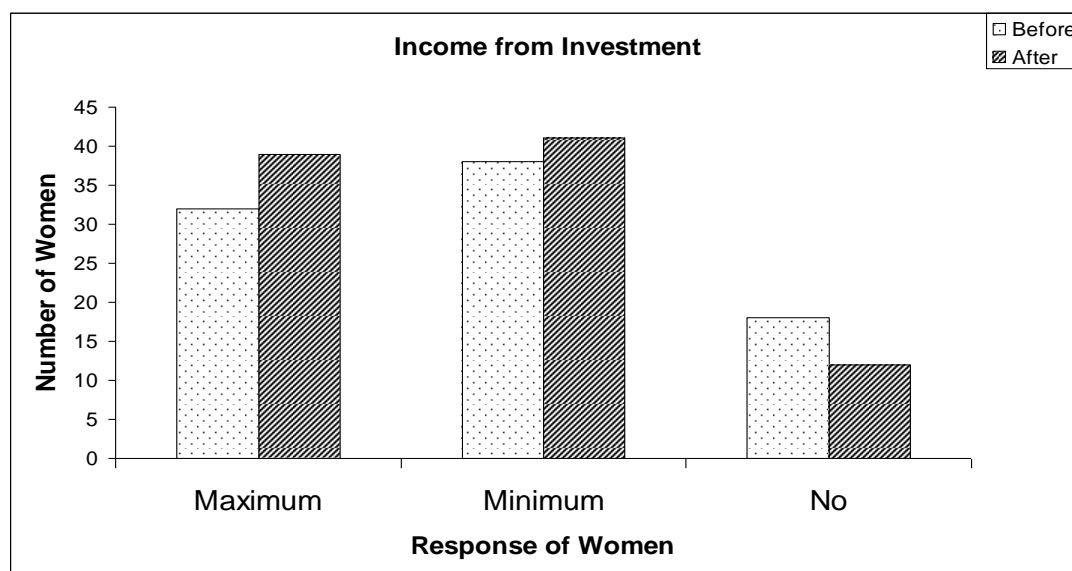
Source: Field Survey, 2018.

Above table 4.14 shows the number of women and percent of women getting income from investment. Response of women was maximum income benefit, minimum income benefit and no income. Before entering in to CLBS programs 32, 38, and 18 women were getting maximum, minimum and no income respectively. Prior to CLBS programs, 88 women were investing loan from different sectors. But after involvement in CLBS programs 39, 41, and 12 women were getting maximum, minimum and no income from investment respectively. After entering CLBS programs 92 women were investing loan from different sectors. So there was 6.03% and 1.39% increase in number of women who said that they were getting maximum

and minimum benefits from investment. But number of women who said there is no income decrease by 7.42%.

The above table 4.14 can be presented in graphical figure which is given below.

Figure 4.14



4.4.2 Interest Recovery Situation of Loan Disbursement

The state of interest recovery situation of loan disbursement is shown in table 4.15.

Table 4.15

Interest Recovery Situation of Loan Disbursement

S.N	Fiscal Years	Micro Business Loan		Micro Enterprise Loan 'ka' & 'kha'	
		Amount	%	Amount	%
1	2070/71	1082361	17.93	18320	3.91
2	2071/72	1105858	18.32	20221	4.31
3	2072/73	1123762	18.62	90930	19.40
4	2073/74	1518069	25.15	218940	46.71
5	2074/75	1205857	19.98	120314	25.67
Total		6035907	100.00	468725	100.00

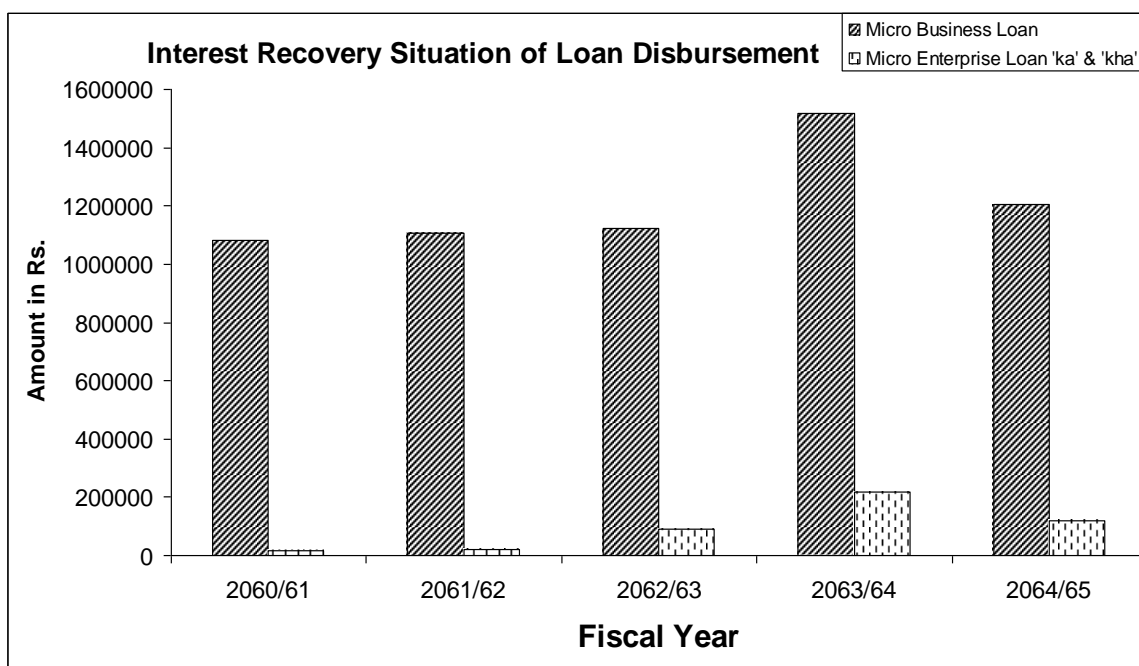
Source: CLBS, Bardiya.

The above table shows the interest recovery in different fiscal years from micro business loan and from micro enterprise loan 'ka' and 'kha' both. Total interest recovery situation from micro business loan is Rs 6,035,907 and from micro enterprise loan 'ka' and 'kha' is Rs 468,725 in last five fiscal years. The interest recovery from micro business loan was Rs 1,082,361, Rs 1,105,858, Rs 1,123,762, Rs 1,518,069 and Rs 1,205,857 in fiscal years 2070/71, 2071/72, 2072/73, 2073/74 and 2074/75 respectively. The interest recovery from micro enterprise loan 'ka' and 'kha' was Rs 18,320, Rs 20,221, Rs 90,930, Rs 218,940, and Rs 120,314 in fiscal years 2070/71, 2071/72, 2072/73, 2073/74 and 2074/75 respectively.

The highest percentage of loan recovery from micro business loan was 25.15% in FY 2073/74 and from micro enterprise loan was 46.71% in fiscal year 2073/74. Interest recovery situation was relatively favorable.

The above table of interest recovery situation can also be shown in figure. The graphical presentation is given below.

Figure 4.15



4.4.3 Amount Invested by Women in Different Sectors

Loan taken by women was invested in different sectors before and after entering in to CLBS programs. The following table shows the response of sample women who invest different amounts in different sectors.

