

# CHAPTER I

## INTRODUCTION

### **1.1 Background**

Nepal, officially the Federal Democratic Republic of Nepal, is a landlocked sovereign state located in South Asia. It is located in the Himalayas and bordered to the north by the People's Republic of China and to the South, East and West by the Republic of India with an area of 147,181 square kilometers (56,827 square miles). The country stretches from East to West with a mean length of 885 km and North to South with a mean width of 193 km. Nepal is one of the richest countries in the world in terms of bio-diversity due to its unique geographical position and altitude variation. The elevation of the country ranges from 59 meters above sea level to the highest point on earth Mt. Everest at 8848 meters. Geographically, the country is divided into three ecological zones, the high Mountains and Himalayas in the north, the hills and small mountains in the middle and the Terai in the south. Administratively, the country is broadly divided into 5 development regions; Eastern, Central, Western, Mid-western and Far-western development regions. The five development regions have 14 zones and 75 districts. (Sharma, 2011: 15)

The population of Nepal as of the census 2011 A.D. stands at 26,494,504. The increment of population during the last decade is recorded as 3,343,081 with an annual average growth rate of 1.35 percent per annum. Population density at the national level is 180 per square kilometer in 2011 A.D. Overall literacy rate is 65.9 percent in 2011 A.D. Male literacy rate is 75.1 percent compared to female literacy rate is 57.4 percent. The total population of the country is 26,494,504 among which 12,849,041 are males and 13,645,463 are females (CBS: 2011). Therefore, women cover more than half of the country's population. But the socio-economic and political condition of women is very poor.

The main characteristics of Nepal are slow economic growth, a low level of industrialization, underdeveloped production structure with limited commodities to export, high concentration of labor force in agriculture etc. 23.85 percent of the

population lives below poverty line. Out of total population 83 percent live in rural areas and dependency on agricultural is 73.4 percent. People consume around 92 percent of GDP (MOF: 2069/070). Nepal has dependent on foreign assistance to meet its investment requirement. Therefore, lack of self dependency is clearly seen and it indicates the necessity of some concrete measures for the sustainable development of the nation.

After WTO membership in 2004 A.D. more responsibilities and challenges are added on national level. Nepal is in infrastructure development phase to active WTO by 2010 A.D. after this intense competition being expected in the national economy. In the rural areas women workforce is the main stream of development. That is why Nepal's efforts for fulfilling the aspirations of its people are mainly possible only by empowering rural women economically, socially and politically. In this context micro finance can be one of the effective media to uplift the rural and urban women.

The developed and underdeveloped countries of the world which form a majority of the population for the past 'few decades' have been in search of specialized economic programs that cater to the needs of the poor people. As a result, there have been substantial gains in reducing poverty and are gaining momentum to improve their lives particularly in providing better education, nutrition and health. In spite of this encouraging trend a major portion of people in Asia, estimated be 600 million continue to live below the poverty line.

Millions of people in developing countries produce a wide variety of goods at home or shops and in trades and retails. The goods produced range from a local cigarette, pottery and ceramics, metal utensils, household conveniences like mops and brooms to growing fruits and vegetables. Even in the urban areas a growing percentage of the working population sometimes high as 50 percent is changed in the micro enterprises activity. In order to proper their business, all micro enterprises have a sufficient asset such as tools, equipment and improved premises. Sometimes, people generate such capital from own savings or borrowing money from money lenders at high rates of interest. Since, they lack collateral to access money from the formal financial services.

The concept of micro finance has its roots in this lack of capital for investment particularly access to capital to the poor in developing countries. As the name implies, it is financing at a small level. Still the term could be vague and ambiguous considering that word 'micro' in micro finance may refer to any aspect of the finance associated with it. Many definitions have been put forward in this context and definition differ in understood as extension of small loans to very poor people for self employment projects that generate income, allowing them to care for themselves and their families. In other words, micro finance is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. Despite ongoing development efforts, poverty remains in Nepal with approximately 23.85 percent of the population living below the poverty line (MOF: 2069/070).

In recent years, microfinance institution has become one of the most important instruments in development policy. The idea of microfinance arose in the mid-1970s when Mohammad Yunus started a pilot scheme lending small amount of money to the villagers in Bangladesh who had no access to the conventional loans due to lack of collateral. Encouraged by high repayment rates, he found the Grameen Bank to run such schemes on a large scale. Since Grameen's early successes, the concept of micro credit has spread throughout the world. There are more than 5 million households served by micro credit scheme in the world today (Abbink, Irlenbusch, & Renner, 2006: 614).

Microfinance encompasses the management of small amount of money through a range of products and a system of intermediary functions that circulates money in an economy. It includes loans, savings, insurance, transfer services, other financial products and services. The microfinance is small in amount targeted at low incomes clients. Providers of microfinance include non-governmental organizations, self-help groups, insurance and credit unions, commercial and state banks, insurance and credit card companies, wire services, post offices and other point of scale (UNCDF, 2005a). Therefore, microfinance is related with the service providers, consumers, business man, academicians, non-governmental organizations, donor agencies, government and financial institutions etc. (Bhattari, 2005: 77).

Micro finance is regarded an effective tools for poverty alleviation. Micro finance programs appear to be more effective in improving socio-economic condition of the

borrowers. A large proportion of the participants in terai as compared to hills have felt positive impact on their economical condition. Micro finance program has led to increase in health awareness and change in health service seeking attitude. In the social aspect private initiated MFIs appear to be more effective in making positive impact (Sharma, 2007: 11).

Shreejana Development Centre (SDC) is an operating under the Bank and Financial Institutions Act-2063. As a micro finance Non Government Organizations (NGO's), SDC has been established to alleviate the hardship and sufferings of the rural people within the western region of Nepal. The main objective of the SDC is to poverty alleviation of the rural and urban poor women through credit delivery system of the western region of Nepal. The main features of SDC are area approach well defined target group, group guarantee lending approach, no physical collateral required, disbursement of loan at the center. The Head Office of the SDC is situated at Pokhara, Kaski. It was established at 1980 A.D. and it has started its first micro-finance activities from 2000 A.D. from the Pokhara Branch of Kaski district. The SDC programs have extended its service in 5 districts of the western region of Nepal. The operating mechanism of SDC organization under micro-finance programs; Each group consists of 5 members of different household. Each group selects a chairperson and secretary who monitor its own group member's activities. Each group should take at least one week training at entry point where group member become familiarized with the basic components, policy and programs of the SDC. Each group member may or may not be able to write their name to be qualified for the loan.

Western Development Region consists of 3 zones - Gandaki, Lumbini and Dhaulagiri and 16 districts. Kaski District, a part of Gandaki zone, is one of the 75 districts of Nepal, a landlocked country of South Asia. The district with Pokhara as its district headquarter, covers an area of 55.22km<sup>2</sup> (21.32sq. miles) and has a population of 264991 (CBS: 2011). Kaski district consists of one sub-metropolitan, one municipality and 49 VDCs. Pokhara is the head quarter of Western Development Region. Pokhara is situated at an altitude of 827 meters above from sea level and 200km west of the Kathmandu valley the capital city of Nepal. People go for further study mostly at Australia, America, UK, Singapore, Denmark, Cyprus, Germany and Spain etc. The economic condition of the people of this study area is not so bad. Most

of the people depend upon retail business and some portion of this depends on agricultural occupation such as Public service, business/ trade and other tasks. The main occupation of small landholders and landless farmers are agriculture labor force. People are employed in agriculture during the planting and harvesting period. Some people especially Gurung, Magar, Chhetri are being employed in India, British and Nepalese armies. Brahmin and other people are being employed in India and Nepalese armies. Most of Newar are being employed in their business. Some people to gets other countries such as India, Malaysia, Dubai, Saudi Arab, Qatar, Korea etc. in search of employment. Other income of the farmers are more of crops, vegetables, business, livestock etc.

### **1.2 Focus of the Study**

Poverty has become a burning problem in every society. A country cannot achieve sustainable economic progress without tackling it. Since Nepal's 23.85 percent of people are under poverty government has laid emphasis on poverty alleviation (MOF: 2069/70). In this context, micro finance is a main method to address poverty. It is an effective tool in raising the standard of living of rural and urban poor women's granting them socio-economic status in the society. However, there is a necessary to undertake study on the impact of micro finance on women in increasing their socio-economic status. For the purpose of SDC programs in Pokhara Sub-metropolis of Kaski district alleviating poverty among women has been studied. Mainly, the present study has on analyzed how SDC helped to mobilization of their savings, distribution of loan and its repayment policy. This study also incorporates to analyze the relationship between investment and income, relationship between loan disbursement and recovery and focuses on poorest of poor women's financial condition through micro-finance SDC programs.

### **1.3 Statement of the Problem**

Nepal is facing big challenge posses by acute problem of poverty. The income and consumption level including the overall living standard of the people have been remaining very low. Poverty as a vicious circle is traditionally deep rooted in Nepal and therefore, they require deserving efforts to alleviate it, since it is complex and chronic problem in Nepal. Women of Nepal are poorer than men because they lack

access to health, education and economic resources. Most of the women of Nepal are involved in agriculture but not recognized as farmer due to triple burden of work.

The majorities of women in Nepal are suffering from hard work and have difficult social and economic condition. The most unprivileged class like women is to be especially targeted to effectively achieve overall poverty reduction in the country. Different types of programs are being launched for women development in Nepal. Some of them are Priority Sector Program (PSP), Small Farmer Development Program (SFDP), Integrated Rural Development Program (IRDP), and Production Credit for Rural Women (PCRW), Participatory District Development Program (PDDP) etc. These programs are intended to uplifts the rural poor especially women. Government of Nepal has also conducted Micro-Credit Project for Women (MCPW) in 12 districts and five urban areas. Although, Kaski is one of the educational districts of Nepal, women of this district are still involved within household activities including agricultural. The ownership rights over the family properties with males not the females. Some common problems related to women such as not owning land, low level of education, limited scope to generate income and low social status are inter connected in nature. They are less conscious to save money and financial mobilization. Therefore, it is difficult for them to invest in business activities. Women micro-finance in Nepal has been facing various problems. So this study attempts to solve the following research questions.

- ) What is the impact of this program on the poorest of the poor women's financial condition?
- ) How is the mode of loan, loan disbursement and repayment practice in SDC?
- ) How are contribution of savings and its mobilization pattern of women?
- ) What type of relationship exists between investment and income?
- ) What type of relationship exists between loan disbursement and recovery?

#### **1.4 Objectives of the Study**

The general objective of the study is to understand the impact of micro-finance on women under SDC in Pokhara, Kaski. For the study, we have the following specific objectives.

- ) To assess the impact on the poorest of the poor women's financial condition
- ) To assess mode of loan, loan disbursement and repayment practice in SDC.

- ) To analyze contribution of savings and its mobilization pattern of women.
- ) To examine the relationship between investment and income.
- ) To examine the relationship between loan disbursement and recovery.

### **1.5 Hypothesis of the Study**

This study attempts to testify the following hypothesis:

#### **1.5.1 Null Hypothesis ( $H_0$ )**

- ) There is no significant evidence of difference between women taking loan and not women taking loan.
- ) There is no significant correlation between loan disbursement and recovery.

#### **1.5.2 Alternative Hypothesis ( $H_1$ )**

- ) There is significant evidence of difference between women taking loan and not women taking loan.
- ) There is significant correlation between loan disbursement and recovery.

### **1.6 Significance of the Study**

Research itself has its own importance because it aim is to gain knowledge and to add the new literature to the existing field. The significance of this study lies mainly in filling a research gap on the study of the impact of micro-finance on women in Nepal.

- ) This study has little been research in the context of Nepal; the scholars will find it a literature for their future research tasks.
- ) This study has contributed significantly to solve the problem existing in the micro-finance institutions.
- ) This study has contributed to find out problems and prospects in near future.
- ) This study has to be formulated the policy and different strategies to maintain activities effectively.
- ) This study has to support the economic condition of women and also positive impacts on their social life through better standard of living with greater access to education and health facilities and empowerment to participate in decisions of the society.

### **1.7 Delimitation of the Study**

This study is subject to following delimitations.

- ) This study focused on the impact of micro-finance on women under SDC in Pokhara, Kaski.
- ) This study is limited by financial and time constraints.
- ) This study is confined to women only.
- ) This study is confined with Pokhara sub-metropolis of Kaski district.
- ) This study covers SDC programs from FY 2063/064 to FY 2067/068.
- ) Sample of women's are taken from micro enterprises of SDC programs.

### **1.8 Organization of the Study**

This study has been divided into following five main chapters:

Chapter one includes the following sub-chapters background, focus of the study, statement of the problem, objectives of the study, hypothesis of the study, significance of the study, delimitation of the study and organization of the study have been presented.

Chapter two consists of conceptual framework about micro finance and women, historical background of microfinance in Nepal, major principles of micro finance for women, importance of microfinance for women, micro finance in terms of savings, investment and loan distribution, micro finance emphasis on poorest of poor women, microfinance activities, historical background of the Nepalese financial system, microfinance system in Nepal. Empirical studies so far undertaken in this area have been reviewed in order to explorer the research gap.

Chapter three includes research design, population and sample, nature and sources of data, data collection methods, data processing procedures and data analysis techniques have been used for the purpose of analysis.

Chapter four contains presentation and analysis of data to indicate quantitative fact and its analysis focuses on statistical tools and major findings of the study.

Chapter five includes the summary, conclusion and suggestions of the study. Appendices, a bibliography are enclosed at the end of the study.



## **CHAPTER II**

### **REVIEW OF LITERATURE**

This chapter is concerned with review of literature an impact of microfinance on women under SDC in Pokhara, Kaski. So, this chapter highlights upon the literature that are available in the area of microfinance. This chapter has been divided into two parts; Conceptual review and review of related studies.

#### **2.1 Conceptual Review**

It is difficult to find and universal definition of micro-finance due to its variation on the basis of implementing location, institution and program. In simplest term micro-finance is defined as the financial service provided to the deprived group of people and small entrepreneurs to help them in developing, self employment opportunities and income generating activities small size loan, compulsory savings, small scale entrepreneurs, diversified utilization and simple and flexible terms and conditions are the determining characteristics of its definition. Microfinance comprises of three Cs character, capital and capacity. Micro-finance as a program serves large number of clients focusing on women and whole world from the very grass roots level with financial sustainability (Shrestha, 2001: 23).

First of all potential characters (poor women from back-ward communities) are involved in group to fight against the poverty through MFIs. In second step various employment, self reliance related skills are presented to the group to create capacity for betterment of own self. In third step, they are provided micro capital to utilize their capacity and to generate income. After completing this first step of three Cs, MF adopted group are passed through next five step which are information, participation, partnership, ownership and agree. The first step of second phase is information where MFPs adopted groups get information about raw material, production technology, market and complementary services through MFIs. After that they are forced to participate on education, health, sanitation, water supply and personality building etc. Then after they realize the whole network is for their own shake and want to work in group which creates their partnership concept, such activities which are conducted in

communities by them, become valuable for them and they think the entire their effort as their own property and the concept of ownership takes place. Similarly, they realize their progress and MFIs effort to make them self dependent and agree to give continuity in such activities again and again, which is the foundation of women and back warded communities for their empowerment and poverty reduction. Micro-credit refers to small-scale credit targeted toward only rural poor people to increase their income level by fully utilizing their internal resources and skill. Generally, it is short term credit and small in amount. Small scale financial services basically credit and savings along with essential social and community development activities are indicated by MF. Generally, it is provided to targeted people who invest the small amount for productive/service motive projects like farm or fish or small grocery (vegetable) vender, marketing of agricultural products and inputs and such other types project meeting the needs of local people.

Over all MF can help low income people, reduce risk improve management, raise productivity, obtain higher return on investment increase their incomes and increase the quality of their lives and those of their dependents. A micro-finance activity usually involves;

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

Some MFIs provide enterprise development services such as skill training and marketing and social services such as literacy training and health care these are not generally included in the definition of micro-finance. MFIs are Non-Government Organizations (NGOs), savings and loan co-operatives, credit unions, government banks, development banks, commercial banks or non banking financial institutions. Micro-finance clients are typically self employed, low income entrepreneurs in both urban and rural clients are often traders. Street vendors, small farmers, service provides, artisans and small producers. Essentials of micro-finance is targeting to the poor group approach, no tangible collateral, doorstep service, small loan size, frequent

repayment, sustainable interest rates, simple procedure of operation, free choice of economic activities by clients, disciplined clients, effective pre-group training.

### **2.1.1 Microfinance and Women**

Micro-finance programs appear to be more effective in improving socio-economic condition of the borrowers. A large proportion of the participants in Terai as compared to hills have felt positive impact on their economic condition. Women empowerment shows positive changes specially involvement in decision-making process, changes in occupational structure, participation in the social activities gender equality, high level of self-confidence, awareness in social issues and control of income (Sharma, 2007: 1).

In our context, generally women are dependent on men. So women are mostly poor access to finance. In village areas, they are involved in household and agricultural activities. To collect and raise small fund, they can involve in different groups and community. For this micro-finance is an effective tool. The main objective is to investigate the impact of micro-finance in particular the self group bank linkage program on women empowerment. Traditionally about 90 percent or more of micro-finance clients are women. Hence, micro-finance is increasingly seen as an important tool in achieving the Millennium Development Goals there is to promote gender equality and empowerment women. For micro-finance to show an impact on women's empowerment, it needs to be supplemented by micro-finance plus or other non-financial services like training, awareness creation programs, education etc. Most of the Nepalese women are living under low class living although some of them are living standard life. Living standard of rural women is unbelievable. In rural women spend most of the time on agriculture and livestock related activities. They spend 10 to 12 hours in such non-paying works; they do not have access of chances and opportunities to change their life style. The situation of rural sector similarly, the Nepalese women mobility is limited because their legs are locked by the chain of tradition and also their hands are locked by household activities. Generally, women do not express their decisions at front; it is due to the excessive male-dominated society. At present women related plans, programs, strategies of NGO, INGO were implemented to develop and empower them. Women are showing much attention to self dependency. To make women economically, socially and politically independent

programs such as micro-finance income generation, skill development for informal enterprise and preparation for the formation and operation of Co-operatives are being under-taken.

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

The term micro refers to very small and finance is the art and science of managing money. So, microfinance is the management of small amount of money. Microfinance means providing very small loan to very poor families so that they can involve in productive activities and grow their small business. In the past, Microfinance was focused on providing a very standardized credit product with change in time it is covering other areas such as savings, insurance etc. "Microfinance is small in value amount targeted at low income clients. It includes loans, savings, insurance, transfer services and other services." (Sharma, 2005: 87)

According to ADB (2000), country studies, the earliest initiatives for establishing microfinance services in Nepal can be dated back to 1950s when the first credit co-operatives were established. These were primarily intended to provide credit to the agricultural sector. A well-structured and specialized program to cater to the financial needs of the poor was provided further impetus with the launching of the Small Farmer Development Program (SFDP) in 1975 within ADB/N. Over the past few years, a process of institutionalizing the Small Farmer Groups into the Small Farmer Cooperatives Limited (SFCL) had been under way. In 1981, to strengthen the priority sector program, NRB introduced the Intensive Banking Program (IBP). The next main step in the development of Microfinance in Nepal came in the form of the first gender-focused program, the Production Credit for Rural-Women (PCRW). In 1992, the first two RRDBs-one for the eastern region and another for the Grameen Bank of Bangladesh. RRDBs use a group lending approach and a weekly repayment system focusing on extremely poor women. By mid 1997, five RRDBs had been established. Besides these, NGO's and cooperatives have also had an increasing role in microfinance. In Nepal, Center for Microfinance (CMF) was established in July 21, 2000 A.D with main activities of providing trainings, technical assistance consultancy services and undertaking studies, research, documentation and publications.

### **2.1.3 Major Principles of Microfinance**

The conditions and procedures of microfinance are more flexible and easy to understand by local community. The principles of microfinance are as follows (<http://www.accion.org>).

a) Poor people need a variety of financial services, not just loans

Like everyone else the poor need a range of financial services that are convenient, flexible and affordable. Depending on circumstances, they want not only loans but also savings, insurance and cash transfer services.

b) MF is a powerful tool to fight poverty

When poor people have access to financial Services, they can earn more build their assets and cushion themselves against external shocks. Poor households use MF to move from everyday survival to planning for the future; they invest in better nutrition, housing, health and education.

c) MF means building financial systems that serve the poor

In most developing countries, poor people are the majority of the population yet they are the least likely to be served by banks. MF is often seen as marginal sector a development activity that donors, governments or social investors might care about but not as part of country's mainstream financial system. However, MF will reach the maximum number of poor clients only when it is integrated into the financial sector.

d) MF is about building permanent local financial institutions

Finance for the poor requires sound domestic financial institutions that provide services on a permanent basis. These institutions need to attract domestic savings, recycle those savings into loans and provide other services. As local institutions and capital markets mature, there will be less dependence on funding from donors and governments including government development banks.

e) The key bottleneck is the shortage of strong institutions and managers

MF is a specialized field that combines banking with social goals, skills and systems need to be build at all levels: managers and information system of MFI, central banks that regulate MF, other government agencies and donors. Public and private investment in MF should focus on building this capacity, not just moving money. MF

works best when it measures and discloses its performance. Accurate, standardized performance information is imperative, both financial information (eg. interest rates, loan repayment and cost recovery) and social information (eg. number of clients reached and their poverty level). Donors, investors, banking supervisors and customers need this information to judge their cost risk and return.

f) The role of government is to enable financial services, not to provide them directly

National governments should set policies that stimulate financial services for poor people at the same time as protecting deposits. Governments need to maintain macroeconomic stability, avoid interest rate gaps and refrain from distorting markets with subsidized, high default loan programs that cannot be sustained. They should also climb down on corruption and improve the environment for micro business, including access to markets and infrastructure. In special cases where other funds are unavailable, government funding may be warranted for sound and independent MFI.

g) Donor funds should complement private capital, not complete with it

Donors provide grants, loans and equity for MF. Such support should be temporary. It should be used to build the capacity of MF providers: to develop supporting infrastructure like rating agencies, credit bureaus and audit capacity and to support experimentation. In some cases, serving sparse or difficult to reach populations can require longer term donor support. Donors should try to integrate MF with the rest of the financial system. They should use experts with a track record of success when designing and implementing projects. They should set clear performance targets that must be met before funding is continued. Every project should have realistic plan for reaching a point where the donor's support is no longer needed.

h) Interest rate ceiling hurt poor people by making it harder for them to get credit

It costs much more to make many small loans than a few large loans. Unless micro lenders can charge interest rates that are well above average bank loan rates, they can not cover their costs. Their growth will be limited by the scarce and uncertain supply soft money from donors or governments. When governments regulate interest rates, they usually set them at levels so low that MC cannot cover its costs so such regulation should be avoided. At the same time, a micro lender should not us high interest rates to make borrowers cover the cost of its own inefficiency.

i) MF can pay for itself and must do so if it is to reach very large number of poor people

Most poor people cannot get good financial services that meet their needs because there are not enough to cover their costs. Cost recovery is not an end in itself. Rather, it is the only way to reach scale and impact beyond the limited levels that donors can fund. A financially sustainable institution can continue and expand its services over the long term. Achieving sustainability means lowering transaction costs, offering services that are more useful to the clients and finding new ways to reach more of the un-bankable poor.

#### **2.1.4 Importance of Microfinance for Women**

Microfinance leads to social and the changes in the borrowers after the participation in the programs. Increasing income among borrowers results increase in food sufficiency, consumption of nutrient food, good caring of children health, health awareness and preventive measures of health, good education of the children, repair and maintenance of home (Sharma, 2007: 10)

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

- ) Microfinance has increased the women's role on making decisions on purchasing of both the small amount of household consumption items.
- ) Increased income of clients has empowered them on running their daily household needs.
- ) Microfinance empowered them on deciding the marriage of their daughters.

In social sector, awareness development is found one of the major outcomes of this program. In this respect, many MFIs members started to join in literacy canter, schooling to their children including daughters, participating in the village level

election so far they are daughters, participating in the village level election so far they are elected in ward members, V.D.C. chairman and vice chairman. In addition, they are activities such as construction of village community hall, road and bridge and drinking water system. By this MFIs have been imputing the momentum for poverty endeavor. Majorities of women are not accessing the credit easily as due to lack of the collateral. In this respect, MFIs have been providing credit on the basis of group liabilities to such downtrodden people in income generating activities such as vegetable production, livestock raising, tea and daily uses shop, marketing of goods (better rice, vegetables and fruits) as per their experience an market potentialities.

