

# **CHAPTER – I**

## **INTRODUCTION**

### **1.1 General Background.**

It is now globally realized that poverty is one of the main burdens of the 21<sup>st</sup> century. It involves the lack of human and physical assets and inadequate material means to acquire food and other necessities. It also leads to vulnerability to ill health, economic decline, violence and societal conflict implying a deep condition of disempowerment, even humiliation. However, it is quite difficult to define the meaning of poverty. It is appropriate here to quote Adam Smith saying “Money makes money, when you have a little, it is often easy to get more, and the great difficulty is to get that little”. (Smith, Wealth of Nation 1776:22). World Bank incorporates that people earning less than \$ 1 in a day, lie below the poverty line.

The history of poverty during the past few decades is quite diverse. In the context of a developing country like Nepal, poverty is predominantly a rural phenomenon. According to World Bank (WB) report (June, 2010) Nepal's per capita income is 470 \$ which is the lowest among the SAARC countries. As a matter of fact, incidence of poverty in Nepal is higher than that of other countries. As per survey report (III) for living standard, published by Centre Bureau of Statics in 20 October 2011, in Nepal, 25.2 percent of the people live below poverty line. Poverty has become one of the greatest challenges in human civilization. Poverty faces multidimensional disadvantages. Poverty in rural area is in comparison to the urban area . They heavily depend upon the traditional agriculture system, where productivity is very low. In Nepal, some sporadic attempts were made in the past to support the poor communities in their economic and social up liftmen. Among the activities and prospects intended for the poor, micro finance program has become an important tool to

reduce poverty. One of the important aspects of this program is the development and transformation of the financial sector. In fact, financial sector development is quite critical to reduce the vulnerability to extreme poverty. In Nepal, micro financing activity takes the country forward and slowly gets in the Country as a whole 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 the present situation. Yunus (1976) who gave birth to the concept of micro credit in 1976 when he disbursed his own money US\$ 27 to 42 poorest people in Jerboa village, nearby Chittagong University in Bangladesh, where he was teaching Economics. In order to institutionalize the program me, Prof.Yunus went to 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.

## **1.2 Micro Finance on Urban Poor under Rural Urban Partnership Program (RUPP) in Putalibazar.**

Putalibazar Municipality shyangja has been conducted one of the new model program called "Rural Urban Partnership Program (RUPP) . In the context of Putalibazaar Municipality, RUPP conducts one of the sub program "Micro finance" also, among other several programs under this. This program has followed mainly a tool Urban Social Mobilization (USM) to Poverty reduction through a sub program "Micro finance". **In Nepal**, this program has been lunched in several Municipalities. Poverty reduction Program (PRP) through

Micro finance (MF) and USM has been launched under RUPP is also new concept in the world. The program has firstly used as sample program in Nepal overall in the world from the last 20 years. PRP through USM under RUPP is conducted also in Syangja. So, it is important to short introduce on the concept of Micro Finance (MF), RUPP, Social Mobilization (SM), Urban Social Mobilization (USM), Poverty, Poverty in Nepal and Poverty in Putalibazaar municipality Syangja.

### **A. Micro Finance.**

This word is made of two words micro and finance. Micro refers to very small and finance is the art and science of managing the money. Micro finance provides the small loan to poor family who can involve in the productive activities and grow up to their economic status which can help to reduce the poverty. Ultimately the program high the living standard of poor People. "Micro Finance is small in value amount targeted at low income clients. It includes loans, saving, insurance, Transfer and other Services." Sharma 2005, Millennium development goals and international year of micro finance 2005 in Nepal" The Journal of Nepalese Business Studies Vole II P: 87) The main three types of sources of microfinance are i). Formal institutions i.e. rural based cooperatives, ii). Semiformal institutions i.e. NGOs, iii) v. Informal institutions i.e. moneylenders and shopkeepers. In course of institutional development, the Garmin Bikas Bank Replicates have emerged as one of the sources of microfinance to the poorest of the poor. The Gramin model introduced by Prof. Dr. Muhammad Yunus and Gramin Bank awarded the Nobel Peace Prize for 2006 A.D. "As founder of Garmin Bank, Yunus pioneers red micro credit, the innovative banking program that provides poor people-mainly women-with small loans they use to launch business and lift their families out of poverty. Yunus, "Creating a World with out Poverty", Garmin-Banking for the Poor, 2009, May 21, <<http://www.grameen-cnfo.org>) In Syangja, there are two municipalities i.e. Putalibazar and Walling. Like other municipalities of the country, this district is also famous for microfinance activity. RUPP is also one

of the program which is helping to launch different microfinance activities. RUPP has been launched 2062 B.S. in Putalibazaar Municipality (PM). This program is launching in this ward .

### **B. Social Mobilization (SM).**

**Firstly in the world**, in the meeting of United Nations Development Program (UNDP), which is the important organ of united nations organization (UNO), Held on 1990 . This is concluded there, the development process could not get achieve as much as investment in the world, because of lack of Social Mobilization (SM). It is also concluded there, to conduct the sample programs of SM in Nepal, Centralizing in Poverty Reduction. From 1994, this program was lunched at two village development committee (VDC) called Arjun Chaupari and shree krishna Gandaki of Syangja District through the program South Asian Poverty Alleviation Program (SAPAP). The Program well succeeds well in Nepal, so this program enlarged in more VDCs as well as in the municipalities also. On the other hand the model of this program has been replicated in the other countries in i.e. Philippine, Macao, Moracoo and other many countries respectively. Process of lunching this program is, reaching the poor group of the poor society, formation of group, lunching the awareness program for members, capacity development, providing the small amount of loan to productive activities and so on ( concept and guide line of Urban Social Mobilization UNDP, 2004 :1) . In Syangja district, there are two municipality i. Putalibazar Municipality ii. Waling Municipality.

### **C. Rural-Urban Partnership Program (RUPP).**

Rural Urban Partnership development Program (RUPP) is also one of the new concept and model program of social Mobilization. Ultimate Goal of this program is to insure of sustainable living standard for the members of community who are in poverty trap. It has some proposes which are, to poverty alleviation through poverty reduction by generating the income of community members. To develop the social, economic and physical infrastructures for development. To sensitize the community members to make them more

informative , capable, and empowering .To keep the urban good governance. The process of the program to achieve proposes are, to visit the poor group of the poor society, aware them, group formatting, select the leader of the group, empower the team or group members, make them mature and capable to reach them auto mobilization, planning and action also. Concept of Social Mobilization(SM) takes so long history. it is used as randomly in the beginning, but the concept of systematic SM program specially started from in the decade of 1980. RUPP started from 1994. this program has some understanding , as the village consists labors, skill, production, domestic materials, capital, natural resources and so on properties. Likewise the urban consists market opportunity, economic activities, employment services, technology, and commodity and so on. The program efforts to link rural and urban separate capacity as integrated development process. To mobilize the rural and urban society in economic development activities and generate Income and reduce their poverty with interdependence exchange manner. (concept and guideline of Urban Social mobilization , UNDP December 2004 : 2)

#### **D. Urban Social Mobilization (USM).**

The targeted social mobilization program was launched in initiation centralizing in the rural areas. After the feedback of the program it founded, not only rural society, the urban society also should be mobilized to properly reduce the poverty and for development process. So, from 1998, urban social mobilization program (USMP) under RUPP launched in municipalities. This program firstly launched as a project, funding by United Nation Development Program (UNDP) with the co-ordination to government of Nepal. After finish the project duration from 2009, this program internalized in Government of Nepal (GON) and replicated other municipalities.

In the initiation, Urban Social Mobilization Program (USMP) launched in 12 Municipalities, they are Biratnagar, Nepalgunj, Dhankuta, Hetaunda

,Bharatpur, Vyas, Butwal,Tansen, Pokhara, Tulsipur, Tribhuvannagar and Birendranagar. This program was supported directly from United Nation Development Program (UNDP) in these municipalities and co-ordinated form Ministry of Local Government (MLD), Ministry of Physical planning and National Planning Commission (NPP).In the second phase, this program was lunched in more 5 municipalities which are Inaruwa, Itahari, Ratnanagar, Lekhnath and Gorkha from 2001.Likewise from 2004, next more in 9 municipalities, this program enlarged. They are Dipayal Silgadi, Mahendranagar, Dhangadi, Tikapur, Narayanghat, Guleriya, khaddari, Damak and Ilam . From the last phase, all of the Retain Municipalities are included in this program up to now. USMP has been launched total in 58 municipalities.

#### **E. Poverty**

Poverty is the crosscutting sect oral issue. It is consist in every country in the world. Even developed countries also suffering from relative poverty. Generally we can define on the poverty as, Lack of at least need fulfillment for living.Asian Development Bank(ADB) has defined on poverty as Unable for least living standard, Back warded condition from economy, social, physical, political and so on more aspects, Fear of food, disease and situation of pain, It is hidden in person, Group, Organization, Society, National and sInternational level, This is known as absolute and relative poverty, It is the situation in which, least living standard also cannot be obtain (Millenium Development Goal,Need Assist ment for Nepal 2006). Likewise world bank (WB) report 1999 99 has defined on poverty is the situation of low income, lack of human development, ability, capacity. Power and representation (World Bank report on poverty, 1990:25). world development report 2009 has been defined on poverty as damaged economy, painful economic condition, to bear the suppression from other, humiliation, loss of self-dependence. Urban Poverty also consists of multi dimension sector like Hunger, achieve Universal Primary Education, promote Gender Equality and Empower Women, reduce Child Mortality, improve Maternal Health, HIV/AIDS, Malaria and Other Disease,

ensure Environmental Sustainability, and develop a Global Partnership for development and so on. It is the social characteristics, defining the Poverty line- Income & Consumption, people who earn less than one dollar per day and having nutrition less than 2200 calories per day. It is said about Poor, when the people could not fulfill the basic needs through own income. we can see world poverty in brief (table 1 and 2).

**Table1: Poverty in the World.**

Area	Poverty% (2008)	Poverty% (2009)
South Asia	44.9	43.5
Sub-Saharan Africa	18.4	24.3
Latin America/	5.4	6.5
Europe & Central Asia	0.1	2.0
East-Asia (Pacific)	35.3	23.2
Middle-East and N. Africa	0.8	0.5

**Table 2: Poverty in the World.**

Area	Poor (%) 2008	Poor (%) 2009	Total
Urban Area	9.8	13.2	23.0
Rural Area	17.6	26.4	44.0

Source: World Bank Report 2011

### **F. Poverty in Nepal.**

In Nepal, National Planning Commission(NPC) has defined on poverty as following three category, they are Income able poverty ,Weakness on human development and excess less of Social opportunity(10<sup>th</sup> periodic plan 2059-64:26). In income able poverty, some measurements are taken as indicators to be the poverty, like 2124 calorie per person in per day.Rs6100 person income in a year. Depth of poverty, varieties of poverty, lack of excess on agriculture



instrument. Lack of excess on physical infrastructures and so on .In the weakness of human develop, human resources development with Income, Health (life prosperity) Education are taken as indicators. In the social opportunity excess less, Decision power, participation, social inclusion, gender equality and in economic, social, political and so on sectors are taken as indicators .Among many aspects of Poverty This study is focused on urban poverty and specially on income able poverty.\_Journal of poverty alleviation fund has defined on poverty as a time duration to whom food is not available up to three months in a year (Avian National Daily 2012 April 5).National Bureau of statics has defined on poverty on the basis of food calories. According to the Report on survey of living standard III 2068/69, published in 20 october,2011(2068, kartik3 B.S.) Verifies to below poverty line on the basis of consumption calorie. 2200 calorie person per day and Rs 19261 income per person in a year. This report mainly has been stated. Total 25.2% of population lies below of poverty line.2200 calorie per person per day and Rs 19261 per person income in a year should be lie to uplift from poverty line. Urban poverty level is increasing. It holds 15.46% of urban population line (2004).Top heavy poverty lies in far western region. Dalit, janajaati and simantakrit casts are mostly suffered from poverty. Himalayan region consists the more of poverty 42.26% (Table 3 A , B and C) .