Table 4.16
Amount Invested by Women in Different Sectors

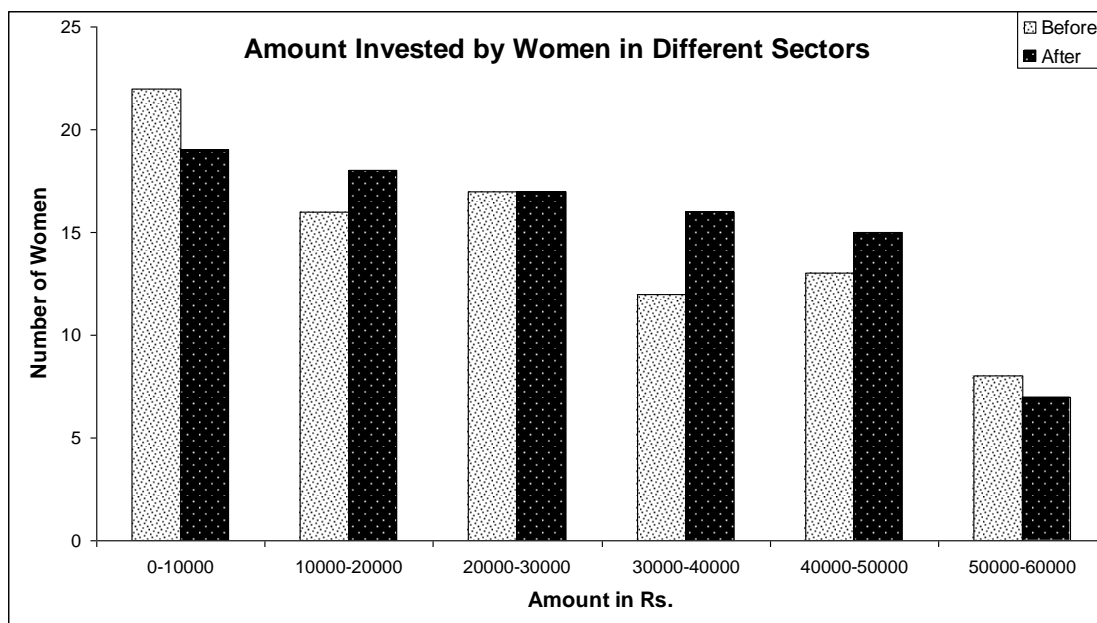
S.N	Amount in Rs.	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	0-10000	22	25.00	19	20.65	(4.35)
2	10000-20000	16	18.18	18	19.57	1.39
3	20000-30000	17	19.32	17	18.48	(0.84)
4	30000-40000	12	13.64	16	17.39	3.75
5	40000-50000	13	14.77	15	16.30	1.53
6	50000-60000	8	9.09	7	7.61	(1.48)
Total		88	100.00	92	100.00	

Source: Field Survey, 2018

The above table 4.16 shows the amount invested by sample women in different sectors before and after involvement in CLBS programs. The highest number of women ie 22 were investing amount between Rs 0 to 10,000 before entering into CLBS programs and 19 women were investing same amount after involving in CLBS program. The lowest number of women ie 8 were investing amount between Rs 50,000 to 60,000 before entering into CLBS programs and 7 women were investing same amount after entering in CLBS programs. The number of women investing Rs 0 to 10000 was decrease by 4.35% after involving in CLBS programs. But incase of investing amount of Rs 10,000 to 20,000, Rs 30,000 to 40,000, Rs 40,000 to 50,000, there was increase in percentage and number of women after involvement in CLBS programs. While there was decrease in percentage and number of women investing amount of Rs 20,000 to 30,000 and Rs 50,000 and more.

The above table 4.16 can be shown in graphical figure which makes us clear, meaningful and understandable of above data. The graphical presentation of above table is below.

Figure 4.16



4.4.4 Monthly Income of the Women

Income of women was varying in CLBS Bardiya. Some women were rich and some were poor. The following table shows the monthly income of the women before and after involvement in CLBS programs.

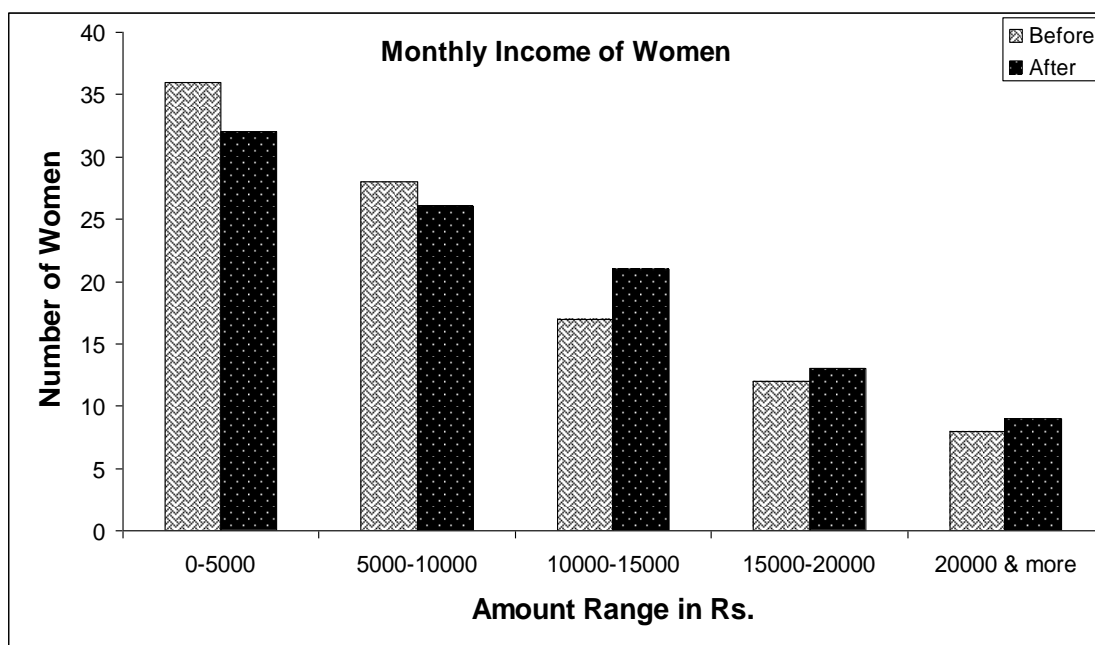
Table 4.17
Monthly Income of Women

S.N	Income Range in Rs.	Before		After		% Increase/ Decrease
		Numbers	%	Numbers	%	
1	0-5000	38	36.19	34	32.38	(3.81)
2	5000-10000	30	28.57	28	26.67	(1.90)
3	10000-15000	17	16.19	21	20.00	3.81
4	15000-20000	12	11.43	13	12.38	0.95
5	20000 & more	8	7.62	9	8.57	0.95
Total		105	100.00	105	100.00	

Source: Field Survey, 2018.

Above table 4.17 shows the monthly income of women in different range before and after entering CLBS programs. Around one-third women were earning between Rs 0 to 5000 before and after the program. The highest income ie Rs 20,000 & more were earning by 8 & 9 women before and after the program respectively. There was decrease in number and percentage of women which were earning low income after entering the program but increase in numbers and percentage of women which were earning high income after entering the program. In overall the earning range of women was not so high in CLBS program women's.