### **2.1.5 Microfinance in Terms of Savings, Investment and Loan Distribution**

Microfinance is targeted to poor and low-income people. It includes loans, savings, insurance, transfer services and financial services. Providers of microfinance include non-government organizations, self-help groups, co-operatives, 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" savings-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 and needs to expand the dwelling, burial and weddings. It is hard to cut off 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, she may not be already available when the woman needs them. The poor needs savings services that are both safe and liquid. These savings must be adapted to meet the cycle. To services the poor's particular demand and their cash flow cycle maximize the savings propensity of the poor, institutions must provide flexible opportunities both in terms of amount deposited and the frequency of pay in's and pay outs. This represents important challenges for the microfinance industry that has not yet made a concerted attempt to profitability capture tiny deposits. Savings and investment are two parts of same coin. If people save they are encourage investing also. Women in the rural village area are interested to invest in gold and other small profitable sector. They cannot invest in large area because their savings is low. The main objectives to save are either to



invest or to provide service to poor people. So, from the microfinance activities some women are savings and other poor women are getting benefit from loan services at low rate.

From news letter of RMDC (2010) 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 transactions (Sharma, 2006: 16). 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).

#### **2.1.6 Microfinance Emphasis on Poorest of Poor Women**

Nepal remains one of the poorest countries of the world with endemic poverty particularly in rural areas despite planned development effort of half a century. The government of Nepal since past several years has shown its commitment to reduce poverty through various policies, programs and projects aimed at providing minimum basic needs of life to the poor in terms of food, clothing, housing, education and health required for human survival. The country has initiated various poverty reduction programs have played a significant role in the socio-economic development of the nation in general and the rural sector development in particular (Sharma, 2007: 2).

Women are behind men in Nepalese society. They are lacking access to financial services. They should depend on man for financial services. Most of women are staying in rural areas. They are poor and illiterate also. It is necessary to uplift their livelihood. So, micro-finance is an effective tool, which will bring change in their life and they will be easily access to financial services. In Nepal, there are micro-credit programs for poor women both in the public sector and in the non-governmental sector. The majority credit programs in the public sector are the Women Development Program of the Small Farmers Development Program (WDP/SFDP), Production

Credit for Rural Women (PCRW) Program and Regional Rural Development Banks (RRDBs). Apart from numerous non-registered NGOs, there are a lot of registered NGOs which primarily operate as welfare organizations but may include savings-credit activities for poor women.

### **2.1.7 Preview of Microfinance Models**

To date, Nepal about three decades of experience in microfinance, which has been exclusively recognized as a poverty reduction program focused towards raising the income level and social standard of the people living in poverty, particularly women. In due consideration of the success of the micro-finance program in bringing positive impact towards poverty reduction. The micro-finance practices of the organized sector that are prevalent in the country can be grouped broadly into seven microfinance models as follows (NRB, 2008: 22).

#### **A) Grameen Model**

A concept of Grameen bank was evolved in 1992 when the Nepal government felt the need to establish a separate institution which would take sole responsibility for financing the rural poor and supplementing to some extent, the rural Microfinance activities of the previously established institutions. The aim of the Grameen Bikas Banks (GBBs), established as a regional development bank in 5 development regions between 1992 and 1996 and operating on the Bangladesh Grameen model is to engage the targeted rural poor with the appropriate credit delivery mechanism and on a group liability basis. These banks are the largest MF operators in Nepal. Training as an entry point of banking system by Grameen Bikas Bank. Although Nepal Rastra Bank had the major share ranging from 55 percent to 70 percent in GBBs, NRB is in the offing to divest its share in three of five GBBs. Besides the government owned 5 GBBs, 4 MFIs based on Grameen model and established as a development bank are operating in the private sector. The bank provides credit basically for micro level income generating activities on a group guarantee basis to the group members through 2+2+1 system.

#### **i) Swabalamban Bikas Bank Ltd. (SBBL)**

SB Bank (Literally means self-help Development Bank) is a Microfinance Development Bank which started its operation on January 14, 2002 A.D.. The Bank's registered (central) office is situated in Janakpur, Dhanusha, Nepal. Over 13 years

ago, Centre for self-help Development (CSD) an NGO, initiated the self help Banking Program based on the Grameen Bank Model with some adaptations in September 1993. The primary objective of the institution is to provide the disadvantaged section of the rural poor with easy access to credit which will help them to improve their socio-economic status and make full use of their existing skills and resources. SSBL targets families having per capital income not more than NPR 4400 and serves women exclusively. By the end of Ashad 2068, SSBL has reached 91,894 members (families). This Bank has succeeded to expand credit to 69,211 member families from its 62 branches. The current outstanding portfolio amount to Rs.1287.170 million. However the cumulative disbursement has reached Rs.9631.927 million and rest savings amount has reached Rs.517.252 million (RMDC, 2068).

ii) Nirdhan Utthan Bank Ltd. (NUBL)

Nirdhan Utthan Bank Limited, "the bank for upliftment of the poor", is a Microfinance bank established in November 1998 A.D. It was granted a license in April 1999 to undertake banking activities. It provides Microfinance services such as loans, deposits, micro insurance and remittance services. The lending methodologies are individual lending based on Grameen Bank, Bangladesh Model and group lending based on self help group model through a few specified branch offices. By the end of Ashad 2068, NUBL has reached 147845 members. This Bank has succeeded to expand credit to 98965 member families from its 92 branches, its loan disbursement stood at Rs.12233.007 million and rest savings amount has reached Rs.634.211 million by the end of Ashad 2068 (RMDC, 2068). Though, legally established as a company in 1998, the operation of NUBL is a continuation of microfinance services provided by an NGO called "NIRDHAN" which was providing microfinance services since March 1993. NIRDHAN, as an NGO has limited resources and capacity to satisfy the demand of poor people in different parts of the country. Hence, in July 1999, NIRDHAN transferred all Microfinance operations to Nirdhan Utthan Bank. NIRDHAN was re-oriented to Nirdhan Utthan Bank Limited.

iii) Chhimek Bikas Bank Ltd. (CBBL)

Chhimek Bikas Bank Limited is a Microfinance development bank providing microfinance service to the poor, the marginalized and the deprived, with a main focus on women living below the poverty line. It was registered with the company

Register's Office in December 2001 and obtained a license in January 2002 from Nepal Rastra Bank. By the end of Ashad 2068, Chhimek Bikas Bank Ltd. has reached 131859 members. This Bank has succeeded to expand credit to 103179 member families from its 53 branches. Its loan disbursement stood at Rs.9619.767 million and rest savings amount has reached Rs.1015.751 million by the end of Ashad 2068 (RMDC, 2068).

iv) Deprosc Development Bank Ltd.

Deprosc Development Bank (DD Bank) is a Microfinance bank working in the central and western region of Nepal. The bank has promoted by DEPROSC Nepal (an NGO active in Microfinance business). The other promoters are Agriculture Development Bank, Nepal Bank, NABIL Bank, Lumbini Finance and Leasing Company, CEAPRED (an NGO) and former bankers having 15-20 years experience. This bank was registered in January 2001. Deprosc Development Bank has been established to provide microfinance services, which are adaptable to local situations, cost effective, financially viable and sustainable. By the end of Ashad 2068 Deprosc Development Bank Ltd has its 50 branches. Its loan disbursement stood at Rs.2969.015 million and rest savings amount has reached Rs.245.859 million by the end of Ashad 2068 (RMDC, 2068).

B) Small Farmers Co-operative Limited (SFCL)

Agricultural Development Bank of Nepal (ADB/N) initiated a newly developed financing concept on co-operatives known by the name of Small Farmers Co-operative Limited (SFCL) which is in fact a convergent form of a 3 decade old Small Farmers Development Project (1976) of the bank, considered the first poverty focused credit program in the country. To meet the whole sale requirement of SFCL for on-lending to small farmers, ADB/N has established Small Farmers Development Bank (SFDB, 2002). The main objective of transformation of SFDP into SFCL is to ensure the viability and sustainability of Microfinance Institutions (MFIs) which would be managed and administered by the members themselves. Many international organizations including IFAD, ADB/N, CGAP have lent their support to this program in one way or other and GTZ has been continuously providing technical to help upgrade these institutions.

### C) FINGOs Model

This is the latest form of development in microfinance in terms of financial intermediary process. It is believed that more than 10,000 unregistered NGOs are operating in the country either in the field of microfinance or in social and community based development activities. After the Promulgation of Financial Intermediary Act 1998 (1<sup>st</sup> amendment 2002), a broader scope has been created for the NGOs to functions as financial intermediaries for mobilizing savings and promoting credit activities within the group. In this model, the NGOs disburse loans for Microfinance on a group basis. By mid-July 2009, 45 membership of 381, 392 the total outstanding loan disbursed to them amount to Rs.2394 million and a savings deposit of Rs.1317 million (<http://www.skbbbl.com.np>).

### D) Priority Sector and Deprived Sector Credit Model

Priority sector lending model was introduced in early 1974 through the mandatory credit requirement as put forward by the NRB in agriculture, cottage industry and Micro financing towards Empowerment of Disadvantages Groups in Nepal: Innovations and practices center for international studies and cooperation 13 services sector. This mandatory requirement is presently called Priority Sector Credit Program (PSCP) and Deprived Sector Credit Program (DSCP). Priority Sector Credit Program was renamed later as Intensive Banking Program (IBP) in 1981 while deprived sector credit program was introduced in 1991 by the NRB. Both the programs have provision of direct and indirect financing. Under the direct financing mechanism, commercial banks provide loans to the beneficiary directly as retail lending while under indirect financing, commercial banks act as whole sale microfinance and the loan-able funds are channeled through MFIs, co-operatives, FINGOs and MFDBs for On-lending to the beneficiaries. Notwithstanding the fact that Nepal is currently passing through a World Bank led Financial Sector Reform Program (FSRP), NRB has operated for a phasing out policy of this priority sector credit program within 5 years starting from 2002/03. It may be recalled that mandatory requirement to follow funds into priority sector credit program was 12 percent of the total credit outstanding, while for DSCP commercial banks are required to finance Microfinance sector at least to the time of 3 percent of their total credit outstanding. Thus, DSCP is also a major source of fund for on-lending purpose to MFIs.

#### E) Savings and Credit Co-operatives (SACCOs) Model

This is member based organization, registered with the objective of self-help development among the members. By the mid-April,2011, around 19,724 co-operatives have been registered with the Department of co-operatives of which 8888 are savings and credit co-operatives (SACCOs) and 8 percent of them are women SACCOs. Therefore, the regulation on the job of micro financing may be assigned to a separate institution like NEFSCUN and National Co-operative Development Board or new institutions such as Micro financing Regulatory and Supervisory Authority.

#### F) Project Based Micro Financing Model

There were six major donor funded project based micro credit programs. Some of them are still in inactive stage.

##### i) Production Credit for Rural Women (PCRW)

This is the first donor supported microfinance program that was initiated in 1982 and completed in 1997 under two phases covering 26,616 groups and 82,416 poor women borrowers from 75 districts of the country with the credit disbursement amount to Rs.933,812 thousand. Founded by IFAD with a loan amount of SDR 3.23 million the project utilized the loan amount cent percent. Two major commercial banks (NBL and RBBL) and ADB/N were the participating banks and it was executed by Women development was the main executing agency of the credit component.

##### ii) Micro Credit Project for Women (MCPW)

This project was launched in 1994 by Ministry of Local Development in co-operation with NRB, RBBL financial assistance of ADB/Manila amount to SDR 5.0 million. The distinctiveness of its approach lies in using NGOs as facilitators in microfinance. Under the project, 95 partners (87 NGOs and 8 SACCOs) have been involved in "financial and social intermediation" i.e. group formation, training and delivery of bank credit. By March 2002, the project covered 25,000 women clients from 14 districts and 14 municipalities. The participating banks such as NBL and NRB provided micro credit amount to Rs.135 million (outstanding balance) to the target beneficiaries through NGOs and women's associations. NRB was again the executing agency of the credit component of the project. The project was completed in 2002 and the utilization of ADB's loan remained at 90 percent. The project in Nepal by ADB in 2001 with the completion of the project, many NGOs associated with the program as

a credit agent later converted or upgraded into FINGOs and SACCOs i.e. 82 women savings and credit co-operatives were organized and 25 of them were registered at the Co-operatives Department 25, SACCOs have been able to become Partner Organizations (POs) of RSRF. Similarly, 27 FINGOs formed by women groups under the MCPW have received licenses for limited banking from the central bank.

iii) Poverty Alleviation Project in Western Terai (PAPWT)

This project was funded by IFAD and launched in December 12, 1997 in selected Terai districts of western, mid-western and far-western development regions. The project is to cover below poverty level clients of the MFIs through 16 branches of Grameen Banks and its replicating institutions from 8 districts of western, mid-western and far-western Terai. The project was completed in December 2004 and covered 29,000 small and marginal deprived sector borrowers. The project utilized 80 percent of total loan amount of SDR 2.57 million. The project was based on pre-financing model under which the selected branches were pre-financed by the NRB for on lending their clients based on their branch viability plan. As usual ministry of local development was the major project implementing body for overall project management and NRB acted as a credit component implementing body.

iv) Third Livestock Development Project (TLDP)

The project was started in the year 1996 with an aim to improve the quality of livestock and its production along with other livestock and its production along with other livestock related development. The project was funded by ADB/Manila with a loan amount of SDR 2.0 million. The project was launched in three different phases in 26 districts of western, mid-western and far western regions of the country for targeted marginal and middle-income people. Initially, the project was to be completed by July 30, 2003 but it was extended by one year to July 30, 2004. Besides, targeting marginal and middle income farmers, provision for high income level farmers was also made for raising livestock on commercial basis. During the project period, TLDP has disbursed Rs.170 million through its 17 PFIs. While NRB was the implementing agency for the credit component, the overall executing responsibility was with the Department of Livestock, Ministry of Agriculture and Co-operative.

v) Community Ground Water Irrigation Sector Project (CGWISP)

With the objective of increasing agricultural productivity of marginal and small farmers through community based shallow tube-well irrigation system. Government introduced CGWISP in 12 districts of eastern and central terai in March 1999. CGWISP is funded by ADB/M with a loan amount of SDR 9.93 million for the STWs installation and production credit and US\$ 3.5 million as a grant from CIDA as technical assistance. NRB is the implementing agency for the credit component. Department of Irrigation has overall responsibilities for executing the project. Technical assistance part was implemented by Centre for International Studies and Cooperation (CISC).

vi) Rural Microfinance Project (RMP)

This was an ADB/M funded project for period of 1999-2005. With a loan amount of SDR 14.2 million under the project, Rural Microfinance Project aimed at improving the socio-economic status of poor women through wholesale credit on MFIs for on-lending to income generating activities and institutional strengthening of MFIs. Rural Microfinance Development Centre (RMDC) implemented the credit component. Rural Microfinance Development Centre (RMDC) is an apex organization of microfinance in Nepal. It was incorporated on October 30, 1998 as a Public Limited Company under the companies Act, 1996 and has got license from the Nepal Rastra Bank (the central bank) on December 6, 1999 to operate as a development bank within the framework of the Development Bank Act 1995. It has been operational since January 2000. It is argued that the poor utilization of loan-able funds of ADB/M was mainly due to conservative attitude shown towards large MFIs with undermining the prospects of microfinance development banks such as GBBs in outreaching as well as scaling-up of operation of microfinance.

G) Wholesale Micro Financing Model

Wholesale micro financing in Nepal was introduced in 1990's with the establishment of Rural Self-Reliance Fund (RSRF) in 1991. Later another institution called RMDC (Rural Micro-Credit Development Center) under RMP came into existence in 2000 to cater to the wholesale credit needs of MFIs for on-lending purposes as well as for institutional capacity building of MFIs and capacity building of clients of partner organization. Concurrently, in the year 2002, another wholesaling micro-finance



institution called Sana Kisan Bikas Bank (SKBB) was established to provide wholesale credit to Small Farmers Co-operative Limited (SFCL). Likewise, wholesale institution called National Co-operative Development Bank (NCDB) was also established in 2003 A.D.

### **2.1.8 On-going Major Microfinance Activities**

#### **a) Rural Self Reliance Fund (RSRF)**

The Rural Self Reliance Fund was established in 1991 for providing credit to the rural deprived people for carrying out income generating activities using their skills, labors and other local resources and thereby helps people to achieve economic self-reliance over the years. The target group of the fund is individuals of rural households, holding less than 15 ropanies (0.82 hectare) of land in the hills or less than 1 bigha (0.71 hectare) of land in Terai, or those who cannot meet the minimum annual consumption needed for their family members from their family income and the fund will provides micro credit where the service of bank and financial institution does not exist. The RSRF provide micro credit to the Savings and Credit Cooperatives (SACCOs) and NGOs on the basis of total share capital, reserve fund plus profit. RSRF is the first microfinance institution not only in Nepal, but also in Asia Pacific Region. RSRF's activities have been found to be more confined to Eastern and Central Development region of Nepal. NRB/MFD is endeavoring to expand its activities particularly in Western, Mid-Western and Far Western Development Region in the years to come through workshops, advocacy and allied activities. RSRF has motivated rural women to run various income generating activities for their meaningful economic employment.

#### **b) Rural Micro-Finance Development Centre (RMDC)**

Rural Microfinance Development Centre Ltd. (RMDC) is an apex microfinance organization in Nepal. It operates as a wholesale lender for retail microfinance institutions (MFIs) such as rural development banks, microfinance development banks, savings and credit cooperatives (SCCs) and financial intermediary NGOs (FINGOs), which are providing microfinance services to the poor, the marginalized and the deprived people with main focus on women living below the poverty line. RMDC also provides supports to MFIs for their institutional strengthening and capacity building. RMDC was registered on October 30, 1998 as a public limited

company. It has been operational since January 2000. RMDC's vision is to emerge as a successful apex institution of microfinance that is financially viable and sustainable, operationally efficient and capable to establish a sound financial system that can cater to the needs of the majority of the deprived and disadvantaged families and thereby help contribute to the building of a poverty free self reliant society in the country. Its mission is to reach a large number of the poor and deprived families in Nepal with appropriate microfinance services and capacity building supports to help them realize their untapped huge potentials for self development. By the end of Ashoj 2068, RMDC has approved a total of Rs.5.37 billion for 88 MFIs, of which Rs.4.90 billion have been disbursed. It is revealed that RMDC has made significant contributions to promote and develop the microfinance sector in Nepal (RMDC, 2068).

c) Agricultural Development Bank Ltd. (ADBL)

With the main objective of providing institutional credit for enhancing the production and productivity of the agricultural sector in the country, the Agricultural Development Bank Nepal, was established in 1968 under the ADB/N Act 1967, as a successor to the Cooperative Bank. The Land Reform Savings Corporation was merged with ADB/N in 1973. Subsequent amendments to the Act empowered the bank to extend credit to small farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities for the mobilization of domestic resources.

d) Small Farmers Cooperative Ltd. (SFCL)

A Small Farmer Cooperative Ltd is a multi-service cooperative designed to deliver primarily financial, but also non-financial services to its members in the hills and Terai of rural areas of Nepal. The SFCL play an important role in the rural civil society, by pooling joint resources to meet basic needs and to defend members' interests. The SFCLs are member-owned and controlled and have an open membership policy towards small farmers. A SFCL is a three tiered organization with small farmer groups, inter-groups and a central committee as the main pillars. Small farmers are arranged in a group with joint liability at the village level, which usually consist of 5 to 12 members. This is the body for the members to start their loan application process and to pool monthly individual and other community development. By mid-July 2009, 225 SFCLs had come into existence with a small

farmer membership of 145,419, the total outstanding loan disbursed to them amount to Rs.2302 million and a savings deposit of Rs.1304 million (<http://skbbl.com.np>).

e) Small Farmers Development Bank (SFDB)

The Agricultural Development Bank Limited (ADBL) started the Small Farmers Development Program (SFDP) in 1975 to extend credit to small and marginal farmers under SFDP, small and marginal farmers were organized into groups of 5-7 individuals to borrow from ADBL based on the group guarantee. SFDP was carried out through its Sub Project Office (SPO), which promoted village level committees and was facilitated by a group organizer. Groups were formed based on the community members common socioeconomic status, such as having income below the poverty threshold, being from a common locality and having citizenship certificates. Separate male and female groups were organized. Loans generally started at lower levels with members graduating to larger loans based on experience and satisfactory repayment performance. In addition to the financial operations to support SFDP, ADBL has assumed responsibility for group mobilization and group training.

f) Federation of Small Farmer Development Center (FSFDC)

There were two major reasons behind establishing SFCL. First, the rapid expansion of SFDP through ADBL was not possible due to the overhead costs carried by the bank in establishing a SPO there by creating a limitation to the bank expanding each year. This was because given the magnitude of poverty in rural Nepal, without a rapid expansion of the program it was unrealistic to expect any significant improvement in poverty situation. Secondly, transforming the ownership of the program to the farmers themselves was to create conditions that helped in the sustainability of the organization.

g) Self-Help Groups (SHGs)

The history of the group approach to poverty reduction in Nepal dates back to mid 1970s where in about 9-25 people below poverty line and living in a settlement are organized into groups (male only, female only or mixed) under the technical backstopping support of the government promoted programs such as SFDP and Intensive Banking Program (IBP) to work together for addressing their common problems. Other programs such as PCRW, Banking with the Poor (BWTP), MCPW, etc. also attempted to address poverty using the group approach. Success of the

program implementation using group approach led to its expansion among different Government Organizations (GOs) and Non-Government Organizations (NGOs) in the recent years with the idea that people living in a settlement share an environment and common need together and they are bound to take up activities jointly which are meant for the welfare of the whole group. In most cases, these groups exhibit features of SHGs with savings collection and loan operation as one of their key activities. At present there is hardly any cluster or village in Nepal without SHGs. There are cases where members of the households have participated in more than one group promoted by different organizations. Since mid 1990s UNDP, in close collaboration with Ministry of Forest and Environment, Ministry of Tourism and Civil Aviation, Ministry of Industries, Supplies and Commerce and Ministry of Women, Children and Social Welfare have been implementing rural development and poverty reduction programs organizing the beneficiaries into SHGs.

#### h) Institutional Dimension of Cooperative in Nepal

Besides the National Planning Commission (NPC) and the Ministry of Agriculture and Cooperatives that are responsible for policy formulation, program approval and progress monitoring at the national level, the major national players in the field of cooperatives in program planning and implementation include DOCs, NCDB and NCF.

#### i) Department of Cooperatives (DOCs)

The Department of Cooperatives (DOC) was established as early as 1953. The first cooperative society was established as a credit cooperative in 1956 in Chitwan District. The first Cooperative Act was promulgated in 1962. In accordance with the Cooperative Act of 1992 (amended in 2000) and Cooperative By laws 1993, the DOCs seeks to achieve the objectives of registration, supervision, regulation, monitoring and promotion of cooperation of cooperative societies/unions within the framework of the cooperative principles put forward by the International Cooperative Alliance (ICA).

#### ii) National Cooperative Development Board (NCDB)

NCDB was created in 1992, first as an adhoc organization by dissolving then the existing Sajha Central Office and then as a permanent national organization under a separate Act.

### iii) National Cooperative Federation (NCF)

The National Cooperative Federation of Nepal (NCF) is an apex level umbrella organization of all the central and district level cooperative unions and specialized unions. It was established in June 1993. It is a member of the International Cooperative Alliance (ICA).

### **2.1.9 Historical Background of the Nepalese Financial System**

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

The Rastriya Banijya Bank Limited (RBBL) was established in 1966 as the second commercial bank of Nepal. From 1962 to 1982, a large number of non-banks financial institutions were setup such as the provident fund, Insurance Corporation, stock exchange etc. they move towards financial liberalization encouraged the entry of joint venture commercial banks and finance companies. Even the Non-Governmental Organizations (NGOs) and the Savings and Cooperative Societies have been licensed by NRB for limited banking activities.

