

# CHAPTER-I

## INTRODUCTION

### **1.1 Background of the study**

Nepal is one of the least developed countries with poor economic background. Most of the population lives in the rural area. More than 31 percent of the total population live on below the poverty line. Agriculture sector provides the 80 percent employment and it contributes about 38 percent of the national GDP. Economic growth of the country has not been able to keep up with the population growth of 2.2 percent resulting in high levels of unemployment and poverty. The financial sector development is on increasing trend. There is an estimated 17.6 million people in Nepal lacking access to financial services (Ledgerwood, 1998).

Micro finance has evolved as an economic development approach intended to benefit low income women and men. The term refers to the provision of financial services to low income clients including the self employed. Financial services generally include savings and credit; however some microfinance organizations also provide insurance and payment services. In addition to financial intermediation, many MFIs provide social intermediation services such as group formation development of self confidence and training in financial literacy and management capabilities among member of a group. Thus the definition of microfinance often includes both financial intermediation and social intermediation. Microfinance is not simply banking; it is a development tool (Ledgerwood, 1998).

About 90 percent of the people in the developing countries lack access to financial services from institutions, either for credit or for savings. Among them, of course, are nearly all the poor of the developing world, while not all the poor can make use of microfinance, there remains massive gap between the low level of commercial microfinance available from financial institutions and the extensive worldwide demand for such financial services among low income people. Around the world, a revolution is

occurring in finance for low-income people. The microfinance revolution refers to the delivery of financial services to the economically active poor on a large scale through competing financially self sufficient institutions. In a few countries this has already happened, in others it is under way. The emerging microfinance industry has profound implications for social and economic development. For the first time in history, capital is well on its way being democratized (Robinson, 2001).

Micro finance provides the possibility of credit at times of needs and in some schemes the opportunity of regular saving by a household itself that can be drawn on. The avoidance of sharp devices in family expenditures by drawing on such credit or saving allows consumption smoothing in practices this distinction between the needs of the chronic and transitory poor for credit for promotional (that is income creating) and protection (consumption smoothing) purposes respectively is over simplified since the chronic poor will also have short term need that to be met, whether it is due to income shortfalls or expected expenditure like medical bills or social event like wedding or funerals. In fact it is one of the most interesting generalization to emerge from the microfinance and poverty literature that the poorest of the chronic poor will borrow essentially for protection purposes given both the low and irregular nature of their income for promotional measure (that is for investment in the future) will therefore be only very limited beneficiary of microfinance scheme (Hulme D&Mosely, 1996).

It is difficult to find the universal definition of micro finance due to its variation on the basis of implementing location, institution and program as well. 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 saving , small scale entrepreneurs, diversified utilization and simple and flexible terms and conditions are the determining characteristics of its definition. Micro finance comprises of three Cs. Character, Capacity and Capital. 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).

The history of microfinance in Nepal is quite new. It was started only in the year 1975. The traditional practice of Dhikuri and 'Guthiyar' can be taken as the origin of microfinance in Nepal. After the restoration of democracy in 1990 and the adoption of liberal economic policies by the government, a number of different types of microfinance institutions have emerged with governmental, non-governmental and benefactor initiatives. At the same time different types of community based organizations have also been established. Presently there are 6000 cooperative institutions registered in Nepal. Among them about 1600 are saving and credit cooperatives. Nepal Rastra Bank, Agriculture Development Bank, Rastriya Banijya Bank and Nepal Bank Limited have also delivered several microfinance programs. Some of the international non governmental organizations are also contributing in organizing people, collecting regular saving and investing in income generating activities. These activities on micro finance can be classified as government efforts in micro finance development and NGO or voluntary agencies contribution.

Microfinance is often defined as financial services for poor and low-income clients. In practice, the term is often used more narrowly to refer to loans and other services from providers that identify themselves as "Microfinance Institutions"(MFIs). These institutions commonly tend to use new methods developed over the last 30 years to deliver very small loans to unsalaried borrowers, taking little or no collateral. These methods include group lending and liability, pre-loan savings requirements, gradually increasing loan sizes, and an implicit guarantee of ready access to future loans if present loans are repaid fully and promptly (Sinha, 1996).

## **1.2 Statements of the Problem**

SFACL Phedikhola is one of the best SFACL of ADB/N out of 1560 SFACL. In SFACL Phedikhola, the female participation is very high. The SFACL seems to be financially self - sufficient.

Apart from its financial services, SFACL also provides non financial services to its member like vegetable production, animal housing, beekeeping, small cottage industry etc. as per their interest, experience and market potentialities which in turn stimulates in reducing poverty by generating employment and income.

There are various constraints of the microfinance program to achieve its objective and development goals. The micro credit program is focused on ultra poor to improve their economic condition in a sustainable manner. Converting labor mind into a business mind is a difficult task. Similarly utilization of loan is not so easy in the beginning period. If the loan is not utilized in the proposed works, it will further become a burden in future. As a result the poor become poorer, both economically and morally. SFACL, the government initiated model is an autonomous; self help organization, handed over to the local farmers. The mission of microfinance is to reduce poverty, empowerment of people in terms of self confidence and self reliance.

In our study area, small farmers are facilitated by SFACL since 2054 B.S. but still there are large mass of small farmers suffering from poverty. Therefore, our study may help to identify the condition of small farmers and their living standard in this area after their involvement in SFACL. Especially this study will try to solve the following research problems within Phedikhola VDC, Syangja:

1. What type of relationship exists in between investment and income?
2. How is saving and its mobilization pattern?
3. What kind of social impact does SFACL create in the society?
4. How does the program improve the socio-economic condition of the people ?

### **1.3 Objectives of the Study**

The overall objective of the study is to make an assessment of impact of SFACL program for the poor people in Phedikhola VDC Syangja district. The specific objectives of the study are as follows:

- a) To analyze the relationship between investment and income of the people.
- b) To assess the saving and mobilization pattern of selected V.D.C.
- c) To analyze the social condition of the people.
- d) To study on the socio-economic improvement by the program.

### **1.4 Significance of the Study**

Micro credit program is related to the poverty alleviation and women empowerment for the sustainable development. The government of Nepal has been initiating microfinance programs as well as promoting the development banks, rural banks, NGOs, INGOs for such programs toward targeted group. Therefore, this study is significant for decision makers for long term future planning in micro financing sector and helps identify better solution from the problem which will arises in future. In addition, the study helps to identify the status of poor people in the rural areas as per self dependency.

## CHAPTER-II

### REVIEW OF LITERATURE

#### **2.1 Conceptual and Theoretical Review**

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

Microfinance has proved itself a powerful tool for economic development of low income or marginalized women and men. It is an effective approach for alleviating poverty through access to the poor or operating their small enterprises. The term microfinance refers to the provision of financial services to low-income clients, including the self employed. Financial services generally include saving and credit, however, some microfinance organizations also provide insurance and payment services. Since microfinance is targeted to poor people of rural areas, it assists the poor in many ways, such as providing poor people to invest in assets, organizing and facilitating different activities to earn their livelihood, protecting against income shocks incase of emergency needs and smooth consumption, improving quality of life by building social capital (Bashyal, 2008).

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

"More than one billion people in the world today live in unacceptable conditions of poverty mostly in the developing countries. A great majority of them are women. In past decade the number of women living in poverty has increased disproportionately to the number of men living in poverty. Economic factors, the rigidity of socially ascribed gender roles and women's limited access to power, education, training and productive resources are all contributing elements. They are compounded by the failure to mainstream a gender perspective in all economic analysis and planning and to address the structural causes of poverty."(Weiss and Elvira 199:p 49).