The above table can be presented in graphical figure which is as follows.

Figure 4.17

4.5 Response of Poorest Women

Poverty is deep-rooted in Nepalese society. Especially women are always doing household activities and far from out door fund raising activities. So these activities of CLBS are benefited for the women to raise and save small money. Poor women who are lack of food, shelter and money will be benefited if they join CLBS programs. Because collateral is not necessary to take loan from CLBS. They should be in group members and can take loan. After investing that money they will be benefited.

4.5.1 Confidentiality of Participating Women

In the research study it has been found that some participating women have maximum confidentiality, some has minimum and some has no confidentiality of becoming successful entrepreneur in future. This status is shown in the following table 4.24.

Table 4.18
Response on the Confidentiality of the participants to stand themselves as
successful entrepreneur in future.

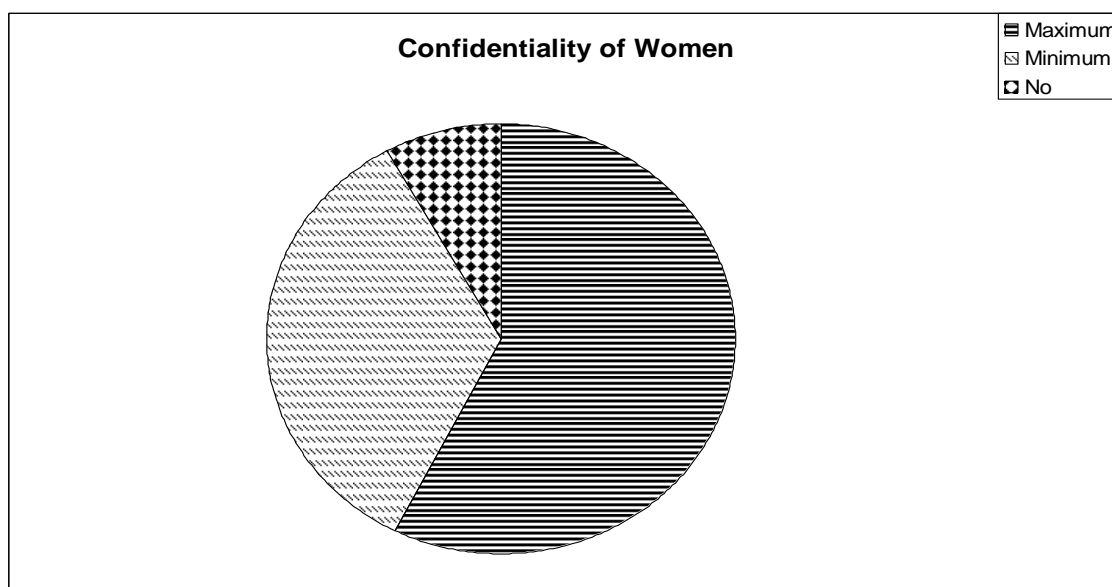
S.N	Description	Number of Women	Percentage
1	Maximum	60	57.14
2	Minimum	36	34.29
3	No	9	8.57
Total		105	100.00

Source: Field Survey, 2018.

The above table 4.18 reveals that in totality 57.14% respondent women have maximum confidentiality and 34.29% and 8.57% respondent have minimum and low confidentiality of becoming successful women entrepreneur in future. Likewise on the basis of number of women 60, 36, and 9 women have maximum, minimum and no confidentiality of becoming successful women entrepreneur in future respectively. So more than 50% of women have maximum confidentiality of becoming successful women entrepreneur in future.

The above table 4.18 can be shown in following figure 4.18.

Figure 4.18



4.5.2 Improvement in Living Standard of Women after Joining CLBS

Following table 4.19 shows the improvement in living standard of women after participating CLBS program activities.

Table 4.19
Response on Improvement in Living Standard of Women

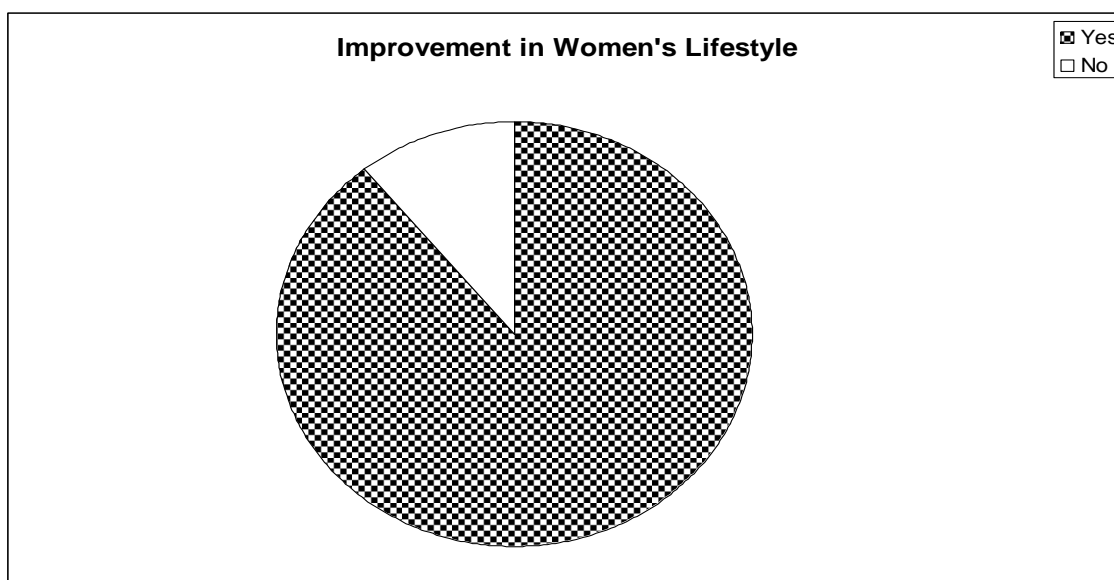
S.N	Description	Number of Women	Percentage
1	Yes	92	87.62
2	No	13	12.38
Total		105	100.00

Source: Field Survey, 2018.

The above table reveals that the response of participating women about their life standard after participating in CLBS program. In totality, 87.62% of women said that their life standard has change after entering in to CLBS program and 12.38% of women said that there is no change in their life style. In number also, out of 105 sample women, 92 women said that their life standard has change after joining CLBS program and 13 women said that there is no change in their life style.

The above table 4.25 can be shown in the following figure also.

Figure 4.19



4.5.3 Response as continuing their Business in Future

If people see more profit in future, then he/she will be motivated to continue their business in coming future. Like this some sample women of CLBS program were motivated to continue their business in future and some are not interested in those activities. Following table 4.20 shows the women's response in continuing their business in future.