### **2.1.10 Microfinance System in Nepal**

The formal sector micro lending activities began in 1956 with the establishment of credit cooperatives in the Rapti valley of Chitwan district to provide financial services in rural Nepal. They were established to progressively abolish excessive rural indebtedness and contribute to uplift the socio-economic conditions of the rural people. To make financial resources available to these cooperative credit societies, the cooperative bank was established in 1959. As a result, ADB/N was established in 1968 to provide agriculture credit. ADB/N has still remained the foremost rural and agriculture financing institution and accounted for 55 percent of the total rural institutional credit. The role of Grameen Bikas Banks (GBBs) in rural micro financing has increased recently but their share in total outstanding rural institutional credit was

less than 2 percent. Microfinance practice formally started in 1974 since the NRB direction to commercial banks for lending 5.5 percent of their total deposit liabilities to "Small Sector" in order to increase production and employment in rural areas.

## **2.2 Review of Related Studies**

In Nepal, over half a dozen MFI has been in operating since the early 1990s. Although a lot of research has been done on microfinance. This financial impact of microfinance on women is new topic for faculty of Humanities and Social Sciences. 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 collected through different books, dissertations, papers, journals, articles and electronic devices etc.

### **2.2.1 Review of Major Journals and Articles**

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

Baumann (2001) published a research article on topic "Microfinance and poverty alleviation in South Africa". This paper stress that microfinance starts from an observation that the poor lack access to financial services, credit and savings facilities. South Africa govt. has begun to emphasize the importance of savings facilities for low income households not only for its own sake, but to increase the national savings rate. Collective savings and credit movements use group savings autonomous grassroots savings groups. The 'outputs' of active women's savings and credit collectives in poor communities include: social assets, leverage, reduced vulnerability savings and credit in the training process and show how such crises credit funds work in other communities. The conclusion drawn by this report is that MFI's expert contributions seems to consist not in assessing multi-faced goals and the benefits there of but in demonstrating their own arithmetical competence. It is more an expression of frustration at the stage of discourse on microfinance and poverty alleviation in South Africa today. The technical finance skills employed by orthodox practitioners are highly valuable and many alternative initiatives suffer for lack of them. Unless and until NGO put a side their fears, rivalries and isolationism, they will probably fail to influence government policy effectively. They must do so not for themselves, but for the poorest of the poor whom they seek to serve. The poor simply cannot wait as long

as it will take the formal sector, in the form of emergent small business to absorb them and their actives into the main stream economy. Govt. must acknowledgement 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 micro credit 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 Nigeri. The topic of report is Microfinance Program Impact Assessment 2003. This report describes that microfinance is a cost effective means of contributing to development and poverty alleviation, because any dollar invested is used more than one time. Microfinance takes consideration effort on financial planning and enables poor people to expand and increase outreach to the poor through internally generated funds. The objectives of program impact assessment is to examine whether UNCDFs programs have had the desired impact on microfinance clients, institutions and the enabling environment. The findings of the report are that UNCDF is making an important contribution to the growth of microfinance in a number of countries around the world. In term of poverty reduction and client impact, UNDCF has been particularly successful in increasing outreach, with microfinance services expanding roughly 80-85 percent in the case study countries since the inception of the UNCDF/UNDP microfinance programs. The selected partners have successfully targeted largely poor and very poor population and appear to be increasing women's access to financial services. Program loans are one of the main ways clients overcome food, security, pay for medical and lifecycle express and address emergencies.

Pradhan and Shrestha (2004) had conducted a study on "Microfinance and Women in Nepal". They concluded that most of the MFIs are facing the serious problem of sustainability due to high administrative and overhead cost, heavy service delivery cost, absence of self-regulatory mechanism and fully committed professionalism. They further concluded that the role of the central bank in microfinance development is still important in Nepal where private sector institutions are just involving. They have mentioned that many activities have to be coordinated new skill and technology

should be added and micro credit programmed should be expanded to reduce the ratio of poverty.

Sharma (2004) had conducted a study on "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 savings and investment of small loan. This article try to find out the answers of different claiming by institutions such as - Are these institutions really delivering microfinance services to the poorest of the poor? Are they really sustainable in the long run? Are they financially efficient? The conclusion drawn by this article is that the Nepalese MFIs aren't being able o 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.

Baral (2004) has studied on the title "Microfinance: Good Portfolio and Management of Delinquency". He has made some important improvements in the field of microfinance. Quality portfolio refers to the loan recovered in time within or the due date. Loan recovery rate is a measure of quality of loan. Financial institutions analyze the present financial condition while approving the loan, statistics of many countries shows that the loan recovery rate of micro-credit is higher than that of commercial banks and finance company loan. In Microfinance, the term delinquency is used to imply the situation when overdue loan remains institutions do not have to face much more problem relating to delinquency.

Shrestha (2006) chief executive officer of RMDC, presenting his paper on "Viability and sustainability of Microfinance Institutions "presents the meaning of micro fiancé in this way. Microfinance is a system of grassroots development finance. It deals with the poor people, low income group, the asset less, the marginalized, the exploited and the desperate. Microfinance provides small loans to meet their diverse needs with simple procedure in homely atmosphere. It takes small and petty savings for safe



keeping to meet their lump sum requirement in future. It offers other financial services such as micro-insurance.

Sharma (2007) had 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 micro-credit programs on a large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The data were taken from a special survey carried out in hill and Terai in 2004 - 2006 of Nepal. In this paper, analysis were done on women's involvement in decision making, changes in self-confident, women's status in gender equity, changes in social and political participation, changes in control over income, change 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 children, fetching water, washing clothes, cleaning house and utensils, men involvement is relatively higher in terai belt than the men in hills .It also shows that there is a significant change in social and political participation of women after the program. MFI program has substantial impact on Terai women's income control as compared to hills. Terai shows a relatively greater change in family relationship and domestic violence.

Shrestha (2007) had conducted a study on "Microfinance: A Tool to with Poverty." This paper briefly reviews the targeted 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, household with bigger land holding and also in the households with educated household heads, collateral based landing particle 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 replicate etc. Outreach and disbursement of credit by microfinance activities have shown that substantial amount of savings could be

generated from rural savings and credit schemes. Proportional of household taking loan increased substantially particular in the rural areas.

### **2.2.2 Review of Thesis/Dissertations**

Since the MF and Empowerment are relatively new discipline, only handful researches are undertaken by few researchers. Therefore very few dissertations are available in the libraries, which are briefly reviewed below.

Ojha (2002) did a research on Microfinance in Practice: Loan Recovery Approach, the main objective of his study were to analyze the state of loan recovery in terms of loan repayment, to overview outreach of training activities and to examine the state of savings and its mobilization, disbursement, repayment, outstanding, overdue of the loan. The major findings of the study were, outreach of the program is good which helps to identify that target women .The job of household survey target women identification, group formation and loan disbursement to the participating entrepreneur was carried out by the implementing non-government were not able to include all the targeted women. Most of non-government organizations could not meet the required criterion of loan repayment and still the amount of overdue was remained high .similarly it was found that most of the sampled women have repaid in time, created savings and disbursed loan from the savings.

Karki (2003) had a dissertation entitled Micro Credit Programme for Rural Women, her objective was to examine the impact of the programme in the economic status to the women in the study area and to examine the impact of the programme in changing social status of Dalit Women. Research design was descriptive, quantitative and qualitative, that had been followed to conduct the study. The systematic random sampling technique had been used. Her major findings were 76.66 percent of the borrowers had gained profit by the credit programs. The two members who had gained profit more than Rs.2500 by using the small amount of loan, shows that if it was used properly these kinds of program could change the life of the poor women (Specially Dalit) with their family.

Ghimire (2005) made a study on the title, Impact of Microfinance: A case study of Micro-credit Program for Women, The objective set by Ghimire for his studies were to measure the relationship between investment and income, to know the perception

users group towards the program. Similarly, he tried to assess financial sustainability of the program and effect of training on living standard of the people. He has presented some major findings of his studies. Among four investment sectors of borrower, agriculture sector has highest investment. Business which were started by taking loan from program, were found to be operating regularly as major occupation. After the intervention of program, women were especially attracted towards economically profitable business like poultry, buffalo keeping and retail business. Correlation and regression analysis was found to be significant between income and investment. Overall impact of the program on living standard of women was positive. Likewise perception of users group towards the program was positive. Most of the participant had repaid the loan in due time, where 85 percent of women repaid the loan in due time.

Aryal (2007) made a study on the topic "Microfinance under Rural Development Program: A Case Study of Khilung Deurali V.D.C. Shyangja." The basic objective of the study is to examine the effective activities and effectiveness of rural development program and is to carry out the study of rural development program in Khilung Deurali V.D.C. Shyangja. The other specific objectives 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 savings, deposit and its mobilization in terms of loan disbursement to find out the problems faced by the women in obtaining the loan. From this study he found and concluded that the program has made positive impact of the women living standard by generating employment and increasing productivity. Most of the women's income is sufficient for one year living or less. The performance of the project in terms of achievement of loan disbursement and recovery has been found very well in study period. So the repayment of loan was very satisfactory encouragement training of local leadership savings 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.

Sharma (2007) had conducted a Ph.D research on "Microfinance Practices and their Sustainability in Nepal." The main objective of the study was to identify and evaluate

the effectiveness and sustainability of the activities of MFIs and their contribution in socio-economic changes and women financial and institution viability and overall sustainability of the selected MFIs of Nepal and Bangladesh and to evaluate financial and institution viability and overall sustainability of the selected MFIs He found that the microfinance leads to social and economic changes in the borrowers after the participation in the program. Women empowerment showed the positive changes with the high level of confidence in decision making, participation in social activities, gender equity and control of income. He also concluded that MFIs program helped to increase income and savings so that they can meet their emergency needs. Further more microfinance is creating an environment for poverty alleviation and rural development but the overhead and office expenses of the MFIs of Nepal are higher than that of Bangladesh. Hence, the productivity of Bangladesh MFIs is better than Nepal. In this study his further concluded that however microfinance is not a solution in itself, other issues of development policy and implementation also affect women empowerment, poverty reduction and utility of microfinance need which should be address at a proper's and appropriate levels.

### **2.3 Research Gap**

Different scholars and researchers have given their different findings and conclusions in the field of microfinance and microfinance on women. From the above review of articles and dissertations, it seems that this study is trying to find out something new in the field of microfinance on women. Only few studies have been taken place in the topics of microfinance. This study is entirely new which accomplishes by the researcher's own research. Although, there are various researches carried out related to the microfinance program but this study is significant difference from the previous research in nature as it focus on micro level in depth study, positive impact on targeted group and the further implementation of the different programs.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter includes research design, population and sample, nature and sources of data, data collection methods, data processing procedures and data analysis techniques.

#### **3.1 Research Design**

Research design is an overall framework or plan for the activities to be undertaken during the course of a research study. This study is based on descriptive and analytical research design to achieve the desired objectives.

#### **3.2 Population and Sample**

As per the objective of the study, study should cover the whole picture of Pokhara sub-metropolis city regarding micro-finance of SDC. The total number of women involved in SDC programs are 3233 and divided into 151 centers containing about 15-45 members for each centre. There are 118 centers of women groups by the end of Ashad 2068 in Pokhara city which is considered as the size of population for this study. This study covers all the centers but it does not considered all the members of women for the purpose of study because of the limitation of area, budget and time. The total numbers of women involved in 118 centers are 2550. Out of 2550 women, only 512 women have been selected as simple random sampling methods which are given in appendix 'C' and 'D'.

#### **3.3 Nature and Sources of Data**

This study includes both primary and secondary data but mainly based on primary data, which are collected from the field survey by using questionnaire. The relevant secondary data are obtained through secondary sources eg. Books, Pamphlets, Journals, Various research studies, Dissertations, Article, Annual reports of Shreejana development centre, Publication and records of concerned agencies.

### **3.4 Data Collection Methods**

The research is based on both primary and secondary data. But most of the data have been obtained from primary source by field visit. To obtain data from study area, questionnaires are prepared after pilot survey and they are distributed to sample members to fill up and those who are ignorant are asked questions. Similarly, the secondary data are collected by discussion and unstructured interview with related staffs of the development centre. Also various news, articles, journals, dissertation and related websites are used to collect information.

### **3.5 Data Processing Procedures**

The collected data have been edited, classified and tabulated in appropriate form. Processing of data has been done by the computer using Microsoft Excel and Microsoft Words.

### **3.6 Data Analysis Techniques**

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

- ) Collection of relevant information.
- ) Identification of data suited to fulfill the purpose of the study.
- ) Classification and tabulation of data.
- ) Use of percentage changes, average, standard deviation, coefficient of variation, simple correlation coefficient, simple regression, t-test and chi-square test.
- ) Draw conclusions, summary and suggestions based on the analyzed data.

#### **3.6.1 Statistical Tools**

Following statistical tools are used in this study.

##### **a) Arithmetic Mean ( $\bar{X}$ )**

Arithmetic mean is the most popular and widely used statistical tool to measure the entire data by one value called average. The mean value can be obtained when the total of all the values in a distribution is divided by the number of values in the distribution. Arithmetic mean is also known as the arithmetic average (Bajracharya, 2067: 101)

Symbolically,

$$\text{Arithmetic mean } (\bar{X}) = \frac{X_1+X_2+X_3+X_4+\dots\dots\dots+X_n}{n}$$

$$\dots \bar{X} = \frac{x}{n}$$

Where,

$\sum x$  = Sum of observations

n = Number of observations

b) Standard Deviation (S.D.)

Standard Deviation is defined as the positive square root of the arithmetic mean of the squares of the deviations of the given observations from their arithmetic mean (Bajracharya, 2067: 177). The standard deviation indicates the ranges and size of deviation from the average. It is a function of the differences between each individual score and the overall mean score of the sample. Hence, if all scores were exactly the same, the standard deviation would be zero because there would be no difference between individual score and the mean. It is commonly used to measure the spread of scores. The small value of standard deviation implies the high degree of uniformity and homogeneity of the distribution and vice versa.

Symbolically,

$$\text{Standard Deviation } = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$$

Where,

$\sum (x - \bar{x})^2$  = Sum of the square of deviation taken from mean

N = Number of observations

c) Coefficient of Variation (C.V.)

The coefficient of variation shows the relation between standard deviation and arithmetic mean. The relative measure of dispersion based on the standard deviation is known as coefficient of variation. It is suitable for comparing the variability, homogeneity and uniformity of two or more distributions. A distribution with smaller C.V. is said to be more homogeneous or uniform or less variable than the other and vice versa. Less the C.V., more will be the uniformity, consistency and more the C.V. will be the less uniformity, consistency etc (Bajracharya, 2067: 180).

Symbolically,

$$\text{Coefficient of Variation (C.V.)} = \frac{\dagger}{\bar{x}} \times 100\%$$

Where,

$\dagger$  = Standard Deviation

$\bar{x}$  = Arithmetic mean

#### d) Simple Correlation Coefficient (r)

Simple correlation coefficient (r) has been used to find the relationship or the degree of association between the loan disbursement say X and recovery say Y. It is calculated by using the following formulae (Sthapit, 2005: 375).

$$\text{Simple Correlation Coefficient (r}_{xy}) = \frac{\sum XY - n\bar{X}\bar{Y}}{\sqrt{(\sum X^2 - n\bar{X}^2)(\sum Y^2 - n\bar{Y}^2)}}$$

Where,

$r_{xy}$  = Correlation Coefficient between Loan Disbursement and Recovery

n = Number of Observations

$\bar{X} = \frac{\sum X}{n}$  X Average Loan Disbursement

$\bar{Y} = \frac{\sum Y}{n}$  X Average Loan Recovery

Its value lies between -1 to 1 (i.e.  $-1 \leq r_{xy} \leq 1$ ). If  $r_{xy}=1$ , there is perfect positive relationship, if  $r_{xy}=-1$ , there is perfect negative relationship and if  $r_{xy}=0$ , there is no correlation at all. The closer the value of r is to 1 or -1, the closer the relationship between the variables and the closer r is to 0, the less close relationship between the variables.

#### e) Simple Regression

It analysis shows a linear relationship between the variables. It has been used to measure the degree of relationship between the loan disbursement and recovery. To examine the relationship between loan disbursement and recovery, the following formula has been used.

$$Y = r \Gamma S X$$

Where,

X = Loan Disbursement



Y = Recovery

r = X Autonomous Loan Disbursement

s = X Elasticity of Recovery with Respect to Loan Disbursement

### 3.6.2 Statistical Tests

A brief explanation of the major statistical tests used in this study is given below:

#### a) T-Test

To test the validity of the assumptions about regression coefficient, t-test is used. The calculate t-value have been tested to the table value at a certain level of significance for given degree of freedom. If the calculated t-value exceeds the table value the difference is significant and if not, the difference is treated as insignificant (Sthapit, 2005: 330).

Under Null Hypothesis ( $H_0$ ),

$$T\text{-statistic} = \frac{r}{\sqrt{1 - r^2}} \sqrt{n - 2} \sim t_{n-2}$$

Where,

r = The Correlation Coefficient

n = Number of Observations

#### b) Chi-square Test ( $\chi^2$ - Test)

Chi-square test is one of the simplest and most widely used non parametric test in statistical work. The quantity of  $\chi^2$  describes the magnitude of the discrepancy between the theory and observations (Sthapit, 2005: 341). It is defined as,

$$\chi^2 = \frac{\sum \frac{(O - E)^2}{E}}$$

Where,

O = Observed Frequency

E = Expected Frequency =  $\frac{RT \times CT}{N}$

RT = Row Total

CT = Column Total

N = Total Number of Observation

## **CHAPTER IV**

### **PRESENTATION AND ANALYSIS OF DATA**

This chapter includes of presentation and analysis of primary and secondary data related with different variable using statistical tools. The main objective of this chapter is to analysis the relevant information. In order to achieve these objectives the gathered data are presented and analyzed with the help of different tools and techniques. It includes profile of the respondents, response of poorest women, lending activities, savings activities of SDC, investment and income and loan disbursement and recovery.

#### **4.1 Profile of the Respondents**

From the profile of respondents, it has been found that the program has benefited to all the borrowers. For the purpose of this study, perception of the some sample women towards the SDC program with respect to education level, age structure, ethnic group, priority sector, confidentiality of participating women, improvement in living standards of women and response of women as continuing their business in future are shown.

##### **4.1.1 Education Level**

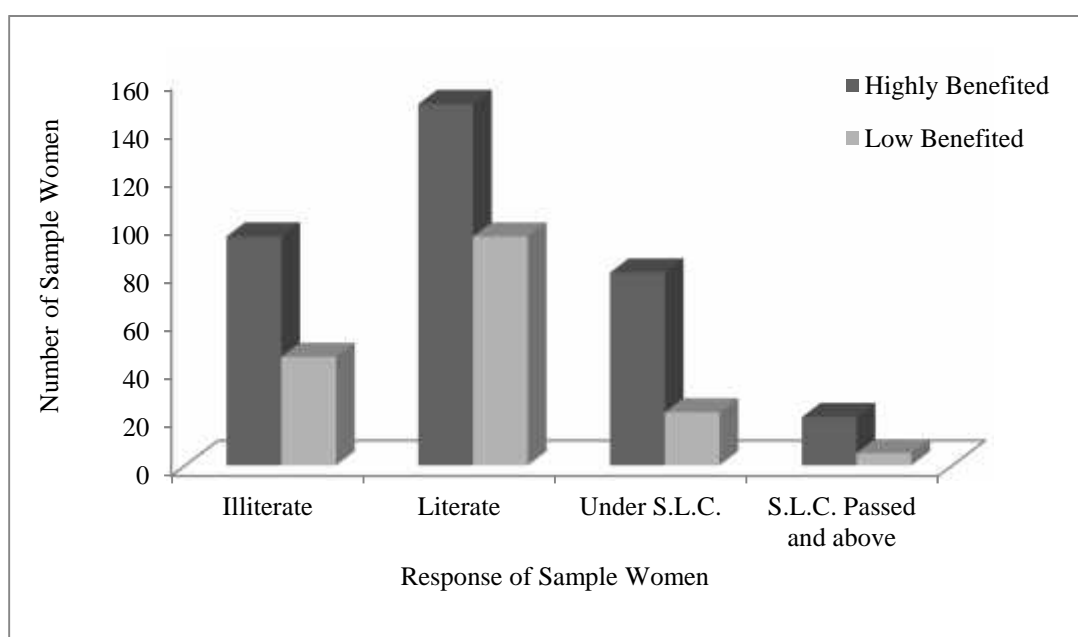
Education is the basic of human capital formation and the key source of economic development of a nation. Human capital is that source which can mobilize and utilize the available resources optimally and cause to enhance the pace of economic development of a nation. It is believed that the rapid quantitative expansion of educational opportunities is the key to national development. Then more education, more rapid the development (Todaro, 2011: 394). Women's education not only increases their productivity on the firm and factory but also have an important impact on breaking the vicious circle of poverty. In most developing countries, the rate of return on women's education was found higher than that man. So, it is highly essential to provide education to women. Education is the most important things all over the world therefore; it is lamp of the world. Following table shows the education level and their perception of sample women.

**Table 4.1: Response on the Education Level of Sample Women**

Education Level	Perception Towards		Total
	Highly Benefited	Low Benefited	
Illiterate	95	45	140
Literate	150	95	245
Under S.L.C.	80	22	102
S.L.C. Passed and above	20	5	25
Total	345	167	512

*Source: Field survey, 2012*

Table 4.1 shows perception towards at different level of education of the respondents. Out of 512 sample women 345 respondents were highly benefited and 167 respondents were low benefited. Most of the women's are literate. They know how to keep their amount of income, consumption and savings. They are getting high benefits from SDC programs.



**Figure 4.1: Response on the Education Level of Sample Women**

#### 4.1.2 Age Structure

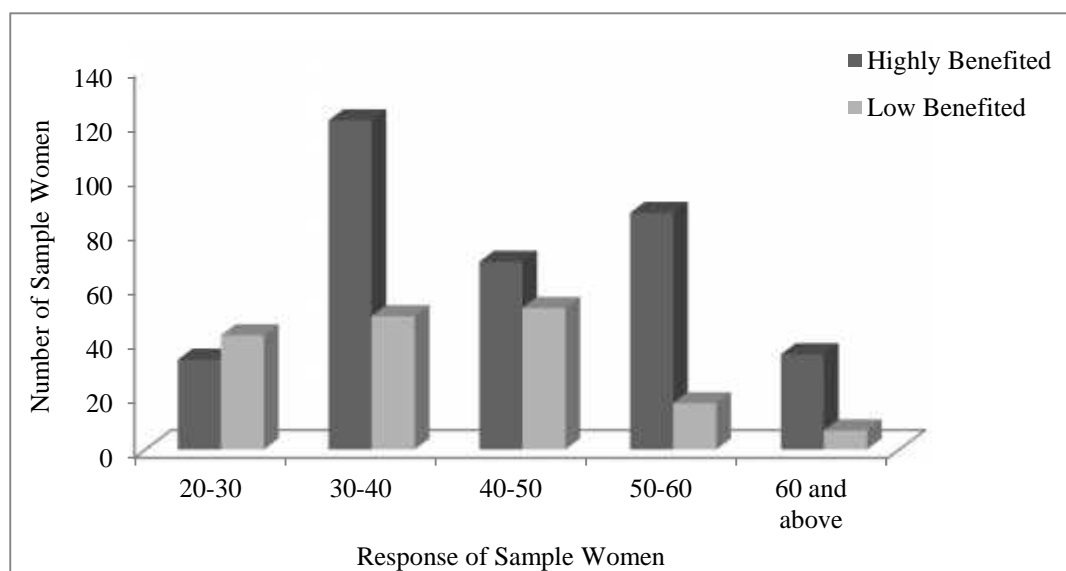
In this study, it has been found that the age structure of women was between 20 to 62 years. It has been shown in table.

**Table 4.2: Response on the Age Structure of Sample Women**

Age Structure (in years)	Perception Toward the Programs		Total
	Highly Benefited	Low Benefited	
20-30	33	42	75
30-40	121	49	170
40-50	69	52	121
50-60	87	17	104
60 and above	35	7	42
Total	345	167	512

Source: Field Survey, 2012

Table 4.2 shows among 512 respondents 75 were between 20-30 years range, 170 were in between 30-40 years range, 121 were in between 40-50 years range, 104 were in between 50-60 years and 42 sample women were 60 and above. The above table shows that 345 women were highly benefited and 167 were low benefited. Out of 512 respondents 121 sample women were highly benefited in 30-40 years range. Normally 20-62 years range sample women were involve in economic activities and benefited SDC programs seems satisfactory.