**Table 3 (A)**

**Urban Poverty patron in Nepal**

In percentage

<b>Area</b>	<b>Population below the poverty line 2008/2009</b>	<b>Poverty Gap 2008/2009</b>	<b>Intensity of poverty 2008/2009</b>
Urban	7.63	1.70	0.56
Rural	28.54	6.89	2.40
Nepal	25.39	6.10	2.12

Source: Ministry of finance, economic survey, fiscal year 2010/11 vol -1:91

**Table 3 (B)**  
**Urban Poverty in Nepal**

In percentage

S.N.	Area	Population below the poverty line
1	Urban	15.5
2	Rural	27.4
3	Eastern Development Region	21.44
4	Central Development Region	21.69
5	Western Development Region	22.25
6	Mid West Development Region	31.68
7	Far west Development Region	45.61
8	Mountain	42.27
9	Hill	34.31
10	Terai	23.42

Source: Report on survey of living standard III published in 20 October, 2011 by Central Bureau of Statistics.

**Table 3 (C)**  
**putalibazaar Municipality in the income able Poverty patron.**

In percentage

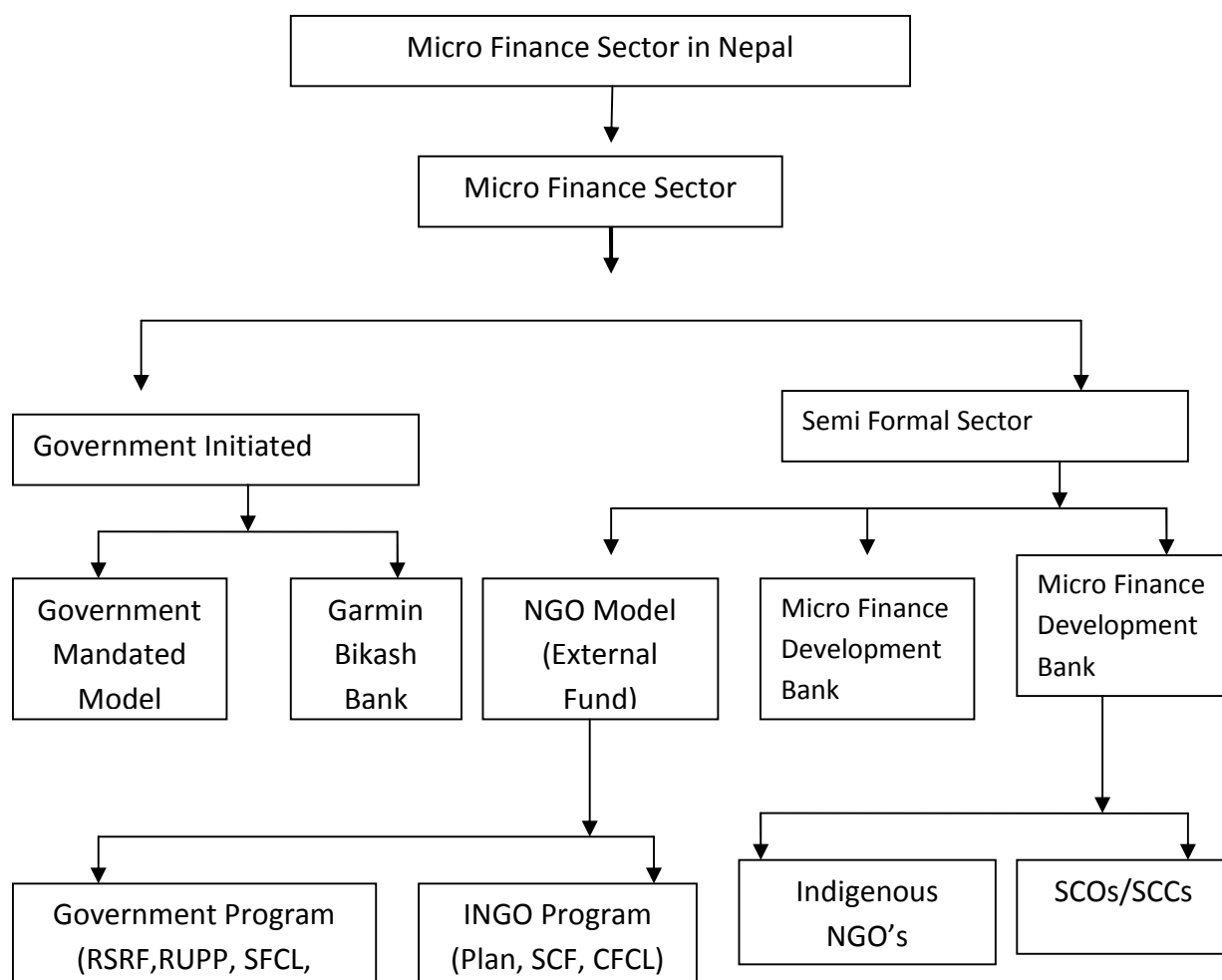
Area	Population below the poverty line	inaducated calorie consumption	Short Man	Less weight	Thinnes
Urban	12.9	24.2	43.9	38.5	6.6

Source: Report Municipality Profile published in 15 feb.2010 by District Bureau of Statistics.

### **1.3 Micro Finance Sector in Nepal**

The history of financial sector of Nepal is not so old. At first in 1937, Nepal Bank Limited was established, since then the financial history of Nepal started. Before 1984 the financial sector was closed for foreign institutions but after liberalization policy of government it was open for foreign institutions. On account of liberalization policy of government Nepalese financial system has widened and therefore depended on many more new financial institutions and activities. The country has now many commercial banks, development banks, financial companies, co-operative limited, rural development banks, non-government organizations etc. All play vital role for Nepalese financial sector. For Nepal, micro financing activity has played important roles in poverty reduction. The activities in micro finance have been increasing day-by day. Government recognized micro finance as official poverty alleviation programme only in sixth plan (1980-1984/85). Various programme to ensure particularly poor women and disadvantaged groups, access to financial services from organization sector has been designed and implemented during that period. The sector gained further momentum after the restoration of democracy in 1991 with the establishment and promotion of Gramin Bikash Banks (GBBs) and other from micro finance institutions (MFIs).The Following Chart Shows Clearly.

**Figure 1.1 Micro Finance Sector in Nepal**



Source: Putalibazaar Municipality 2012.

The micro finance sector of Nepal is presented in detail in figure one above. It clears that the Nepalese Micro finance sector can be classified in to two basic institutions a) government initiated model and b) semi formal sector. Agriculture Development Bank Nepal (ADB/N) was established in 1968 with the major objective of rural economy development through credit and technical support. The Agriculture Development Bank Nepal (ADB/N) has been performing major role is providing short, medium and long term agriculture loans to individual farmers, small farmers group, co-operative societies, corporate bodies and village communities. The organization and management structure of ADB/N including chairperson nominated by the Ministry of

finance(MOF), Ministry of Agriculture and Co- operative(MOAC), Ministry of Land Reforms (MOLR), Nepal Rastra Bank(NRB), the co-operative society, the individual shareholders and manager of ADB/N.

The major program of the ADB/N are directed to develop local small farmer organizations, to enhance the financial and managerial capabilities of grass root organization Through imparting knowledge and skill, it has been possible to empower the small farmer through those organizations, to create confidence among the small farmer about saving collection and mobilize rural saving.

#### **1.4 Historical Background of Microfinance in Nepal**

According to Asian Development Bank, 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/Nepal. 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, Nepal Rastra Bank (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 Regional Rural Development Banks (RRDBs)—one for the eastern region and one for the far western were established with government and NRB funds as replications of the Garmin 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 Non Governmental Organization (NGO) 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.

## **1.5 Focus of the Study**

Today, poverty is the world's main problem. Every country faces this problem. Since poverty is the main barrier for today's world, without solving it no one can get really success in every part of country's development. Nepal is least developing country and faces this problem. 25.2% of people are under poverty line. Government of Nepal and other sectors of Nepal are trying to solve this problem using various methods. Microfinance is such a source which helps to solve this problem. With the help of microfinance, Nepal gets success in poverty reduction. This microfinance is an effective tool to increase the life standard of poor people and give socio-eco status of people in society.

This research paper focuses on economic impact of microfinance on poverty reduction under RUPP in Lamage of Putalibazar Municipality in Syangja and how, it helps to poverty reduction with the help of case study of municipality, how it helps to develop local level farmer's financial condition, how it analyzes the financial sustainability and viability of TLOs, to know the major problems of Putalibazar Municipality (PM) Syangja in case of microfinance and TLOs member's conditions.

## **1.6 Statement of Problem**

Poverty, especially urban poverty is increasing ratio in Nepal. Fifteen point four six of people out of urban population lie below poverty line. According to the survey of living standard III 2068/69, in compare of 9.2% and report 2004 (2060B.S.).Urban poverty is more painful, deep, diversified than rural poverty in various sectors like living standard cost, security , gender condition, legal condition, environment, empowerment and so on other factors and situation. Putalibazar Municipality (PM) is also one of the urban areas located in syangja. There are also deep poverty problems. This Municipality divided in to 13 wards. Ward no 9 also one of them. So it is trying to research on impact of poverty reduction program (PRP) through micro finance mobilization by o rganizing the teams and mobilization them. This program has been launched by Putalibazar Municipality (PM) Syangja. In this context, it is trying to find out the answers of the following questions.

1. What is the saving and credit status of tole lane organizations (TLOs) members under ( RUPP)?
2. What is the economic up liftmen of (TLOs) members?
3. What are the major problems of the Program?

## **1.7 Objective of the Study**

This study has been taken some specific objectives which are follows.

1. To explore the saving and credit status of tole lane organizations (TLOs) members under (RUPP).

2. To analyze the economic upliftment of (TLOs) members.
3. To find out the major problems of launching the program and TLOs members.

### **1.8 Significance of the study.**

Every research aims to gain more knowledge and to add new literature to existing field. Behind of this research work is to know the impact of poverty reduction program (PRP) in Putalibazar Municipality. To state the solution of above problems. Concept of poverty reduction programs (PRP) known as important for poor people who are involve in PRP. This research field is self new because PRP through urban social mobilization (USM) so it is important matter. It can say this research work is totally new research for this ward. This research is also important for scholars, teacher's decision markers, financial planners, training profilers and so on other field.

### **1.9 Limitations of the Study**

Main objective of the study is to analyze economic impact of microfinance on urban poor under RUPP. But it is not free from limitation so this study has following limitations. This study is confined within Lamage area of Putalibazar Municipality 9, of Syangja district.

- ) The over view of the study has been taken into consideration only those activities of TLO members since 3 years.
- ) The study has covered only 1 ward.
- ) The sample is based on the selected group of people who are TLO members.



## **1.10 Organization of the study.**

The proposal of research is organized in different chapters and sub chapters however some modifications on the shape and design of research may occur as per necessity of research, chapter wise contents have been given as follow.

Introduction includes background of the study, focus of the study, objectives of the study, importance of the study and limitation of the study. Review of Literature, conceptual framework, review of articles, review of dissertation and research gap. Research Methodology, introduction, research design, population and sample, sources of data, data mining and data analysis tools. Presentation and Analysis of data. This section cover data presentation and major findings of the study. Summary, Conclusion and Recommendation. This section cover summary, of this study, onclusion and recommendation bered on study.

## **CHAPTER – II**

### **REVIEW OF LITERATURE**

This section deals with Theatrical Review and Review of related Studies.

#### **2.1 Theatrical Review**

Finance can be regarded 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 are micro enterprise can be benefited from credit, savings and insurance services. For this, microfinance has evolved as an economic development approach intended to benefit for low-income People. Poor, not only of rural areas urban poor are also illiterate and they are not access to sufficient financial benefits. The access to financial services, such as savings, remittance service, and insurance can help poor people from the fear of future long term factors such as inadequate consumption, education, health, and other indicators of human welfare. The inter-relationship between micro-finance and poverty is often seen, Microfinance institutions provide credit to poor micro-entrepreneur, to conduct income generating activities, to increase living standard and to contribute poverty reduction.