Table 4.20
Response of Women as Continuing their Business in future

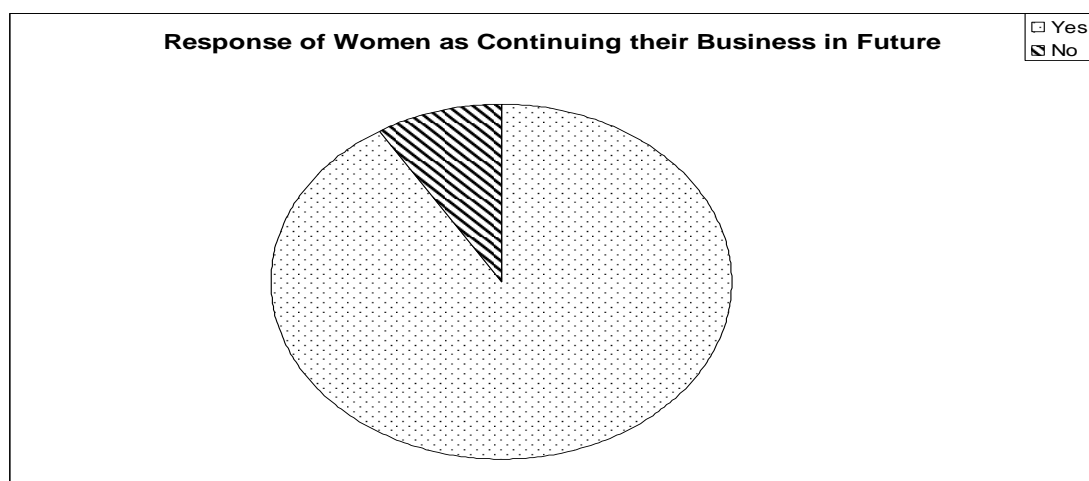
S.N	Description	Number of Women	Percentage
1	Yes	94	89.52
2	No	11	10.48
Total		105	100.00

Source: Field Survey, 2018

Above table 4.20 reveals about the women's response of continuing their present business in future. In this research survey, out of 105 sample women, 94 women have intension of continuing their business in future also which was 89.52%. But 11 sample women have no intention of continuing their business in future which was 10.48 %. So this field survey shows that maximum number of women was interested to continue their business in future also.

The above table 4.20 can be presented in the following figure 4.20.

Figure 4.20



4.5.4 Future Program needed to uplift the livelihood of Poor Women

There are some programs which are needed to uplift the livelihood of poor women. There are different perceptions of women about different programs which are needed for them. Following table 4.21 shows the different facilities needed for poor women

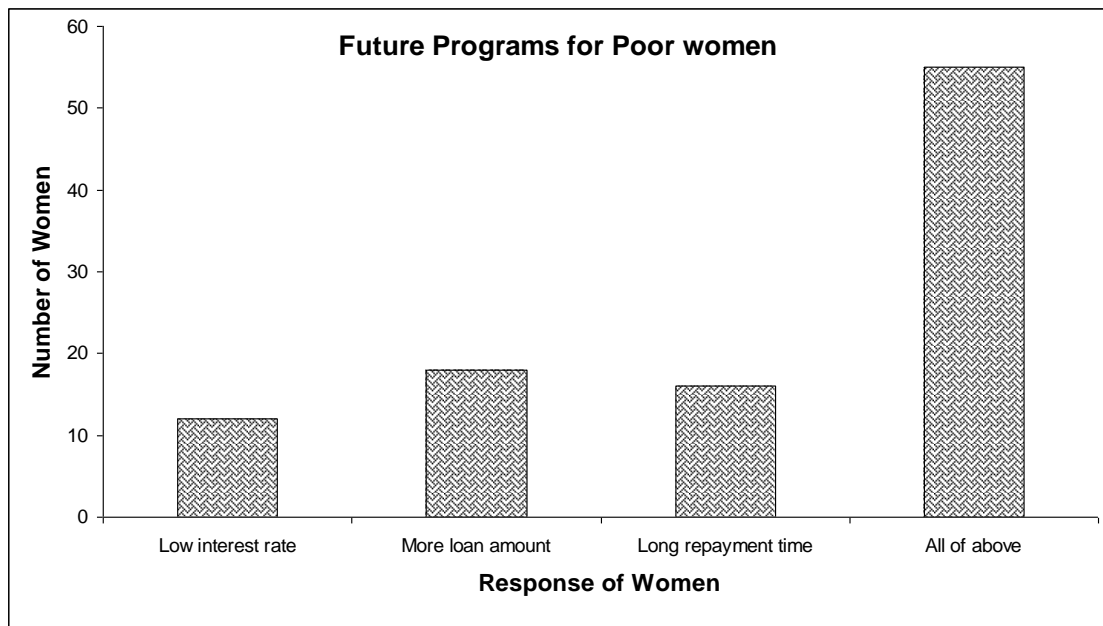
Table 4.21
Future Programs for Poor Women

S.N	Description	Number of Women	Percentage
1	Low interest rate	13	12.38
2	More loan amount	19	18.10
3	Long repayment time	17	16.19
4	All of above	56	53.33
Total		105	100

Source: Field Survey, 2018.

Table 4.21 shows the number and percentage of women which have needed different facilities from CLBL to run their livelihood. Out of 105 sample women there were 13 women who prefer low interest rate, 19 women prefer more loan amount, 17 women prefer long repayment time and 56 women prefer all of above. Similarly the percentage of women who prefer low interest rate was 12.38% more loan amount was 18.10%, long repayment time was 16.19% and all of above was 53.33%. So the women who prefer all the above programs were more than fifty percent.

The above table 4.21 can be shown in graphical figure which makes us clear, meaningful and understandable of above data. The graphical presentation of above table is below.

Figure 4.21

4.6 Involvement profile of the Respondent

From the profile of respondent it has been found that the program has benefited to all the borrowers. For the purpose of study, perception of the sample women towards the program with respect to education level, age structure, ethnic group, priority sector, confidence of women etc are shown:

4.6.1 Category of Women

There is different level of Women in every society. Some are very rich, some are very poor and some are medium range. In this research study the category of women are categorized on the basis of women's' response, field observation, asking questionnaire, observing their economic condition etc. Women who have few source of income and few monthly are categorized as very poor women. Women who have little land to cultivate crops and monthly income of around Rs 1,000 are categorized as poor women. Women which have monthly income around Rs 5,000 are categorized as rich women. Women who have sufficient land, more sources of income, monthly income of more than Rs 15000 are categorized as very rich women. The field survey shows the following level of CLBS women in Bardiya. But from survey the numbers

of women which are very rich were not found. Following table shows the status of women in field survey.