**Figure 4.2: Response on the Age Structure of Sample Women**

#### 4.1.3 Ethnic Group

The state table shows muslim, madeshi and dalit, adibasi janajati, brahmin and chhetri of the sample women and their perception toward the programs.

**Table 4.3: Response on the Ethnic Group of Sample Women**

Ethnic	Perception Toward the Programs		Total
	Highly Benefited	Low Benefited	
Muslim, Madeshi and Dalit	79	49	128
Adibasi Janajati	155	42	197
Brahmin and Chhetri	111	76	187
Total	345	167	512

Source: Field Survey, 2012

Table 4.3 shows 187 participating women are involved from Brahman and Chhetri, 197 from Adibasi Janajati and only 128 from Muslim, Madeshi and Dalit. Out of 512 respondents 111 Brahman and Chhetri respondents are benefited by the program whereas 155 Adibasi Janajati women are benefited and 79 Muslim, Madeshi and Dalit sample women are benefited. The field survey report shows the number of Adibasi Janajati covers the high share and Muslim, Madeshi and Dalit group is also hopeful in the MFPs. Muslim, Madeshi and Dalit group has least involvement in the MFPs during the survey.

#### 4.1.4 Priority Sector after Improvement in Economic Condition

Every people have their own interest and future plan. Like this these SDC women also have their own future plan to give priority in different sectors after improvement in their economic condition which is shown in the table 4.4

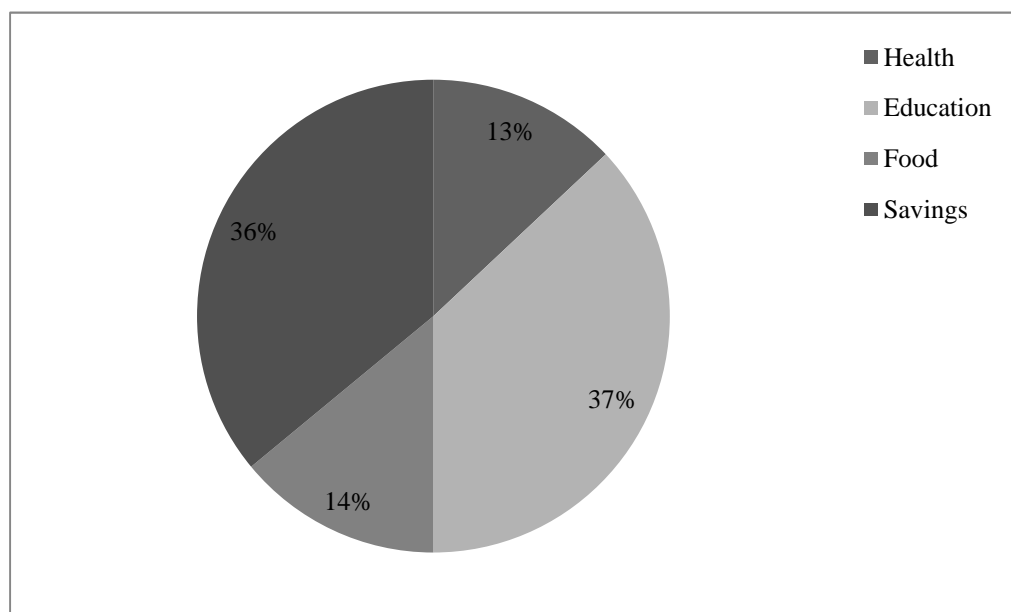
**Table 4.4: Priority Sector after Improvement in Economic Condition**

Description	Number of Sample Women	Percentage
Health	67	13.09
Education	189	36.91
Food	73	14.26
Savings	183	35.74
Total	512	100

Source: Field Survey, 2012

Table 4.4 shows the priority sector of participatory women. The main priority sectors of women were health, education, food and savings. Out of 512 respondents 67 prefer

health, 189 prefer education, 73 prefer food and 183 prefer savings after improvement in their economic condition. In percentage, the highest perception of women prefers education (36.91 percent) and the lowest perception of women prefer health (13.09 percent). It shows majority of the respondents given higher perception to education pattern after the improvement on their economic activities.



**Figure 4.3: Priority Sector after Improvement in Economic Condition**

#### 4.1.5 Confidentiality of Participating Women

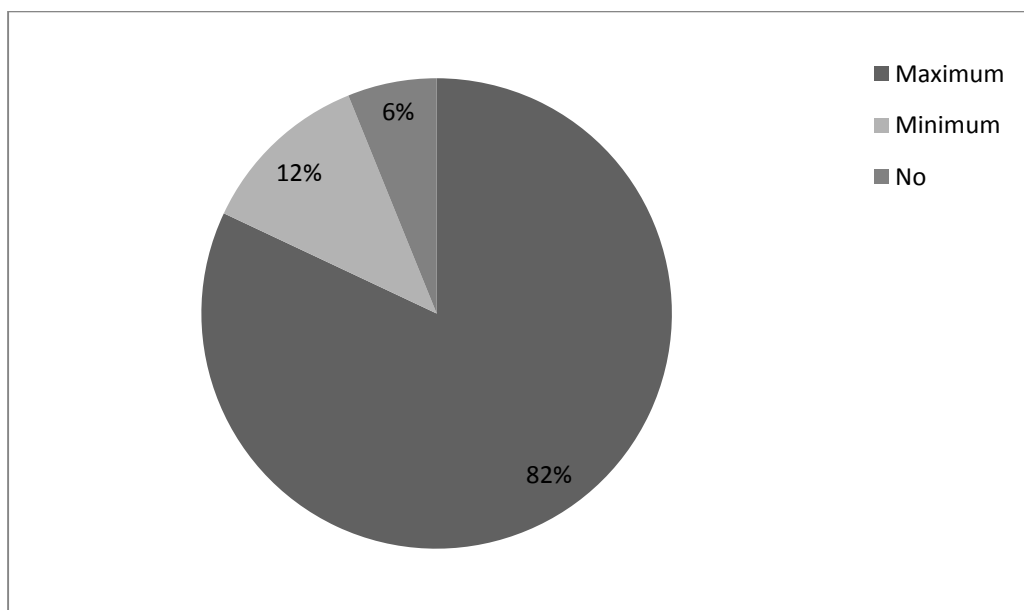
Under this study, it is found some participating women have maximum confidentiality, some have minimum and some have no confidentiality of becoming successful entrepreneur in future. The confidentiality of participating women is shown in table 4.5.

**Table 4.5: Response on the Confidentiality of the Participants to Become Successful Entrepreneur in Future**

Description	Number of Sample Women	Percentage
Maximum	428	83.60
Minimum	62	12.10
No	32	4.30
Total	512	100

Source: Field Survey, 2012

Table 4.5 shows in totality 83.60 percent respondents women have maximum confidentiality, 12.10 percent respondents women have minimum and 4.30 percent respondents women have no confidentiality of becoming successful entrepreneur in future. It shows majority of women respondents confidence to be successful entrepreneur in future. It can be presented in the diagram.



**Figure 4.4: Confidentiality of Participating Women**

#### 4.1.6 Improvement in Living Standard of Women after Joining SDC

In this study, it is found that some participating women have response on improvement in living standard of women and some women have non-response on improvement in living standard of women after participating SDC programs.

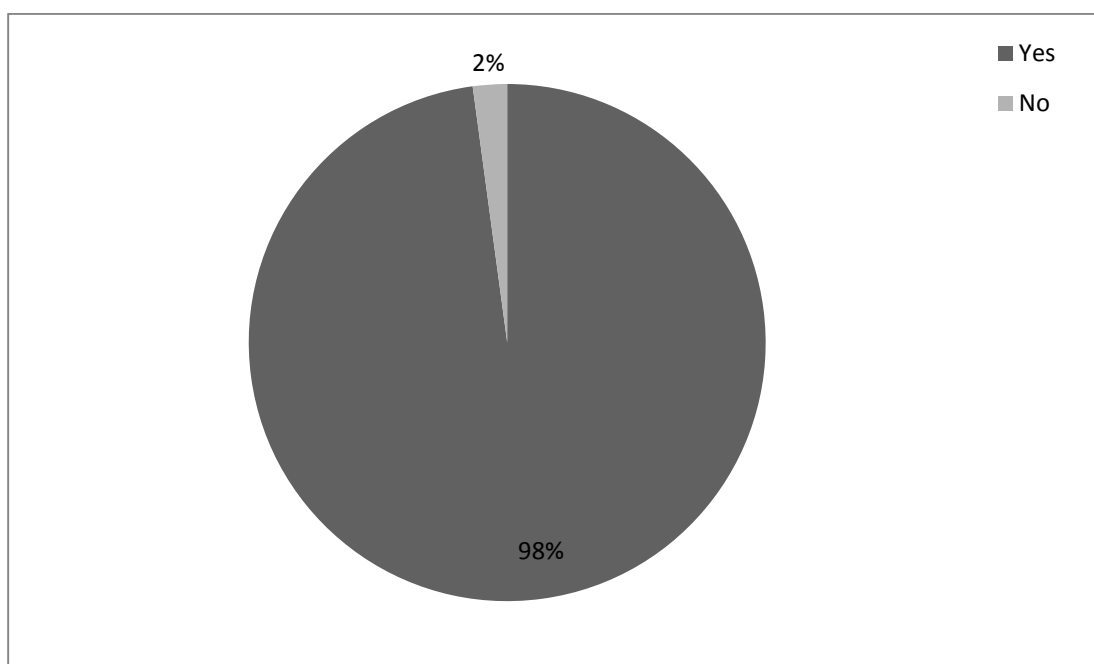
**Table 4.6: Response on Improvement in Living Standard of Sample Women**

Description	Number of Sample Women	Percentage
Yes	501	97.90
No	11	2.10
Total	512	100

*Source: Field Survey, 2012*

Table 4.6 reveals the response of participating women about their living standard after participating in SDC programs. In totality, 97.90 percent of women said that their living standard has change after entering into SDC programs and 2.10 percent of

women said that there is no change in their life style. Therefore, it seems that majority of sample women has improved their living standard after joining SDC programs. The above table can be presented in the figure.



**Figure 4.5: Improvement in Living Standard of Sample Women**

#### **4.1.7 Response of Women as Continuing their Business in Future**

In this study, if people see more profit in future, she/he will be motivated to continue their business in coming future. Like this some sample women of SDC program were motivated to continue their business in future and some are not interested in those activities. The table shows the response of women as continuing their business in future.

**Table 4.7: Response of Women as Continuing their Business in Future**

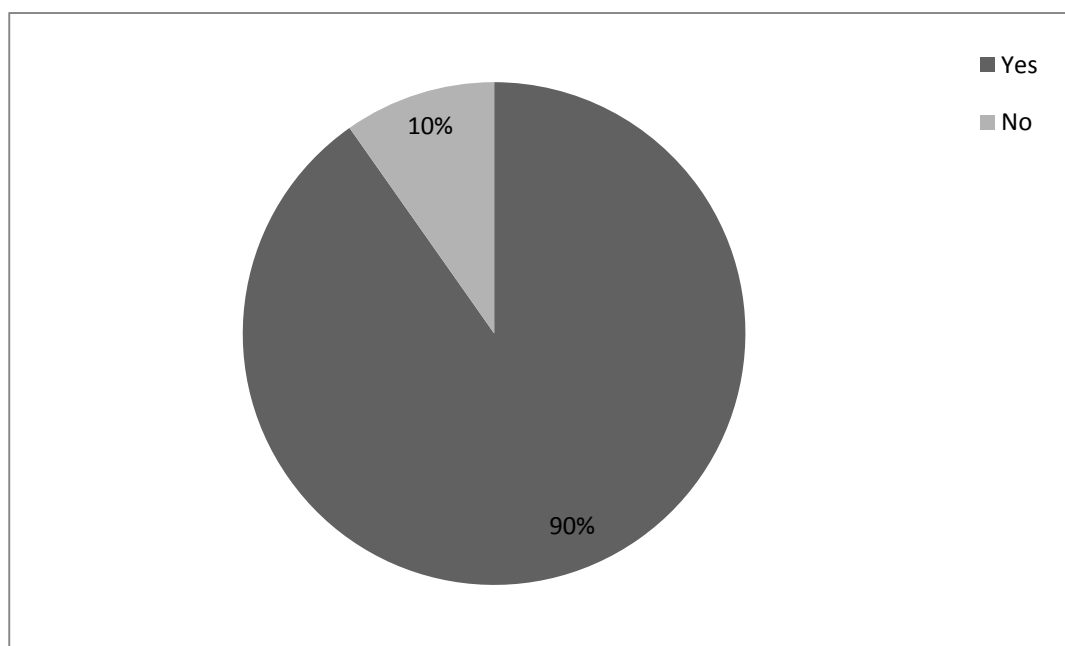
Description	Number of Sample Women	Percent
Yes	462	90.20
No	50	9.80
Total	512	100

*Source: Field Survey, 2012*

Table 4.7 reveals the women's response of continuing their present business in future. Out of 512 sample women, 462 women have intension of continuing their business in



future and 50 sample women have no intention of continuing their business in future. So, this field survey shows that maximum number of women was interested to continue their business in future.



**Figure 4.6: Response of Women as Continuing their Business in Future**

#### **4.2 Response of Poorest Women**

Poverty is chronic and widespread in Nepalese society. Poverty also encompasses deprivation and inability to have access to resources that would help lift the household out of its struggle for day-to-day subsistence. Poverty line based on a food consumption basket of 2224 calories and an allowance for some non-food items as percent of the cost of the food consumption basket is defines at NRs. 4404 per person per year (Sharma, 2008). Especially Nepalese women are always doing household activities and far from outdoor funds raising activities. Therefore, these activities of SDC are benefited for the women to raise and save little amount of money. Poor women who are lack of food, shelter and money will be benefited if they join SDC programs because collateral is not necessary to take loan from SDC. They should be in-group members and can take loan from SDC after investing that money they will be benefits.

##### **4.2.1 Category of Women**

In this study, the categories of women are categorized on the basis of women response field survey, asking questionnaire and observing their economic conditions. Women

who have no land to cultivate crops and no income are categorized very poor women. Women who have little land to cultivate crops and monthly income is less than Rs. 5000 are categorized as poor women. Women who have monthly income around as 5000 – 10000 are categorized as medium range women. Women who have sufficient land, more sources of income, monthly income of more than Rs. 10000 are categorize as rich women. The status of sample women is given in table 4.8.

**Table 4.8: Category of Women**

Description	Number of Women	Percentage
Very Poor	10	1.95
Poor	84	16.41
Medium Poor	401	78.32
Rich	17	3.32
Total	512	100

*Source: Field Survey, 2012*

Table 4.8 shows the number and percentage of women have different economic condition. Out of 512 sample women, there were 10 very poor women, 84 women poor, 401 medium poor women and 17 rich women. The majority of the sample women are medium poor. SDC programs should focuses on poorest of the medium poor women.

#### **4.2.2 Future Program Needed to Uplift the Livelihood of Sample Women**

Some SDC programs needs to uplift the livelihood of sample women. There are different perceptions of women about different programs, which are shown in table 4.9.

**Table 4.9: Future Programs for Sample Women**

Description	Number of Women	Percentage
Low interest rate	405	79.10
More loan amount	21	4.10
Long repayment time	32	6.25
All of above	54	10.55
Total	512	100

*Source: Field Survey, 2012*

Table 4.9 shows the number and percentage of women which have needed different facilities from SDC to run their livelihood. Out of 512 sample women there were 405 women prefer low interest rate, 21 women prefer more loan amount, 32 women prefer long repayment time and 54 women prefer all of above. The percentage of women who prefer low interest rate was 79.10 percent, more loan amount was 4.10 percent, loan repayment time was 6.25 percent and all of above was 10.55 percent. So the women who prefer low interest rate were more than 75 percent, most of the sample women prefer more all of above, long repayment time and more loan amount to improve their living standard. Therefore, majority of respondents prefer better term and condition about the loan repayment.

### **4.3 Lending Activities**

Loan disbursement, repayment and outstanding are related to lending activities of SDC programs. Loan disbursement to the targeted women is important for reaching aspect of the livelihood uplift. The implementing SDC selects an appropriate sector to the targeted women according to their choice and recommend them for loan on the basis of group decisions. The responsibility of operating business and repayment of loan with interest lies on the borrowers of SDC. However, the capacity of loan repayment depends on the performance of women and the income earning from the programs of SDC. The main loan activities of SDC are general, seasonal and emergency loan. All of these activities consist of livestock, agriculture production, agriculture productive business, retail business, other trade, service business and other business.

#### **4.3.1 Loan Disbursement in Different Programs**

SDC provides credit facility for the poor especially to the women of disadvantage group. It provides non-collateral based micro-credit facilities SDC Pokhara Branch has distributes loan on different programs. There are three types of loan. They are general loan, seasonal loan and emergency loan. General loan is the amount of loan as per requirement of SDC member whenever they need. Seasonal loan is the amount of loan as per requirement of SDC members whenever they need according to season for SDC loan mobilization sectors. Emergency loan refers as the amount of loan as the requirement SDC members especially emergency case such as payment of child educational fees, health problem of family members. Table 4.10 shows the

disbursement of loan to the women of SDC from in FY 2063/064 to FY 2067/068.

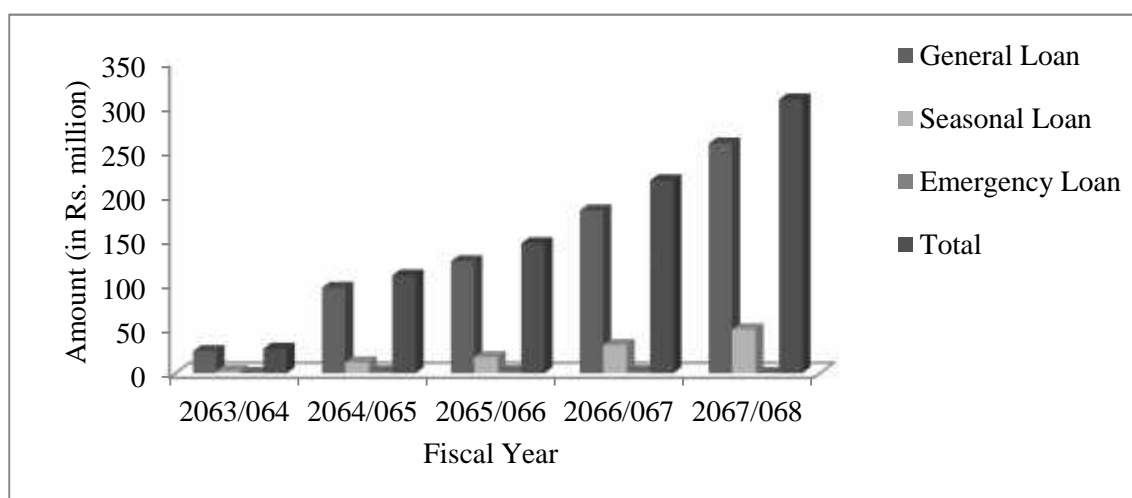
The total loan disbursement in the study period was Rs. 808.06 million.

**Table 4.10: Loan Disbursement in Different Programs (in Rs. million)**

FY	General Loan		Seasonal Loan		Emergency Loan		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
2063/064	24.90	3.62	2.31	2.04	0.34	5.19	27.55	3.41
2064/065	96.06	13.96	12.10	10.65	1.80	27.80	109.96	13.60
2065/066	125.85	18.29	18.14	15.97	2.05	31.60	146.04	18.07
2066/067	182.95	26.59	31.75	27.94	2.05	31.60	216.74	26.82
2067/068	258.20	37.54	49.31	43.40	0.25	3.81	307.75	38.10
Total	687.96	100	113.61	100	6.48	100	808.06	100
Average	137.59		22.72		1.29		161.61	

*Source: SDC, Pokhara Branch*

Out of this Rs. 687.96 million was distributed for general loan, Rs. 113.61 million was distributed for seasonal loan and Rs. 6.48 million was distributed for emergency loan. In total, the highest percentage of loan distribution was 38.10 percent in FY. 2067/068 and the lowest percentage of loan distribution was 3.41 percent in FY. 2063/064 amount Rs. 307.75 million and Rs 27.55 million respectively. The loan disbursement rate is increasing during the study period. It implies that women want more funds to invest in productive sectors. It indicates the positive impact for the SDC programs. The figure 4.7 shows the loan disbursement by SDC, Pokhara in different years in different programs.



**Figure 4.7: Loan Disbursement in Different Programs**

### 4.3.2 Loan Recovery and Outstanding

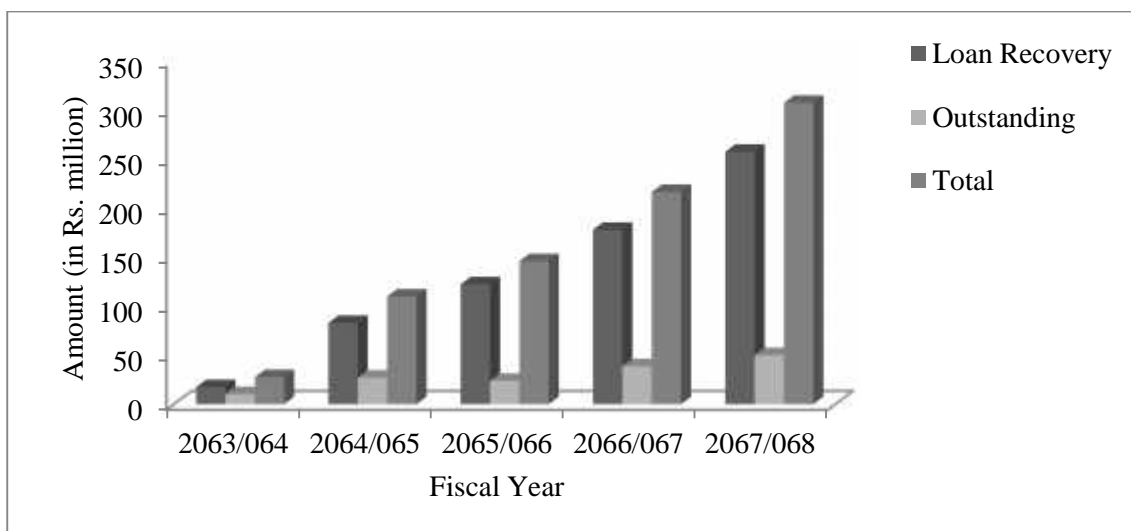
A Loan is distributed in different programs and recovery is also from different programs but according to SDC report overall loan recovery and outstanding are shown in table 4.11.

**Table 4.11: Loan Recovery and Outstanding (in Rs. million)**

FY	Loan Recovery		Outstanding		Total	
	Amount	%	Amount	%	Amount	%
2063/064	17.37	63.05	10.18	36.95	27.56	3.41
2064/065	82.94	75.43	27.01	24.57	109.96	13.61
2065/066	122.35	83.80	23.69	16.20	146.04	18.07
2066/067	178.07	82.15	38.67	17.85	216.75	26.82
2067/068	257.75	83.75	49.99	16.25	307.75	38.08
Total	658.50		149.56		808.06	100
Average	131.70	81.49	29.91	18.51	161.61	

*Source: SDC, Pokhara Branch*

Table 4.11 shows the amount (in Rs. million) and percentage of loan recovered by SDC from groups of women from FY 2063/064 to FY 2067/068. It also shows the outstanding loan of SDC in different fiscal years. The total loan recovery on the study was Rs. 658.50 million and outstanding was Rs.149.56 million. The highest amount and percentage of loan recovery was Rs. 257.75 million in FY 2067/068. The smallest amount loan recovery was Rs.17.37 million in FY 2063/064. Out of total disburse loan, 81.49 percent loan was recover during the study periods and only 18.51 percent loan was outstanding. Loan recovery rate is higher than that of outstanding rate. It indicates that women can earn so they repay on their loan and on the other hand they are conscious about the repayment of loan. SDC program seems able to recover their fund. There is no chance of bad debts. The table can be presented in figure 4.8.



**Figure 4.8: Loan Recovery and Outstanding**

#### 4.3.3 Number of Women Taking Loan

Most of the women were insufficient finances. Therefore, they were taking loan to run their livelihood and to earn some amount of money. Following table shows the number of women taking loan before and after involvement in SDC programs.