This underlying assumption of microfinance is those micro entrepreneurs are poor and lack access to credit. Microfinance, in such a situation, aims at reaching the poor aiming for poverty reduction. The 'match' between different causes and dimension of poverty and the various roles of financial services determines the potential assets for poverty reduction through micro-finance. These findings will give the solid relationship between micro finance and poverty reduction.

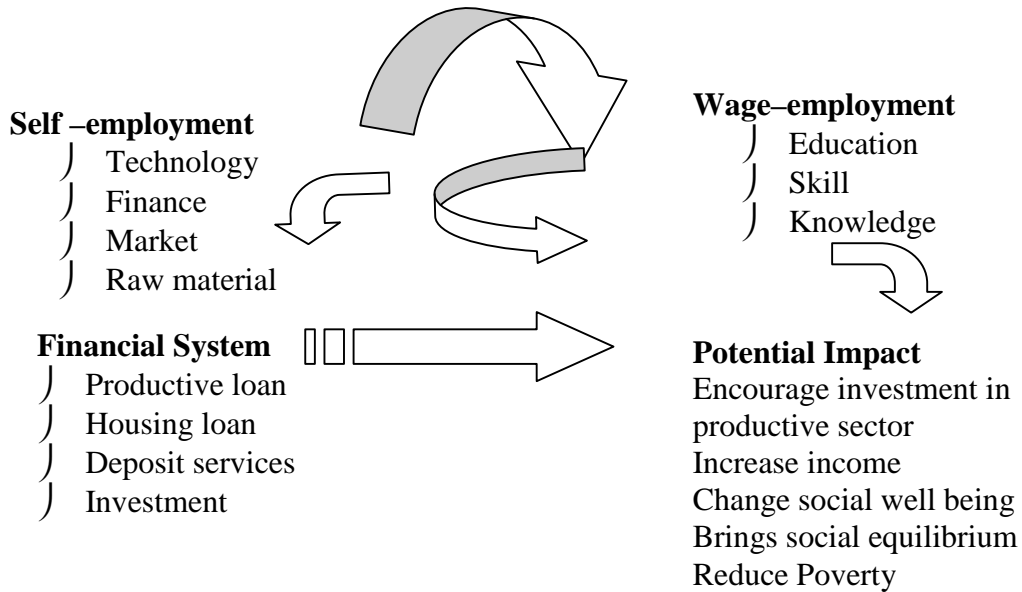
Among the various factors, the root causes of poverty are to be unemployment, lack of productive assets, more number of dependencies, etc. One of the effective tools for reducing poverty has been recognized as creating employment opportunities and building up productive assets. In order to satisfy these needs micro finance plays the vital role for poor who are suffered from education, skill development and a prerequisite for wage employment. One of the crucial factors that affect the rural poor People is the capital for starting any self-employment activities. Therefore, the best alternative solution for poor is involvement in micro-financial services. Micro finance provides loan and helps them. Job enhancing their productivity. Ultimately it helps them to get out from the vicious circle of poverty. This is shown in the following framework.

Why poor? Lack of productive assets, Unemployment, Inadequate infrastructures, Social/Political constraints, Geographical hazards, Poverty Reduction Tool, Provisions are: productive assets, Employment opportunity, Extension of economic activities, Access to social & economic resources Employment opportunity.

Generally we can find the process of implement of poverty reduction programs which are known as Concepts of 3Ss for Poverty Reduction.  $S_1$  = Samuha means groups or organization or community,  $S_2$  = Seep means skills or empowerment,  $S_3$  = Sano punji means microfinance It can show in figure below

**Fig. Conceptual Framework for Urban Poverty**

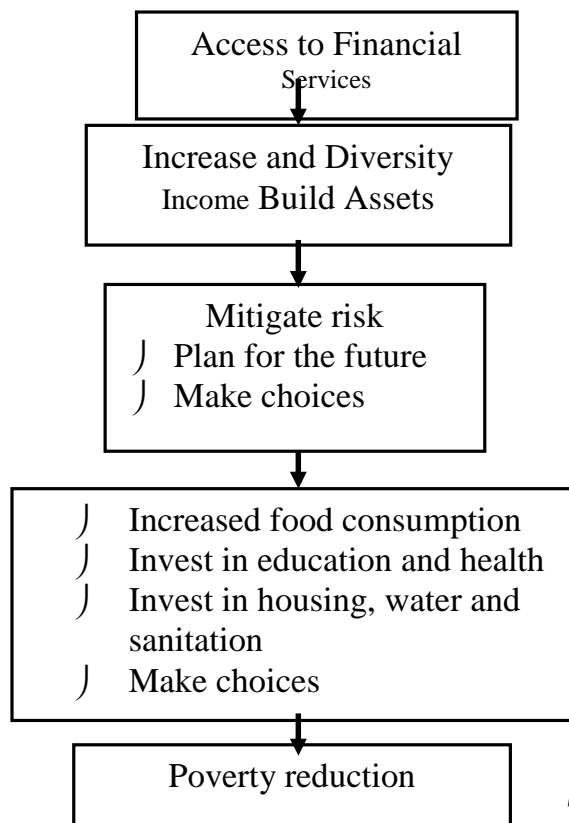
**Reduction**



Source: Nepal Rasta Bank Year Book, volume.2062:19.

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

**Relationship between Poverty and Financial Services**



Source: Dhakal, 2004; 34.

### **2.1.1 Concept and Definition of Microfinance**

Microfinance has proved itself a powerful tool for economic development of poor. 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 small loans (micro credit) to poor for help them to engage in productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc) as we have come to realize that the poor and the very poor that lack access to traditional formal financial institutions require a verity of financial products. ([Http://www. microfinacegateway. org/ section /faq.html](http://www.microfinacegateway.org/section/faq.html).2009: may19).

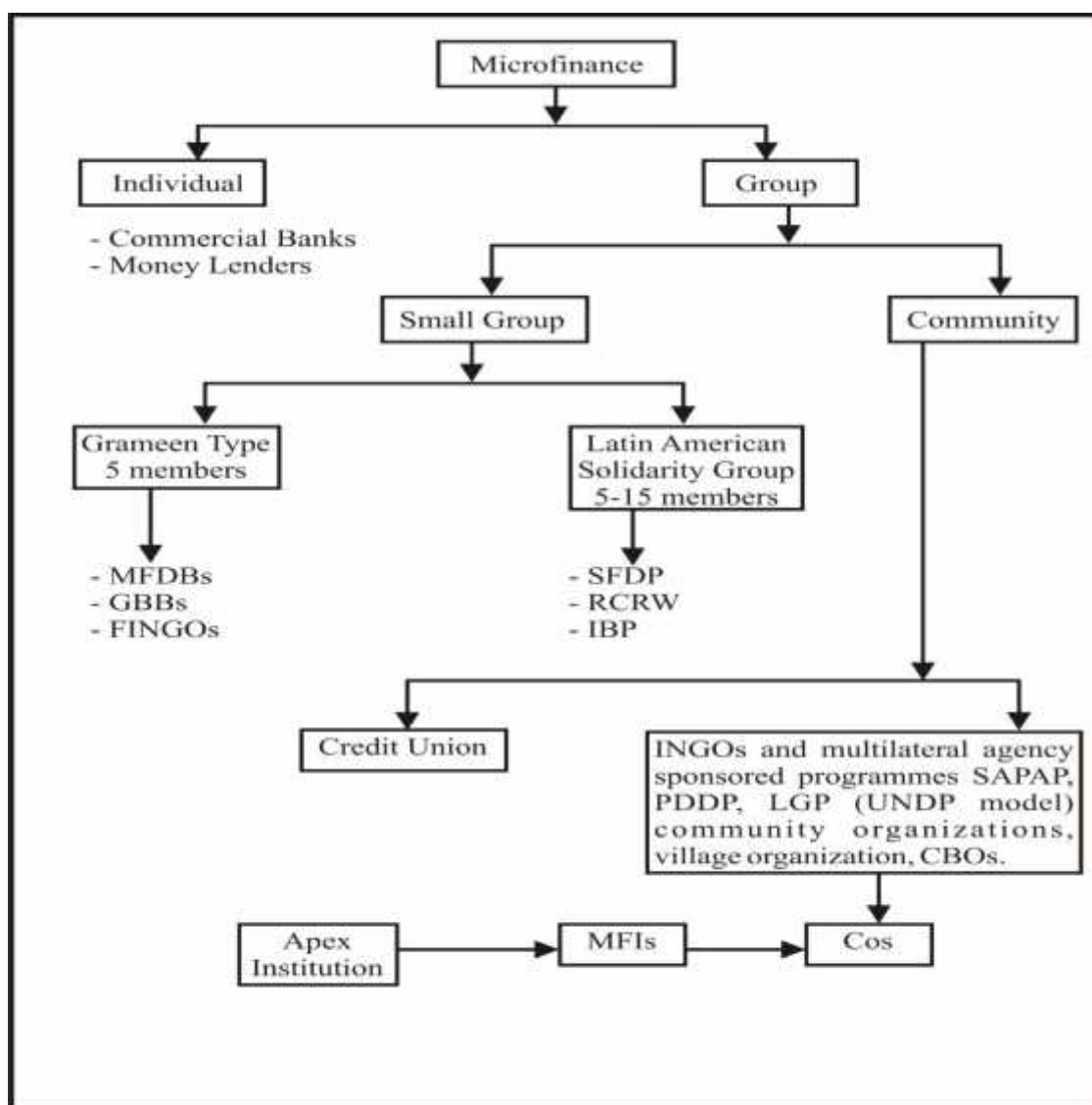
Micro Finance Activities Usually Involve in Small loans, typically for working capital, Informal appraisal of borrowers and investments, Collateral substitutes, such as group guarantees or compulsory saving, Access to repeat and larger loans, based on repayment performance, Streamlined loan disbursement and monitoring, Secure saving products etc.

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 microfinance institutions (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 producers, such as blacksmiths and seamstresses. The general microfinance model is given in the following figure.

The General Microfinance Model



Source: Bashyal, 2008: 13.

“Micro-credit” remained as important tool for poverty education. The poverty situation in Nepal is alarming and to reduce this situation to a reasonable level

is also a major concern of the government plans and programs. The current interim 11<sup>th</sup> plan (2008-2010) has also incorporated micro credit as a major financial tool to overcome its single objective; i.e. poverty reduction. To attain the objective, the 10<sup>th</sup> 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, 2005:13).

### **2.1.2 Micro Credit Programrs**

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 great role from their side to uplift livelihood of poor Nepalese.

### **2.1.3 Microfinance System in Nepal**

The formal sector micro lending activities began in 1956 with the establishment of Credit Cooperatives in Chit wan 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 Rasta 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.

#### **2.1.4 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 Farmers (PCRFs) 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 detail in the following paragraph.

##### **a. Priority Sector Credit Programs.**

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 Limited (NABL) 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,2009: 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 Baniya Bank (RBB), Nepal Bank Ltd (NBL) and Nepal Arab Bank Ltd (NABL) to deliver loan in priority sectors including three percent loan to deprived sectors (Bashyal,2008,48-49). 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**

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 in Nepal. PCRW was implemented in Intensive Banking program (IBP) and small Farmer Development (SFDP) branches. Government'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 an unsustainable at the present circumstances.

The impact evaluation study conducted by the Women Development Division (WDD) of the ministry of Local Development has revealed that PCRW has greatly contributed for the socio-economic up liftmen 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. They are: inadequacy of trained bank and WDS staffs in the project. Inadequate supply of rural and agricultural support services to borrowers. Little efforts to make the program cost effective and financially viable. Lack of appropriate technology and raw materials. Inadequate opportunities i.e. skill development training and marketing of product and services. Opportunity for free movement of trained bank and WDS staff out of program. 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 government in 1993 and project loan completion date as March 2000 (Bashyal, 2008: 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, Improvement of the socio economic status and condition of women, Provision of financial and non-financial services to women in integrated way, Provision of necessary institutional supports to NGOs, Institutionalization of NGOs as financial intermediaries and 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 of,ocial mobilization of Women,Skill development training to borrowers,Financial and non-financial services to NGO and Transformation of NGOs in suitable financial intermediaries.