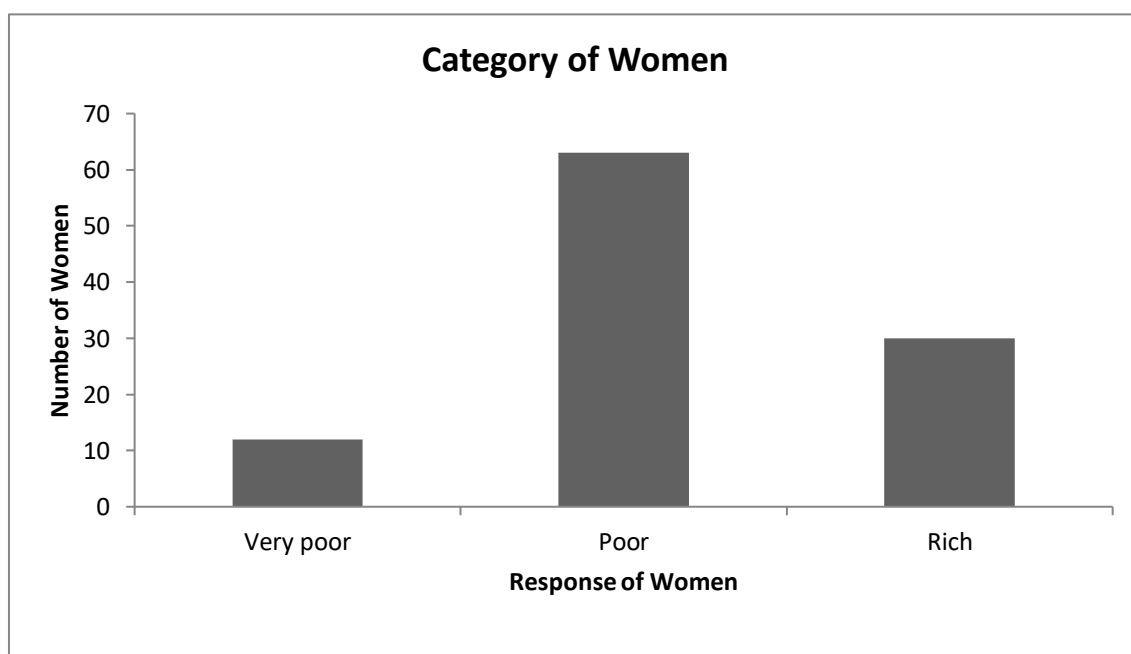
Table 4.22
Category of Women

S.N	Description	Number of Women	Percentage
1	Very poor	12	11.43
2	Poor	63	60.00
3	Rich	30	28.57
Total		105	100

Source: Field Survey, 2018.

Table 4.22 shows the number and pc of women which have different economic status. Out of 105 sample women there were 12 women very poor, 63 women poor and 30 women rich. But no women were found who said that they are very rich in sample survey. Similarly the percentage of women who were very poor was 11.43%, poor was 60% and very poor was 28.57%. So the category of women which were poor is higher. Table 4.22 can be shown in the following figure.

Figure 4.22



4.6.2 Education Level

Education is most important thing all over the world. Therefore it is lamp of the world. Following table shows the education level and their perception of sample women.

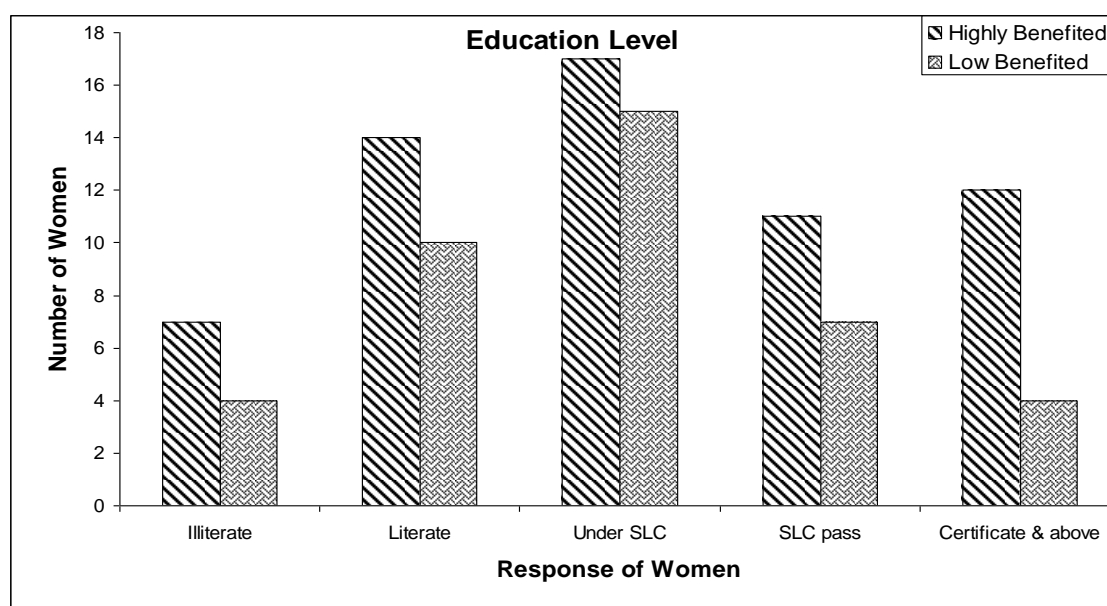
Table 4.23
Response on the Education Level of Sample Women

S.N	Education Level	Perception toward the Program		Total
		Highly Benefited	Low Benefited	
1	Illiterate	7	4	11
2	Literate	15	10	25
3	Under SLC	18	15	33
4	SLC pass	12	7	19
5	Certificate & above	13	4	17
Total		65	40	105

Source: Field Survey, 2018.

In the above table, out of 105 respondents 11 were illiterate, 25 respondents were literate, 33 were under SLC, 19 SLC pass and 17 were certificate level and above. In totally, more respondents were literate. On the other hand 65 respondents were highly benefited and 40 were low benefited. Hence from the above table we can say that illiterate, literate, Under SLC, SLC pass, Certificate level and above all are getting high benefit from the CLBS program.

Above table 4.23 can be presented in the following figure.

Figure 4.23

4.6.3 Age Structure

In the research study it has been found that the age structure of women was in between 20 to 70 years and all were married. It has been shown in the following table.

Table 4.24**Response on the Age Structure of Sample Women**

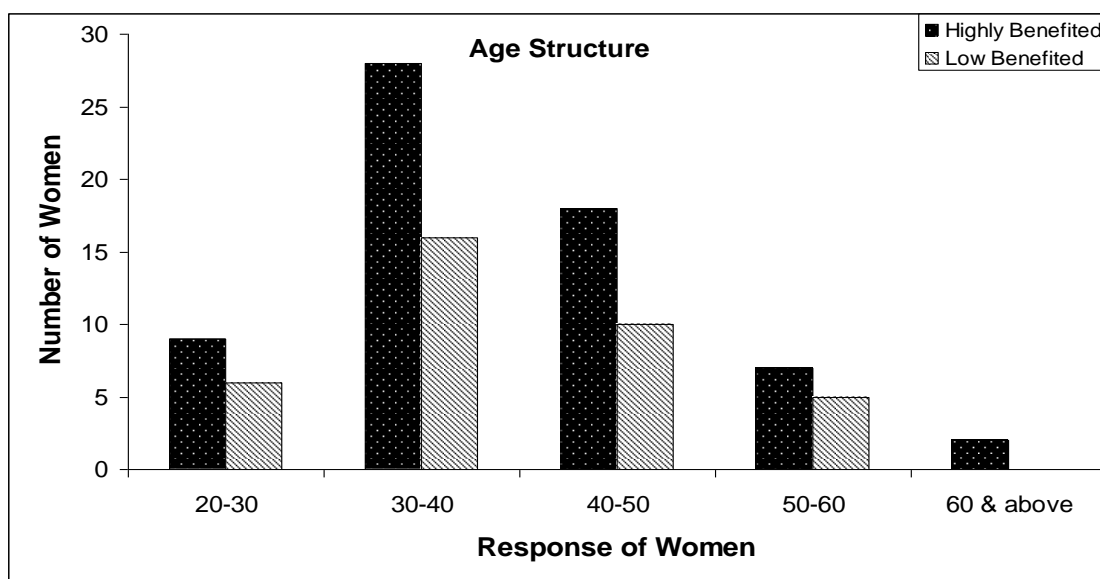
S.N	Age Structure	Perception toward the Program		Total
		Highly Benefited	Low Benefited	
1	20-30	10	6	16
2	30-40	28	16	45
3	40-50	19	10	29
4	50-60	8	5	13
5	60 & above	3	-	3
Total		68	37	105

Source: Field Survey, 2018.