Microcredit programs are targeted to reduce poverty prevailing among rural population in Nepal. It recognizes the need for capital where the rate of household savings is very low. Credit is believed to remove financial constraint of the poor as engage them in productive work, not only for increased level of household consumptions but also for generating saving and future investment (Acharya,2007:p.13).

Micro finance has evolved as an economic development approach intended to benefit low income woman services to low income clients, including the self employed. Financial services generally includes saving and credit. In addition to financial intermediation, MFIs provides social intermediaries services such as group formation, development of self confidence and training in financial management capabilities among members group. Thus the definition of micro finance often includes both

financial intermediation and social intermediations. Micro finance is not simply banking, it's a development tool. Its activities generally involve:

- Micro saving, micro credit and micro insurance.
- Small loan typically for working capital.
- Informal appraisal of borrowers and investment.
- Collateral substitute, such as group guarantees or compulsory saving.

### **2.1.1 Definition of micro finance**

1) "Micro finance could be defined as a provision of a broad range of financial services such as deposits, loans, money transfers and insurance to small enterprises and house hold"(ADB,1998).

2) "Micro finance deploys a small amount of short term working capital and in some cases longer term investment loans and provides deposit facilities to small scale business and house holds"(Rachel,1997).

### **2.1.2 Why microcredit?**

During the last few years it has become increasingly clear that the existing formal credit delivery system in rural areas, the banks and co-operatives, has not been able to keep pace with actual demand for small credit. It was also in a way, unrealistic to expect the formal credit system to be fully cognizant of providing credit to the rural poor and even more particularly to women in poverty. Understanding the needs of this clientele had to transcend the misconception that they were the beneficiaries. It also required an intensive involvement in the grassroots, to identify potential borrowers and to follow up on utilization and repayment of the loan.

The poor, on many occasions, need emergency credit which the formal credit system and the governments poverty alleviation schemes couldn't cater to. They are then driven to local money lenders who immerse them in increased indebtedness. The poor also need loan for consumption and the banks do not entertain this. These factors have contributed to the resurgence of an alternative credit system administered by the



clientele themselves who are organized into self-help group. The informal, micro-level credit revolving users have now been scaled up by various organizations and institutions and given a credible identity. There is documented evidence that this system is now practiced in 43 countries. It has brought a much needed rejuvenation in anti-poverty programs. Microcredit goes directly to the poor people. It creates employment in villages. It helps women development confidence and independence. Microcredit has proved to be a tool to strengthen various programs in poverty alleviation (Acharya, 2007:p.57).

### **2.1.3 Microfinance and poverty reduction**

Poverty has always been a concern of micro finance. In the early days of the micro finance reevaluation, practitioners celebrated the certain of new financial methodologies that allowed institutions to reach families below the poverty line. As the micro finance field has matured, subfields have emerged some micro finance institutions MFIs use methodologies that target the very poor as a separate client group, while others are based on non targeted financial services for all those who lack access to formal credit institutions. As these various branches of micro finance have developed the field has seen increasing debate about which program and methods serve not only the poor, but also "poorest of the poor".

There are multiple efforts under way to identify the depth of outreach of programs in poor communities some undertaken by practitioners and others by donor. For practitioner organizations these efforts have typically been attempted to empirically test whether they are reaching their target clientele. More, recent practitioner and donor efforts have tried to collect information from a wide range of MFIS, looking for poverty assessment methods that have been successful. Microfinance is defined as "financial services to the poor". It means micro finance can defined poverty, which itself is not as easy as it seems (Hatch and Frederick, 1998).

Micro finance is widely accepted as a tool of poverty reduction. Not only tool, it helps clients to attain self employment, generate employment and income to the poor families, commitment, awareness building and helps to develop society as a whole. Micro finance approach and model as field of knowledge and study has also broken barriers of traditional assets based on lending of commercial banking theories. It has created new and powerful knowledge that poor are bankable. They could be good client of financial services industry, if the model is clearly and carefully built and operated. Microfinance practices in different countries of the world demonstrate clearly that it is a very effective tool of empowerment not only of economic but also of social condition. The center stage of all of this is access to finance, which has a multiplier effect in the ignition process of development. It also creates institutional base and breaks barriers created by exorbitant informal finance in case of Nepal (Sharma, 2009: p 23-37).

#### **2.1.4 Importance of micro finance program in Nepal**

Microfinance is one of the strong instruments for poverty reduction. It is basically characterized by saving product, small loan, group norms, insurance and money transfer. Presently it has been well recognized as one of the effective poverty reduction programs in the developing countries. In Nepal, it has been found more successful for ameliorating socio-economic condition of the downtrodden populace such as core poor, lower ethnicity and women affecting by vulnerability unawareness, low bargaining power, inaccessibility of development facilities, backwardness, illiteracy, disease, low income, less representation in political constituency and unproductive assets are concerned (Devkota2002:p.37).

Majorities of these people are nit 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 down trodden people in income generating activities such as vegetable production, livestock raising tea and daily uses shop, marketing of goods (better rice, vegetables and fruits) as per their experience and market potentialities. Under this

program one group member can earn about NRs300-700 net profits in a week in the Terai area.

In this social sector, awareness development in the found of the major out comes of the program. In this respect, many MFI members started to join in literacy centre, schooling to their children including daughters, participating in the village level elections so for they are elected in ward members, DVC chairman and vice chairman. In addition they are actively involved in community development activities such as construction of village community hall, road and bridge and drinking water system. By thus, MFIs have been imputing the momentum for poverty reduction endeavor.

Ghuran (2002:p.48), "SFDP The pioneer of micro finance in Nepal". He concluded the importances of micro finance project are as follows:-

- To increase the outreach and coverage.
- To provide service in easy and quicker manner.
- To obtain financial viability and sustainability.

To cover the large chunk of poor community, who have to still depend on informal credit market where interest rate is exorbitantly high.

Shrestha (2002:p.55), Studied on "Micro finance development in Nepal". He had made some importance of micro finance for which poverty reduction is as presented below "In ADB's view, poverty is a deprivation of essential assets and opportunities to which every human entitled" (ADB 1996). The essential assets may not be available to the poor due to diverse nature of poverty and lack of political will increate governance and inappropriate public policies and programs. In this context, Asian development Bank (ADB) perceives sustainable economics growth and social development as the key components for reducing poverty. Therefore, the investment in micro finance stimulates economics growth, which can reduce poverty by generating employment and incomes (ADB 1996).

According to Koirala (2001), the ADB has recognized micro finance as a powerful tool to promote economic growth reduce poverty, support human development and improve the status of women. Furthermore Pyakurel, (2002) presents the evidence of test result poor has found to be very effective tool for helping poverty reduction. It is because micro credit to the poor creates small business opportunities that help to improve the socio economics condition of deprived community.

Micro finance is a powerful instrument for poverty alleviation. It enables the poor to take advantages of existing opportunities, builds up their assets, generates self employment develops micro enterprises, raises income level, builds up self confidence and self eastern improves purchasing power, empowers women enhances power, empowers women, enhances overall economics growth enhances domestic saving and provide escape route from poverty. In Nepalese context, even through, micro finance has been proven as effective and efficient mechanism in poverty reduction endeavor, most of the micro finance institutions have became unable to reach the poorest (Ultra poor) due to their inability to identify and measure them. On the other hand, improving access to financial services has been commonly viewed as strong tool to fight against poverty; however the outreach of the formal sector credit institutions has been constrained due to high cost of their services delivery. Nevertheless, micro finance institutions pursue the activities to promote the interest of the poor by providing basis services and contribute to increase to reach sustainability and effectiveness (Pyakurel, 2002).