#### **F. Gramin Banking Replication**

There are five Gramin Bikas Banks (GBBs) in five-development region, which were established between 1992 and 1996. These banks have been replicating the Gramin 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), Chhimeki Bikas Bank and Depose 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 carter 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**

RSRF was initiated for providing financial assistance to deprived people in rural areas in 1991. 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 owns 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 collecting total savings of Rs 732.7 million with Rs 83.3 million shares capital up to mid-July 2004 (Bashyal, 2008:60). 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 Self Help Groups (SHGs)lend without collateral.

## **J. Rural Microfinance Development Center**

The Rural Microfinance Development Center (RMDC) is an apex Micro Finance Institutions(MFIs) 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 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 Garmin Bank Replicates, SCCs and financial intermediary NGOs who fulfill its eligibility conditional ties for funding.

## **k. Sana Kisan Bikas Bank**

Sana Kisan Bikas Bank is a specialized wholesale microfinance development bank established with the aim of promoting and strengthening the gross-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.

### **1. Other Rural and Poverty Focused Micro Credit Program**

There are few other rural microfinance programs, which are being implemented current fiscal year, They are third livestock development project, poverty community Groundwater Sector Project, hills leasehold forestry and forage development project and community shallow tube well irrigation project Nepal.

#### **2.1.5 Management of Credit**

Loan is disbursed with collateral and without collateral securities through SFCL Sataun. Banking procedure is easy and has a direct access to the poor. Banking procedure are similar regarding disbursement, repayment, grouping, supervision etc.

#### **2.1.6 Concept of Group**

Beneficiaries are organized into different TLOs group. TLO includes one chairman, one secretary one treasurer and others one member of one household leader. The RUPP is based on TLOs accountability and collateral. TLO is the main area of program under RUPP because all members of all groups meet every month at their respective center halls for loan demand processing, installment, and to some extent for community development activities. Group functions directly under the supervision and control of municipality office. Overall banking services are delivered through this center. Credit with and without collateral Securities. Credit is disbursed from office on the basis of group liabilities and collateral.

#### **2.1.7 Demand, Processing and Repayment of Loan**

Each member is eligible to receive loan. As a whole process of loan demands and condition is based on TLO group and collateral accountability, the group

decides the amount of the loan required to members either in case of collateral base or in case of without collateral. TLO meeting recommendats with conclusion for loan, making cutback if necessary to the TLO, municipality office recommends its approval to the TLO office. According to the pro-am rules: maximum loan disbursed for one member of TLOs is Rs 50,000.

### **2.1.8 Trends of Microfinance in Nepal**

Microfinance is growing for several reasons.

- ) Microfinance has a promise of reaching the poor. Its activities can support income generation for enterprises operated by low-income households.
- ) It has a 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 to 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 of 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.

### **2.1.9 Major Principles of Microfinance**

- J The conditions and procedures of microfinance are more flexible and easy to understand by local community. The principles of microfinance are as follow (Bashyal.2008:17).
- J FIs 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.
- J The successful MFIs keep administrative cost as low as possible.
- J They are able to ensure high portfolio quality.

#### **Three Major Principles are Considered in Microfinance**

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

### **2.1.10 Savings, 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, 2005:87). 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 interims of amounts deposited and the frequency of pay in 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: 2010 ).

Saving and investment are two sides of the same coin. If people save they are encouraged to invest also. Women in the rural 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 of saving is 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 Rural Microfinance Development Centre, 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; 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: 54).

### **2.1.11 Microfinance Emphasis on Poorest of Poor**

Poor are behind man in Nepali society. They are lacking access to financial services. They should depend on other for financial services. They are 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 have easily access to financial services. In Nepal, there are micro credit programs for poor both in the governmental sector and in non-governmental sector. majority credit programs in the governmental sector are centralized in rural and in urban areas like Women Development Program(WDP) of the Small Farmers Development Program (SFDP), Production Credit for Women (PCW) 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: 15, published by Department of women Development). Micro finance on urban Poor under RUPP is also one of them.

### **2.1.12 Role of Different Models in 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: 13), following models are effective in saving, credit and investment mobilize poor.

#### **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 is 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 Centre for Microfinance (CMF), lending modalities are divided into (i) Individual lending and (ii) Peer lending. Individual lending indicates 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. Garmin 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.

**i. Banking with the Poor Model**

Banking with the Poor (BWTP) model, this 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:**

**a. 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.

**b. Role of NRB**

Nepal Rastra Bank would have to regulate, monitor and supervise the operation of the Rural Micro-finance Development Centre (RMDC) and Micro finance Institutions (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.

**c. Role of RMDC**

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

**d.** ADB is also playing an important role in the field of microfinance. Likewise World Bank and CMF are also playing an important role in the field of microfinance.

**j. RUPP Model.**

Rural Urban Partnership development Program (RUPP) is also one of the new concept and model program of social Mobilization. The process of the program to achieve proposes are, to visit the poor group of the poor society, aware them,

TLO group formation, select the leaders of the group, empower the team or group members, make them mature and capable to reach them auto mobilization, planning and action also. Among the overall activities of this program microfinance is one of the major function. Demand collecting, disbursement of loan, investment of loan in different productive activities, gain benefit and repayment loan is its model activities. It is not totally differ from other model.

## **2.2 Review of Related Studies**

Although a lot of research has been done on microfinance, this micro finance in Nepal under RUPP is a new concept for Economics faculty but it also related to microfinance. There are a lot of papers and views related to microfinance activities which were presented in different seminars and functions. Several research works have been conducted on microfinance practice in Nepal and relevance literature has 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 have 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 Micro Finance Institutions (MFIs) have been successful in reaching the poor. Substantial challenges remain for reaching more of the poorest with Micro Finance (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 which are:Conducting policy for the 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 MFIs, Capacities to reach the poor etc.

The requirements can be fulfilled by ADB by enhancing its own in-house capacity in MF, 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, and disadvantaged groups in society. ADB could serve as finance and initiate the establishment of one or more special funds that could be used for equity participation in MFIs technical assistance and research.

Sharma , Pusparaj, 2011. " sustainability of Micro finance instution,an opinion survuy " Obijectives of this study are to assess rural poverty alleviation initiated in Nepal, employmet creating, income genetation, finicial and instutional viability and sustainability of MFIs. Major finding of this study Micro finance leads social and economic changes. It increases in food sufficiency, nutrient food, good health. Some micro finance institutions are lack of professionalism, they have no well business plan so they are being down, so it is need to link groups to other programs and continue the activities for sustainability the MFIs and activities.

Sharma , PuspaRaj, 2011. " Impact of micro finance on women empowerment " . The objectives of this study are to examine the role of MF in employment creation and income generation and its contribution in western and central region, role of micro finance on women empowerment and recommend to improve. The major finding of this study are women contribute on the overall welfare of family, they effective manage the resources, micro finance is effective instrument of women's

economic and social empowerment, poor are honest, committed to work and creditworthy. For this moment government should make well environment with motivate, policies, monitoring and evaluation.

Baumann, (2001) published a research article on topic 'Microfinance and Poverty Alleviation in South Africa'. This paper stresses that microfinance starts from an observation that the poor lack access to financial services, credit and saving facilities. The conclusion of this report is that, MFI's expert contribution seems to consist, not in assessing multi-faced goals, and the costs and the benefits. It is 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's 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 report was presented by United Nations Capacity Development Fund (UNCDF) (2004) which is based on case studies in Haiti, Kenya, Malwi and Nigeria. The topic of the 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. 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 studied 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 expenses 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 tries 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, of this article is that the Nepalese MFIs aren't being fully 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 Self Help Groupes (SHGs)bank linkage

program in a backward district in India by R. Sunil (2004). 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 to analyze the present financial condition while approving the loan.

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 is 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 21<sup>st</sup> May, 2008. In this research article a case study of a 50 year old single women, Mambo go is shown. She lives with her three children and one grandchild 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 Dissertations**

Ojha, (2002) ‘Microfinance in Practice: Loan Recovery Approach to the Program Assessment of Micro credit Product for Women in Pokhara’. The basic objective of this study is to examine the performance of loan recovery credit, to overview the state of outreach, training activities, savings and its mobilization; to examine loan disbursement, repayment outstanding and overdue, to analyze loan payment, to show the relationship between investment and income. From this study he found that the loan disbursement and outstanding is related to its repayment in due time. The performance women is quite satisfactory. women are repaid loan in time, create saving. Investment caused to increase in income and capability of loan repayment is higher. program helps to identify targeted women training program is an essentially required to participant women more skilled. If manage the program effectively, reach to the targeted women, education and, entrepreneurs and likewise regular supervision, Productive and business activities, self-employment, income earnings, savings and investment could be raised. This becomes the cause of uplifting vulnerable and poor women to higher social and economic status.

Lekhak, RamPrasad ‘Microfinance in Nepal and The Case Study of SFCL Anandavan, Rupendahi, ADB/N’2009. The main objective of this study is to study the financial sustainability and viability of SFCL, to know the change of after SFCL program, to know the major problem of SFCL. The research found, women participation in SFCL increased After SFCL launched. SFCL success for group saving. 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.

Acharya, (2007) '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 micro credit program on living standard of the people; to assess the financial sustainability of the program. From this research study she found that the overall impact of micro credit program for women's earning beneficiaries and living standard is positive. It has positive impact on clothing and sheltering facility after the intervention of the program. The condition of loan recovery has a positive impact up on the regularity of loan payment. Among the sample women, 4% could not repay both the principal and interest, 28% could repay only interest and not principal and 18% could repay only principal and not interest regular. Since all the respondents of the program have taken loan at least one time from the program. Out of the total investment of micro credit program, the highest proportion of investment is made on poultry farming (35.95%), and the lowest is made on goat keeping (18.21%). The main sectors of taking loan were poultry farming, buffalo keeping, retail business and goat keeping.

Aryal, (2007) '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 interms of achievement of loan disbursement and recovery has been found very well in study period. So the repayment of loan was very satisfactory in the following years. It was 100 percent successful. The identification encouragement and training of local leadership saving and its mobilization, loan disbursement and its recovery should be a basic objective in any program. In this way different papers which are related to this research paper gives the conclusion that only microfinance success to reduce the poverty alleviation of country especially for women .

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

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

Thapa, Dol Bahadur "Impact of Microfinance on Women: A case study of Putalibazar Municipality Syangja under Garmin Bikas Bank" march 2008. The objectives are, to analyze saving and its mobilization pattern of women, to explore mode of loan, loan disbursement and repayment practice, to analyze the relationship between investment and income, and loan disbursement and recovery, to assess the impact on the poorest of the poor women's financial condition. From this study it is found that the loan disbursement and outstanding is related to its repayment in due time. The performance of participant 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.

Baral, Makrita Prasad, "Employment Generation by Poultry Farming in Lekhnath Municipality May 2011, main objectives of this research are to know the credit status in poultry farming and uplift poor entrepreneurs. This research is specially centralized on research of ward no 3 of this municipality and the conclusion of the research is poultry farming is successfully launched there and it has been success to reduce the income able poverty of urban poor, and this program is offered the available loan for entrepreneurs.

Dhakar, Tanka Prasad, "Benefit Analysis of Orange Production in Rural : A Case Study of Phapurthum VDC of Syangja" April, 2011. Main objectives are to know the economic uplift of farmer from this occupation and its



problems. What are comparative benefits between creels crops and orange farming? The conclusion of this research is orange production is cheapest investment and higher profitable entrepreneur but there are some problems in This crops is seasonable and should to be waiting for time years and benefit gain. On the other hand cannot get benefit regularly time yearly due to the monsoon change.

Thapa Magar, Hom Bahadur “Role of UNDP on Rural Poverty Reduction in Nepal A case study of Tansen municipality ward no 8 Palpa” June 2010. Objectives of this research is to know the patron of community development and investment on poverty reduction program. The conclusion of this research is UNDP has been played greater role for poverty reduction Program (PRP) Through Rural Urban Partnership Program (RUPP) model. This program is launched continuously for 12 years up to 2067. This program invested Rs 20 lacs in different sectors like team formation, training for sensitization on program and its activities, seed money for small infrastructures, loan for earning program and so on sectors. This program is successfully launched there. Economic up liftment has been seen there of entrepreneurs.