**Table 4.12: Number of Women Taking Loan**

Description	Before		After		% Change
	Number	%	Number	%	
Women taking loan	442	86.32	415	81.05	(5.27)
Not women taking loan	70	13.68	97	18.95	5.27
Total	512	100	512	100	

Source: Field Survey, 2012

Table 4.12 shows the sample women involved in taking loan. Before the involvement in SDC programs, 442 women were taking loan for their economic activities and 70 women were not taking loan. But after involvement in SDC programs number of taking loan women decreased to 415 and the number of women increased to 97 who were not taking loan. SDC provide an opportunity to earn less money by utilizing their fund. Therefore, less respondents mobilize their fund.

#### 4.3.3.1 Chi-square Test ( $t^2$ - Test)

The null and alternative hypotheses are;

$H_0$ : There is no significant evidence of difference between women taking loan and not women taking loan.

$H_1$ : There is significant evidence of difference between women taking loan and not women taking loan.

From the appendix J,

Calculated value of  $t^2$  is 5.216

$$\begin{aligned} \text{Degree of freedom is } (r - 1) \times (c - 1) \\ &= (2 - 1) \times (2 - 1) \\ &= 1 \times 1 \\ &= 1 \text{ d.f.} \end{aligned}$$

Level of significance is 5%.

Tabulated value of  $t^2$  at 5% level of significance in 1 d.f. is 3.84146.

Since calculated value of  $t^2$  is greater than tabulated value of  $t^2$ , the null hypothesis  $H_0$  is rejected and hence the alternative hypothesis  $H_1$  is accepted. Therefore we conclude that there is a significant evidence of difference between women taking loan and not women taking loan.

#### 4.3.4 Women's Response on Repayment of Taken Loan

The sample of women response was taken loans who are involved in borrowing of loan for repayment pattern. The women's responses on repayment pattern of loan which was taken by women before and after entering into SDC programs.

**Table 4.13: Women's Response on Repayment of Taken Loan**

Description	Before		After		% Change
	Number	%	Number	%	
Both principle and interest	405	91.63	380	91.57	(0.06)
Interest only	37	8.37	35	8.43	0.06
Total	442	100	415	100	

Source: Field Survey, 2012

Table 4.13 shows the sample women's response on repayment of taken loan. Before involvement in SDC programs, 405 women were repayment of taken loan both principle and interest and 37 women were repayment of taken loan interest only. But after involvement in SDC programs the number of women repayment of both principle and interest were decreased to 380 and the number of women who were repayment of interest only decrease to 35. Hence, there was 0.06 percent decrease in women who repayment of taken loan both principle and interest and 0.06 percent increase in women who repayment of taken loan interest only.

#### 4.3.5 Sectors of Loan Mobilization

There are various sectors of taking loan by women from SDC programs. The table 4.14 shows the number and percentage of women involved in various sectors of SDC while taking loan. It shows the sample women involved in different types of economic activities before and after entering into SDC programs. Before entering SDC, 135 women were involved in retail business and 27 women were involved in other trade which was the highest and lowest number of women borrowers. But after involvement in SDC programs 117 women were in retail business and 43 in other trade which was the highest and the lowest number of women borrowers. In total, there was 4.26 percent increase in other trade.

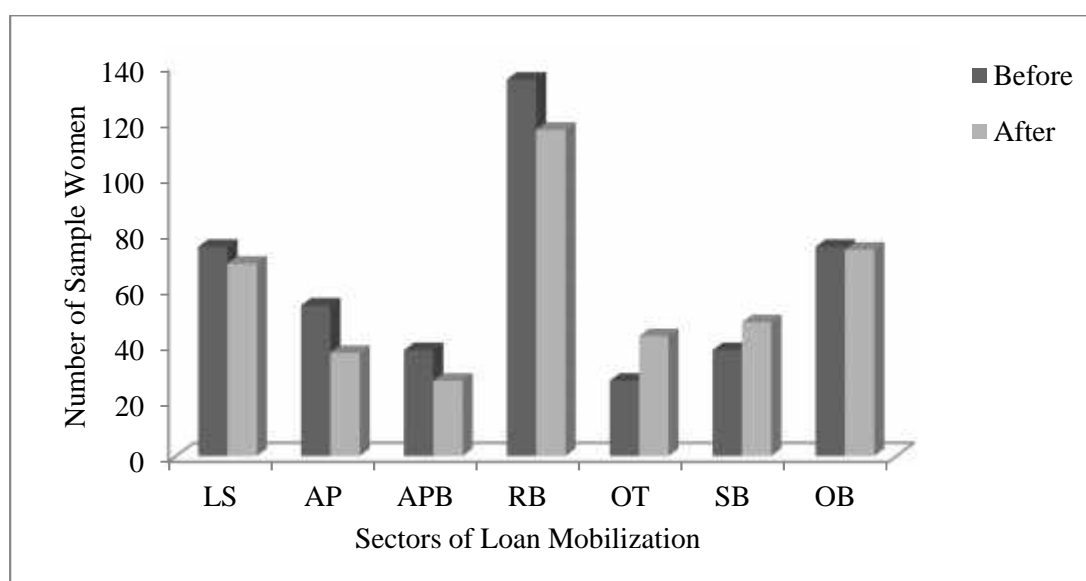
**Table 4.14: Sectors of Loan Mobilization**

Sectors	Before		After		% Change
	Number	%	Number	%	
Livestock (LS)	75	16.97	69	16.63	(0.34)
Agriculture Production (AP)	54	12.22	37	8.92	(3.3)
Agriculture Productive Business (APB)	38	8.60	27	6.51	(2.09)
Retail Business (RB)	135	30.54	117	28.20	(2.34)
Other Trade (OT)	27	6.10	43	10.36	4.26
Service Business (SB)	38	8.59	48	11.57	2.98
Other Business (OB)	75	16.98	74	17.83	0.85
Total	442	100	415	100	

Source: Field Survey, 2012



The diagrammatically representation of above table is below.



**Figure 4.9: Sectors of Loan Mobilization**

#### 4.1.6 Condition of Business which is Running from Loan

Sample women are doing business from the loan which was taken from SDC. They were also doing business from loan prior to entering SDC. Therefore, table 4.15 shows the running by them from loan.

**Table 4.15: Condition of Business which is Running from Loan**

Description	Before		After		% Change
	Number	%	Number	%	
Running well	417	98.82	378	91.10	(7.72)
Running not well	25	1.18	37	8.90	7.72
Total	442	100	415	100	

*Source: Field Survey, 2012*

Table 4.15 shows the sample women the condition of business which is running from loan. Before involvement in SDC programs 417 sample women business were running well and 25 women were not running well. But after involvement in SDC programs, 378 women business were running well and 37 sample women business were not running well. Therefore, there was 7.72 percent decrease and 7.72 percent increase in women business not running well.

#### **4.4 Savings Activities of SDC**

People are required to save something for the future unforeseen contingencies. Savings is postponement of present consumption for the future. SDC has provision for six types. They are group fund savings, individual fund savings, centre fund savings, festival fund savings, Upkar fund savings and Shreejana future fund savings. Group savings are compulsory savings 10 percent of each loan disbursement. The centre fund savings is used to build centre meeting buildings. Individual savings is voluntarily savings. Shreejana future fund savings is used to build fund for future purposes. Festival fund savings is used to build fund for the requirements in various festival programs. Upkar fund savings is establishment of fund while the members of centre attaining in the meeting late time or absence in the meeting. Upkar fund savings is a common savings for the members of each centre.

#### 4.4.1 Savings by Group Members under Savings Programs

The situation of savings by group members under different savings programs are presented in the table 4.16.

**Table 4.16: Savings by Group Members under Savings Programs (in Rs. '0000)**

FY	Group Fund Savings		Centre Fund Savings		Individual Savings		Festival Fund Savings		Upkar Fund Savings		Shreejana Future Fund Savings		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2063/064	64.41	24.25	122.99	46.30	74.01	27.90	-	-	4.20	1.58	-	-	265.61	4.06
2064/065	205.15	20.68	416.37	41.96	142.28	14.34	1.39	0.14	7.58	0.76	219.41	22.10	992.19	15.20
2065/066	213.14	17.69	551.39	45.80	180.68	15.00	0.22	0.03	15.85	1.32	243.01	20.20	1204.29	18.42
2066/067	289.78	16.36	787.36	44.50	275.67	15.60	-	-	14.01	0.79	404.21	22.80	1771.03	27.10
2067/068	458.60	19.88	704.09	30.50	307.61	13.34	-	-	13.60	0.59	822.65	35.70	2306.56	35.30
Total	1231.08		2582.20		980.25		1.61		55.25		1689.29		6539.70	100
Average	246.22	19.77	516.44	41.81	196.05	17.22	0.32	0.03	11.05	1.01	337.85	20.16	1307.94	-
S.D.	128.71		234.37		85.79		0.47		4.41		229.11		694.06	
C.V.	52.28%		45.38%		43.76%		148.6%		39.91%		67.81%		53.06%	

Note: A dash (-) indicates Not Applicable

Source: SDC, Pokhara Branch

Table 4.16 shows the savings of members of SDC under different savings programs from FY 2063/064 to FY 2067/068. There are different savings amount under different headings. The overall savings from different savings programs stand at Rs.6539.70 ten thousands. Centre fund savings stand at the highest percentage of 41.81 percent followed by Shreejana future fund savings 20.16 percent, group fund savings 19.77 percent, individual savings, 17.22 percent, Upkar fund savings 1.01 percent and festival fund savings 0.032 percent. The table shows the total savings is being increasing in each year. Group fund savings is decreasing trend from FY 2063/064 to FY 2066/067 then it is increasing, centre fund savings seems increase from FY 2063/064 to FY 2066/067 then it is decreasing. Women seem too attracted towards centre fund savings. Shreejana future fund savings is being increasing trend all the study period. Individual savings is also being increasing trend during the study periods. The highest value of standard deviation of centre fund savings and the lowest value of standard deviation of festival fund savings during the study period. The highest value of centre fund saving shows the low degree of uniformity and homogeneity of the savings and the lowest value of festival fund savings shows the high degree of uniformity and homogeneity of the saving programs of SDC. The highest value of coefficient of variation (148.6 percent) of festival fund saving whereas the lowest value of coefficient of variation (43.73 percent) of individual saving. The highest value of festival fund saving shows the less uniformity, consistency and the lowest value of individual saving shows the more uniformity, consistency about the SDC savings programs.

#### **4.4.2 Monthly Regular Savings of Sample Women**

Table 4.17 shows the monthly regular savings of sample women in both amount and number with their corresponding percentage. It also shows the savings of sample women before and after the involvement in SDC programs with change in percentage. Savings 300 women were not monthly regularly savings before involvement in SDC programs but after the number in 22 with 54.29 percent decrease. There were 113 women who are monthly regularly savings Rs. 500 and more before involvement in SDC programs but after the number are 229 with 22.66 percent increase. This shows that monthly regular savings of sample women were gone to save more amount than little or none savings.

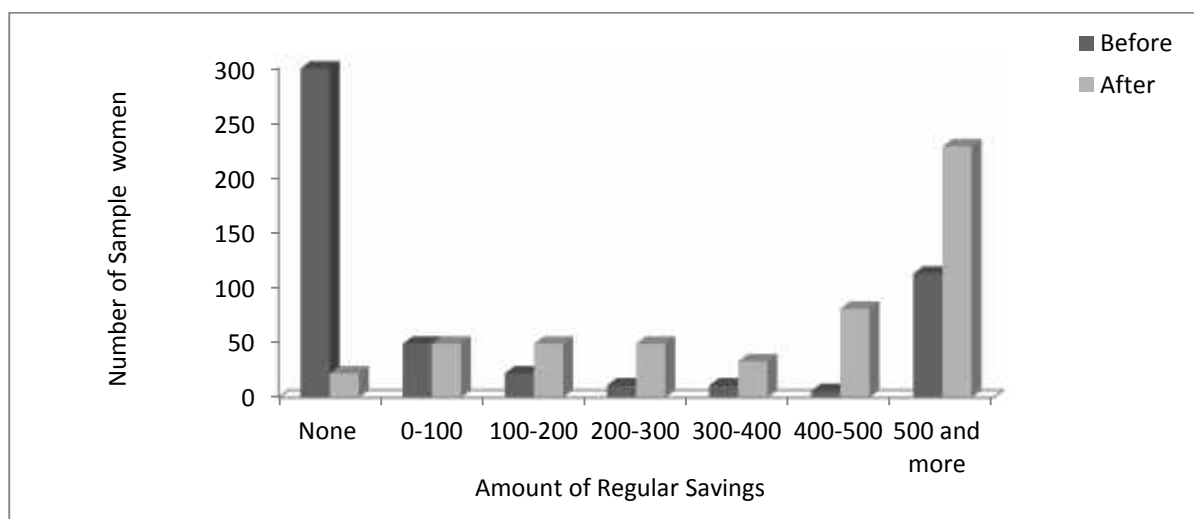
They are able to generate more income after entering SDC program thus they are save regularly..

**Table 4.17: Monthly Regular Savings of Sample Women**

Amount (in Rs.)	Before		After		% Change
	Number	%	Number	%	
None	300	58.59	22	4.30	(54.29)
0-100	49	9.57	49	9.57	-
100-200	22	4.30	49	9.57	5.27
200-300	11	2.15	49	9.57	7.42
300-400	11	2.15	33	6.44	4.29
400-500	6	1.17	81	15.82	14.65
500 and more	113	22.07	229	44.73	22.66
Total	512	100	512	100	-

Source: Field Survey, 2012

The above data make clear, meaningful and understandable is presented in diagrammatic form in figure 4.10.



**Figure 4.10: Monthly Regular Savings of Sample Women**

### 4.4.3 Monthly Optional Savings of Sample Women

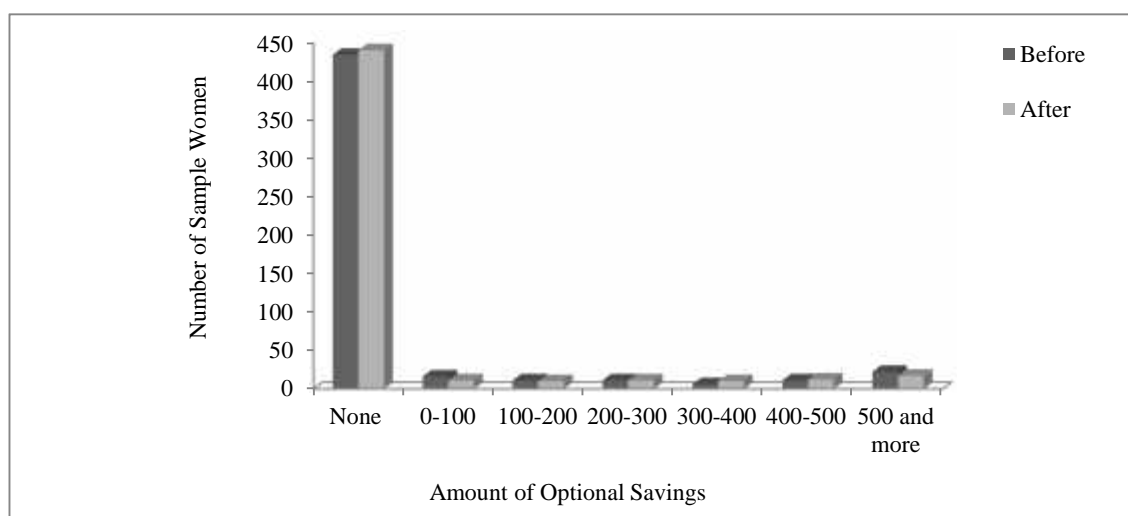
The table 4.18 shows the monthly optional savings of sample women in both amount and number with their corresponding percentage. It shows the savings of sample women before and after involvement in SDC programs and percentage change in monthly optional savings of sample women. 435 women were not savings optionally before involvement in SDC programs but after the number was 441 with 1.17 percent increased. Before entering SDC program respondents can hardly earn a little amount of money and also little save after entering SDC program, they are involving in different economic activities and generate more income. So, they freely save more money in different ranges. It seems that SDC program is able to benefit them

**Table 4.18: Monthly Optional Savings of Sample Women**

Amount (in Rs.)	Before		After		% Change
	Number	%	Number	%	
None	435	84.96	441	86.13	1.17
0-100	16	3.13	11	2.15	(0.98)
100-200	11	2.15	10	1.95	(0.2)
200-300	11	2.16	11	2.15	-
300-400	6	1.17	10	1.95	0.78
400-500	11	2.15	12	2.34	0.19
500 and more	22	4.30	17	3.32	(0.98)
Total	512	100	512	100	

Source: Field Survey, 2012

. The data is shown in figure 4.11.



**Figure 4.11: Monthly Optional Savings of Sample Women**

#### 4.4.4 Sector wise Savings

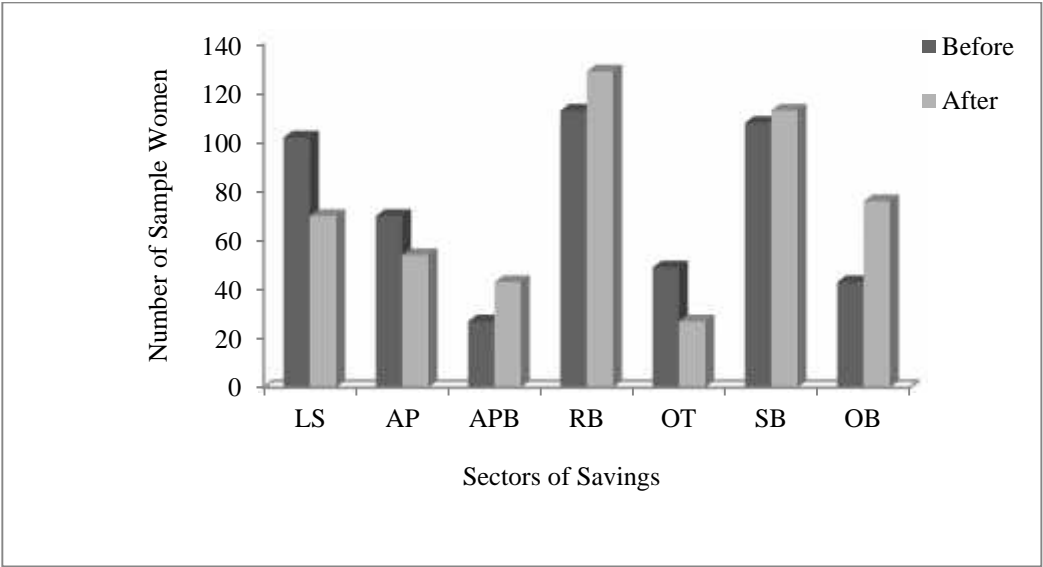
Most of the women are savings small amount of money from livestock, agriculture production, agriculture productive business, retail business, other trade, service business and other business. The table 4.19 shows the sample of women involved in different types of economic activities to save money before and after entering SDC programs. Out of total savers of field survey about one-fifth was involved in retail business before entering SDC programs and one-fourth was involved in retail business after entering SDC programs. Before entering the SDC program 113 women were savings from retail business and after entering the SDC program 129 women were savings from the same business.

**Table 4.19: Sector wise Savings**

Sectors	Before		After		% Change
	Number	%	Number	%	
Livestock (LS)	102	19.92	70	13.67	(6.25)
Agriculture Production (AP)	70	13.67	54	10.55	(3.12)
Agriculture Productive Business (APB)	27	5.27	43	8.39	3.12
Retail Business (RB)	113	22.07	129	25.19	3.12
Other Trade (OT)	49	9.57	27	5.27	(4.3)
Service Business (SB)	108	21.09	113	22.07	0.98
Other Business (OB)	43	8.41	76	14.84	6.43
Total	512	100	512	100	-

*Source: Field Survey, 2012*

The sectors of women more savings were taken from the retail business activities before and after entering the SDC programs. There was 3.12 percent increase in women savings from retail business and decreases the livestock, agriculture production and service business after entering SDC programs. The respondents are able to generate more income from retail business so more women save from this sector comparing to other sectors. The data can be presented in figure 4.12.



**Figure 4.12: Sector wise Savings**



#### 4.4.5 Interest Expenses on Savings

The state of interest expenses in different savings programs is shown in table 4.20.

**Table 4.20: Interest Expenses on Savings (in Rs. '0000)**

FY	Group Fund Savings		Centre Fund Savings		Individual Savings		Festival Fund Savings		Upkar Fund Savings		Shreejana Future Fund Savings		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2063/064	5.15	5.23	9.83	4.76	5.92	7.55	-	-	0.34	7.60	-	-	21.24	3.29
2064/065	16.41	16.66	33.30	16.12	11.38	14.51	0.11	86.14	0.60	13.73	33.54	12.98	95.37	14.76
2065/066	17.05	17.31	44.11	21.35	14.45	18.43	0.018	13.86	1.26	28.69	37.15	14.38	114.05	17.65
2066/067	23.18	23.54	62.98	30.49	22.05	28.12	-	-	1.12	25.36	61.80	23.92	171.15	26.48
2067/068	36.68	37.25	56.32	27.28	24.60	31.39	-	-	1.08	24.62	125.78	48.70	244.49	37.82
Total	98.48	100	206.57	100	78.42	100	0.13	100	4.42	100	258.29	100	646.32	100

Note: A dash (-) indicates Not Applicable

Source: SDC, Pokhara Branch

Table 4.20 shows the interest expenses on savings of group members of SDC of pokhara branch from FY 2063/064 to FY 2067/068. The overall total interest expenses on different savings programs were Rs. 646.32 ten thousands. The total interest expenses on group fund savings was 98.48 ten thousands, centre fund savings was 206.57 ten thousands, individual savings was Rs. 78.42 ten thousands, festival fund savings was Rs. 0.13 ten thousands, Upkar fund savings was Rs. 4.42 ten thousands and Shreejana future fund savings was Rs. 258.29 ten thousands. The total interest expenses on different savings programs were Rs. 21.24 ten thousands in FY 2063/064, Rs 95.37 ten thousands in FY 2064/065, Rs. 114.05 ten thousands in FY 2065/066, Rs. 171.15 ten thousands in FY 2066/067 and Rs. 24.49 ten thousands in FY 2067/068. The total interest expenses on savings programs were the lowest with 3.29 percent and greatest with 37.82 percent in FY 2063/064 and in FY 2067/068 respectively. The greatest percentage of interest expenses on group fund savings was 37.25 percent on centre fund savings was 30.49 percent, on individual savings was 31.39 percent, on festival fund savings was 86.14 percent, on upkar fund savings was 28.69 percent and on Shreejana future fund savings was 48.70 percent. The smallest percentage of group fund savings was 5.23 percent, on centre fund savings was 4.76 percent, on individual savings was 7.55 percent, on festival fund savings 13.86 percent, on upkar fund savings was 7.60 percent and on Shreejana future fund savings was 12.98 percent.

#### **4.4.6 Mobilization of Collected Savings Fund**

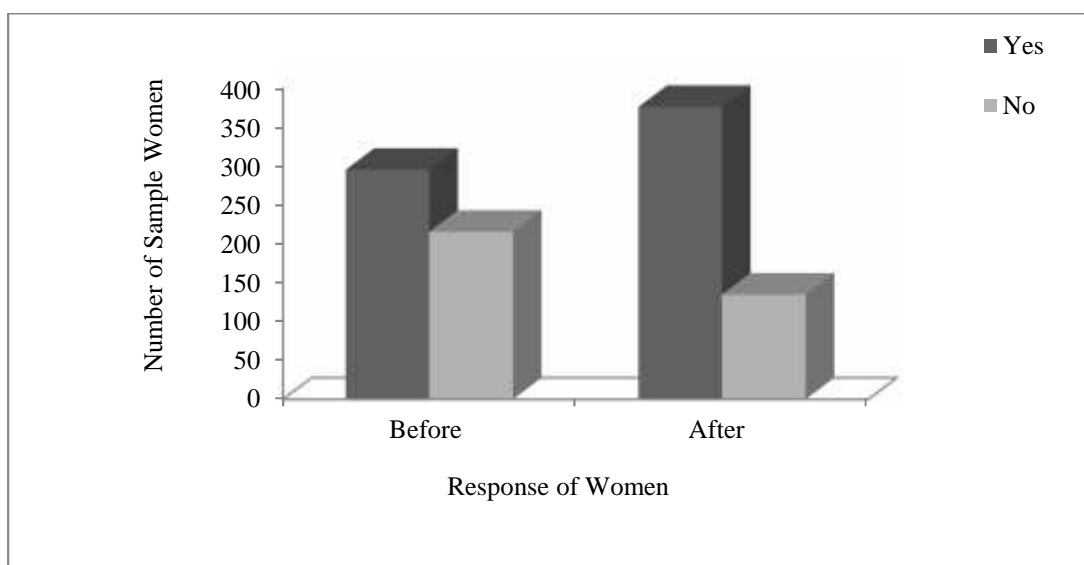
Investment and savings are two alternative parts. When people save they will be motivated to invest that money to earn more money. Women are involving in SDC programs and savings small money are lending that money to other people in different community in which both people are benefited by SDC programs. Investor can get interest and borrower can utilize that money in required sectors. The situation of women mobilization of collected savings fund who are involved in SDC programs in table 4.21.