From the above table 16,45,29,13, and 3 are in age class of 20-30, 30-40, 40-50, 50-60, and 60 above years respectively. Highly benefited women were more than low benefited.

The above table 4.24 can be shown in the following figure also.

Figure 4.24



4.6.4 Ethnic Group

Generally high class, middle class and low class of women were found on field survey according to their cast status. The following table shows the class of women and their perception toward benefit.

Table 4.25

Response on the Ethnic Group of Sample Women

S.N	Ethnic	Perception toward the Program		Total
		Highly Benefited	Low Benefited	
1	Higher class	32	25	57
2	Middle class	16	15	31
3	Lower class	9	8	17
Total		57	48	105

Source: Field Survey, 2018.

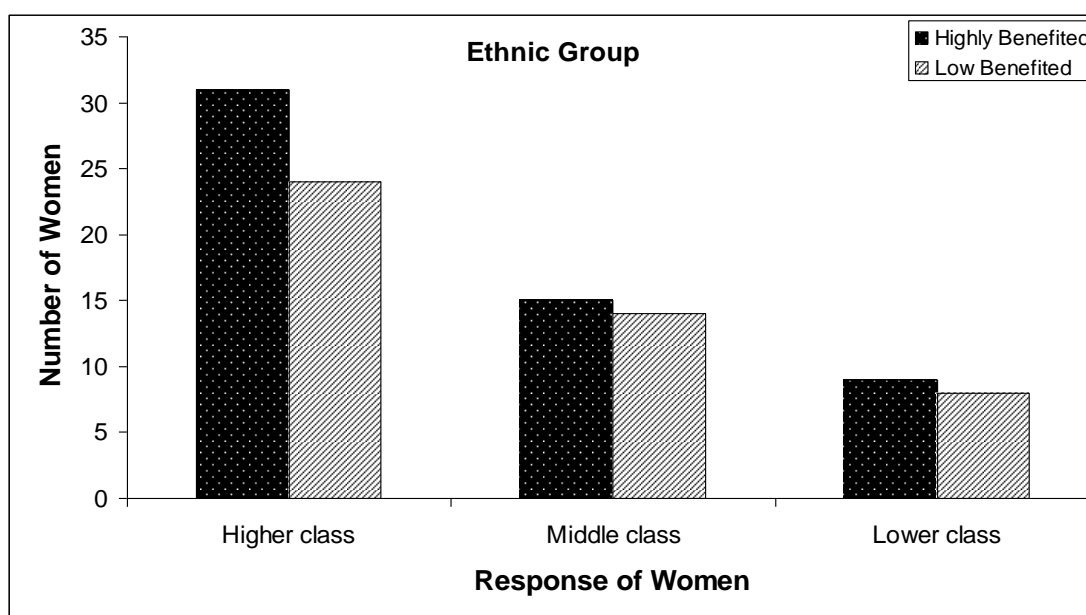
Higher Class : Brahmin and Chettry.

Middle Class : Magar and Tharu.

Lower Class : Sarki, Damai and Badi

Table 4.25 shows that 57 participating women were involved from higher class, 31 from middle class and 17 from lower class. So that we can easily say that CLBS program is able to convince lower class women too successfully. It reveals that higher class women were getting high benefit from the program. The data is presented in following figure 4.22 also.

Figure 4.25



4.7 Findings of the Study

The major findings of the study are addressed in two types i.e. overall and the study of sample women.

4.7.1 Major Findings

The major findings of the overall study of Chimmek Laghubutta Bittiya Sashta could be addressed as follows:

1. Chimmek Laghubutta Bittiya Sashta facilitating the women in areas of agriculture, buffalo keeping, goat keeping, retail business, poultry farming, pig keeping etc.
2. The total saving of fiscal year 2070/71 was Rs 2,658,305 and in last fiscal year 2074/75 the total saving increased to Rs 3,598,521. The total saving of all

fiscal years was Rs 16,662,518. In different saving programs, the highest saving was in group saving with amounting Rs 15,031,411.

3. The saving money was not idle. It was invested in different areas. But CLBS have to pay some interest expenses to women who save money. The total interest expenses on different saving programs were Rs 478,628. The interest expenses were increasing trend up to FY 2073/74 and slightly decrease in FY 2074/75. The reason behind decreasing trend is increasing in numbers of institutions which are working in microfinance.
4. Loan disbursement headings are micro business, micro enterprise ka and kha. The overall loan disbursement in micro business loan was Rs 75,053,420 in last five fiscal years which was around 90% of total loan disbursed. Loan was not disbursed in micro enterprise loan kha in FY 2070/71 and 2071/72. Loan disbursed rate was increased upto FY 2072/73 and after that it was decreasing. Highest loan disbursed was in FY 2072/73 and lowest was in FY 2070/71.
5. Loan recovery trend was in increasing status up to FY 2073/74 then it was decrease in FY 2074/75. The loan outstanding was not similar. It was highest up to FY 2074/75. In overall loan recovery was similar than loan outstanding. The lowest loan outstanding was in FY 2071/72 was amounting Rs 169,220.
6. Interest recovery situation of loan disbursed was in increasing up to FY 2073/74 in both micro business loan and micro enterprise loan ka and kha. Interest recovery was decrease in FY 2074/75. The highest interest recovery was in FY 2073/74 which was Rs 1,518,069 and Rs 218,940 in micro business loan and micro enterprise loan respectively. The lowest interest recovery in loan disbursed were Rs 1,082,361 and Rs 18,320 in FY 2060/61 in micro business loan and micro enterprise loan respectively.
7. Highest number of women were taking loan for agriculture and lowest number for pig keeping. Like this more women were taking loan ranging between Rs 0 to 10,000. Similarly, maximum number of women had monthly income ranging Rs 0 to 5,000.
8. Most of the sample women were involved in different kinds of saving program such as regular and optional saving. The number of women which are saving

more amounts is increased after entering into CLBS program resulting decrease in women which are saving fewer amounts.

9. More women were involved in agriculture to save small money. Other sectors to generate saving were cow/buffalo keeping, goat keeping, poultry farming, retail business, pig keeping etc. Lower percentage of women was saving from pig keeping. The number of sample women and percentage of saving from cow, buffalo keeping, poultry farming, retail business and pig keeping was in increase after entering CLBS program.
10. More women were paying the lending amount on time. It was increased by 2.97% after entering CLBS program. But it was in decreasing trend in women which weren't paying in time and paying beyond time.
11. The percentage of sample women who have taken loan after entering CLBS program was 91.11 but before the percentage were 87.13. Also there was decrease in number and percentage of women who have-not taken loan after entering CLBS programs.
12. Loan repayment rate of women is satisfactory. Both interest and principle repayment rate was increased by 9.84% after entering CLBS program whereas the number of women were decrease in case of interest only payment.
13. The condition of business which was running by taking loan was found running well before and after CLBS programs. It was increased by 2.96% after CLBS programs. But the percentage and number of women who said business is not running well was decreased by 2.96%.
14. The percentage of women who were earning maximum income was 42.39 from investment after entering CLBS programs but before the percentage was 36.36%. So there was 6.03% and 1.39% increase in women who earned maximum and minimum income after entering CLBS but the percentage of women who were not earning decreased by 7.42%. So women are earning well after entering CLBS.
15. More women were invested loan between Rs 0 to 10,000. There was increase in number of women who were investing big loan amount after entering CLBS programs except in Rs 50,000 to Rs 60,000.