Acharya Shiva Prasad, “Impact of Micro Finance on Poverty Reduction in Shivalaya VDC Parbat” July 2011. The objectives of study are to find out the advantages, limitations, and conclusions of micro financing to know the changes in society brought by SFCL after its implementation, to study the financial sustainability and viability of SFCL, to the role of SFCL Parbat in women empowerment, to know the major problems of SFCL. From the study he found that the small Farmer’s participation in SFCL is increasing. The position of saving also is increasing . So it is good sign for SFCL success. It helps to increase internal sources. Profit of SFCL increases every year. It is also seen that borrowed bank loan is decreasing. Loan ratio is normal just to meet legal provision. Toilet facility, drinking water facility, 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.

Aryal, Madav- Study of Rural Poverty in Nepal, A case Study of Poverty in Nepal, A Case Study of Argyauli VDC NawalParasi July 2012. Main objectives this research are what is the income able uplift men of farmers who are involved in enterprise and what are the problems launching the program. This research conclusion, micro finance of Agricultural Development Bank through Small Farmer co-operative Limited (SFCL) on rural farmer in different occupation is successfully launched. This program concludes not only income able poverty but also other other economic problems, social standard, physical infrastructure and so on. There has been found some problems like lengthy process of loan receive so it is difficult to conduct occupation in time, loan small amount is small size, this amount cannot fulfill real need of investment, no long duration of loan it makes problem to sustain the program.

### **2.2.3 Research Gap**

Research is searching something new gain. It is never ending process. Different scholars and researcher have given their different findings and conclusion in the field of microfinance. From the above review of articles and dissertations it seemed, this research paper is trying to find out something new in the field of microfinance. The microfinance program has been launched in the different sectors in Nepal , but this program under Rural urban partnership program (RUPP) has been launched only in some municipalities in Nepal. Putalibazaar municipality is also one of them . Firstly, the research on this program cannot be found so much , Secondly any research on micro finance program (MFP) under RUPP in Putalibazaar has not been still yet. So, this municipality has been selected for this program. This research is different from others. It has been find out the impact of microfinance under Rural Urban Partnership Program (RUPP) in Putalibazar 9 through Tole lane Organizations

(TLOs). It has been efforted to research there in this sector. The role of TLOs in reducing the poverty in coverage area in case of saving activities, Credit activities, Credit disbursement and its recovery as well as investment and income. It is also trying to discuss about different profile of respondents.

## CHAPTER-III

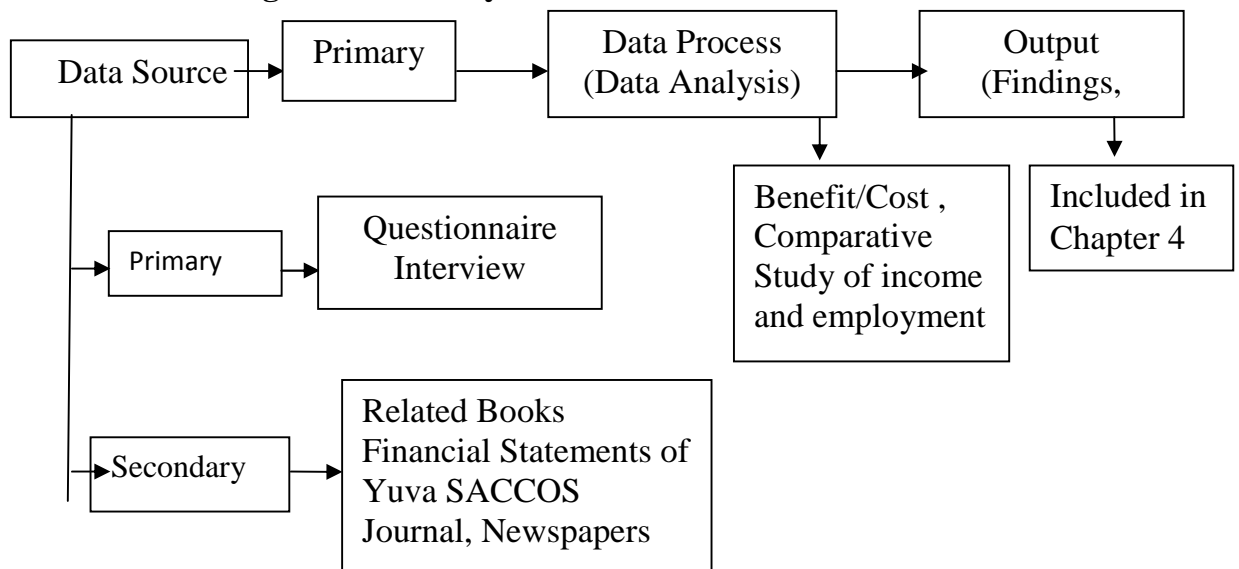
### RESEARCH METHODOLOGY

The main objective of the study is to analyze the economic impact of microfinance on members of TLOs in Putalibazaar Municipality 9 under RUPP. This study aims to recommend necessary suggestions to achieve the targeted objectives. In line with this appropriate methods have been followed. This chapter has been divided into six sections: research design, study area, population and sample, nature and source of data, data collection techniques and data analysis.

#### 3.1 Research Design

To conduct the present study a case study on RUPP is adopted in this. This analytically and descriptive research design was adopted to analyze the relationship between income, investment and other approach has been adopted. Analytical approach has been utilized many variables. Descriptive approach has been used mainly for conceptualization of the research objectives and research problem of the study. Design of the study has been taken as following figure 1

**Research Design for the Study of RUPP in Putalibazaar.**



Source: Putalibazaar Municipality 2012.

### 3.2 Study Area

This study area is confined within Putalibazar 9 in selecting selecting TLO members. The study covers only 3 year duration 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 of the study consists of the people involved in PRP of Rural Urban Partnership development Program (RUPP) in Putalibazar municipality. Among total 14 TLOs in putalibazaar 9 Syangja, only 5 teams has been taken for sample. List of population and sample teams are given below (table 3). Sample size of members who are involved in different fund raising activities and PRP through micro finance under RUPP has been taken. Nature of TLOs is almost equal and same so, purposive sampling method has been used to select sample.

Name of TLOs of this ward are Nil kamal, Melmillap, Sitala, Namuna(A), Jagriti, Baskot, Baidikhola, Pragatishil, Nawa Durga, Am Danda, SirinDanda, Siddartha, Namuna ( B), and Lamichhane Thar. Among these teams 5 teams are taken for sample which is given in table.

**Table No.: 3.1**

**Name List of Sample Groups of TLOs in Putalibazaar**

<b>S.N</b>	<b>Name of TLOs</b>	<b>Total No.</b>	<b>Members of Sample Teams.</b>
1.	Nil kamal	30	3
2.	Melmillap	40	5
3.	Sitala	15	2
4.	Namuna(A)	35	4
5.	Jagriti	10	10

Source: Report 2068 of Putalibazaar Municipalit

### **3.4 Nature and Sources 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 various research studies, dissertations and article related to the study. Annual reports of Putalibazaar Municipality.

### **3.5 Data Collection Techniques**

This study is basically based on primary data. Primary data is collected using the different primary data collection techniques.

#### **a.Primary Data**

Primary data has been collected from actual field using:

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

**Personal Interview:** This is also called direct interview. The personal interview has been made to collect pieces of the information related to investment, credit, saving interest collection, repayment rate and so on.

**Field Observation:** In this technique direct observation on field is done. Member's condition about economy and other facilities is considered.

**Case Study:** If some related cases about people's economic condition arrive they are discussed.

#### **b. Secondary Data**

Secondary data were collected from reports of Putalibazaar Municipality , 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 has 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 have been followed in analyzing the data.

- J Collection of relevant pieces of information.
- J Identification of data appropriate to fulfill the purpose of the study.
- J Classification and tabulation of data.
- J Use of percentage changes, average, ratios.
- J Drive conclusion, summary and recommendations based on the analyzed data.

## CHAPTER- IV

### PRESENTATION AND ANALYSIS OF DATA

#### 4.1 Data Analysis

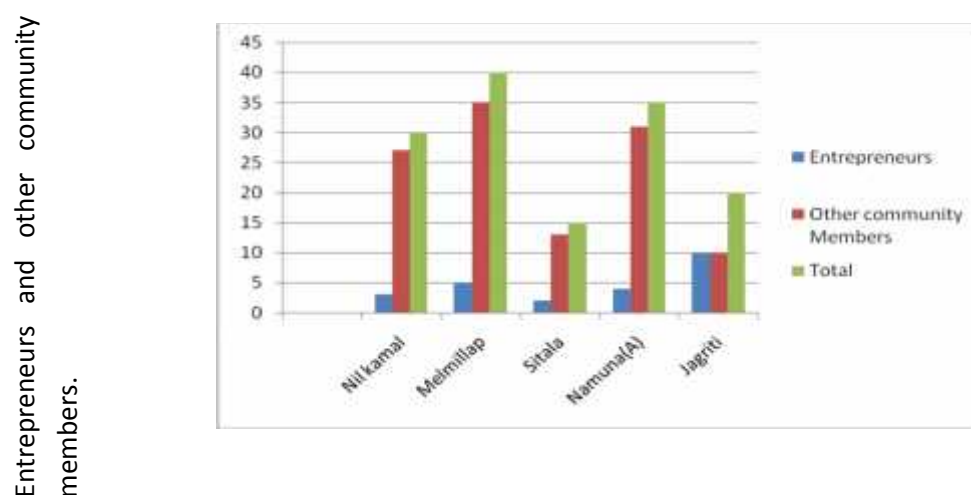
This chapter attempts to analyze pieces of the information received from the questionnaires, observations, case study, field survey and informal discussions with TLO members who intervene in RUPP program. The study mainly focuses to analyze process and contents are determined as per set of objectives. It attempts of investments, repayment pattern of loan, income from loan, impact on income, consumption etc.

**Table No 4.1.1 Investment of Entrepreneurs under RUPP**

Location	Entrepreneurs	Other community Members	Total
Nil kamal	3	27	30
Melmillap	5	35	40
Sitala	2	13	15
Namuna(A)	4	31	35
Jagriti	10	10	20
<b>Total</b>	<b>24</b>	<b>116</b>	<b>140</b>

*Source: Field Survey 2012.*

**Fig No. 4.1.1 Investment of Entrepreneurs under RUPP**





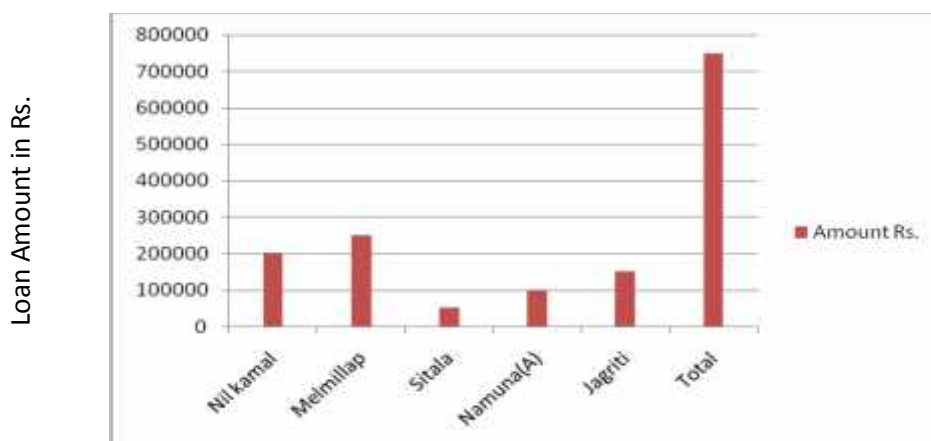
present study total five TLO teams have been taken for analysis in Putalibazar municipality. They are Nil kamal, Melmillap, Sitala, Namuna(A)and Jagriti . Out of 30(100%) total members under the Nil kamal Team, only 3(10%) entrepreneurs (who have taken the Loan from RUPP, 27(90%) are other community members. Out of 40 (100%) total members under the Melmillap team, only 5 (12.5%) entrepreneurs who have taken loan from RUPP and 35(87.5%) are other members. Out of 15 (100%) total members under the Sitala team, only 2(13.33%) entrepreneurs who have taken loan and 13(86.7%) are other members .Out of 35 (100%) total members under the Namuna(A) team, only 4(11.42%) entrepreneurs who have taken loan and 31(88.58%) are other members . Out of 20 (100%) total members under the Jagriti team, only 10(50%) entrepreneurs who have taken loan and 10(50%) are other members. Out of 140 (100%) total members under the total teams only 24(17.24%) entrepreneurs who have taken loan from RUPP and 116(82.86%) are other members. Jagriti Team holds the largest number of entrepreneurs (as 10 members) after that Melmillap, Namuna(A) Nil kamal and Sitala as 5, 4, 3 and 2 respectively. Similarly total members are 40, 35, 30, 20 and 15 in the team, Nil kamal, Melmilap, Sitala , Namuna(A), and Jagriti. only 5 teams have received loan and few are benefited out of several members.