### **2.1.5 Microfinance systems 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 establishes 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 Bikash banks (GBBs) in rural micro financing has increased recently but their in total outstanding rural institutional credit was less than 2 percent. Microfinance practice formally started in 1974 since the Nepal Rastra Bank's (NRB) direction to commercial banks for lending five percent of their total deposit liabilities to "Small Sector" in order to increase production and employment in rural areas.

#### **2.1.6 Different Models of Microfinance**

According to Bashyal (2008:p.74), following models are effective in saving, credit and investment mobilization of women as well as rural people in Nepal:-

#### **2.1.7 Rural credit models**

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

#### **2.1.8 Co-operative model**

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

### **2.1.9 Individual and peer lending model**

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

### **2.1.10 Grameen bank model/GBB model**

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

### **2.1.11 Village banking model**

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

### **2.1.12 Self-reliant village banking model**

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

### **2.1.13 Association**

In association type, the target community such as youth or women from association regarding political, religious, or cultural issues is through which microfinance activities

are initiated. Associations, the community based organizations are also informal systems:

- Bank Guarantees.
- Self-help Group model.

#### **2.1.14 Banking with the poor Model**

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

#### **2.1.15 Small farmer development program**

To fulfill the demand for microfinance in rural areas, ADB/N initiated the small farmers Development program (SFDP) in 1975 through two pilot projects to support self-help oriented development of small and marginal farmers and landless people. It had a total loan outstanding of Rs 843.49 million with 357 sub-projects offices comprising a total of 165,679 members by mid-July 2004 (Bashyal, 2008). It is considered as the first poverty focused credit programs of the country. It is also the first group based credit program. The group is comprised of 5-50 members. It provides them credit and other supports to start income generating activities.

The SFDP is the first efforts program to raise the socio-economic condition of poor people. The activities have clearly demonstrated that the small farmers have not effectively contributed to the productive activities and change their economic status. The small farmers who have marginal land for production have got a little benefit from the program. Only few farmers have increased their income by undertaking various project with the money borrowed from the project. The group saving amount is increasing year by year but the saving amount has not been utilized properly. In fact all the group members are unknown about the saving amount due to clever members of the group (Poudel, 2006:p.69).

According to Lekhak (2004:64), women empowerment participation in SFCL increased. After SfCL people participation in literacy program helped to improve the literacy position of village. SFCL was also successes to convince the people about the importance of group saving and impact of forest conservation. SFCL also gives the different types of training to small farmers which help to make more efficiency to small farmers. There was politicization and financial undisciplined in some cases. There was lack of inspection from government side. The position of the share capital is not so bad. SFCL was also able to get profit from its activities. The position of saving is increasing ways every year. Borrowed loan position of SFCL is decreasing ways.

According to pathak (2006:77), Profit of SFCL increases every year .The position of deposits through members was in increasing way. It is also seen that borrowed bank loan is decreasing. Loan and advance to total deposit ratio is flexible during study period. Loan loss ration is normal just to meet legal provision. Toilet facility, drinking water facility m use of store, bank saving, group saving and forest conservation all are in increased ratio. Women education rate is increase by 96.55% after SFCL activity. Women are aware on their rights and capacity to women empowerment in increase.

#### **2.1.16 Socio-economic condition of the farmer**

#### **2.1.17 Economic condition of Nepal**

In Nepal, the percentage of economically active female and male population is 43.7 and 62.6 percentage respectively. An estimated national level unemployment is 5.1 percent. The labor force participation rate of population for 16-49 years of age for female and male is 48.9 and 67.6 percent respectively. The unpaid women workers are 12.9 percent where as male are 5.7 percent. Approximately 70 percent of women were working outside the domestic sphere. Women occupy only 8.1 percent of the professional workforce in agriculture and natural resource management (Bashyal, 2008: p 48).

The economic condition of Nepal is very poor. The economics growth rate according to year 2058/2059 is -0.6 percent and According to 2059 /2060 is 3.1 percent .Out of the royal product 85 percent is consumed and only 15 percent is saved. In comparison with



GDP the rural saving is 11.6 percent and the rural investment is 25.8 percent. Out of the total population 38 percent Nepalese are under the poverty line and nearly 17 percent of them are totally unemployed. So most of the youth go to the foreign countries for employment (Kendel, 2061:p.97).

The condition of the social sector of Nepal is not satisfactory. The literacy rate above 15 years is 49 percent and only 80 percent children go to school for education. The death rate of the children 64 out of thousand (Kendel, 2061:p.105).

Social development is the promotion of a sustainable society that is worthy of human dignity by empowering marginalized groups, women and men, to under take their own development, to improve their social and economic position and acquire their rightful place and society. Society is always changeable. There are different theories on social change. Most of the sociologists on their literature described their theories. Out of them some are as follows (Dahal, 2065:p.171):-

**a) *Cyclical theory:*** According to this theory civilizations go through cycles of growth and decay. When civilization goes to the most developed stage then it goes to the decay and slowly new civilization is developed.

**b) *Theory of socio-cultural evolution:*** According to this theory the society is changed according to social and cultural evaluation. This theory is related with Darwin's evolution theory. The assumption of this theory is "survival of the fittest".

**c) *Functionalist theory:*** According to this theory society is interrelated with different components. The components maintain the social-system and the system demand the balance in the society.

**d) *Conflict theory:*** According to this theory conflict is required in the society. Most of the people think that conflict is not good but it is general, positive and creative.

**e) *Development theory:*** According to this theory the society is developed with economic cultural development. This theory is also known as modernization theory.

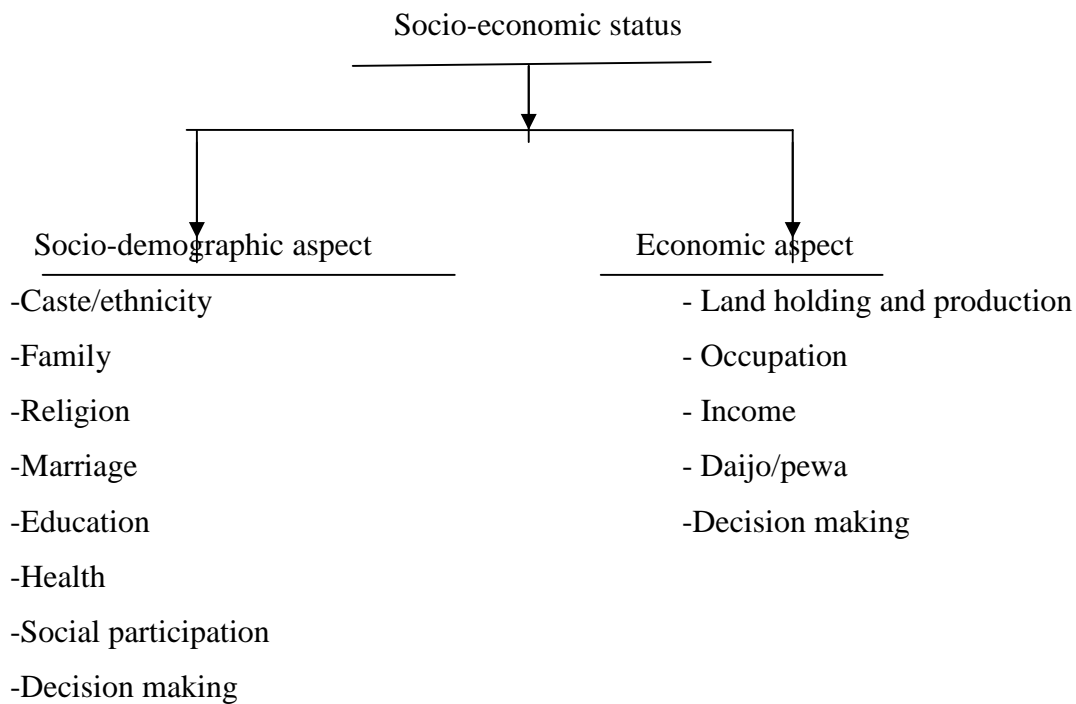
f) *World system theory*: There are "core" developed countries and "periphery" developing countries. The world is the system with this imbalance of social and economic condition. The world system theory should be concerned on political, economical and globalization.