**Table 4.21: Mobilization of Collected Savings Fund**

Description	Before		After		% Change
	Number	%	Number	%	
Yes	296	57.81	377	73.63	15.82
No	216	42.19	135	26.37	(15.82)
Total	512	100	512	100	-

Source: Field Survey, 2012

Table 4.21 shows the sample women involved in mobilization of collected savings fund before involvement in SDC programs, 296 were mobilizing their money and 216 women were not mobilizing their small save money. But after involvement in SDC programs, number of mobilizing women increased to 377 and the number of women who were not mobilizing decrease to 135. Therefore, there was 15.82 percent increase in women who mobilize money after entering SDC programs, women are motivated to mobilize their savings fund, SDC programs has provide an opportunity to earn more by utilizing their savings fund. The figure shows the change in women who were mobilizing and not mobilizing of collected savings fund.



**Figure 4.13: Mobilization of Collected Savings Fund**

#### 4.4.7 Recovery Condition of Lending Fund

Recovery is an important factor for lending amount. But sometimes due to different reasons it can be difficult to recover lend amount. The table shows recovery condition of lending fund.

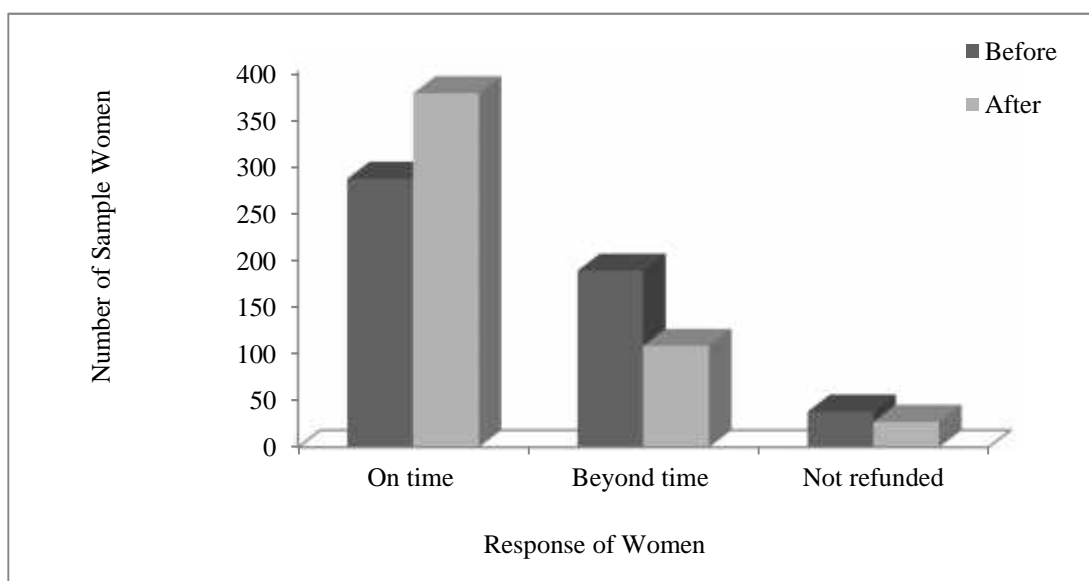
**Table 4.22: Recovery Condition of Lending Fund**

Description	Before		After		% Change
	Number	%	Number	%	
On time	286	55.86	377	73.63	17.77
Beyond time	188	36.72	108	21.09	(15.63)
Not refunded	38	7.42	27	5.28	(2.14)
Total	512	100	512	100	-

Source: Field Survey, 2012

Table 4.22 shows the recovery condition of lending fund was mobilized by sample women. The field survey shows the satisfactory result after entering into SDC programs. The repayment of loan on time is in increasing trend after entering SDC program. Therefore, loan recovery pattern seems sound.

The figure 4.14 shows the recovery condition of lending funds of sample women.



**Figure 4.14: Recovery Condition of Lending Fund**

#### 4.5 Investment and Income

Investment is using fund to increase more income. The fund which is generated from investment is called income. Thus, money is invested in the forms of loan at certain percentage of interest and loan is recovered with interest after certain period of time. The fund investment plays vital role to increase the livelihood of SDC members.

##### 4.5.1 Income from Investment

Investment and income are interrelated with each other. Without investment there is no income and without income there is no investment. The table 4.23 shows the response of women getting income from investment before and after SDC programs. The description is divided into maximum, minimum and no income. Table 4.23 shows the number of women and percentage of women getting income from investment. The response of women was maximum income, minimum income and no income. Before entering into SDC programs, 442 women were investing loan from different sectors.

**Table 4.23: Income from Investment**

Description	Before		After		% Change
	Number	%	Number	%	
Maximum	149	33.71	172	41.4	7.69
Minimum	268	60.63	215	51.8	(8.83)
No	25	5.70	28	6.8	1.1
Total	442	100	415	100	

*Source: Field Survey, 2012*

But after involvement in SDC programs, 415 women were investing loan from different sectors. So, there was 8.83 percent increases number of women who said that they were getting maximum and no income from investment. Therefore, majority of respondents were highly benefited from the SDC programs.

#### 4.5.2 Amount Investment by Women in Different Sectors

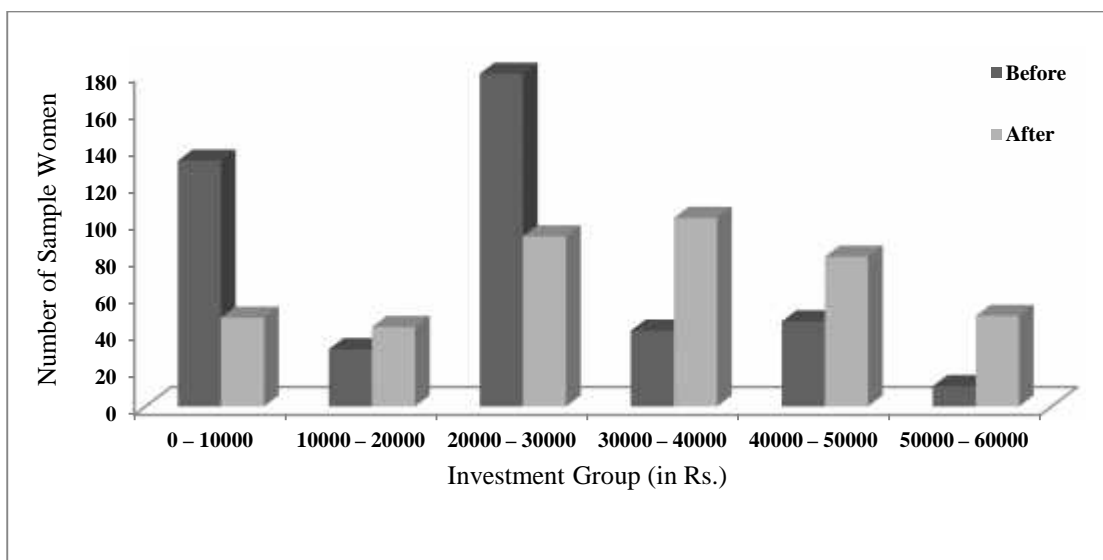
Loan taken by women was invested in different sectors before and after entering into SDC programs.

**Table 4.24: Amount Investment by Women in Different Sectors**

Investment Group (in Rs.)	Before		After		% Change
	Number	%	Number	%	
0 – 10000	133	30	48	11.60	(18.4)
10000 – 20000	31	7.01	43	10.40	3.39
20000 – 30000	180	40.72	92	22.20	(18.52)
30000 – 40000	41	9.27	102	24.60	15.33
40000 – 50000	46	10.40	81	19.50	9.1
50000 – 60000	11	2.60	49	11.70	9.1
Total	442	100	415	100	
Average Investment	22036		31554		

*Source: Field Survey, 2012*

Table 4.24 shows the amount invested by women in different sectors. The average investment by sample women in different sectors after entering SDC program is increased to Rs.31554 from Rs.22036 which gives the positive impact to sample women. It indicates that the increased investment them previous investment and also shows that their economic condition is improving after entering SDC programs. This is because more women involve in this program and can earn a certain income after entering the program. It means that women were highly encouraged to mobilize their savings fund. The table can be presented in figure 4.15.



**Figure 4.15: Amount Investment by Women in Different Sectors**

#### 4.5.3 Monthly Income of Sample Women

The monthly income of sample women before and after involvement in SDC programs can be shown in table 4.25.

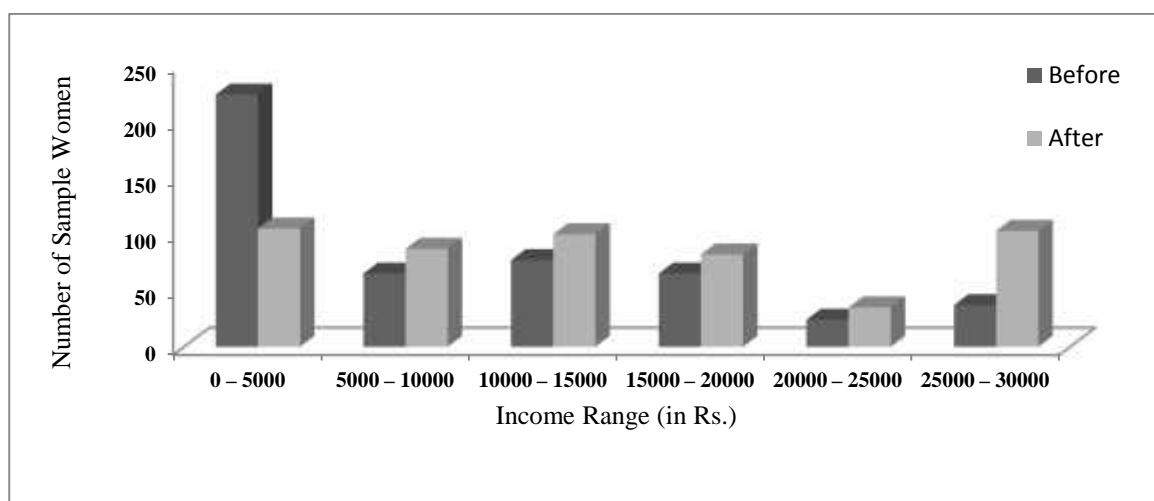
**Table 4.25: Monthly Income of Sample Women**

Income range (in Rs.)	Before		After		% Change
	Number	%	Number	%	
0 – 5000	224	47.70	105	20.50	(27.2)
5000 – 10000	65	12.70	87	16.90	4.2
10000 – 15000	77	15.04	100	19.50	4.46
15000 – 20000	65	12.70	82	16.02	3.32
20000 – 25000	24	4.70	35	6.83	2.13
25000 – 30000	37	7.16	103	20.25	13.09
Total	512	100	512	100	
Average Income	9287		14102		

Source: Field Survey, 2012

Table 4.25 shows the monthly income of sample women. The average income of respondents after entering SDC is increasing to Rs.14102 from Rs.9287 which gives the positive impact of microfinance under the study period. It indicates that increased income is more consistent than previously income and shows that their economic condition is improving after entering SDC programs. There were 47.70 percent of members earning less than Rs.5000 and only 4.70 percent of them earned between

Rs.20000 – 25000. After the involvement of SDC programs 20.50 percent of members earning less than Rs.5000 and 6.83 percent of members between Rs.20000 – 25000. The table can be presented in figure 4.16.



**Figure 4.16: Monthly Income of Sample Women**

#### 4.6 Loan Disbursement and Recovery

Loan disbursement and recovery are two interrelated terms. Loan disbursement refers as the distribution of various kinds of loan in SDC programs and recovery refers as the income from various SDC programs.

##### 4.6.1 Interest Recovery Condition of Loan Disbursement

The state of interest recovery situation of loan disbursement is shown in table 4.26.

**Table 4.26: Interest Recovery Situation of Loan Disbursement (in Rs. lakh)**

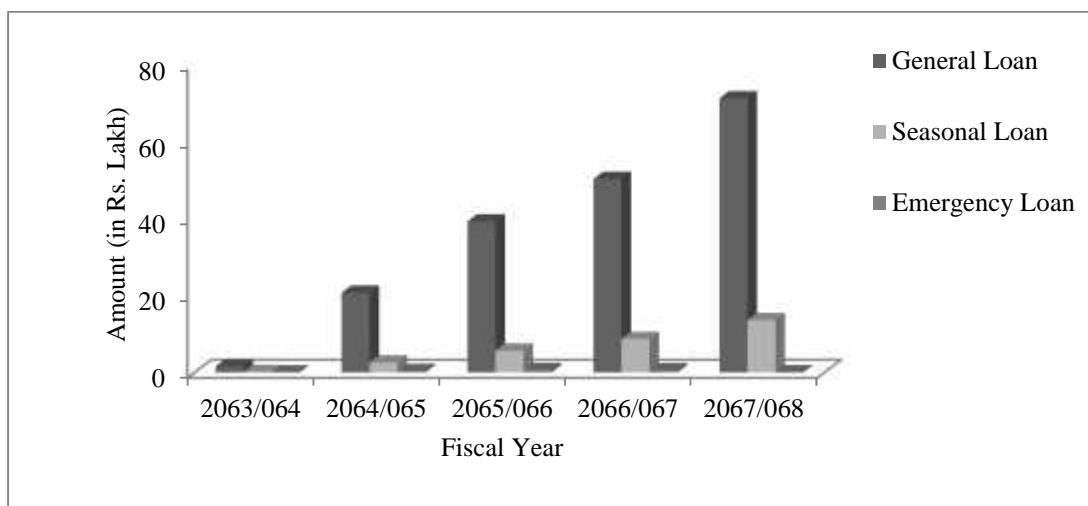
FY	General Loan		Seasonal Loan		Emergency Loan		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
2063/064	1.59	0.87	0.15	0.48	0.022	1.29	1.76	0.82
2064/065	20.74	11.34	2.61	8.49	0.39	23.25	23.74	11.01
2065/066	39.30	21.45	5.66	18.40	0.63	37.57	45.60	21.14
2066/067	50.34	27.46	8.73	28.39	0.57	33.83	59.64	27.65
2067/068	71.30	38.90	13.61	44.24	0.068	4.06	84.98	39.39
Total	183.29	100	30.77	100	1.67	100	21.57	100
Average	36.65		6.15		0.34		43.14	

Source: SDC, Pokhara Branch

It shows the interest recovery situation of loan disbursement during the study period from general loan, seasonal loan and emergency loan. The total interest recovery



condition of loan disbursement was Rs. 21.57 lakh including general loan, seasonal loan and emergency loan are Rs.183.29 lakh, Rs.30.77 lakh and Rs.1.67 lakh respectively during the study periods. Among them different loan disbursement headings under general loan was Rs.183.29 lakh. The interest recovery situation of loan disbursement was increasing during the study periods. The interest recovery condition of loan disbursement was the lowest 0.82 percent and the highest 39.39 percent in FY 2063/064 and in FY 2067/068 respectively.



**Figure 4.17: Interest Recovery Situation of Loan Disbursement**

#### 4.6.2 Relation between Loan Disbursement and Recovery

It is essential to examine the relationship between loan disbursement and recovery. Whether the level of loan disbursement could raise the recovery sufficiently or not is a matter of quest. The state of relationship between loan disbursement and recovery are shown.

**Table 4.27: Loan Disbursement and Recovery (in Rs. million)**

FY	Loan Disbursement	Recovery
2063/064	27.56	17.37
2064/065	109.96	82.94
2065/066	146.04	122.35
2066/067	216.75	178.07
2067/068	307.75	257.75
Total	808.06	658.50

Source: SDC, Pokhara, Branch

Table 4.27 shows the amount of loan disbursement and recovery in different SDC programs during the study periods. The position of loan disbursement increased from FY 2063/064 to 2067/068. It means that amount of loan disbursement gradually increasing during the study periods and also the amount of investment increased. The recovery condition also increases during the study period after entering the SDC programs. The highest amount of loan disbursement was Rs.307.75 million in FY 2067/068 and the lowest amount of loan disbursement was Rs.27.56 million in FY 2063/064. The highest amount of recovery was Rs.257.75 million in FY 2067/068 and the lowest amount of recovery was Rs.17.37 million in FY 2063/064.

From the appendix H, the coefficient of correlation is +0.998, between loan disbursement and recovery. A high loan disbursement rate is associated with a higher recovery rate.

#### 6.6.2.1 T-Test for Testing the Existence of Correlation

The population correlation coefficient ... is hypothesized as equal to 0. Thus, the null and alternative hypotheses are:

$H_0: \dots = 0$  (There is no correlation between loan disbursement and recovery).

$H_1: \dots < > 0$  (There is correlation between loan disbursement and recovery).

Where the test statistic t follows t-distribution with n-2 degrees of freedom and ... =0.

From the appendix H,  $r = +0.998$  and  $n = 5$ , so testing the null hypothesis we have,

$$\begin{aligned}
 t - \text{statistic} &= \frac{r}{\sqrt{1 - r^2}} \mid \sqrt{n - 2} \sim t_{n-2} \\
 &= \frac{0.998}{\sqrt{1 - (0.998)^2}} \mid \sqrt{5 - 2} \sim t_{5-2} \\
 &= \frac{0.998}{\sqrt{1 - 0.9960}} \mid \sqrt{3} \sim t_3 \\
 &= \frac{0.998}{\sqrt{0.004}} \mid \sqrt{3} \sim t_3 \\
 &= \frac{0.998}{0.063} \mid 1.732 \sim t_3 \\
 &= 27.44
 \end{aligned}$$

Using the 0.05 level of significance at 3 d.f.  $t = 3.182$ . So, the calculated value of  $t$  is greater than table value. Thus, we reject  $H_0$ . We conclude that there is strong evidence of association between the loan disbursement and recovery.

#### **4.6.2.2 Computation of Regression Equation between Loan Disbursement and Recovery**

From the appendix I, the value of  $r = 0.86$  and  $s_y = 7.22$ .

The required regression equation of recovery on loan disbursement is

$$Y = r \left( \frac{s_y}{s_x} \right) X$$

$$= -7.22 + 0.86X$$

The value of  $r = 0.86$  indicates the rate of loan disbursement per unit change in loan recovery is a positive fraction and hence it is increasing. The value of  $a = -7.22$  indicates the negative value of loan disbursement when the loan recovery is zero.

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

The major findings of the study under SDC are as follows:

- ) For the purpose of profile of respondents, perception of the some sample women towards the SDC program with respect to education level, age structure, ethnic group, priority sectors, confidence level of women and improvement in living standard of sample women.
- ) The literate respondents are getting high benefit after entering SDC programs.
- ) Age structure of sample women were in range of 20-62 years.
- ) The participants were taken from different ethnic groups; out of 512 sample 128 from Muslim, Madeshi and Dalit, 197 from Adibasi Janajati and 187 from Brahmin and Chhetri. Out of 512 sample women; 345 respondents are highly benefited by SDC programs and rest are low benefited during the study period.
- ) After improving their economic conditions 36.91 percent of sample women preferred education as priority sector than other sector.
- ) The percentage of women have maximum confidentiality of standing themselves as a successful entrepreneur in future was 83.60 percent and only 4.30 percent of sample women did not have any plan.
- ) Out of 512 sample women 501 (97.90 percent) women said that there was improvement in their living standard after joining SDC programs.

- ) Out of 512 sample women, 462 (90.20 percent) women said that they would continue their business in future.
- ) The majority of sample women are medium poor which occupies 78.32 percent and SDC programs should focus on poorest of the medium poor sample women.
- ) The total loan disbursement in the study period was Rs.808.06 million. The highest percentage of loan disbursement and lowest percentage of loan disbursement are 38.10 percent in FY 2067/068 and 3.41 percent in FY 2063/064 respectively. The loan disbursement rate is increasing during the study period.
- ) Loan recovery rate is higher than that of outstanding rate. It indicates that women can earn so they repay on their loan and also they are conscious about the repayment of loan under SDC programs.
- ) Loan recovery trend was 81.49 percent in average and outstanding rate was 18.51 percent. Loan recovery rate is higher than outstanding rate. It indicates that women can earn so they repay on their loan and they are conscious about the repayment of loan.
- ) The percentage of sample women who have taken loan after entering SDC program was decrease 81.05 percent from 86.32 percent.
- ) The sample women involved in different types of economic activities before and after entering into SDC programs. The highest number of women was taking loan for RB and lowest number for APB.
- ) Loan repayment rate of sample women is not satisfactory level. Both principle and interest repayment rate was decreased by 0.06 percent after entering SDC programs.
- ) The condition of business which was running from loan was found running well and running not well after entering SDC programs were 91.10 percent and 8.90 percent respectively.
- ) The majority of respondents were highly benefited from the SDC programs.
- ) Most of the sample women were involved in different kinds of savings programs such as group savings, centre fund savings, individual savings, festival fund savings, upkar fund savings and Shreejana future fund savings. The number of women that are savings more amount increased after entering SDC micro-finance program.

- ) The overall savings from different savings program stand at Rs.6539.70 ten thousands and centre fund savings stand at the highest percentage of 41.81 percent during the study period.
- ) The interest recovery condition of loan disbursement was increasing during the study period.
- ) The monthly regular savings of sample women were gone to save more amount than little or none savings and they are able to generates more income after entering SDC program thus they are save regularly.
- ) The monthly optional savings of sample women was increased after entering SDC programs.
- ) The sample of women were involved in different types of economic activities such as LS, AP, APB, RB, OT, SB and OB to save money before and after entering SDC programs. The sectors of women more savings were taken from the retail business activities before and after entering the SDC programs.
- ) The mobilization of collected savings fund was 15.82 percent increase in sample women after entering SDC programs; women are motivated to mobilize their savings fund.
- ) The recovery condition of lending fund shows the satisfactory after entering into SDC programs and loan recovery pattern seems sound.
- ) The overall total interest expenses on different savings programs were Rs.646.32 ten thousand and total interest expenses on savings programs was the lowest with 3.29 percent and the greatest with 37.82 percent in FY 2063/064 and in FY 2067/068 respectively.
- ) The average investment by sample women in different sectors after SDC programs is increased to Rs.31554 from Rs.22036 which gives the positive impact and it indicates that economic condition is improving after entering SDC programs.
- ) The average monthly income of sample women were after entering SDC programs is increasing to Rs.14102 from Rs.9287 which shows the positive impact of micro-finance during the study period and also shows the economic condition is improving after SDC programs.
- ) The total loan disbursement and recovery were Rs.808.06 million and Rs.658.50 million during the study period respectively. The highest loan amount and loan

recovery was Rs.307.75 million and Rs.257.75 million in FY 2067/068. It seems that a positive impact on women under SDC programs.

- ) There is positive relationship between loan disbursement and recovery. Thus, a high loan disbursement rate is associated with a high recovery rate.

## CHAPTER V

### SUMMARY, CONCLUSION AND SUGGESTIONS

This chapter includes three aspects of the study summary, conclusion and suggestions. The first aspect summarizing the whole study, the second aspect draws the conclusion and the last one forwards the suggestions.

#### 5.1 Summary

In Nepal, the women are comparatively backwards in terms of opportunities to participate in the main stream of economic development. As we know that men and women are called two wheels of a cart. But proportion of women as parliament, burro carts and professional are quite small. Actually, the majorities of women are illiterate and engaged in agriculture for their livelihood. At present, there has been a growing realization of the importance of women's participation in the development.