**Table No. 4.1.2 Loan Disbursement, Issued Year and Amount in Rs.**

<b>Location</b>	<b>Year</b>	<b>Amount Rs.</b>
Nil kamal	2065-66	200000
Melmilap	2065-66	250000
Sitala	2064-65	50000
Namuna(A)	2064-65	100000
Jagriti	2063-64	150000
<b>Total</b>		<b>750000</b>

*Source: Field Survey 2012.*

**Fig No. 4.2 Loan Issued Year, Duration and Amount in Rs.**



It is found that Loan is issued in the different fiscal year 2063-64, 2064-65, 2065-66 and 066-67. Team Jagriti have received the loan in the fiscal year 063-64, Namuna(A) and Sitala in the Fiscal year 2064-65 and Nilkamal and Melmilap in the fiscal year 2065-66 .Team wise issued loan is Rs. 150000, Rs. 100000, Rs. 50000, Rs. 250000 and Rs. 200000 respectively to the Teams Jagriti , Namuna(A) , Sitala , Melmilap and Nilkamal , which occurs the total loan amount Rs. 7,50000. The largest amount of loan holds the Melmilap team for the Poultry farm Rs. 250000 and the smallest amount of loan holds the Sitala Team for the vegetable products .The three Teams Jagriti , Namuna(A) and Sitala received the loan for the duration 2 years and the two teams Nilkamal and Melmilap had taken the loan for the duration 3 years. Loan is distributed to only few teams and members. Amount of loan is also less so it cannot bigpush to large scale of enterprenure.Loan distribution is not equal duration that 3 years for 2 teams and 2 years for 3 teams. This type of loan amount and duration can make difficult to long run saving increase in entrepreneur because of to pay the loan with in duration period.

**Table no 4.1.3(A) Distribution, Repayment and outstanding of Loan.**

in Rs

Name of TLOs	Distribute loan	1 <sup>st</sup> year		2 <sup>nd</sup> year		3 <sup>rd</sup> year	
		repayment	outstanding	repayment	outstanding	repayment	outstanding
Nilkamal	200000	50000	150000	70000	80000	80000	-
Melmiila p	250000	62500	187500	87500	100000	100000	-
Sitala	50000	25000	25000	25000	-	-	-
Namuna(A)	100000	50000	50000	50000	-	-	-
Jagriti	150000	75000	75000	75000	-	-	-
Tota Rs.	750000	262500	487500	287500	180000	180000	

Loan duration is given 2 years for all groups of TLO. Sitala, Namuna and Jagriti teams have been paid loan in time, with in 2 years, Rs. 50% instalment in 1<sup>st</sup> year and 50% in 2<sup>nd</sup> year. Nilkamal and Melmillap couldn't pay loan in time. They are late extra 1 year and make 3 years to full repayment of loan. These teams paid the loan 25%, 35% and 40% in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively, because of loss of investment with some marketable chicken were dead in these teams. Detail description is given below in table no 4.3 and its analysis.

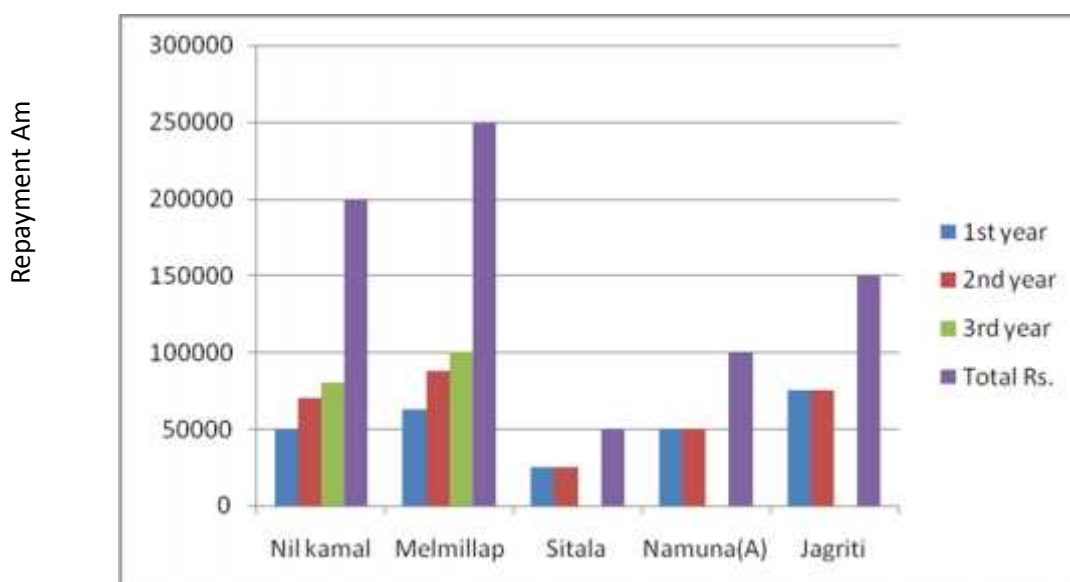
**Table No 4.1.3(B) Installment and Repayment of Loan in Rs.**

Location	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	Total Rs.
Nil kamal	50000	70,000	80000	200000
Melmillap	62500	87500	100000	250000
Sitala	25000	25000	-	50000
Namuna(A)	50000	50000	-	100000
Jagriti	75000	75000	-	150000
Total	252500	307500	180000	750000

Source: Field Survey 2012.

**Fig. No-4.1.3(B) Installment and Repayment of Loan in**

**Rs.**



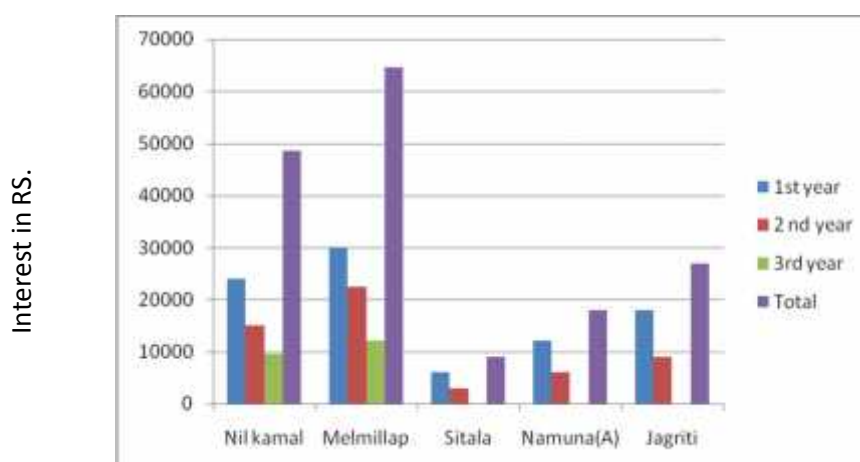
The loan taken teams have paid the loan with the installments per year. The Nil kamal Team had received the total loan Rs.200000.out of which paid the loan 25% amount with interest such as Rs. 50000 in the 1<sup>st</sup> year 2065-2066, 35% amount of loan such as Rs 70000 in 2<sup>nd</sup> year 2066-067 and the last installment 40% amount such as Rs. 80000 in the 3<sup>rd</sup> year 2067-068 .The Melmillap team paid the loan 25% amount such as Rs 62500 in the 1<sup>st</sup> year 2065-066, 35% amount of loan such as Rs 87500 in tie 2<sup>nd</sup> year 2066-67 and the last installment 40% amount such as Rs 100000 in the 3<sup>rd</sup>. year 206-68.The Sitala team paid the loan 50% amount such as Rs 25000 in the 1<sup>st</sup> year 2064-065

and the last installment 50 % amount such as Rs 25000 out of total Loan. The Namuna(A) Team paid the loan 50% amount such as Rs 50000 in the 1<sup>st</sup> year 2064-065 and the last installment 50% amount such as Rs 50000 out of the total loan Rs. 100000. The Jagriti Team paid the loan 50% amount such as Rs 75,000 in the 1<sup>st</sup> year 2063-64 and the last installment 50 % amount such as Rs 750,000 in the year 2064-65 out of the total loan 150000. The table and figure show all members have paid all amount of loan with loan. So it can say they are able and success in enterprise. on the other hand due to pay all amount with in short period, saving cannot occurs this year and living standard of urban poor cannot be high. So it is better to be long duration of loan at least 5 years.

**Table No. 4.1.4 Interest payment Amount Rs.**

Location	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	Total
Nil kamal	24000	15000	9600	48600
Melmillap	30000	22500	12000	64500
Sitala	6000	3000	–	9000
Namuna(A)	12000	6000	–	18000
Jagriti	18000	9000	–	27000

**Fig.No 4.1.4 Interest Amount Payment**



The loan taking teams have paid the interest at the rate 12% per year. The Nilkamal Team paid the interest Rs 24000.00 out of the loan Rs 200000.00 in the 1<sup>st</sup> year 2065-66 Rs 18000 interest out of the loan Rs 150000 in the 2<sup>nd</sup> year 2066-67 and Rs 9600 interest out of loan Rs 80000 in the final Year 2067-68. The Melmillap Team paid the interest Rs 30000 out of the loan Rs 250000 in the 1<sup>st</sup> year 2065-66, Rs 22500 interest out of the loan Rs 87500 in the 2<sup>nd</sup> year 2066-67 and the Rs 12000 interest out of loan Rs 100000 in the final year 2067-68. The Sitala Team paid the interest Rs 6000 out of the loan Rs 50000 in the 1<sup>st</sup> year 2064-65 and Rs 3000 interest out of the loan 25000 in the final year 2065-66. This team got the smallest scale of loan and duration for 2 years only. The Namuna(A) Team paid the interest Rs 12000 out of the loan Rs 100000 in the 1<sup>st</sup> year 2064 -65 and Rs 6000 interest out of loan Rs 50000 in the final year 205-656. This team also taken the loan duration for 2 years. The Jagriti Team paid the interest Rs. 18000 out of the loan 150000 in the 1<sup>st</sup> year 2063-64 and Rs.9000 interest out of loan Rs 75000 in the final year 2064-65 .This team also taken the loan duration for 2 years. Melmillap team paid the largest amount of interest such as Rs 64500 and smallest amount of interest has paid the Sitala Team such a Rs 9000 with in the project duration. 12 percentage of interest is better to reduce to uplift poor.

**Table no 4.1.5(A) Total Income, Expenditure and Benefits in Project Duration**

Name of TL0s	Income			Expenditure			Benefit		
	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
Nilkamal	144000	185000	209600	74000	85000	89600	70000	100000	120000
Melmilap	177500	224000	247000	92500	110000	112000	85000	114000	135000
Sitala	49000	53000	-	31000	28000	-	18000	25000	-
NamunaA	84000	86000	-	62000	56000	-	22000	30000	-
Jagriti	143000	134000	-	93000	84000	-	50000	50000	-
Total	597500	706600	456600	352500	363000	201600	245000	329000	255000

analysis and short cut table and figure is given below.