g) *Revolution theory*: According to this theory the society is changed with revolution. On this revolution there are different kinds of causes which lead the society towards the revolution. They are widespread grievances, rising expectations, blockage of change, military breakdown or politicization and class collisions.

### 2.1.18 Socio- economic changes

As microfinance leads to social and economic changes in the borrowers, it is felt that this program should be expanded in a planned way. At the same time, a careful thought need to be developed to address the problems of non loan takers which are very serious in nature. The socially disadvantageous people actually do not have to attend in the meeting and participate in the decisions making process. If this case continues long time, there will be a huge gap between haves or haves not (Adhikari, 2008:p.81).

According to Chapagai(2009:57), The socio-economic status of the small farmers can be divide as follows:-



Socio-economic status of the women is highly determined by community setting culture household roles and responsibilities, encouragement and support from the family member attitude and perception towards women in the community mobility, education awareness and training. The structure made by men. Hence, women are not involved in decision making process on the other hand. Women hesitate to participate in decision making due to traditional cultural practices. Women are socio-economically deprived in many respects much more time of women is spent in uneconomic activities. They have the lack of time to involve in income generating productive activities viewing on women's role; they work more than men but get lower economic value in the society (Chapagai,2009:p.24).

There can be various things on Socio- economic condition in the context of Nepal. But for the present Purpose of the study such kind of varieties are included:-

- Education
- Income
- Food habit
- Medical treatment etc.

### **2.1.19 Introduction to the study area**

Small Farmer Development Project (SFDP), Phedikhola was established in 2044Aswin 1st under Agriculture Development Bank and it was conducted under Small Farmer Development Bank in 2054 Bhadra 31st according to Co-operative Act-2048. Now it is known as "Small Farmer Agriculture Co-operative Limited" (Sana Kishan Krishi Sanhkari Sansta Limited). Its registration number is 78-2054/55.

The number of total group under this limited is 230. Out of them 22 groups are mixed group with male and female farmers and 208 groups are pure female groups. According to the group structure, female participation in the limited is higher than the Male. The total number of the farmers who are involved in the groups is 1560. The working staff in the co-operative limited is 6.

There are different sectors where the co-operative limited invests loan to the farmers.

These sectors are:

- Agriculture (animal husbandry, rice, maize, vegetable etc.)
- Tourism
- Business
- Foreign employment etc.

There are different kinds of saving programs conducted by the co-operative which are under group saving and individual saving. They are:

- Group saving-Rs.100 per person.
- Inter-group saving-Rs. 5 per person.
- Special Personal saving-Rs.500-1000 per person.
- 'Kutruke Bachat' etc.

There are insurance services and savings too in the co-operative. The insurance services are:

- Cattle insurance and saving
- Agricultural product insurance and saving.

At the beginning the catchment of the co-operative limited was limited in phedikhola VDC but now the catchment area is enlarged to other two VDCs, Aarukharka and Bhatkhola. Out of them, the researcher had chosen Phedikhola VDC and specially wards no 9. In this ward, the total groups are 19 where 124 farmers are involved in the groups. Out of them the number of male is 10 and the female are 114.

## **2.2 Review of Related studies**

Although a lot of research has been done on MBS level .A lot of papers related to microfinance activities were presented in different seminars and workshop. Several research work has been conducted on microfinance practices in Nepal in case of women and relevance literature have been collected through different books ,dissertation papers ,journals ,articles and electronic devices in this research work .

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

This part includes major empirical studies which are taken from articles, journals, electronics devices etc.

#### **a) Chhetry's study**

Chhetry(1995), conducted the study on the topic of "production credit for rural women in Nepal" (PCRW). He has found that PCRW is the first program which addresses the need of rural women, it introduce credit to the women on group liability, the main hurts of the program is that women do not have asset but they have capacity to generate income if right help and direction are provided. Similarly, he has found that the main causes for low involvement of women

In credit activities are lack of surplus capital, lack of enough loan amounts, unrelated skill development training, lack of time period to learn new skills, and difficulty of getting loan when it is needed. He has found that the main weakness of the program is lack of women organization in VDC level and the lack of co-ordination among the groups.

#### **b) Sinha's study**

Sinha (1996), in his book " The role of Central banks in microfinance in Asia and pacific" elaborates the microfinance sector in Nepal has expanded considerably in recent years and has witnessed much innovation, including limited banking licenses or NGOs and cooperatives, a special category of small development bank, and a special law own microfinance. The Nepal rastra banks has played an active role through a variety of 'developmental' activities, including directed credit requirements and ownership of a number of regional rural development banks which apply a Grameen Bank model of microfinance. It has also undertaken a range of 'promotional' activities in support of microfinance.

### **c) ADB's Report**

ADB (1999) organized a regional workshop program on bank's microfinance development strategy, in Philippines. A paper was presented by working group three on 'Reaching the poorest.' This paper describes that many MFIs have been successful in reaching the poor. Substantial challenges remain for reaching more o the poorest with MF services. The challenges are great for areas such as resource poor, low population density, and are remote as marginal. So there remains a need for new cost –effective methods of reaching the poorest. The requirements are:

- Conducting policy for removal of interest rate restriction.
- Enabling financial infrastructure that will allow MFIs to raise resource for the poorest.
- Development of pro-poor innovation.
- Building of MFI capacities to reach the poor.

The requirement can be fulfilled by:

- ADB must enhance its own in-house capacity in MF by, i.e. recruiting specialists, conducting training for staff, and creating specialized unit for MF.
- A conducive policy environment and in building an enabling financial infrastructure for reaching the poorest.
- ADB should provide technical assistance for developing effective targeting methodologies for reaching the poorest, women and disadvantaged groups in society.
- ADB could serve as financier and initiate the establishment of one or more special funds that could be used for equity participation in MFIs technical assistance and research.

### **d) Acharya's study**

Acharya (2001) had conducted the study on "Poverty in Nepal: Challenges, Efforts and Remedies". He has identified some major characteristics of the microfinance are: saving product, small loans, micro enterprises women and disadvantaged ethnicity with collateral, group guarantee, diversified activities, frequent meeting, short repayment, strict follow-up of rules and regulation, participatory process, good governance, macro coverage, insurance, money transfer and finally include community and social

activities. He had found that currently microfinance has focused basically there key aspects such as (i) buying of money means emphasize the domestic saving with paying of reasonable interest to the beneficiaries/members (ii) selling of money means investment of the saving product in the micro enterprise/income generation activities with adding the operational cost and plus small margin of profit and (iii) earning of money means receiving the profit from investment of domestic saving in the micro income generating projects.

