

**SOCIAL AND ECONOMIC EFFECTS OF MICROFINANCE
PROGRAM FOR WOMEN IN NEPAL**

**A Thesis Submitted to:
Office of the Dean
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**In Partial Fulfillment of the Requirement for the Degree of
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VIVA –VOCE SHEET

We have conducted the viva-voce examination of the thesis

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Entitled

SOCIAL AND ECONOMIC EFFECTS OF MICROFINANCE PROGRAM FOR WOMEN IN NEPAL

and the thesis is to be the original work of the student written according to prescribed format. We

recommend the thesis to be accepted as partial fulfillment for Master’s Degree in Business

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PROGRAM FOR WOMEN IN NEPAL

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DECLARATION

I hereby declare that the thesis entitled Social and Economic Effects of Microfinance Program for Women in Nepal, submitted to the Central Department of Management, Tribhuvan University, is my original work. It is done in the form of partial fulfillment of the requirements for the Degree of Master of Business Studies (MBS) under the supervision and guidance of Prof. Dr. Jay Krishna Pathak, Central Department of Management, Tribhuvan University.

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This study is mainly concerned with the socio-economic effects of microfinance program for women in Nepal. This thesis has been prepared in the partial fulfillment of the requirement of Masters of Business Studies (MBS) Second Year, held under the Tribhuvan University.

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ABSTRACT

Microfinance these days is the most common term when someone talks about the poverty. It is not a new concept. But it was recognized only when Muhammad Yunus start a Grameen Bank concept on a small village of Jobra, Bangladesh and have a huge success. After that many MFIs were established and they were successful in reaching the poor people and in fulfilling their vision. Microfinance is a collateral free loans to the poor people who lives in rural and remote areas payable in a small installments which makes people little easier to repay the loan amount.

Our dissertation is about microfinance and to explore the social and economic effect of microfinance on women in Nepal. This research mainly focuses on the poor people, especially women, who borrowed loan from microfinance institutions. Our study will try to show the social and economic impacts of the microfinance services on women in Nepal, to identify the constraints faced by women clients from the microfinance activities and to recommend measures for enhancing the effectiveness of micro credit for women in Nepal on the basis of findings of this study. The study sample includes 54 respondents out of the 100 population of ultimate beneficiaries from research conducting through interview with women who are using the microfinance facility from various microfinance institutions.

From the analysis of data, there were positive improvements with regard to income received and saving mobilization through activities undertaken with increased funding supports in successive years. The change in income effects the change in saving of the client. Improvements were also observed in participation in social and political events, decision making, leading in house hold activities, building self-confidences, involvement in community work all in all show the significant positive changes in the empowerment of women members.

But despite of constraints like high repayment pressure, the debate about higher interest rate, rigid time period of fixed loan installment payment period Microfinance Institutions are focusing on achieving their goal of alleviating the poverty, improving the status of the poor women in the society as well as in the family and also contributing in the human development programs in Nepal.

For better enhancing the effectiveness of micro credit for women in Nepal the constraints that the women have faced to some extent is needed to be reduced. Since there is rigidity of time for loan repayment by microfinance methodology of MFIs, it should be revised in such a way that women client's time involvement in the process should be reduced. Economic impacts of microfinance services targeted to women is significant thus should further be encouraged. The loan amount should be increased such that there would be widening up the area for the loan investment. There has been tremendous pressure on women regarding the repayment of loan so it has to be shared among the family members of the microfinance clients. Microfinance institutions need to extend the empowerments of women through providing sufficient skill and development training such that they could create their own job.

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ABBREVIATIONS

ADB	Asian Development Bank
ADBN	Agriculture Development Bank of Nepal
ARCM	Asia Resource Centre for Microfinance
BFIA	Bank and Financial Intermediation Act
CB	Commercial Bank
CBO	Community-Based Organisations
CGISP	Community Ground Water Irrigation Sector Project
CIDA	Canadian International Development Agency
CO	Community Organisations
CSD	Centre for Self-help Development
DB	Development Bank
DEPROSC	Development Project Services Centre
FINGO	Financial Intermediary NGO
FY	Fiscal Year
GBB	Grameen Bikas Bank
GON	Government of Nepal
IBP	Intensive Banking Program
IFI	Innovative Financial Institutions
INGOs	International NGOs
MCPW	Microcredit Project for Women
MFDB	Microfinance Development Bank
MFI	Microfinance Institution
NCDB	National Cooperative Development Bank
NGO	Non-Government Organisation
NRB	Nepal Rastra Bank
NUBL	Nirdhan Utthan Bank Ltd.
PAPWT	Poverty Alleviation Project in Western Terai
PASs	Poverty alleviation strategies
PFI	Poverty Financial Institutions

PSLP	Priority Sector Lending Program
PCRW	Production Credit for Rural Women
RMDC	Rural Microfinance Development Centre Ltd.
RRDB	Regional Rural Development Bank
RSRF	Rural Self- Reliance Fund
RUFIN	Rural Finance Nepal
SACCOPs	Savings and Credit Co-operatives
SCC	Savings and Credit Cooperative
SFCL	Small Farmers Cooperative Ltd.
SFDP	Small Farmers Development Bank
SKBBL	Sana Kisan Bikash Bank Ltd.
TLDP	Third Livestock Development Project
UNDP	United Nations Development Program
VDC	Village Development Committee
WDD	Women Development Division (WDD)
WDP	Women Development Program
WEAN	Women Entrepreneurs Associaton of Nepal