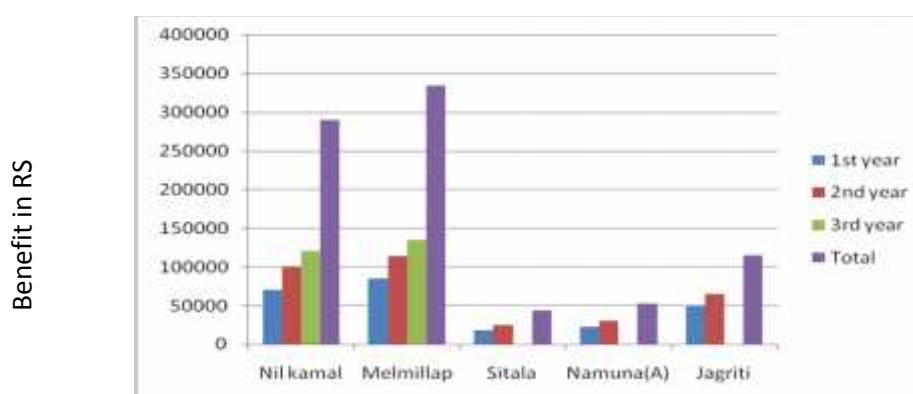
**Table no.4.1.5(B)**

**Nominal Benefits in Project Duration in Rs.**

<b>Location</b>	<b>1<sup>st</sup> year</b>	<b>2<sup>nd</sup> year</b>	<b>3<sup>rd</sup> year</b>	<b>Total</b>
Nil kamal	70000	100000	120000	290000
Melmillap	85000	114000	135000	334000
Sitala	18000	25000	–	43000
Namuna(A)	22000	30000	–	52000
Jagriti	50000	65000	–	115000
<b>Total</b>	<b>245000</b>	<b>334000</b>	<b>255000</b>	<b>834000</b>

Source: Putalibazaar Municipality 2012

**Fig.. 4.1.5 Nominal Benefit in Project Duration**



habDifferent team of RUPP has been benefited from the different program. The Nil kamal Team has been benefited with Rs 70000 in the 1<sup>st</sup> year, Rs 100000 in the 2<sup>nd</sup> year and Rs 120000 in the final year. Total benefit of this team is Rs 290000 within project duration. Melmillap team has been benefited with Rs 85000 in the 1<sup>st</sup> year, Rs 114000 in the 2<sup>nd</sup> year and Rs 135000 in the final year. Total benefit of this team is Rs 334000 within project duration. Sitala Team has been benefited with Rs 18000 in the 1<sup>st</sup> year and Rs 25000 in the final year. Total benefit of this team is Rs 43000 within project duration. Namuna(A) Team has been benefited with Rs 22000 in the 1<sup>st</sup> year Rs 30000 in the final year. Total benefit of this team is Rs 52000 within project duration. Jagriti team has been benefited with Rs 50000 in the 1<sup>st</sup> year and Rs 65000 in

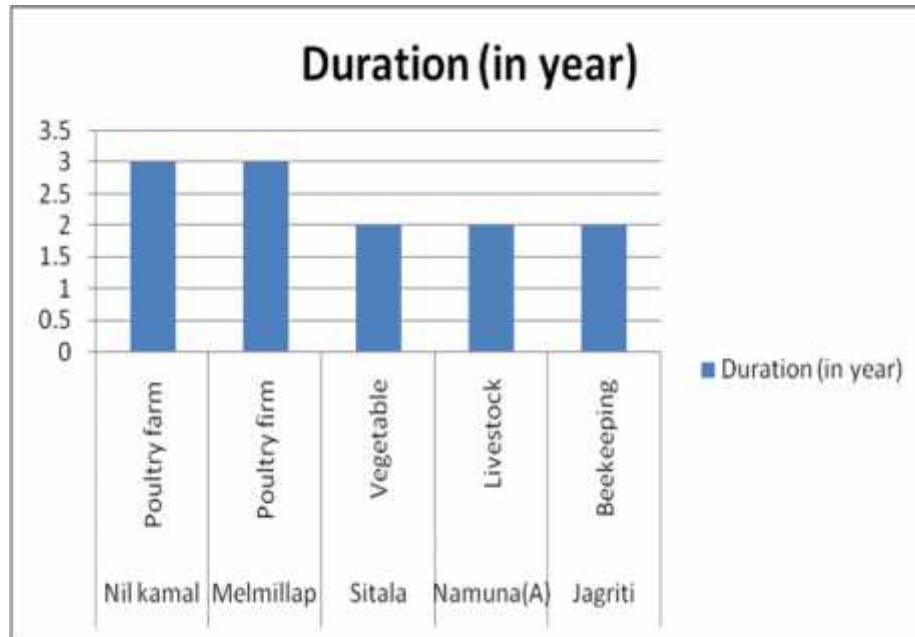
the final year. Total benefit of this team is Rs 115000 within project duration. Melmillap team benefited with large scale amount Rs 334000 between 2 poultry firm program teams Nilkamal and Melmilap. The teams Nil kamal, Melmillap, Sitala, Namuna(A)and Jagriti has been total benefited of the per team is Rs 190000 , Rs 334000 Rs 43000 Rs 52000 and Rs 115000 and the entrepreneurs are 3,5,2,4,10 respectively so the average benefit of person of per team is Rs 63333, Rs 6680, Rs 21500, Rs 13000 and Rs 11500 also respectively. Average benefit is calculated total benefit divided by entrepreneurs member. Nilkamal team earned total Rs142400. This team paid Rs 72400 loan with interest and saved Rs 70000 in 1<sup>st</sup> year, Rs 100000 in 2<sup>nd</sup> and 120000 in 3<sup>rd</sup> year. Level of this benefit is satisfactorius, because member get amount Rs 23333.33 per person with divide in 1<sup>st</sup> year, it occurs Rs 1945 in per month. Likewise Rs 2278 and 3338 in 2<sup>nd</sup> and 3<sup>rd</sup> year per month per member. They are get extra benefit like building,metal,fulfillment of meat, use of outlet etc. Likewise other team member are also benefited in same patron. poultry farming is more and bee keeping is least beneficial entreperneurship according to above table . Benefcial entreperneurship chang living standard of poor.

**Table No. 4.6 Programwise Loan**

<b>Location</b>	<b>Program</b>	<b>Amount in Rs.</b>
Nil kamal	Poultry firm	200000
Melmillap	Poultry firm	250000
Sitala	Vegetable	50000
Namuna(A)	Livestock	100000
Jagriti	Beekeeping	150000



## Programwise Loan of RUPP



RUPP has provided different amount of loan to the different Tams for different programs of different duration. The Nil kamal team has been received the loan for poultry farm program for 3 years. The Melmillap team has also received the loan for poultry farm for 3 years. The Sitala team has received the loan for vegetable product for 2 years. The Namuna(A) Team has received the loan for livestock and duration of this team also for 2 years. The Jagriti team has received the loan for bee keeping and the duration of this team was also for 2 years.

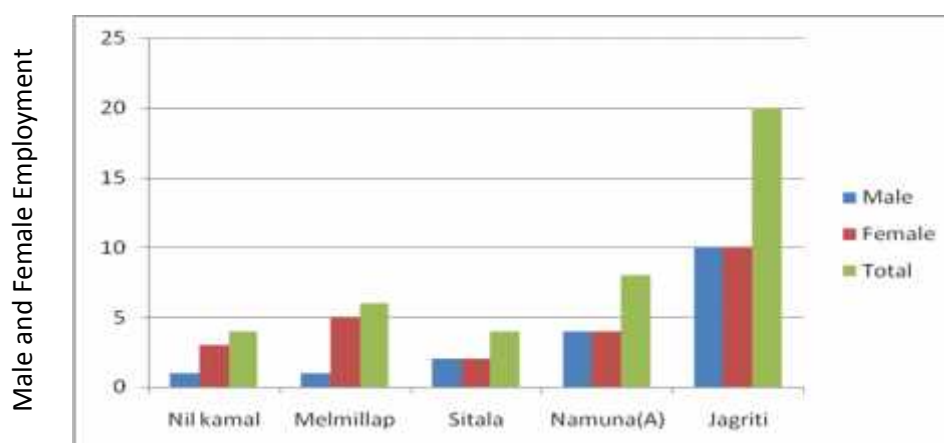
**Table No -4.7**

**Sex-wise Employment Under RUPP in Putalibazar**

Location	Male	Female	Total
Nil kamal	1	3	4
Melmillap	1	5	6
Sitala	2	2	4
Namuna(A)	4	4	8
Jagriti	10	10	20

**Source:Putalibazaar Municipality 2012**

**Fig No. 4.6 Sexwise Employment in Putalibazaar**



RUPP has created employment from the launched program in different Teams. Total of 42 employees, among them 18 male and 24 female have been found employed. The Team Nil kamal created the employment to a male as a full employee and 3 female as a partial. There are total of 4 employees. The team Melmillap created the employment to a male as a full and 5 female as a partial employees. There are 6 employees in total. The team Sitala created the employment to 2 male as a full and 2 female partial employee. There are Total Of 4 employees. The team Namuna(A) created the employment to 4 male as full and 4 female as partial employee. There are total 8 employees. The Jagriti team

created the employment to 10 male as full and 10 female as partial employees there are total of 20 employees. The Jagriti Team created the large member of employees such as 20 and Nilkamal and Sitala teams created lowest number of employee such as 4,4.Total 18 (42.85%) full employers and total 24 (57.15%) partial employers are the grand total of full and partial employees are 42(100%). According to this table, RUPP program has created some employment for TLO members who are poor. Femal have got more employmet comperative than male. Female who were totally unemployed. After this opportunity they are earning,saving and uplifting their living than before.

**Table no 4.8**

**Training of Entrepreneurs in Different Productive Activities**

Name of TLOs	Total members	Trained members			
		Poultry	Live stock	vegetable	Total
Nil kamal	30	2	1	2	5
Melmillap	40	3	2	2	7
Sitala	15	2	1	2	5
Namuna(A)	35	2	1	2	5
Jagriti	20	2	1	2	5
Total	140(100%)	11	6	10	27(27%)

According to above table, there are total 140 members consist in 5 teams. Pattren of training is seems loose and less. Only 5 entrepreneurs have been particiant in training of per all teams except melmillap team . Out of 30(100%) members in Nilkamal team,. 2(6.67%) of them in poultry firm,1(3.33%) in live stock and 2(6.67) in vegetable product. In Sitala, out of total 15 members 2(13.33%)in poultry farm 1(6.66%)in livestock and 2(13.33%) in vegetable product have been taken training. In Namuna(A)

team, total 35(100%) members, 2(5.71%)in poultry farm 1(2.9%)in livestock and 2(5.71%) in vegetable product have been taken training. In Jagriti team total 20(100%) members2(10%)in poultry farm 1(5%)in livestock and 2(10%) in vegetable product have been taken training and in Melmillap team,out of total 40(100%)members 3(7.5%)out of them in poultry firm,2(5%) in live stock and 2(5%) in vegetable product have been participant in training.Least members of TLO have been taken training so sufficient knowledge and skill can't gain well which makes quality of business decrease . Chiken are dying,vegetables are reuining. All of these risk and weakness investment is losing so lenders can't paid the loan in time. It is need to launched well training for entrepreneurs massively with quality from RUPP.

#### **4.8 Problems of TLOs and Entrepreneurs**

The programs in Putalibazar municipality under RUPP seem to have been successfully conducted. There are meaningful benefits in all programs of all the teams, although some problems are vested for program continuity to RUPP and entrepreneurs both of them. The separate problems of separate programs, same problems of separate program and separate problems of same programs are seen there which are stated below.

##### **4.8.1 Problems of TLOs in the Poultry Farm**

Lengthy process for Loan receiving from the bank. The amount of loan is small from the bank. Farmers face the problems of repayment timely. Problems of RUPP in vegetable product Lengthy Process of loan amount. Small scale of loan amount. Problems of RUPP in livestock and same problems of RUPP in livestock which are also seen in the poultry farm.

## **4.9 Problems of Poultry Farm, Vegetable Product and Bee Keeping**

### **4.9.1 Problems of TLO Members**

Problems of Farmers TLO Members in Poultry Farm are concerned with Competition in Receiving Loan, Technological Support Problems, Lack of Coordination, and Problems of farmers in vegetable product, Ignorance of medicine use and Lack of irrigation.