In order to improve the economic well being of the people he has suggested restructuring the economy and building appropriate mechanism to ensure higher economic growth rate. Similarly he further suggested for emphasizing on microfinance such as small farmers limited, saving and credit co-operative limited for improving social economical condition of the rural poor. Finally he has recommended that investment in education, health, drinking water, road, electricity, and telecommunications should be increased.

#### **e) Baumann's study**

Bauman (2001) published a research article on topic "Microfinance and poverty Alleviation in South Africa". This paper stresses that microfinance starts from an observation that the poor lack access to financial services, credit and saving facilities. South Africa government has begun to emphasize the importance of saving as part of the nation's overall economic health. Finance minister, Tranil Manuel, gave speech emphasizing the importance of saving facilities for low-income households not only for its own sake, but to increase the national saving rate. Collective saving and credit movements use group savings autonomous grassroots savings groups. The 'outputs' of active women's saving and credit vulnerability saving and credit in the basic element in the development strategy women who are interested in taking part are drawn into training process and shown how such crises credit funds work in other communities.

The conclusion drawn by this report is that MFI's expert contribution seems to consist not in assessing multi-faced goals, and the costs and the benefits thereof, but in

demonstrating their own arithmetical competence. It is more an expression of frustration at the stage of discourse on microfinance and poverty alleviation in South Africa today. The technical finance skills employed by orthodox practitioners are highly valuable, and many alternative initiatives suffer for lack of them. Unless and until NGO put a side their fears, rivalries, and isolationism, they will probably fail to influence government policy effectively. They must do so not for themselves, but for the poorest of the poor whom they seek to serve. The poor simply cannot wait as long as it will take the formal sector, in the form of emergent small business to absorb them and their activities into the main stream economy. Government must acknowledge programs that use microfinance as a means to mobilized poor household and communities to create, reclaim, and harness social assets as part of apart of appropriate livelihood strategies. The microcredit orthodoxy on South Africa must be explored, critiqued and challenged.

**f) Sharma's study**

Sharma (2002) had made a study a study on "Micro finance against poverty: The Nepalese scenario". He has found that major problem faced by MFIs in attaining financial sustainability are attained operation self sufficiency and financial self sufficiency. He found that MFIS have to bear five type of cost such as social cost, service delivery cost, fund cost, provisioning for loan loss and inflection. He had recommended different suggestions to NRB commercial banks, and HMG/N in the context of poverty alleviation.

He has suggested to NRB that should stop direct involvement in running and managing MFIs act as a facilitator and innovate other alternatives that would take the responsibility of supervising MFIs. He further suggested that it should continue both priority and deprived sectors lending policies; carry out other promotional activities such as pilot projects, research, data collection and publications, advocacy and training in support of micro finance.



Similarly, he has suggested that the commercial banks that it should emphasize indirect lending in the deprived sector and provide wholesale loan to the micro finance development banks the licensed FINGO and SEGS.

Finally, he has suggested HMG that it should demonstrate for commitment towards poverty alleviation, stop direct involvement, encourage private sector create favorable policy environment to develop micro finance practices.

#### **g) Baral and his findings**

Baral(2004),found in "Microfinance :Good portfolio and Management of Delinquency " concluded that loan recovery rate is a measure of quality of loan .The finding of study shows that the recovery rate of loan mobilized under different programs in kaski is found to be satisfactory. He has also clarified "the term delinquency is used to imply the situation when overdue loan is remaining unpaid. In the context of Nepal, high loan recovery rate indicates that microfinance institution do not have to face much more problem relating to delinquency." He identified two kinds of irregularities committed by both MFIs and borrowers. On the part of MFIs the irregularities were commonly found on selection of target area, identification of target group, irregularities in formation of group, mobilization of loan on the basic of securities, and emphasis of investment and recovery of loan .Similarly irregularities has found from the side of borrowers are misuse of loan, non repayment if due installment, and repayment of loan from different sources. He has suggested that the MFIs should not select the target area on the convenience of the project or employees serving for it, and on the basis of vested interest. He has also suggested that there should be a mechanism in concerned project and institution to monitor the target group or as per the operation manual of the concerned prefect and institution. He had further suggested that the concerned project and institution should not consider only the target of investment and recovery of loan but also consider the effectiveness of the mobilization loan.

#### **H) Sharma's study**

Sharma (2004) has conducted the empirical work on " Microfinance: A powerful Tool for social Transformation, it challenges and principle "He performed his study about

how effectively the microfinance services were delivered to the poorest of the poor. He has done the comparative study between MFIs and declared, due to inability of proper identification of the poor, lack of commitment and clear vision of their action MFIs were not able to achieve the goal properly. Similar, he has mentioned that they were suffering from the problems such as inadequacy of resources, inappropriate regulations, loss of confidence of depositor's narrow level and area of operation excessive overhead and ineffectiveness of activities. In addition to these, peace and security situation of the country, strategic planning, operation cost and interest rate, delinquency management etc. are equally challenging for its sustainability.

He has suggested that MFIs should need to enter in a new paradigm of financial marks and develop business planning practice and efficient management of human resources within the institution .He has further suggested that strategic approach should be adopted in order to address managements challenges, controlling and monitoring mechanism, effort to link formal and informal sector involved in micro-financing programmed, and flexibility in financial management regulation.

**i) Pradhan and Shrestha's study**

Pradhan and Shrestha (2004) had conducted the study on "The 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 evolving. They have mentioned that many activities have to be coordinated new skill and technology should be added, and micro-credit program should be expanded to reduce the ration of poverty.

#### **j) UNICEF's Report**

A report was presented by United Nations Capacity Development Fond (UNICEF) (2004) which is based on case studies in Haiti, Kenya, Malwi and Nigeria. The topic of report is microfinance program impact assessment 2003. This report describes that microfinance is a cost effective means of contributing to development and poverty alleviation, because any dollar invested is used more than one time. Microfinance takes consideration effort on financial planning and enables poor people to expand and increase outreach to the poor through internally generated funds. The objective of program impact assessment is to examine whether UNCDF's programs have had the desired impact that on microfinance clients, institutions and the enabling environment. The findings of the report are that UNCDF is making an important contribution to the growth of microfinance in a number of countries around the world. In terms of poverty reduction and client impact, UNCDF has been particularly successful in increasing outreach, with microfinance services expanding roughly 80-85 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 life cycle expenses and address emergencies.

#### **K) Baral's study**

Baral (2004), published a research article in 'Banijya sansar' on 'Microfinance: Good portfolio and Delinquency'. He has made some important improvements in the field of microfinance. Quality portfolio he refers to the loan recovered in time within or on the due date, loan recovery rate of microcredit is higher than that of commercial bank and finance company loan. In microfinance, the delinquency is used to imply the situation when over due loan remains unpaid. In context, of Nepal, high loan recovery rate indicates that microfinance institutions do not have to face much more problem relating to delinquency. He identified two kinds of irregularities both MFIs and borrowers.

On the part of MFIs the irregularities were commonly found on selection of target area, identification of target group, irregularities in formation of group, mobilization of loan on the basis of securities and emphasis of investment and recovery of loan. Similarly following irregularities has been found from the side of borrowers such as misuse of loan, loan non- repayment of due installment, and repayment of loan from different sources.