16. Women were earning more after entering CLBS program. The number and percentage of women who are earning high amount were in increase after entering CLBS programs but in case of low amount earning, women were in decrease.
17. The percentage of women have maximum confidentiality of standing themselves as successful entrepreneur in future was 57.14 and only 8.57% of women have no any plan.
18. Ninety sample women i.e. 89.11% of women said that there is improvement in their living standard after joining CLBS. Also 91.10% of women said that they will continue their present business in future also.
19. More women i.e. 56 sample women said that they prefer low interest rate, more loan amount and long repayment time to uplift their livelihood from poor women where as 13, 19 and 17 sample women prefer low interest rate, more loan amount and long repayment time respectively.
20. Twelve numbers i.e. 11.43% of women found very poor and 26 sample women i.e. 25.74% found rich. But no women found who are very rich.
21. The participants were from different ethnic groups. In research study 57 were from higher class (Brahmin and Chhetry), 31 from middle class (Magar, Tharu) and 17 from lower class (Sarki, Damai, Badi).
22. Literate and well educated women were found more than illiterate. There were high numbers of women who are highly benefited from CLBS in case of education level.
23. The women's status of increasing income from investment is higher after entering CLBS program. Also repayment pattern of disbursed loan shows a significant increase after CLBS program.
24. Almost the entire implementing program has initiated the groups of women for saving as on initial creation. Saving is the source of capital, investment and supply of credit. Similarly rise in productive activities and income causes to create saving. The saving is the most effective component in the process of supplying credit for investment. In an overall situation the saving deposit was significant.

25. The overall performance of implementing CLBS program signify that the record of household survey, target group identification, group formulation, women participation, loan disbursement, repayment, outstanding and saving and its mobilization shows a good achievement of women development program.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

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 ADB/N, Small Farmer Development Bank Ltd, Chhimek Development Bank Ltd.; targeted credit programs such as IBP, SFDP, Small Farmer Cooperative Limited, PCRW, MCPW; Credit Cooperatives and NGOs. Microfinance programs initiated by the government of Nepal are generally inefficient and financially unsustainable, with the exception of CLBS. This study confined contribution to microfinance's impact to women in case of Chhimek Laghubitta Bittya Sastha of Barbardiya Municipality, Bardiya.

5.1 Summary

Since rural poverty is one of the burning problems of underdeveloped country like Nepal. Bardiya is terai district of Nepal. There are six urban municipalities and two rural municipality. Barbardiya Municipality of Bardiya was established in 2073 B.S. There are 11 wards within this municipality. Women of this municipality 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. Chhimek Laghubitta Bittiya Sastha is one of them.

Chhimek Laghubitta Bittiya Sastha was established in 2068 B.S. in Bardiya as branch office. The general objective of the study is to analyze the impact of microfinance on Women economic and social empowerment in case of BarBardiya munuciplity, Bardiya. 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 and its recovery as well as impact on poor women etc.

Under the literature reviews, the theoretical and research reviews have been done. In theoretical reviews the origin and activities has been lunch by the NGOs and INGOs which are still working in rural areas. The other programs lunched by that organization and several books related to poverty reduction, rural development and microfinance is shown. Another part of the chapter is research review. The study is related to several article, newspapers and dissertations.

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.

1. The highest amount of saving is in group saving and lowest amount is in individual saving in last five fiscal years. The total saving amount is increasing up to FY 2073/74 and decrease in FY 2074/75.
2. The interest expenses on saving are increasing up to FY 2073/74 and slightly decrease in FY 2074/75. This shows positive impact.
3. Mainly women are involved in regular and optional saving. The percentage of women who are saving more amounts in regular and optional basis is in increasing trend after entering CLBS programs. But there is decrease in percentage of women who are not saving more. This shows women's saving power is increasing.

4. Majority of the women are saving from cow/buffalo keeping and poultry farming so emphasis should be given to these sectors.
5. Mobilization of save money by women is in increasing trend while the percentage of women who are not mobilized saved money is in slightly decreasing. Mobilized of save money is effective way to raise livelihood of village women.
6. Repayment of loan on time is in increasing trend after entering CLBS programs but there is decrease in women who are not paying on time.
7. The loan disbursement rate of CLBS to women is increasing slowly up to FY 2072/73 and 2073/74. But it is decrease in FY 2074/75. The highest amount of loan disbursement is in micro business loan and lowest amount in micro enterprise loan 'ka'. The increasing loan disbursement rate shows that women are interested to take loan and invest that money to earn more.
8. Loan recovery rate is also increasing up to FY 2073/74 but decrease in FY 2074/75 where as loan outstanding is increase up to FY 2072/73 rapidly but after that it is decreasing. In some years recovery is more than outstanding and in some years outstanding is more. So there is random fluctuation among these. In overall recovery are many more than outstanding in every fiscal year.
9. Maximum number of sample women is taking loan. The percentage of women who are taking loan is ninety four. The percentage of women taking loan is increasing after entering CLBS program resulting decrease in case of not taking loan. So now more women believe in loan.
10. Majority of women are interested to pay loan on time. The numbers of women who are paying more increase to seventy seven from sixty five. So more loan repayment rate is satisfactory after entering CLBS.
11. Women are running their business well after entering CLBS. So program of CLBS is more effective than in the previous period.
12. Majority of women's income from investment is maximum. Women who are earning more are increase after entering CLBS. So the percentage of women who are earning maximum from investment is increasing comparing to women who are earning less. It shows CLBS programs are effective and satisfactory to make their life better.

13. Interest recovery on loan is satisfactory in every year. Women are paying interest on time. This regular interest payment is due to improvement in lifestyle after entering CLBS.
14. Monthly income of women is increasing after entering CLBS programs. So they are earning sound from their investment. Due to this CLBS is improving their life standard.
15. Fifty eight percentages of women have maximum confidentiality of being successful entrepreneur among participating women. So it is find out that they are more benefited from CLBS programs.
16. Living standard of women increased more from CLBS programs. Nearly eighty eight percentages of women have high living standard.
17. Ninety percentages of women will continue their business in future also. This shows CLBS programs are effective for them.
18. Most of the poor women prefer low interest rate, more loan amount and long repayment time to improve their living standard.
19. The category of poor women is substantially higher. So emphasis on poor women is still necessary.
20. More of the women are educated and middle age. They all are highly benefited from CLBS programs.
21. 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 CLBS programs.

5.2 Conclusion

Chimmek Laghubitta Bittiya Sastha is a practical model to microfinance program. The programs of CLBS aim to raise social and 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.

Chimmek Laghubitta Bittiya Sastha, Bardiya 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 CLBS 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. CLBS is actively involved in saving programs of women. Women are also interested and motivated to save more with CLBS programs. With saving they are encouraged to mobilize that save interms of loan. This will help to solve the financial problem of women in society to some extent.