Micro finance has come out a tool of development. Mohammad Yunus who is pioneer in this field and winner of Nobel prize for contribution of economic development as micro finance in Bangladesh. In Nepal, there was mandatory provision to commercial bank to provide certain percentage of loan to deprived sector. Kaski is hilly district of Nepal. There are one sub metropolis, one municipality and 49 VDCs. Pokhara is sub metropolis in Kaski district. There are 18 wards within this city. Women of this city are low socio-economic background and poverty among the population is high. To reduce this poverty make women self-dependent and economically strong, different microfinance institutions are working in Pokhara. SDC is one of them. SDC was established in 2037 B.S. but this institutions works microfinance programs from 2060 B.S. to poorer women's. The general objective of the study is to understand the impact of micro finance on women under SDC in Pokhara, Kaski. This study focuses impact of SDC program on the poorest of the poor women's financial condition, loan disbursement and repayment practice in SDC, activities of savings and its mobilization, relationship between investment and income and relationship between loan disbursement and recovery. Under the literature reviews, the theoretical and

research reviews have been done. In theoretical reviews the origin and activities have been launched by the NGOs and INGOs which are still working in study areas. The other programs launched by those organizations are several books related to poverty reduction, rural development and related to several article, newspapers and dissertations. This study has been used descriptive and analytical researched design to achieve the desired objectives. This study is based on simple random sampling method for the selection of sampled women. This study is based on primary and secondary data. Most of the data are collected from field survey. The main summarized of this study are presented in the following points.

- ) The majority of sample women are medium poor which occupies 78.32 percent.
- ) The literate respondents are getting high benefit after entering SDC programs and age structure of sample women were in range of 20-62 years.
- ) 345 respondents are highly benefited by SDC programs during the study period.
- ) After improving their economic conditions 36.91 percent of sample women preferred education as priority sector.
- ) The percentage of sample women have maximum confidentiality of standing themselves as a successful entrepreneur in future 97.90 percent of sample women said that there was improvement in their living standards after joining SDC programs and 90.20 percent of sample women said that they would continue their business in future.
- ) The economic condition of sample women is improving after entering SDC programs.
- ) The highest percentage of loan disbursement and lowest percentage of loan disbursement are 38.10 percent in FY 2067/068. The loan disbursement rate is increasing during the study period and loan recovery rate is more than that of outstanding rate.
- ) The percentage of sample women who have taken loan after entering SDC program was decrease 81.05 percent from 86.32 percent. The highest number of women was taking loan for RB and the lowest number for APB.
- ) Loan repayment rate of sample women is not satisfactory level. The condition of business which was running from loan was found running well after entering SDC program were 91.10 percent.



- ) The number of sample women that are savings more amount increased after entering into SDC microfinance program. The overall savings from different savings programs stand at Rs. 6539.70 ten thousands and centre fund savings stand at the highest percentage of 41.81 percent during the study periods.
- ) The monthly regular savings and monthly optional savings of sample women were increased after entering SDC programs thus they are save regularly.
- ) The sample of women were involved in different types of economic activities such as LS, AP, APB, RB, OT, SB, and OB to save money before and after entering SDC programs. The mobilization of collected savings fund was 15.82 percent increase in sample women after entering SDC programs.
- ) The recovery condition of lending fund shows the satisfactory after entering into SDC programs. The total interest expenses savings programs were lowest with 3.29 percent and greatest with 37.82 percent in FY 2063/064 and in FY 2067/068 respectively.
- ) There is positive relationship between loan disbursement and recovery. Thus, of high loan disbursement rate is associate with a higher recovery rate.

## **5.2 Conclusion**

The conclusion of the study has been drawn on the basis of the findings of the study. Middle poor women are found more and some of them have high confidentiality of standing themselves as a successful entrepreneur in future and majority of women believe that involvement in SDC programs initiates to increase their living standard. The majority of respondents in SDC programs are from different ethnic groups. Women prefer more education as priority sector after improving their economic condition. The literate respondents are getting high benefit after entering SDC programs. The recovery condition of lending fund shows the satisfactory and loan recovery pattern seems sound after entering SDC programs. Loan is disbursed in different sectors and SDC is still focusing more on loan disbursement to poor women. Interest recovery rate is satisfactory than that of outstanding rate. Most of the sample women were involved in savings programs such as group savings, centre fund savings, individual savings, festival savings, upkar fund savings and Shreejana future fund savings. The monthly regular savings and optional savings of sample women were increased after the involved in SDC programs. Savings is the basis of investment and loan disbursement. SDC is involved in savings programs of women. Sample

women are also interested and motivated to save more with SDC programs and with savings they are encouraged to mobilize that savings in terms of loan. It helps to solve the financial problem of women in society to some extent. The majority of respondents are highly benefited from the SDC programs. The overall study shows that the SDC program has made positive impact on the women's living standard by generating employment and increasing productivity. Most of the sampled women are under retail business and the main sources of income of women are quite little self business. The status of loan investment and income of women is satisfactory and they are earning slowly higher with involvement of SDC programs.

### **5.3 Suggestions**

On the basis of the study the following suggestions have been made further improvement and effective implementation of micro finance program to the targeted women.

- ) The participating women should be educated about the proper utilization and mobilization of savings reach to the poorest of the poor women.
- ) Education facilities should be broadly extended to the targeted women's.
- ) Regarding rule and regulations, information and knowledge should be transferred among the members.
- ) Loan disbursement should be made on targeted women and various awareness programs are needed to them for raising savings and repay the due loan in right time.
- ) The lending should be made on the basis of the requirement of the mentioned programs but not on the basis of achieving target. The lending sectors should be supervised regularly and suggested to address the problem as far as possible.
- ) The participating women should be educated about the proper utilization and mobilization of loan disbursement.
- ) If the borrowers did not repay the loan in due time, they should be motivated to repay on time by adopting various mechanisms.
- ) SDC should regularly supervise the savings activities of groups and give there essential directions and suggestions.

- ) Arrangement should be made for the participating women to visit similar kind of successful projects. Therefore, they might able to gain practical knowledge and experience.
- ) SDC should encourage the participating women to maintain the record of income and expenditure. For this case necessary trainings should be provided to the targeted women.
- ) Productive investment should be focused which may promote the capacity of loan recovery and repayment.

## APPENDIX A

### Impact of Microfinance on Women under Shreejana Development Center in Pokhara, Kaski

#### संस्थागत प्रश्नहरू

नाम, थर : ..... कार्यालय : ..... पद :

.....

१. यस कार्यालयबाट प्रदान गरिने वित्तीय सेवाहरू के के हुन् ?

बचत सम्बन्धि	ऋण सम्बन्धि
क) .....	क) .....
ख) .....	ख) .....
ग) .....	ग) .....
घ) .....	घ) .....

२. बचत अन्तर्गत ब्याजदर निर्धारण गर्नुभएको छ वा छैन ? यदि छ भने कति ब्याजदर निर्धारण गर्नुभएको छ ?

क) छ ख) छैन

३. कुन कुन कार्यक्रम अन्तर्गत ऋण प्रदान गर्नुहुन्छ ?

क) .....

ख) .....

ग) .....

घ) .....

४. ऋण रकम किस्ताबन्दी र ब्याजदर समयमा नै फिर्ता भएको छ ?

क) छ ख) छैन

५. ऋण रकम र ब्याज संकलनमा कुनै समस्या भएको छ वा छैन ? यदि छ भने के मा ?

क) ऋण रकम ख) ब्याज ग) समय घ) सर्तहरू

६. यस कार्यालयले लघुवित्त कार्यक्रम संचालन गरेको छ वा छैन ?

क) छ ख) छैन



१६. यस कार्यक्रममा सुधार गर्नुपर्ने कुराहरु के के छन् ?  
 क) ..... ख) .....  
 ग) ..... घ) .....
१७. तपाईंको विचारमा यस कार्यक्रमले गरिवी निवारणमा कस्तो भूमिका खेलेको छ ?  
 क) सकारात्मक ख) नकारात्मक
१८. यस लघुवित्त कार्यक्रम अति गरिव महिलासम्म पुगेको छ वा छैन ?  
 क) छ ख) छैन
१९. यदि छैन भने अति गरिव महिलासम्म पुऱ्याउनको लागि के गर्नुपर्ला ?  
 क) ..... ख) .....  
 ग) ..... घ) .....

### फिल्ड कर्मचारीहरूसँग लिइएको विवरण

निम्नलिखित पक्षमा आफ्नो धारणा राखिदिनुहोस् (१ ज्यादै राम्रो, २ राम्रो, ३ ठीकै, ४ राम्रो, ५ ज्यादै राम्रो)

विवरण	१	२	३	४	५	कैफियत
१. नेतृत्व						
२. समन्वय						
३. संचार						
४. व्यवस्थापन						
५. कर्मचारी सुविधा						
६. असुली दर						
७. विपन्न सम्मको पहुँच						
८. महिलाको सहभागिता						
९. सामाजिक योगदान						
१०. तालिमको व्यवस्था						
११. दक्ष जनशक्ति						
१२. सरकारी निकायको अनुगमन						
१३. कर्जाको सदुपयोग						
१४. लघुवित्त सम्बन्धि ज्ञान						

## APPENDIX B

### Impact of Microfinance on Women under Shreejana Development Center in Pokhara, Kaski

#### प्रश्नावली

नाम, थर : ..... शैक्षिक योग्यता : .....  
वडा नं. : ..... टोल : ..... संस्था : ..... सदस्य : .....  
परिवार संख्या : ..... उमेर : ..... समूह : .....

१. तपाईं कुनै बचत समूहमा आवद्ध हुनुहुन्छ ?  
क) छ ख) छैन
२. तपाईंको समूहको बैठक नियमित रूपमा हुन्छ ?  
क) हुन्छ ख) हुदैन
३. तपाईंको समूहका सदस्यहरूको आर्थिक स्थिति कस्तो छ ?  
क) समान ख) केही मात्रामा फरक ग) बढी फरक
४. अहिले समूहबाट नियमित बचत गर्नुभएको छ ?  
क) छ ख) छैन / यसद छैन भने किन ?
५. तपाईं समूहमा आवद्ध भएर राम्रो बचत गरे जस्तो लाग्छ वा लाग्दैन ?  
क) लाग्छ ख) लाग्दैन
६. तपाईं कुन बचत कार्यक्रममा संलग्न हुनुहुन्छ ?  
क) समूह बचत ख) व्यक्तिगत बचत ग) केन्द्र बचत  
घ) उपकार बचत ङ) चाडपर्व बचत च) सिर्जना भविष्य बचत
७. मासिक सरदर कति रकम बचत गर्न सक्नुभएको छ ?  
पहिला :  
क) नियमित ..... ख) ऐच्छिक .....  
अहिले :  
क) नियमित ..... ख) ऐच्छिक .....





१२. यदि छैन भने कुन कामका लागि खर्च गर्नुभएको छ ?

पहिला :

क) पुरानो ऋण तिर्न      ख) घरायसी खर्च चलाउन      ग) अन्य

अहिले :

क) पुरानो ऋण तिर्न      ख) घरायसी खर्च चलाउन      ग) अन्य

१३. लिएको ऋण समयमा नै तिर्नुभएको छ ?

पहिला :

क) दुवै साँवा/व्याज      ख) साँवा मात्र

ग) व्याज मात्र      घ) कुनै पनि तिरेको छैन

अहिले :

क) दुवै साँवा/व्याज      ख) साँवा मात्र

ग) व्याज मात्र      घ) कुनै पनि तिरेको छैन

१४. ऋण रकम प्राप्त गर्नमा कुनै समस्या भएको छ ? छ भने के मा ?

पहिला :

क) ऋण रकम      ख) व्याज      ग) शर्तहरू      घ) समय

अहिले :

क) ऋण रकम      ख) व्याज      ग) शर्तहरू      घ) समय

१५. यदि ऋण लिएर कुनै व्यवसाय संचालन गर्नुभएको छ भने उक्त व्यवसाय विस्तार हुँदै गएको छ ?

पहिला :

क) छ      ख) छैन

अहिले :

क) छ      ख) छैन

१६. तपाईंले ऋण किस्ता भुक्तानीमा कुनै कठिनाई भोग्नु परेको छ ?

पहिला :

क) छ भने के कारणले      ख) छैन

अहिले :

क) छ भने के कारणले      ख) छैन

१७. तपाईले गरेको लगानीबाट कतिको आम्दानी गर्न सफल हुनुभएको छ ?
- पहिले :
- क) अधिकतम      ख) न्यूनतम      ग) छैन
- अहिले :
- क) अधिकतम      ख) न्यूनतम      ग) छैन
१८. व्यवसायिक लगानी र आम्दानीको विवरण :
- पहिला :
- क) तपाईंको सम्बन्धित व्यवसायमा लगानी रु. ....
- ख) वार्षिक सरदर आम्दानी रु. ....      ग) व्यवसायिक खर्च रु. ....
- अहिले :
- क) तपाईंको सम्बन्धित व्यवसायमा लगानी रु. ....
- ख) वार्षिक सरदर आम्दानी रु. ....      ग) व्यवसायिक खर्च रु. ....
१९. तपाईंको आर्थिक अवस्थामा सुधार भएपछि कुन क्षेत्रलाई बढी प्राथमिकता दिनुहुन्छ ?
- क) शिक्षा      ख) स्वास्थ्य      ग) खाना      घ) बचत      ङ) अन्य
२०. तपाईं समूहमा आवद्ध हुनु अघि र पछाडिको मासिक आम्दानी कति जति छ ?
- क) हुनुअघि लगभग रु. ....      ख) भएपछि लगभग रु. ....
२१. तपाईंहरूले केही आधारभूत तालिम लिनुभएको छ ?
- पहिला :
- क) यदि लिनुभएको छ भने के सीपमुलक, व्यवस्थापन, अभिमुखीकरण, आधारभूत, अन्य
- ख) छैन
- अहिले :
- क) यदि लिनुभएको छ भने के सीपमुलक, व्यवस्थापन, अभिमुखीकरण, आधारभूत, अन्य
- ख) छैन
२२. सिर्जना विकास केन्द्रको कार्यबाट कति सन्तुष्ट हुनुहुन्छ ?
- क) अधिकतम      ख) न्यूनतम      ग) छैन

२३. सिर्जना विकास केन्द्रले तपाईंको जीवनस्तरमा सुधार गर्नमा भूमिका खेलेको महसुस गर्नुभएको छ ?
- क) छ                      ख) छैन
२४. तपाईं आफूलाई कुन वर्गको महिलाको रूपमा वर्गीकरण गर्न चाहनुहुन्छ ?
- क) अति गरिव      ख) गरिव              ग) मध्यम              घ) धनी
२५. अति गरिव महिलाको आर्थिक अवस्था सुधारको लागि यस कार्यालयले के-के गर्नुपर्ला ?
- क) कम व्याजदर      ख) बढी ऋण रकम प्रदान गर्नु
- ग) लामो समयको ऋण प्रदान गर्नु      घ) माथिका सबै
२६. भविष्यमा एउटा सफल उद्यमी हुने कुरामा कतिको विश्वस्त हुनुहुन्छ ?
- क) धेरै                      ख) थोरै                      ग) छैन
२७. सिर्जना विकास केन्द्रको कार्यक्रमले तपाईंको जीवनस्तरमा सुधार भएको छ ?
- क) छ                      ख) छैन
२८. तपाईंले गरिरहनु भएको व्यवसायलाई भविष्यमा पनि निरन्तरता दिनुहुन्छ ?
- क) दिन्छु                      ख) दिने छैन

## APPENDIX C

### Name List of Centre in Pokhara City, Kaski

S.N.	Name of Centre	N	n	Percentage
1.	Sangharsha SMBK	27	6	22.22
2.	Talbhari SMBK	24	5	20.83
3.	Jalapa Devi SMBK	28	6	21.42
4.	Mehenete SMBK	29	7	24.14
5.	Jaynama SMBK	22	4	18.18
6.	Shiva SMBK	19	3	15.79
7.	Bindhabasini SMBK	32	5	15.63
8.	Paropakar SMBK	31	5	16.13
9.	Srijansil SMBK	15	3	20.00
10.	Santoshi SMBK	23	4	17.39
11.	Unanete SMBK	20	4	20.00
12.	Bindeswori SMBK	25	5	20.00
13.	Machhapuchrya SMBK	32	5	15.63
14.	Bhadrakali SMBK	24	4	16.67
15.	Adarsha SMBK	21	4	19.04
16.	Jagriti SMBK	29	5	17.24
17.	Manakamana SMBK	35	6	17.14
18.	Parisrami SMBK	27	5	18.51
19.	Swavimani SMBK	24	5	20.83
20.	Sushil SMBK	28	5	17.85
21.	Radhakrishna SMBK	15	3	20.00
22.	Chetana SMBK	29	5	17.24
23.	Birbhakti SMBK	21	4	19.04
24.	Shovabhagwati SMBK	22	4	18.18
25.	Pragati SMBK	22	4	18.18
26.	Shreekrishna SMBK	20	4	20.00
27.	Budhha SMBK	38	7	18.42
28.	Chandika SMBK	23	5	21.74

29.	Milansar SMBK	17	3	17.64
30.	Shahansil SMBK	24	5	20.83
31.	Shanti SMBK	30	5	16.67
32.	Sahayogi SMBK	30	5	16.67
33.	Laligurash SMBK	15	3	20.00
34.	Sagarmatha SMBK	31	5	16.12
35.	Shahara SMBK	36	6	16.67
36.	Muna SMBK	29	5	17.24
37.	Ujwal SMBK	20	4	20.00
38.	Sitaldevi SMBK	34	6	17.64
39.	Milijuli SMBK	21	4	19.04
40.	Chorepatan SMBK	19	3	15.79
41.	Newroad SMBK	28	5	17.89
42.	Bhairaba SMBK	29	5	17.24
43.	Parsyang SMBK	21	4	19.04
44.	Parbati SMBK	22	4	18.18
45.	Annapurna SMBK	16	3	18.75
46.	Kalika SMBK	22	4	18.18
47.	Setiganga SMBK	25	5	20.00
48.	sarswoti SMBK	29	5	17.24
49.	Nabin SMBK	16	3	18.75
50.	Amarshing SMBK	22	4	18.18
51.	Safal SMBK	23	4	17.39
52.	Matepani SMBK	29	5	17.24
53.	Kagipokhari SMBK	29	5	17.24
54.	Shreeram SMBK	29	5	17.24
55.	Khapaudi SMBK	12	3	25.00
56.	Pasupati SMBK	17	3	17.65
57.	Mahatgaudha SMBK	20	4	20.00
58.	Sitapaila SMBK	19	3	15.78
59.	Hariyari SMBK	19	3	15.78
60.	barahi SMBK	17	3	17.64

61.	Himchuli SMBK	20	4	20.00
62.	Bhatebari SMBK	30	5	16.67
63.	Gandharba SMBK	18	3	16.67
64.	Sanukta SMBK	14	3	21.14
65.	Ekata SMBK	16	3	18.75
66.	Subhechya SMBK	13	3	23.07
67.	Shiwalaya SMBK	15	3	20.00
68.	Gairabari SMBK	27	5	18.52
69.	Sarbeswor SMBK	26	5	19.23
70.	Himal SMBK	17	3	17.64
71.	Simapane SMBK	25	5	20.00
72.	Dipjyoti SMBK	27	5	18.51
73.	Sangam SMBK	15	3	20.00
74.	Sanyog SMBK	33	6	18.18
75.	Dhibya SMBK	36	7	19.44
76.	Kalapana SMBK	31	6	19.36
77.	Deep SMBK	24	5	20.83
78.	Ghurkuna SMBK	24	5	20.83
79.	Jagran SMBK	29	5	17.24
80.	harihar SMBK	24	5	20.83
81.	Gangagal SMBK	26	5	19.23
82.	Ramjane SMBK	17	3	17.64
83.	Shubhamati SMBK	30	6	20.00
84.	Gyangun SMBK	12	3	25.00
85.	Surayodaya SMBK	22	4	18.18
86.	Suryamukhi SMBK	20	4	20.00
87.	Durgabhabana SMBK	14	3	21.43
88.	Udhashil SMBK	14	3	21.43
89.	Bhahisyanir SMBK	35	7	20.00
90.	Shantipath SMBK	27	5	18.51
91.	Shrejansil SMBK	33	6	18.18
92.	Naya Nepal SMBK	16	3	18.75

93.	Simaltuda SMBK	24	4	16.67
94.	Ranipauwa SMBK	17	3	17.64
95.	Kopila Chauthe SMBK	16	3	18.75
96.	Bijaya SMBK	20	4	20.00
97.	Tulsi SMBK	17	3	17.64
98.	Simpani SMBK	17	3	17.64
99.	Gandaki SMBK	10	2	20.00
100.	Dhaya SMBK	14	3	21.43
101.	Gita SMBK	10	3	30.00
102.	Bhadrakali SMBK	23	4	17.39
103.	Maugeme SMBK	15	3	20.00
104.	Gagera SMBK	16	3	18.75
105.	Jaya Ganga SMBK	15	3	20.00
106.	Kurkumari SMBK	24	4	16.67
107.	Pari SMBK	13	3	23.07
108.	Anushashit SMBK	35	7	20.00
109.	Shantigaun SMBK	20	4	20.00
110.	Phirphire SMBK	20	4	20.00
111.	Budhajyoti SMBK	10	3	30.00
112.	Dudh Pokhari SMBK	25	5	20.00
113.	mahakali SMBK	23	4	17.39
114.	Nagesowari SMBK	21	4	19.04
115.	OM Sairam SMBK	19	4	21.05
116.	Lirmal Pokhari SMBK	23	5	21.74
117.	Phulbari SMBK	12	3	25.00
118.	Saypatri SMBK	33	6	18.18
	Total	2550	512	

*Source: SDC, Pokhara Branch*

Where,

N = Population women in the centre

n = Sample women in the centre

## APPENDIX D

### List of Respondents for the Study

S.N.	Name of Informants	S.N.	Name of Informants	S.N.	Name of Informants
1	Bindu Khadka	30	Maiti B.K.	59	Maga Pun
2	Dilkumari Subedi	31	Shrekanti Sunar	60	Kalpana Tamang
3	Bhababati Adhikari	32	Harimaya B.K.	61	Usha Gurung
4	Bina Tamang	33	Rajkumari B.K.	62	Devi Tamang
5	Taradevi Baral	34	Kumari Shrestha	63	Yamuna Gurung
6	Maita Gurung	35	Laxmi Limbu	64	Maya Bhujel
7	Manvuja Gurung	36	Chandra Ale	65	Laxmi Pariyar
8	Indira G.C.	37	Sumitra Gautam	66	Chandrakala Pariyar
9	Gita Pariyar	38	Mina Chhetri	67	Lila Nepali
10	Bimala Pradhan	39	Sarita Chhetri	68	Bimala Sai
11	Bam Maya Pun	40	Sita Lama	69	Laxmi Thapa
12	Sumitra Gurung	41	Tika Gurung	70	Rita Chhetri
13	Tirtha Tamang	42	Ganga K.C.	71	Tulsi Gautam
14	Bimala Tamang	43	Laxmi Pariyar	72	Radhika Parajuli
15	Apsara Khatri	44	Dhan Maya Gharti	73	Guma B.K.
16	Sita Rai	45	Parbati B.K.	74	Susma Thapa
17	Himmaya Pariyar	46	Bina Nepali	75	Kusum Shrestha
18	Sunita Lama	47	Biva Nepali	76	Parmila Gurung
19	Som Maya Thapa	48	Samjhana Pariyar	77	Maya B.K.
20	Dil Maya Tamang	49	Dalima Gurung	78	Mangali Tamang
21	Namuna Gurung	50	Sharda Tiwari	79	Devimaya Poudel
22	Tika Maya Ale	51	Tara Devi Bastola	80	Mina Adhikari
23	Bishnu Nepali	52	Januka Kunwar	81	Kopila Thapa
24	Bhima Nepali	53	Mithu Pokharel	82	Radhika Giri
25	Pabitra Chaudhari	54	Bindu Gurung	83	Sarmila Pariyar
26	Sita Nakarmi	55	Usha Nepali	84	Sarada Pariyar
27	Gita Dhakal	56	Tulsi Karki	85	Ambika Pariyar
28	Bimala Maji	57	Bhagabati Chhetri	86	Mina Pariyar
29	Nirmala Shrestha	58	Lain Pun	87	Gauri Pariyar