He has suggested and argued that target groups are not properly identified in remote areas borrowers may not be able to repay the loan in time due to the same source of the family. It is easily said that microcredit is out of the access of the ultra-poor. NGOs have not taken the use of loan for the very purpose into consideration. The considered institution does not care about even though loan is misused. It has been also found that micro entrepreneur has shown the enterprise already in existence as a new one and decamped with the loan at cheaper interest rate and invested at higher rate to other borrowers. Borrowers could not repay the due installment of loan because of the same income sources of different borrowers. Microcredit programs have protected the borrowers from the costly interest rate of indigenous bankers, but it has added more burden of loan. He suggested the target area should be selected according to priority of district development plan, and effective monitoring mechanism should be developed, loan should not be provided only on the basis of securities both group and real assets. The concerned project and institution should not consider only the target of investment and recovery of loan.

#### **1) Shrestha's study**

Shrestha (2007) published an article in an 'Agriculture Credit' journal on a topic 'Microfinance: A tool to fight with poverty'. This paper briefly reviews the targeted programs and initiatives undertaken for creating conducive environment for institutional credit system in rural areas particularly microfinance.

From the research paper it is found that poverty decline is sharper in the thousand with lesser number of children, households with bigger land holding, and also in the

household with educated household heads, collateral based lending practice of commercial banks and development banks deprived the poor people from institutional sources of credit. Such institutions for women are productive credit for rural women and, microcredit program for women, rural development banks and other Grameen banks replicates etc. Outreach and disbursement of credit by microfinance activities have shown that substantial amount of saving could be generated substantially particularly in the rural areas.

**m) Sharma's study**

Sharma (2007) published an article on 'The journal of Nepalese Business studies' about 'microfinance and women empowerment'. The studies paper examines effect of women participation in group-based microcredit programs on the large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The data were taken from a special survey carried out in hill and terai in 2004-2006 of Nepal. In this paper, analysis were done on women's involvement in decision making, changes in self-confidence, women's status in gender equity, changes in social and political participation, changes in control over income, changes awareness of social issues and problems, and family relationships and domestic violence. From the study the result was taken out those similar changes in making decision was noticed in both hills and terai. There is a significant change in self-confidence of women after the program. By ecologically belt hills showed relatively higher proportion of men's involvement in cooking as compared to terai, but in childcare, fetching water, washing clothes, cleaning house and utensils, men's involvement is relatively higher in terai belt than the men in hills. It also shows that there is a significant change in social and political participation of women after the program. MFI program has substantial impact on terai women's income control as compared to hills. Terai shows a relatively greater change in family relationship and domestic violence.

### **2.2.2 Review of Thesis/ Dissertation**

Review of literature means reviewing studies or other relevant proposition in the related studies, their conclusion and deficiencies may be known and further research can be conducted. It is an integral and compulsory process in research works. Some researchers have been made in the area of budgeting system of financial institution. There are also some researchers in the field of microfinance and its impact on poverty reduction of people in the rural areas. An attempt is made here to review some of the previous researchers of the selected topics.

#### **a) Ojha's study**

Ojha(2002), who did research for MBA degree on the topic " Microfinance in practice: Loan recovery approach to the program assessment of microcredit product for women in pokhara". The basic objective of these studies is to examine the performance in terms of loan recovery of microcredit financial projects. The other objectives are ; to overview the state of outreach, training activities, savings and its mobilization ; to examine the state of loan disbursement, repayment, outstanding and overview ; to access the overall performance of participating women; to analyze the state of loan recovery in terms of loan repayment to show the relationship between investment and income; to recommend appropriate suggestions. From this study he found that the loan disbursement and outstanding is related to its repayment in due time. The performance of participating women is quite satisfactory. The sampled women have repaid in time, create savings and disbursed loan from the savings. Investment caused to increase in income and hence the capability of loan recovery and repayment becomes higher. Some of the group members were found of less difference and equal income status but some of them were found a highly effective aspect of the program and there by loan disbursement and training program were considered to be less effective aspects than savings. NGO's program help to identify targeted women training program is an essentially required to participant women more skilled. He concluded that the MCPW, if managed effectively, reaches to the targeted women, educated and trained the women entrepreneur and also if made regular supervision and initiated them the agricultural

production. Productive and business activities, self-employment, income earning, savings and investment could be raised. This becomes the cause of uplifting vulnerable and poor women to higher social and economic status.

**b) Karki's study**

Karki (2003) has written a dissertation entitled "Micro credit program for rural women: A case study of IRWDP Bhandari, Lekhnath Municipality Kaski". Her objective was to examine the impact of the program in the economic status to the women in the study area and to examine the impact of the program 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 finding was 76.66 percent of the borrowers had gained profit by the credit program. The two members who had gained profit more than Rs 2500 by using the small amount of the 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.

**c) Manandhar's study**

Manandhar(2006), had presented a dissertation on " A study on the financial impact of child labor project's Microcredit program on women in Kaski District". According to him microfinance program is a statly to bring about changes in the quality of the financially disadvantaged and poverty strike people at the rural and deprived community of Nepal specially targeting parents of the child labor. Therefore, federations of Nepalese chamber of commerce and industry (FNCCI) with the financial help of international labor organization implement the program that specially target the deprived people and their poverty situation, has come in the form of microcredit program by the initiation of child labor project.

**d) Pathak's study**

Pathak(2006), did research for MBS degree on the topic "Micro Finance in Nepal and its effect in ADB/N under small farmers Cooperative Limited( SFCL), Shankarnagar

Rupendehi". The objectives of the study are: to find out the advantages, limitations and conclusion of micro financing; to know the changes in society brought by SFCL after its implementation; to know how development of the country is positive through microfinance activities; to study the financial sustainability and viability of SFCL; to know about the role of SFCL shankarnagar in women empowerment; to know about the major problems of SFCL shankarnagar Rupendehi. From the study he found that the small farmer's participation in SFCL after handover is increasing. The position of share is increasing positively. So it is good sign for SFCL. It helps to increase internal sources. Profit of SFCL increases every year. Position of deposits through members is in increasing way. It is also seen that borrowed banks loan is decreasing. Loan and advance to total deposit ratio is flexible during study period. Loan loss ratio is normal just to meet legal provision. Toilet facility, drinking water, bank saving, group saving and forest conservation all are in increased ratio. Women education rate is increased by 96.55 percent after SFCL activities.

**e) Poudel's study**

Poudel(2007), did a research on "Microcredit in Lekhnath Municipality: A case study of Paschimanchal Grameen Bikash Bank". His objectives are: identified the sectors and types of investments of microcredit; to study the role of microcredit in employment generation; to study the state of microcredit in terms of distribution, repayment and investment sustainability; to study the fruitfulness of microcredit in terms of income generation pursuing poverty alleviation; to study the bank's performance on target group identification and accessibility of microcredit to the target group. He concluded that there are five different sectors of investment which are animal keeping, poultry farming, small industry and small business (grocery shop, fresh house, cosmetic shop, fancy stores, hotel and restaurant, fruits and vegetable shops like small service businesses). Similarly, investment of loan to support existing business/ occupation, investment of loan to operate new business and investment for household expenditure are the three types of investment of the members where 45 percent members have invested loan to support existing business / occupation, 36 percent members have invested loan to



operate new business/ occupation and 19 percent members have invested loan for household expenditure.

**f) Aryal's study**

Aryal(2007), did an MBS dissertation on " Microfinance under rural development program: A case study of Khilung Deurali VDC Syangja". The objectives of the study were: to know the activities operated under rural development program; to analyze the mode of disbursement, repayment, outstanding and overdue; to analyze the state of saving, deposit and its mobilization in terms of loan disbursement; to find out the problems faced by the women in obtaining the loan. He concluded that the rural development program has been much fruitful to this rural women demonstrates that it is not only a highly innovative and effective program in reaching poor women but also amiable and sustainable approach to integrated development in Nepal. In such a situation it is necessary to reduce the extent of poverty in every rural area of the country. In order to reduce the extent and intensity of poverty problems effective programs and policies should be introduced in time. Further their socioeconomic problems should be addressed by the government and non government organizations if they are really working for the betterment of the people in rural hills for poverty reduction.