Loan disbursement and on time payment is an essential part of the program. CLBS can slowly meet the required criterion of loan repayment with increasing trend in recovery and still the amount of outstanding remained to the required criterion. Loan is disbursed in different sectors and CLBS is still focusing more on loan disbursement to poor women.

Interest recovery from loan investment is satisfactory and it is in increasing trend with certain fall in FY 2074/75. It shows that women believe in loan and interested to invest that loan in profitable sector.

Majority of the women are involved in cow and buffalo keeping. The status of loan investment and income of women is found satisfactory and they are earning slowly higher with involvement of CLBS 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 CLBS program initiates to increase their living standard.

Participants in CLBS 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.

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 and social 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 CLBS 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.

1. CLBS should regularly supervise the saving activities of groups and give them essential directions and suggestions.
2. The participating women should be educated about the proper utilization and mobilization of saving so that it can reach to the poorest of the poor women also.
3. 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.
4. 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.
5. The lending should be made on the basis of the requirement of the stated project and not on the basis of achieving target.
6. The lending sectors should be supervised regularly and suggested to address the problem as soon as possible.
7. The participating women should be educated about the proper utilization and mobilization of loan disbursement.
8. If the borrowers did not repay the loan in due time, they should be motivated to repay on time by adopting different mechanism.
9. 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. This may promote the capability of loan recovery and repayment.
10. Priority to poorer women's demand should be given while mobilizing saving lending.
11. Health and education facilities should be widely extended to the poor people.

12. More NGOs and INGOs should be launched with in this area so that living standard of poor women will be raised soon.
13. CLBS program should be reach to the poorest of poor women.

At last the stage of loan repayment is associate with the stage of loan recovery. So it is highly essential to raise the loan disbursement in more productive and profitable sectors. The efficiency of this organization and participating women themselves, decidedly exert the impact up on the efficient execution and management of programs.

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www.chhimekbank.org

www.ndb.org

www.nrb.org.np

APPENDIX - I

QUESTIONNAIRE

I'm studying Masters Program at Central Department of Management, Tribhuvan University, Kirtipur, Kathmandu, Nepal. I have designed the following questionnaire for the study of the Impact of Microfinance on women empowerment a case study of BarBardiya Municipality of Bardiya, which required for my thesis work as an integral part of the study.

I would highly appreciate if you fill this some questionnaire. It will take approximately 10-15 minutes. I expect your kind cooperation in this respect.

Q.N.1. Self introduction of participants,

Name/Caste:.....

Ward. No..... Tole..... No of family.....
Group.....

Q.N.2. Do you have any educational experience?

- | | | |
|---------------|----------------------|--------------|
| a. illiterate | b. Literate | c. Under SLC |
| d. SLC pass | e. Certificate level | |

Q.N.3. what is your Age structure?

- | | | |
|---------------|-----------------|---------------|
| a. 20-30 year | b. 30-40 year | c. 40-50 year |
| d. 50-60year | e. 60 year more | |

Q.N.4. In which of the following Caste or ethnic group you belong to?

- | | | | | |
|------------|------------|------------|------------|----------|
| a. Brahmin | b. Chhetri | c. Tharu | d. Gurung | e. Magar |
| f. B.K | | | | |
| g. Damai | h. Muslim | i. Madhesi | j. Thakuri | k. Newar |
| l. Sarki | m. Other | | | |

Q.N.5. Which on is categorized self defined you?

- | | | |
|--------------|---------|---------|
| a. very poor | b. poor | c. rich |
|--------------|---------|---------|

Economic empowerment

Q.N.1. Which one is saving programmed on involved you?

- | | | |
|----------------------|--------------------|--------------------|
| a. group saving | b. Personal saving | d. optional saving |
| e. other saving fund | | |

Q.N.2. Are you saved Regular/group saving?

a. yes b. no if no what's a cause?

Q.N.3. How much amount do you saved on regular saving?

Before: a. none b. 0-100 c. 100-200 d.
200-300 e. 300-400 f. 400 more

After: a. none b. 0-100 c. 100-200 d.
200-300 e. 300-400 f. 400 more

Q.N.4. How much amount do you saved on optional saving programs?

Before: a. none b. 0-100 c. 100-200 d. 200-300
e. 300-400 f. 400 more

After: a. none b. 0-100 c. 100-200 d. 200-300
e. 300-400 f. 400 more

Q.N.5. What are the saving sectors?

Before		After	
s.n.	sector:	s.n.	sector:
1.	Agriculture	1.	Agriculture
2.	Cow and buffalo keeping	2.	Cow and Buffalo keeping
3.	Goat keeping	3.	Goat keeping
4.	Poultry keeping	4.	Poultry keeping
5.	Retail business	5.	Retail business
6.	Pig keeping	6.	Pig keeping

Q.N.6. are you lending or mobilizing certain amount from group saving?

Before: a. yes b. no

After: a. yes b. no

Q.N.7. do you have delay after lending fund recovered your?

Before: a. one time b. beyond time c. not refund

After: a. one time b. beyond time c. not refund

Q.N.8. do you taking loan from any Group?

Before: a. yes b. no

After: a. yes b. no

Q.N.9 what are the sector of taking loan? What's a purpose and how much?

Before			After		
s.n.	Sector	amount	s.n.	sector	amount
1.	Agriculture		1.	Agriculture	
2.	Cow and buffalo keeping.....		2.	Cow and Buffalo keeping.....	
3.	Goat keeping		3.	Goat keeping	
4.	Poultry keeping		4.	Poultry keeping	
5.	Retail business		5.	Retail business	
6.	Pig keeping		6.	Pig keeping	

Q.N.10. which one is option responses of repayment of taken loan?

Before:	a. both principle and interest	b. interest only
	c. No any payment	
After:	a. both principle and interest	b. interest only
	c. No any payment	

Q.N.11. what is your business condition, which is running from loan?

Before:	a. running well	b. running not well
After:	a. running well	b. running not well

Q.N.12. How much level income from investment?

Before:	a. maximum	b. minimum	c. no
After:	a. maximum	b. minimum	c. no

Q.N.13. How much amount do you invest in different sectors?

Before:	After:
a. 0-10000	a. 0-10000
b. 10000-20000	b. 10000-20000
c. 20000-30000	c. 20000-30000
d. 30000-40000	d. 30000-40000
e. 40000-50000	e. 40000-50000
f. 50000-60000	f. 50000-60000

Q.N.14. In which of the following monthly income group you belong to?

Before:

- a. 0-5000
- b. 5000-10000
- c. 10000-15000
- d. 15000-20000
- e. 20000 more

After:

- a. 0-5000
- b. 5000-10000
- c. 10000-15000
- d. 15000-20000
- e. 20000 more

Social Empowerment

Q.N.1. what's your confidently level participating after CLBS?

- a. maximum
- b. minimum
- c. no

Q.N.2. after joining CLBS are you sure living standard are improvement?

- a. yes
- b. no

Q.N.3. Are you response to the investment continuing their business in future?

- a. yes
- b. no

Q.N.4. what are the future programmed needed to uplift the livelihood?

- a. low interest rate
- b. more loan amount
- c. long repayment time
- d. all of above

Q.N.5. what is your attitude towards Society after involvement on MF program?

- a. Positively
- b. Negatively
- c. I don't know