### **4.9.2 Problems TLO Members in Livestock**

Same problems of farmers in livestock which problems are vested in vegetable product such as lack of medicine use and lack of irrigation

### **4.9.3 Problems of TLO Members in Beekeeping**

Problems of market spot and marketing, Problems of quality maintain.

## **4.10 Major findings**

1. RUPP is a model of people participating microfinance program. So, it is organizing different fund rising programs such as saving, loan disbursement etc with in participating people.
2. In the RUPP, saving and its mobilization and skill enhancement are the main instruments to raise the economic growth and human resource development. RUPP is a practical model to microfinance program.
3. The RUPP aims to raise economic status of Poor, to empower them and uplift them from vulnerable status to the prestigious entrepreneur and self sufficient member of the society.
4. Saving is the basis of investment and loan disbursement. RUPP is actively involved in saving programs of people. People are also interested and motivated to save more with the program. With saving they are encouraged to

mobilize that save in terms of loan. This will helps to solve the financial problem of people in society to some extent.

5. Loan receiving is the pillar for escaping from the debt because when the loan uses in productive sector it earns, saves and helps to escape from the dept. So, farmers are interested and motivated to proper use of loan .On the other hand economic recover make farmer's prestigious, greater, important person, leader and so on socially high profiled person also.

6. Different types of entrepreneurship are launched randomly. There is no systematic activities of program.

7. Large number of other community members are still out from the loan receiving opportunity. They are not launched the productive activities.

8. Only Rs 7,50,000 amount is distributed only to 5 TLOs members .It is comperatively small scle of loan amount with current market price . On the other hand it holds 3 months for loan take procedure.

8. Weak physical infrastructures, risk creating with chikendead problem,rewing the vegetables cause the qualitative production.

9. Lack of technology transfer and experience sharing of best practices problems are seen among sample teams.

## CHAPTER–V

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

Major findings of RUPP in Putalibazar have been summarized as follow:

Firstly in Nepal, Nepal Bank Limited was established in 1937, since then the financial history of Nepal started. Then in 1956 Nepal Rastra bank, in 1959, Nepal industrial development co-operation, in 1966, Rastriya Banijaya bank and 1968 Agriculture Development Bank were established in Nepalese Financial sector. In Putalibazaar Municipality shyangja Micro Finance on Urban Poor under Rural Urban Patnership Program(RUPP)has been conducted . this program has conducted one of the sub program “Micro finance” also, among other several programs under this. This program has fallowed mainly a tool Urban Social Mobilization (USM) to Poverty reduction through sub program “Micro finance”. In Nepal, this program has been lunched in several Municipalities. Poverty reduction Program (PRP) through Micro finance (MF) and USM has been launched under RUPP is also new concept in the world. The program had firstly used as sample program in Nepal overall in the world from the last 20 years. PRP through USM under RUPP is conducted also in Syangja. In this research, it is efforted to know PRP throughMF and USM under RUPP of Putalibazaar Municipality 9 shyangja. 5 TLO teams out of total 14 are taken for sample.

After review After of related Literature and Studies it is found the Involvement of Micro Finance in Small loans, typically for working capital, Informal appraisal of borrowers and investments, Collateral substitutes, such as group guarantees or compulsory saving, Access to repeat and larger loans, based on repayment performance. Streamlined loan disbursement and

monitoring, Secure saving products Activities. The Major Principles of Microfinance are: 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, the successful MFIs keep administrative cost as low as possible, they are able to ensure high portfolio quality and After Study of related Studies, as articles, journals, dissertation, reports case study, it is found that microfinance is the effective tool for saving, mobilization, capital formation, poverty reduction and high the living standard of poor.

To analyze and describe the relationship between income and investment different approach has been adopted. Analytical approach has been utilized many variables. Descriptive approach has been used mainly for conceptualization of the research objectives and research problem of the study. There are 14 teams and 80 members and affiliated to RUPP. All are involved in loan receiving, investment, saving. Among them only 5 TLO teams are taken as sample. Primary data and secondary data are followed to collect the data of information. Some statistical tools such as means are use.

It has been analyzed pieces of the information received from the questionnaires, observations, case study, field survey and informal discussions with members who intervene in SFCL program. The study mainly focuses to analyze process and contents are determined as per set of objectives. It attempts of investments, repayment pattern of loan, income from loan, impact on income, consumption etc. It has been analyzed on Investment of Entrepreneur, Loan Disbursement, Installment and Repayment of Loan, Interest Amount Payment. Benefits, Sex-wise Employment and Problems on Program.



## 5.2 Conclusion

RUPP is a people participating microfinance institution. So, it is organizing different fund rising programs such as saving, loan disbursement etc with in participating people. In the RUPP program saving and its mobilization and skill enhancement are the main instruments to raise the economic growth and human resource development. RUPP is a practical model it aims to raise socio-economic status of people, to empower them and uplift them from vulnerable status of poverty. From the discussions of all presented data and information, a sharp conclusion appears as following. Saving is the basis of investment and loan disbursement. RUPP is actively involved in saving and credit programs of people. People are also interested and motivated to save more with the program. With saving they are encouraged to mobilize that save in terms of loan. This help to solve the financial problem of people in society to some extent. Loan receiving is the pillar for escaping from the debt because when the loan uses in productive sector it earns, saves and helps to escap from the dept. So poor are interested and motivated to proper use of loan .On the other hand economic recover make poor prestigious, greater, important person, leader and so on socially high profiled person also. In this study,TLO members are involved in different types of occupation randomly, due to lack of launching the qualitative production activities. Different training is need for qualitative production. Loan is disbursed to only few members, other members are still out of rich from such opportunity. Small scale of loan did not fulfill the real need. Price level in the market high in this current situation , So it is difficult to complete the activities .Lengthy process of loan disbursement has made discourage to entrepreneurs. They should wait minimum 3 months for taking loan. Lack of technical support like medicine supply and use, instruments supply , and quality fooding has been lossed, with chicken die problems,reuining vegetables etc. Lack of technology transfer and experience sharing of best practices are seen as problems among sample teams due to the lack of strong coordination among entrepreneurs from RUPP.

### 5.3 Recommendations

The study has found that RUPP is an effective measure of empowering poor people, raising their social and economic status, developing micro enterprises and reduction poverty. Government is the apex body for monitoring and supervision of financial institutions. Role of government should be important for the development of micro finance. On the basis of the findings of the study and conclusion, the following recommendations are forwarded.

- ) Without the provision of specific vocational training, loan should not be granted. Only repayment is not the success of RUPP, there should be generation of good income by investing that loan. RUPP should establish the program of exchange of skillful members of same territory. They possess the different skill like expertise in cash crops, pig husbandry, poultry farming, beautician, PCO, tailoring etc.
- ) Loan should be granted to single member also, if he/she has willingness and skill to do something. If the borrowers did not repay the loan in time, they should be motivated to repay in time by adopting different mechanism.
- ) Field visits showed that the landlord and avoid businessman also got the loans who were not the targeted groups. Actually such miss use of loan should be prohibited.
- ) Small amount of loan can't enough to promote the large occupation in starting so Loan amount should to be increased as much as rising of price highs in market.
- ) Lengthy process for a loan disbursement make the poor difficult for receiving the loan in time so, fast and shortcut method should be launched further motivation.
- ) Lack of awareness of repayment the loan repayment can't launched timely so awareness program should to be launched effectively. Ignorance about the medicine use, time, Quantity and other take care

activities on the live stock and vegetable product occupation, chicken and goat are dead and vegetable could not development as much as need.

- ) There should be coordination among the groups of TLO entrepreneurs and other community members on regulation and management for sharing of best practice of program each other from RUPP to ensure its effectiveness.
- ) RUPP should enlarge microfinance program massively. Least number of entrepreneurs have been got laon receive opportunity. Byfar percentage of entrepreneurs out of rich from this opportunity. It cannot uplift the economic condition of the poor.
- ) Loan duration should to be long,at least 3 years. Loan repayment is based on benefit after living expenditure so it is difficult to retrn loan in time with in this short period of 2 years.

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## Annex -1

### 1. Questionnaires:

#### A. Identity of Sample TLOs Team:

S N	Name	Location	Total number	Entrepreneurs
1	Nilkamal	Khorbar		
2	Melmilap	SaunePani		
3	Sitala	Gaighat		
4	Namuna (A)	Chisakhola		
5	Jagiti	Gahate		

#### B. Objectives of Investment Programmes of TLOs:

TLOs Team	Poultry farm	Goat farming	Vegetable product	Bee keeping
Nilkamal				
Melmilap				
Sitala				
Namuna (A)				
Jagiti				

#### C. Loan Disbursement:

TLOs Team	Fiscal year	Duration	Amount	Interest rate
Nil Kamal				
Melmilap				
Satilla				
Namuna (A)				
Jagiti				

**D. Return Rate of Loan and Interest in installments in Rs:**

TLOs Team	year			Loan				Interest				Grand Total
							Total				Total	
Nilkamal												
Melmilap												
Sitala												
Namuna (A)												
Jagiti												

**E. Teamwise Benefit( in Rs) :**

TLOs Team	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Total
Nilkamal				
Melmilap				
Sitala				
Namuna (A)				
Jagiti				

**F. Teams wise employment:**

m = male

f = female

Nilkamal				Melmilap				Sitala				Namuna (A)				Jagiti			
full		partial		full		partial		full		partial		full		partial		full		partial	
m	f	m	f	m	f	m	f	m	f	m	f	m	f	m	f	m	f	m	f

## **G. Problems of TLOs :**

- 
- 

## **H. Problems of team members:**

- 
- 

## **2. Focus group meeting and discussion:**

### **A. Meeting:**

- The meeting of per TLO team saperativelyly.
- The meeting of all TLO team collectively.

### **B. Discussion:**

- Connection with TLO.
- Acheivement from TLO program.
- Rtilization of loan.
- Repayment of loan.
- Benefit
- Problems

### **C. An interview with the head of TLO teams focus on below:**

- Propose of TLO
- Established and starting the program.
- Monitoring and evaluation.
- Impact of program.
- Feedback.

## **D. Name of TLO teams:**

<b>S.N</b>	<b>Name of Groups</b>
1.	Nil Kamal
2.	Melmilap
3.	Sitala
4.	Namuna (A)
5.	Jagiti



**E. Economic Impact of Entrepreneurship on Poor Groups.**

<b>TLO Team</b>	<b>Name of Entrepreneures</b>	<b>Economic Status Before Entrepreneurship</b>	<b>Impact of Entrepreneurship</b>	<b>Upliftment of Economic Status after Entrepreneurship</b>
Nilkamal	-	- -		
	-	- -		
	-	- -		
Melmilap	-	- -		
	-	- -		
	-	- -- -		
Sitala	-	- -		
	-	- -		
	-	- -		

Namuna (A)	-	-		
	-	-		
	-	-		
Jagiti	-	-		
	-	-		
	-	-		

Annex -2

Respondents for data collection:

<b>S.N.</b>	<b>Name of Respondent</b>	<b>Education</b>	<b>Occupation</b>	<b>Position</b>	<b>TLOs</b>
1.	Radha Giri	SLC	Agriculture	Member	Nilkamal
2.	Vima Dargi	Literate	Agriculture	Member	Nilkamal
3.	Tara Sharma	Literate	Agriculture	Member	Nilkamal
4.	Devi Thakali	Literate	Agriculture	Member	Melmillap
5.	Kutuwan Nisa	Literate	Agriculture	Chair Person	Melmillap
6.	Kamala K.C.	Literate	Agriculture	Member	Melmillap
7.	Anju Bhandari	M.A.	Teaching	Member	Sitala
8.	Ramji Malla	SLC	Agriculture	Member	Sitala
9.	Renuka Giri	Post graduate	Agriculture	Member	Sitala
10.	Meghnath	Literate	Agriculture	Member	Namuna (A)
11.	Laxmi K.C.	Literate	Agricultur	Member	Namuna (A)
12.	Chundamani	Literate	Agricultur	Member	Namuna (A)
13.	Rammaya Bhujel	Literate	Agricultur	Member	Jagriti
14.	Radha Paudel	Literate	Agricultur	Member	Jagriti