**g) Sharma's study**

Sharma (2007) did his Ph. D. dissertation on "Microfinance Practices and their Sustainability in Nepal". The objectives of the study were: to access rural poverty alleviation efforts, policies and program initiated in Nepal through microfinance; to examine the role of microfinance in employment creation and income generation and its contribution in general and specially, in the western and central region; to analyze the role of microfinance in women empowerment; to evaluate financial and institutional viability and overall sustainability of selected MFIs. The major findings were categorized in three aspects: MFIs borrowers, MFIs branches and MFIs experts. He had mentioned that the social and economic change in the borrowers like increasing income,

increase in food sufficiency, consumption of nutrient food, good caring of children health, good education of children, repair and maintenance of home etc. are considered. He also mentioned that women empowerment should positive change specially involvement decision making, change in occupational structure, participation in the social activities, gender equality, high level of self confidence, awareness of social issue and control of income.

#### **h) Acharya's study**

Acharya (2007) did a research on "Impact of microfinance: A case study of microcredit program for women in Bhadaure Tamagi V.D.C. kaski". Her objectives are: to analyze the position of existing credit; to analyze the relationship in between investment and income; to measure the perception of users group towards the program; to access the effect of microcredit program on living standard of the people; and to access the financial sustainability of the program. On her study, she concluded that women in Nepal work for much longer hours but the society does not take into account their share of productive activities. The women comprising of the total population are relatively disadvantage in terms of opportunities to participate in the main stream of development the situation of women measured along the gender development index and gender empowerment measure does not look encouraging. Their level of literacy, life expectancy and income lies well below. Proportions of women as parliamentarians, bureaucrats and professional are quite small. Almost half of the people in the country live in the world today in unacceptable conditions of poverty and a majority of them are women. The majorities of women are illiterate and engaged in agriculture for their livelihood.

#### **i)Thapa's Study**

Thapa (2008) did a research on "Impact of Microfinance on Women: A Case Study of Putalibazar Municipality Syangja Under Grameen Bikash Bank. His objectives on it are: to analyze saving and its mobilization pattern of women; to explore mode of loan, loan disbursements and repayment practice; to analyze the relationship between

investment and income and in between loan disbursement and recovery and to access the impact of the poor women's financial conditions. On his study, he concluded that the program has made positive impact on the women living standard by generating employment and productivity. The most important and effective program is to the basis to uplift the economic condition of rural women. Most of the sampled women are under farmer's category and the major source of income of women is agriculture.

**j) Sharma's study**

Sharma (2009) did a research on "Impact of Microfinance Program for women poverty reduction of DCRDC on Baglung Municipality". His objectives on it are: to evaluate the impact of the program in context of poverty reduction; to examine the improvement in the status of women by the program; to measure the perception of user group towards the program; to access the financial sustainability of the program. He summarized that in the recent years, there has been a growing realization of the importance of women participation in the development process and the need for their advancement. As a consequence numerous national as well as international organizations have been established which carry out programs targeted as enabling women to become aware of their situation and exploit potential to gain relative economic independence together with a better position in their household as well as society provision of credit is regarded as one of the potentiality strongest force to be towards achieving this goal. Microfinance, since its evaluation has been proved as an effective tool to run various programs to reduce poverty and itself as a way to attack poverty.

**k) Chapagai's study**

Chapagai(2009), did a research on " socio-economic status of women, A case study in sociological study in waling municipality, syangja. Her objectives are: to examine the socio-demographic status of women in the society of study area; to analyze the economic role of women in society of study area and suggest for uplifting. She concluded that the study finding reasonable with the objectives that socio-economic status of women were influenced by different factors and aspects. Women had interest

to earn and a new income generation activities but lack of time women faced many challenges and women had less support and encouragement from family members. Life style of the women in the study area was poor. Women do more physical work both at farm and household. They have suffered from various cultural and social barriers.

### **1)Uprety's study**

Uprety(2009), did a research on " socio-economic status of educated job holding women in Nepal with reference to the Nepal Bank Limited, Dharmapath Kathmandu". Her objectives are: to find out the socio-economic status of educated job holding women of NBL; to study the job status of respondents and their feeling regarding the job; to analyzed how much recognition they have got regarding the decision making process; to analyzed the role of women in household management; to study the problems faced by women. She concluded that though they have money, they have to spend their salary (money) for family betterment but not for their personal development. So it is important for women's development that they have to make a significant progress in absolute and relative terms with men by strengthening their ability to work along with men at office and distributing household work increasing decision making capacity, self reliance and self identity, giving them quality and quality in every aspect of life. Then only they will be empowered and can complete with male.

### **2.2.3 Research Gap**

From the above literature review, it can be concluded that there are various study related in Nepal on topic of microfinance program. Most of them are focusing on women microfinance. Some of them are related with small farmer cooperative limited. All of the above study have identified about the effectiveness of microfinance program in different topics and different areas of the country. However, this study is related to socio-economic impact of microfinance with reference to small farmer agriculture cooperative limited phedikhola. Such type of study has not conducted in the same topic and the objectives. This study hopefully will add bricks on those researchers who will try to make efforts on SFACL.

## CHAPTER-III

### RESEARCH METHODOLOGY

In this chapter an attempt was made to describe the research procedures followed by analyzing the problems with objectives outlined in chapter first.

#### **3.1 Research Design**

The study is mainly focused on case study of small farmer agriculture co-operative Ltd. within this study followed descriptive as well as analytical research design. In order to describe the present status and past experience of clients of microfinance program, case study research designs were followed. This study facilitated a long discussion with interacting clients regarding the impact of microfinance. Attitudes, values, perceptions and behaviors of the participants of the microfinance program also were explored. Descriptive research design used for accessing the opinions, behaviors or characteristics of given beneficiaries, and describe the situation and events occurring at present. Analytical approach used to analyze the collected data and information more accurately and critically.

#### **3.2 Population and Sampling**

Small Farmer Agriculture Co-operative Ltd. has been conducting micro credit projects for poor farmers since 13 years at Phedikhola VDC. Therefore, majority of beneficiaries are members of SKBB Ltd. Hence all the microfinance beneficiaries were considered as a total population. Thus, the total number of clients of this cooperative limited in year 2065/66 was 1560 representing the total population for the study and total number of groups were 230. However for the purpose of the present study, out of 230 groups of small farmer, 19 groups i.e. 124 farmers live in ward number 9 were selected. Thus this ward was taken as sample through simple random sampling method as target sample for the study. During the field survey, information was gathered through group discussion, structured questionnaire, interview and observation of the respondent farmers.

### **3.3 Data Collection Procedure**

Information needed for the study was collected from both the primary as well as secondary sources. The primary sources of data were collected from questionnaire, field observation, and triangulation and focused group discussion, directly related to micro finance program. The secondary data was based on booklets, journals, reports of related NGOs, INGOs & GOs, wherever possible websites of different organizations were used.