88	Ujeli Sai	120	Juna Gurung	152	Santa Maya Adhikari
89	Sasi Pariyar	121	Parbati Buda	153	Sarsowati Pariyar
90	Kusmi Gurung	122	Kamala Gurung	154	Sabita Pariyar
91	Kamala Tamrakar	123	Bishnu Pariyar	155	Tara Kumal
92	Chali Pariyar	124	Balkumari Pariyar	156	Laxmi Chhetri
93	Amrita Pariyar	125	Resmaya Gurung	157	Sita Rana
94	Laxmi Pariyar	126	Janaki Lama	158	Mashina Pariyar
95	Gummaya Pariyar	127	Devi Gurung	159	Kopila Saru
96	Uma Tamrakar	128	Geeta Tamang	160	Juthi Maya Pun
97	Sunita Sunar	129	Kausila Pariyar	161	Chandra Gurung
98	Laxmi Parajuli	130	Maya Shrestha	162	Maya Rana
99	Bishnu Basnet	131	Sarita Kadel	163	Phool Maya Thapa
100	Chameli Kuwar	132	Binita Pariyar	164	Sarsowati Thapa
101	Jasuda Thapa	133	Sukmaya Pariyar	165	Sumita Ale
102	Devi Thapa	134	Putali Pariyar	166	Bimala Sherchan
103	Sakuntala Kuwar	135	Tara Adhikari	167	Goma Shrestha
104	Durga Gurung	136	Indra Adhikari	168	Kalpana Shrestha
105	Dhan Maya Magar	137	Sabitri B.K.	169	Jalu Pariyar
106	Sunita Kumal	138	Bindi Lama	170	Minu Pariyar
107	Yamuna Khadka	139	Sangita Poudel	171	Sushila Adhikari
108	Maya Bhandari	140	Bijula B.K.	172	Dil Maya Sunar
109	Samjhana Thapa	141	Meena Dhahal	173	Bishnu Nepali
110	Rita Gurung	142	Sita Thapa	174	Miethu Adhikari
111	Sita B.K.	143	Kamala Karki	175	Samjhana Bhandari
112	Sunita Nepali	144	Sita Gurung	176	Chatumaya Gurung
113	Shreemaya Ligal	145	Binita Dhakal	177	Goma Dawadi
114	Yamkala Sai	146	Lila Gurung	178	Narayani Devkota
115	Santi Gurung	147	Tulsi Giri	179	Maya Karki
116	Indra Pariyar	148	Maiti Gurung	180	Laxmi Baral
117	Gita B.K.	149	Menuka Rana	181	Kamala Shrestha
118	Tulsi Pariyar	150	Maya Magar	182	Anita Nepali
119	Himali Gurung	151	Lalita Tamang	183	Ambika Pariyar

184	Anita Pariyar	216	Sau Maya Pun	248	Moti Kala Subedi
185	Mina Pun	217	Meena Nepali	249	Shanti Gurung
186	Shusma Nepali	218	Anju Rai	250	Apila Giri
187	Laxmi Nepali	219	Maya Rana	251	Lila Sunar
188	Kalpana Nepali	220	Laxmi Sunar	252	Kalpana Gurung
189	Ritu Tamrakar	221	Bishnu Maya Thapa	253	Manju Gurung
190	Isowari Udas	222	Sandhya Magar	254	Laxmi Karki
191	Durga B.K.	223	Ambika Karki	255	Anita B.K.
192	Renu Khatri	224	Mira Nepali	256	Chami B.K.
193	Suk Maya Rana	225	Rekha Nepali	257	Sukmaya B.K.
194	Shanti Tamrakar	226	Gautami Gurung	258	Sunita Pariyar
195	Sita Thapa	227	Bindu B.K.	259	Jit Kumari Nepali
196	Rina Rana	228	Sumitra Nepali	260	Dil Maya Thapa
197	Dol Maya Gurung	229	Kumari Thapa	261	Jamuna Giri
198	Sunita B.K.	230	Parbati Panday	262	Uma Adhikari
199	Rita Jalari	231	Meena Gurung	263	Parbati Sunar
200	Binu Gurung	232	Sarita Tamang	264	Chitra Kumari Gurung
201	Kamala K.C.	233	Uma Gurung	265	Shanti Thapa
202	Shanti Pariyar	234	Sita Nepali	266	Maya Pariyar
203	Gita Gurung	235	Sarita Pariyar	267	Dhanu Sunar
204	Parbati Maharjan	236	Nirmala Katila	268	Sundri Pun
205	Puja Basnet	237	Jamuna Nepali	269	Devi Maya K.C.
206	Madhu Sunar	238	Subarna Pradhan	270	Bindu Gurung
207	Kamala Shai	239	Swati Rangit	271	Susma Thakali
208	Pabitra B.K.	240	Smita Shrestha	272	Bina B.K.
209	Sabita Thapa	241	Shila Gurung	273	Laxmi Shrestha
210	Mina Pariyar (A)	242	Masina Nepali	274	Yog Maya Gurung
211	Mina Pariyar (B)	243	Rita Nepali	275	Geeta Magar
212	Ranjeeta Pun	244	Kusum Chhetri	276	Nanda Kumari Thapa
213	Bhagbati Shrestha	245	Durga Lamsal	277	Rupa B.K.
214	Purna Maya Magar	246	Laxmi Thapa	278	Kumari Gurung
215	Laxmi Tamang	247	Niru Shrestha	279	Shanti Gurung

280	Sarita Nepali	312	Anita Kuwar	344	Sardha Basnet
281	Kanaya Gurung	313	Kalpana Pariyar	345	Bishnu Bastola
282	Mina B.K.	314	Sapana Thapa	346	Goma Neupane
283	Janak Kumari Chhetri	315	Mina Sapkota	347	Upa Maya Bhattraï
284	Maya Khadka	316	Geeta Paudel	348	Santi Parajuli
285	Rita B.K.	317	Maya Darai	349	Salu Lama
286	Sita Pun	318	Ramila Sai	350	Devi Wagle
287	Mandevi Sarki	319	Rojina Kuwar	351	Devi K.C.
288	Tara Devi Thapa	320	Himali Gurung	352	Kamala Pariyar
289	Rabina B.K.	321	Tara Devi Rana	353	Raghu Khatiwada
290	Sita Tamang	322	Parbati B.K.	354	Sunita Bagdas
291	Sita Poudel	323	Sonu Thapa	355	Jyoti Shrestha
292	Jamuna Gurung	324	Durga Ligal	356	Ganga Gurung
293	Mina Tamang	325	Aasha Gurung	357	Sumitra Shrestha
294	Kamala Tiwari	326	Santi Lamichhane	358	Saraswoti Bhatta
295	Bhawani B.K.	327	Kanchhe Tamang	359	Kamala Shrestha
296	Amrita B.K.	328	Maya Gurung	360	Renu Magar
297	Sara Thapa	329	Urmila Lama	361	Sunita Thapa
298	Shanti Pun	330	Laxmi Gurung	362	Resma Gurung
299	Ganga Gurung	331	Sushila Damai	363	Meena Sai
300	Mankumari Gurung	332	Maya Nepali	364	Til Kumari Gurung
301	Huma Nepali	333	Dhilmaya Gurung	365	Yo Maya Thapa
302	Sabita Bhatta	334	Ram Maya Baral	366	Amrita Gurung
303	Chandra Pariyar	335	Anita Lama	367	Sarasowati Gurung
304	Subitra Sunar	336	Gita Pande	368	Ganga Gurung
305	Baldevi Tamang	337	Sunita Gautam	369	Meena Magar
306	Sunita Panta	338	Shova Rana	370	Junu Karki
307	Bishnu Pariyar	339	Laxmi Ghimire	371	Uma Gurung
308	Top Kumari Poudel	340	Bimala Lama	372	Yasoda Baral (A)
309	Manuka Pariyar	341	Laxmi Ghimire	373	Yamkala Rana
310	Parbati Gurung	342	Sarsowti Khanal	374	Devi Khadka
311	Jyoti Gurung	343	Meena Adhikari	375	Sunita Sai

376	Mandhira Sai	408	Maita Gurung	440	Panchheki Sherpa
377	Srimaya Sai	409	Sujita Dhakal	441	Sita Manandhar
378	Rudra Kumari Basnet	410	Indira Poudel	442	Laxmi Sakeya
379	Jasuda Thapa	411	Prema G.C.	443	Kamala Sakeya
380	Gita Baral	412	Laxmi Timilisia	444	Ranu Lama
381	Sharaddha Baral	413	Budhi Khadka	445	Srijana Khawash
382	Makumari Poudel	414	Nirmala Gurung	446	Januka Khawash
383	Sarita K.C.	415	Maya Adhikari	447	Lalita Tamang
384	Sapana Giri	416	Simla Gurung	448	Santu Khawash
385	Sita Pokharel	417	Radha Dhakal	449	Goma Dawadi
386	Parbati Dhakal	418	Khima Baral	450	Sumitra Magarathi
387	Parbati Thapa	419	Pashupati Khadka	451	Narmaya Maski
388	Kalpana Devkota	420	Sommaya Thapa	452	Isowari Udas
389	Mina Poudel	421	Diya Thapa	453	Sandha Basnet
390	Sarsowati Devkota	422	Sabitri Bhattarai	454	Rama C.K.
391	Vimmaya Sharma	423	Durga Gurung	455	Juna Achami
392	Ramkumari Khatri	424	Tirtha Gurung	456	Nirmala Katila
393	Bishnu Subedi	425	Dilmaya Bharati	457	Gita C.K.
394	Gita Lamichanne	426	Bhabana Chhetri	458	Moti Kala Subedi
395	Susila Bhujel	427	Kamana Shrestha	459	Man Kumari Pantha
396	Sabitri Bhujel	428	Uma Devi Thakuri	460	Radha Bhaniya
397	Indira Bhujel	429	Dhanmaya Gurung	461	Januka Ranabhat
398	Jasoda Thapa	430	Pramita Gurung	462	Kuldevi Kaphale
399	Bishnu Sapkota	431	Sundhara Joshi	463	Asmita Gubaju
400	Sita Kuwar	432	Susma Thapa	464	Kanaya Gurung
401	Sita Thapa	433	Ismirta Khadki	465	Narmaya Dura
402	Padakumari Tamang	434	Belichameli Tamang	466	Gita Pandey
403	Mankumari Bhujel	435	Parbati Budha	467	Sita Kawash
404	Pabitra Sigdel	436	Gaynu Tamang	468	Raghu Khatiwada
405	Parbati Adhikari	437	Uma Khanal	469	Sunita Bagdas
406	Mayadevi Acharya	438	Santa Thapa	470	Shova C.K.
407	Bishnumaya Acharya	439	Sarmila Lama	471	Chandrakala Pandey

472	Manshova Gayak	504	Choonaa Gurung		
473	Jamuna K.C.	505	Padamkumari Ale		
474	Dilmaya Bharati	506	Gitmaya Rana		
475	Usha Subha	507	Santi Pariyar		
476	Laxmi Timilsina	508	Sunita Khadaka		
477	Radha Jhyapu	509	Kamala Nepali		
478	Meena Sarumagar	510	Durga Sai		
479	Yo Maya Thapa	511	Hira Pariyar		
480	Kamala Choi	512	Bharsa Thapa		
481	Yasoda Baral (B)				
482	Dilmaya Lamichane				
483	Rammaya K.C.				
484	Jamuna K.C.				
485	Bishnu Lamichane				
486	Dilmaya Baral				
487	Ambika Lamichane				
488	Bishnu Subedi				
489	Mina Baral				
490	Bishnu Baral				
491	Shikha Sai				
492	Biva Gurung				
493	Santa Khadka				
494	Hommaya Gurung				
495	Sakuntala Thapa				
496	Mina Puri				
497	Ishowari Gurung				
498	Ganga Gurung				
499	Phulmaya Gurung				
500	Tila B.K.				
501	Ram Kumari Kami				
502	Dhanmaya Rana				
503	Laxmi Thapa				

## APPENDIX E

### Savings by Group Members under Savings Programs

(Rs. in '0000)

FY	Group Savings $f_{x_1}^A$	$f_{x_1} Z_{x_1}^A$	$f_{x_1} Z_{x_1}^A$	Centre fund Savings			Individual Savings $f_{x_3}^A$	$f_{x_3} Z_{x_3}^A$	$f_{x_3} Z_{x_3}^A$	Festival Savings $f_{x_4}^A$	$f_{x_4} Z_{x_4}^A$	$f_{x_4} Z_{x_4}^A$
		$f_{x_1} Z_{x_1}^A$	$f_{x_1} Z_{x_1}^A$	$f_{x_2}^A$	$f_{x_2} Z_{x_2}^A$	$f_{x_2} Z_{x_2}^A$		$f_{x_3} Z_{x_3}^A$	$f_{x_3} Z_{x_3}^A$		$f_{x_4} Z_{x_4}^A$	$f_{x_4} Z_{x_4}^A$
2063/064	64.41	-181.81	33053.71	122.99	-393.45	154802.43	74.01	-122.04	14893.76	-	-	-
2064/065	205.15	-41.06	1686.36	416.37	-100.06	10013.80	142.28	-53.77	2891.12	1.3904	1.0677	1.1399
2065/066	213.14	-33.08	1092.21	551.39	34.95	1221.49	180.68	-15.37	236.15	.2230	-0.0997	0.0099
2066/067	289.78	43.57	1898.10	787.36	270.92	73395.75	275.67	79.62	6339.28	-	-	-
2067/068	458.60	212.38	45106.79	704.09	187.65	35213.24	307.61	111.56	12444.9	-	-	-
Total	1231.08		82837.17	2582.20		274646.71	980.25		36805.21	1.6134		1.1498
Average	246.22			516.44			196.05			.3227		
S.D.			128.7145			234.370			85.7965			0.47954
C.V.			52.28%			45.38%			43.76%			148.6%

FY	Upkar fund Savings			Srijana Future fund Savings			Total	$f_{x_7} Z_{x_7}^A$	$f_{x_7} Z_{x_7}^A$
	$f_{x_5}^A$	$f_{x_5} Z_{x_5}^A$	$f_{x_5} Z_{x_5}^A$	$f_{x_6}^A$	$f_{x_6} Z_{x_6}^A$	$f_{x_6} Z_{x_6}^A$			
2063/064	4.2015	-6.8504	46.9279	-	-	-	265.61	-1042.3277	1086447.03
2064/065	7.5843	-3.4676	12.0242	219.4163	-118.4422	14028.55	992.19	-315.7454	99695.15
2065/066	15.8519	4.8	23.04	243.0040	-94.8545	8997.3761	1204.29	-103.6504	10743.405
2066/067	14.0124	2.9605	8.7645	404.2130	66.3545	4402.9196	1771.03	463.0957	214457.62
2067/068	13.6092	2.5573	6.5397	822.6592	484.8007	235031.718	2306.56	998.6276	997257.08
Total	55.2593		97.2963	1689.2925		262460.56	6539.70		2408600.3
Average	11.0519			337.8585			1307.94		
S.D.			4.41126			229.11157			694.060
C.V.			39.91%			67.81%			53.06%

## APPENDIX F

### Amount Invested by Women in Different Sectors

Amount ( in Rs)	Before		After		% Change
	Number	%	Number	%	
0 – 10000	133	30	48	11.60	15.2
10000 – 20000	31	7.01	43	10.40	3
20000 – 30000	180	40.72	92	22.20	20.5
30000 – 40000	41	9.28	102	24.60	14.88
40000 – 50000	46	10.40	81	19.50	8.6
50000 – 60000	11	2.48	49	11.70	9.22
<b>Total</b>	<b>442</b>	<b>100</b>	<b>415</b>	<b>100</b>	

Source: Field Survey, 2012

#### Calculation of Mean

Amount (in Rs.)	Mid-value (x)	Before		After	
		Number (f)	Total (f×x)	Number (f <sub>1</sub> )	Total ( f <sub>1</sub> ×x)
0 – 10000	5000	133	665000	48	240000
10000 – 20000	15000	31	465000	43	645000
20000 – 30000	25000	180	4500000	92	2300000
30000 – 40000	35000	41	1435000	102	3570000
40000 – 50000	45000	46	2070000	81	3645000
50000 – 60000	55000	11	605000	49	2695000
<b>Total</b>		<b>442</b>	<b>9740000</b>	<b>415</b>	<b>13095000</b>
<b>Mean</b>			<b>22036</b>		<b>31554</b>

$$\text{Arithmetic mean } (\bar{X}) = \frac{fx}{N}$$

Where  $\bar{X}$  = Arithmetic mean

f = frequency

fx = sum of observations

N = no. of observations

## APPENDIX G

### Monthly Income of Sample Women

Amount Range (in Rs)	Before		After		% Change
	Number	%	Number	%	
0-5000	244	47.70	105	20.50	(27.2)
5000-10000	65	12.70	87	16.90	4.2
10000-15000	77	15.04	100	19.50	4.46
15000-20000	65	12.70	82	16.02	3.32
20000-25000	24	4.70	35	6.83	2.13
25000-30000	37	7.16	103	20.25	13.09
Total	512	100	512	100	

Source: Field Survey, 2012

### Calculation of Mean

Amount Range (in Rs.)	Mid-value ( x )	Before		After	
		Number ( f )	Total (f×x)	Number ( f )	Total (f <sub>1</sub> ×x)
0 – 5000	2500	244	610,000	105	262500
5000 – 10000	7500	65	487500	87	652500
10000 – 15000	12500	77	962500	100	1250000
15000 – 20000	17500	65	1137500	82	1435000
20000 – 25000	22500	24	540000	35	787500
25000 – 30000	27500	37	1017500	103	2832500
Total		512	4755000	512	7220000
Mean			9287		14102

$$\text{Arithmetic mean } (\bar{X}) = \frac{\sum fx}{N}$$

When  $\bar{X}$  = Arithmetic mean

f = frequency

$\sum fx$  = sum of observations

N = no. of observations



## APPENDIX H

### Computation of Correlation Coefficient between Loan Disbursement and Recovery

#### Loan Disbursement and Recovery (in Rs. million)

FY	Loan Disbursement (X)	Recovery (Y)	X <sup>2</sup>	Y <sup>2</sup>	XY
2063/064	27.56	17.37	759.55	301.72	478.72
2064/065	109.96	82.94	12091.20	6879.04	9120.08
2065/066	146.04	122.35	21380.26	14969.52	17867.99
2066/067	216.75	178.07	46980.56	31708.92	38596.67
2067/068	307.75	257.75	94710.06	66435.06	79322.56
<b>Total</b>	<b>X 808.06</b>	<b>Y 658.50</b>	<b>X<sup>2</sup> 175921.63</b>	<b>Y<sup>2</sup> 120294.26</b>	<b>XY 145386.02</b>

We know that  $\bar{X} = \frac{\sum X}{n}$

$$= \frac{808.06}{5}$$

= Rs.161.72 million.

$\bar{Y} = \frac{\sum Y}{n}$

$$= \frac{658.50}{5}$$

= Rs.131.70 million.

We have,

$$\begin{aligned} \text{Correlation Coefficient } (r_{xy}) &= \frac{\sum XY - n\bar{X}\bar{Y}}{\sqrt{(\sum X^2 - n\bar{X}^2)(\sum Y^2 - n\bar{Y}^2)}} \\ &= \frac{145386.02 - 5 | 161.72 | 131.70}{\sqrt{(175921.63 - 5(161.72)^2)(120294.26 - 5(131.70)^2)}} \\ &= \frac{145386.02 - 106492.62}{\sqrt{(175921.63 - 130766.79)(120294.26 - 86724.45)}} \\ &= \frac{38893.4}{\sqrt{45154.84 | 33569.81}} \\ &= \frac{38893.4}{\sqrt{1515839399.38}} \\ &= \frac{38893.4}{38933.78} \\ &= 0.998 \end{aligned}$$

## APPENDIX I

### Computation of Regression Equation between Loan Disbursement and Recovery

#### Loan Disbursement and Recovery (in Rs. million)

FY	Loan Disbursement (X)	Recovery (Y)	X <sup>2</sup>	XY
2063/064	27.56	17.37	759.55	478.72
2064/065	109.96	82.94	12091.20	9120.08
2065/066	146.04	122.35	21380.26	17867.99
2066/067	216.75	178.07	46980.56	38596.67
2067/068	307.75	257.75	94710.06	79322.56
<b>Total</b>	<b>X X808.06</b>	<b>Y X658.50</b>	<b>X<sup>2</sup> X 175921.63</b>	<b>XY X 145386.02</b>

From the above table,

$$\Sigma X = 808.06, \quad \Sigma Y = 658.50, \quad \Sigma X^2 = 175921.63 \text{ and } \Sigma XY = 145386.02$$

Let be regression equation of Y on X is

$$Y = r \frac{s_y}{s_x} X \text{ ----- eq}^n(i)$$

Normal equations are

$$\Sigma Y = nr + r \frac{s_y}{s_x} \Sigma X \text{ ----- eq}^n(ii)$$

$$\Sigma XY = r \Sigma X + r \frac{s_y}{s_x} \Sigma X^2 \text{ ----- eq}^n(iii)$$

Solving eq<sup>n</sup>(ii) and eq<sup>n</sup>(iii) we get

$$\begin{array}{l} r \\ s \end{array} \begin{array}{l} X \\ X \end{array} \begin{array}{l} n \\ X \end{array} \begin{array}{l} X \\ X^2 \end{array} \begin{array}{l} \Sigma Y \\ \Sigma XY \end{array} \quad \left| \begin{array}{l} \\ \\ \end{array} \right. \begin{array}{l} Y \\ XY \end{array}$$
  

$$\begin{array}{l} r \\ s \end{array} \begin{array}{l} X \\ X \end{array} \begin{array}{l} \Sigma X \\ \Sigma X^2 \end{array} \begin{array}{l} \Sigma Y \\ \Sigma XY \end{array} \quad \left| \begin{array}{l} \\ \\ \end{array} \right. \begin{array}{l} Y \\ XY \end{array}$$
  

$$\begin{array}{l} r \\ s \end{array} \begin{array}{l} X \\ X \end{array} \begin{array}{l} n \\ X \end{array} \begin{array}{l} X \\ X^2 \end{array} \quad \left| \begin{array}{l} \\ \\ \end{array} \right. \begin{array}{l} Y \\ XY \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{ccc}
 175921.63 & Z808.06 & | & 658.50 \\
 Z808.06 & 5 & & 145386.02 \\
 \hline
 & 5 & 808.06 & \\
 & | & 808.06 & 175921.63 |
 \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{cccc}
 175921.63 & | & 658.50 & Z808.06 & | & 145386.02 \\
 Z808.06 & | & 658.50 & \Gamma 5 & | & 145386.02 \\
 \hline
 \text{f}5 & | & 175921.63 & Z808.06 & | & 808.06A
 \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{ccc}
 115844393.355 & Z117480627.321 \\
 Z532107.51 & \Gamma 726930.1 \\
 \hline
 \text{f}879608.15 & Z652960.96A
 \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{c}
 Z1636233.97 \\
 194822.59 \\
 \hline
 226647.19
 \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{c}
 \underline{Z1636233.97} \\
 226647.19 \\
 \underline{194822.59} \\
 226647.19
 \end{array}$$

$$\begin{array}{r}
 r \\
 s
 \end{array}
 \begin{array}{c}
 X \\
 \hline
 \end{array}
 \begin{array}{c}
 Z7.22 \\
 0.86
 \end{array}$$

Equating their corresponding values,

...r XZ7.22 and s X0.86

## APPENDIX J

### Number of Women Taking Loan

Description	Before	After	Total
	Number	Number	
Women taking loan	442	415	857
Not women taking loan	70	97	167
<b>Total</b>	<b>512</b>	<b>512</b>	<b>1024</b>

*Source: Field Survey, 2012*

#### Computation of the Chi-square Test ( $\chi^2$ - Test)

Observed Frequency (O)	Expected Frequency (E) = $\frac{RT \times CT}{N}$	O-E	(O-E) <sup>2</sup>	$\frac{f(O-E)^2}{E}$
442	$\frac{857 \times 512}{1024} = 428.5$	13.5	182.25	0.425
415	$\frac{857 \times 512}{1024} = 428.5$	-13.5	182.25	0.425
70	$\frac{167 \times 512}{1024} = 83.5$	-13.5	182.25	2.183
97	$\frac{167 \times 512}{1024} = 83.5$	13.5	182.25	2.183
<b>O X 1024</b>	<b>E X 1024</b>			$\frac{f(O-E)^2}{E} = 5.216$

Calculated value of  $\chi^2 = \frac{f(O-E)^2}{E} = 5.216$

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