### **3.4 Primary Sources**

Primary data was gathered through the structured questionnaire, interview, and discussion made with respondents. Basically the sources of primary data were gathered from the sample beneficiaries. Discussion and interview was made to those who were included as sample. Since, the study was concentrated on cases; attempts were made to assess the sustainability and viability of SFACL and to assess the socio economic condition of the farmers of Phedikhola VDC, i.e. the members of SFACL Phedikhola.

### **3.5 Secondary sources**

Secondary data were collected from the office of SFACL phedikhola. The secondary data were used to over view the overall condition of the SFACL's catchment area and other required information which were not available from the primary data.

### **3.6 Data Processing**

The collected data was edited, coded, classified and tabulated using Microsoft word and Microsoft Excel. The processed data was exhibited an appropriate situation of the performance related activities under microfinance program.

### **3.7 Techniques of Data Analysis**

In the study both the analytical as well as descriptive approach was utilized. For this purpose, necessary statistical tools were used. Keeping in mind the objectives of the study following procedures were followed in analyzing the data:

- ) Collection of relevant information
- ) Classification and tabulation of data
- ) Analysis and interpretation of data using various statistical tools

### **3.8 Delimitation of the Study**

This study was undertaken for the partial fulfillment of MBS degree and was undertaken within the boundaries of limit area, subject and time. The limitations of the study were as follows:

- ) The study was confined in a selected area of Syangja, and the findings may not be suitable for generalization.
- ) The study was covered a period of five years.
- ) Time and resource constraints were also limited the level of study.

# CHAPTER-IV

## PRESENTATION AND ANALYSIS OF DATA

### 4.1 Introduction

This chapter attempts to analyze the information received from the questionnaires, observation, field survey and informal discussion with related people. Especially analysis process and contents are determined as per set of objectives of the study. It consists of saving, investment, income from loan, impact on income, consumption, health, education, changes in custom and society.

#### 4.1.1 Loan disbursement pattern of SFACL td

Small Farmer Agriculture Co-operative Limited had provided the loan to the clients for different purposes. The following table shows the state of loan disbursement pattern of SFACL Phedikhola in last five fiscal years.

**Table 4.1**  
**Loan disbursement pattern of SFACL ( In Rs.)**

S. N.	Fiscal year	Micro business loan		Micro enterprise loan 'ka'		Micro enterprise loan 'kha'		Total	
		Amt.	%	Amt.	%	Amt.	%	Amt.	%
1	2063/63	3846908	9.24	382875	8.12	435217	3.83	4665000	8.08
2	2063/64	6751425	16.22	931370	19.74	1747205	15.36	9430000	16.34
3	2064/65	6170114	14.83	1117571	23.69	1965315	17.28	9253000	16.03
4	2065/66	13993169	33.62	1121719	23.78	3753112	32.99	18868000	32.70
5	2066/67	10854055	26.09	1163791	24.67	3473154	30.54	15491000	26.85
	Total	41615671	100	4717326	100	11374003	100	57707000	100
%	in total	72.12		8.17		19.71		100	

Source: SFACL, Phedikhola.

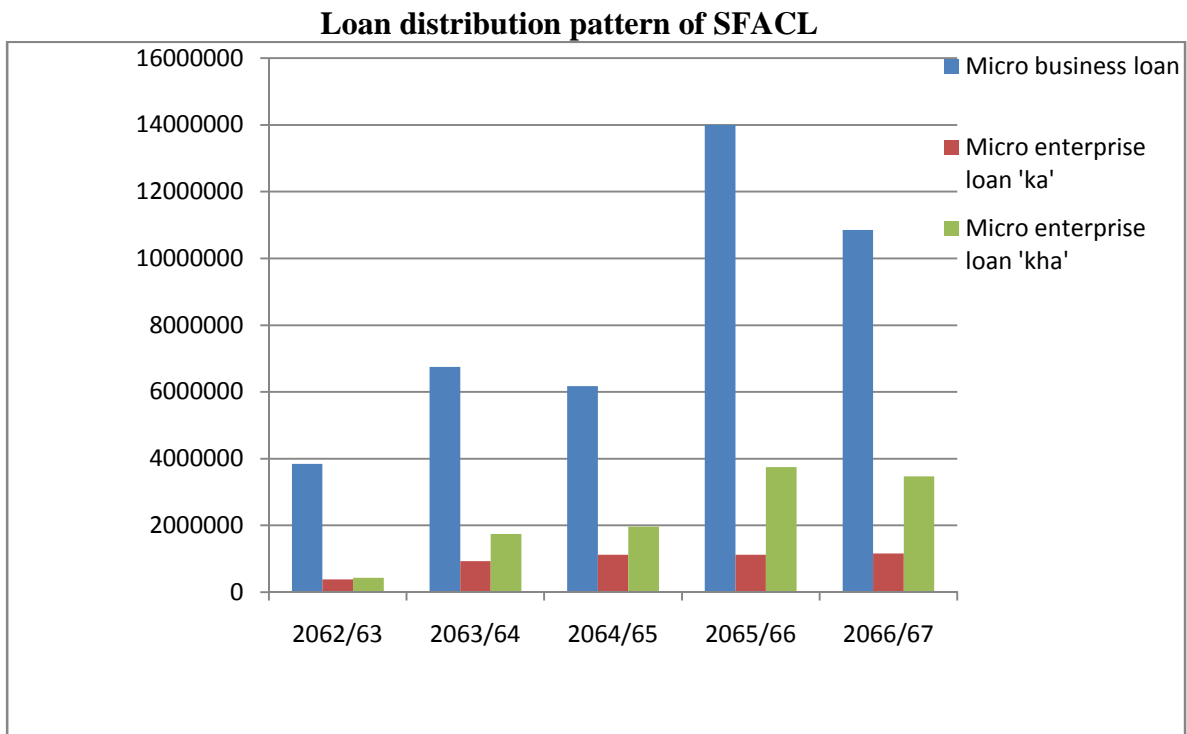
The above table shows the distribution of loan to the clients of SFACL Phedikhola in last five fiscal years from 2062/63 to 2066/2067. There are three kinds of loan. They are micro business loan, micro enterprise loan 'ka' and micro enterprise loan 'kha'. Micro enterprise loan 'ka' is also called unsecured loan which is distributed without collateral but different types of collateral are needed for micro enterprise loan 'kha'. Overall, the total loan distribution in last five fiscal years was Rs 57,707,000. SFACL had



distributed highest loan in micro business for last five fiscal years which was 72.12%, 19.71% loan distributed in micro enterprise loan 'kha' and only 8.17% was distributed in micro enterprise loan 'ka'. It shows most of the people were taking micro business loan than other types of loan. The highest percentage of loan distributed in micro business loan was 33.62% in fiscal year 2065/66 amounting Rs 13,993,169, in micro enterprise loan 'ka' was 23.78 in 2065/66 amounting to Rs 1,121,719 and also micro enterprise loan 'kha' 32.99% in same fiscal year. Overall, the highest percentage of loan distribution was 32.70% in fiscal year 2065/66 and least percentage of loan distribution was 8.08% in fiscal year 2062/63 amounting Rs18, 868,000 and Rs 4,665,000 respectively.

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

Figure 4.1



The figure shows that in year 2065/66 the micro business loan can be seen the highest condition out of the 5 fiscal year. But the figure shows that in year 2066/67 it decreases than the year 2065/66.

#### 4.1.2 Loan investment amount and numbers of borrowers

To analyze those clients who had taken the loan from SFACL Phedikhola, loan amount is the first phase to invest different sectors and get the income. The people who had taken loan from SFACL are as follows:

**Table 4.2**  
**Loan amount and numbers of borrowers ( In Rs.)**

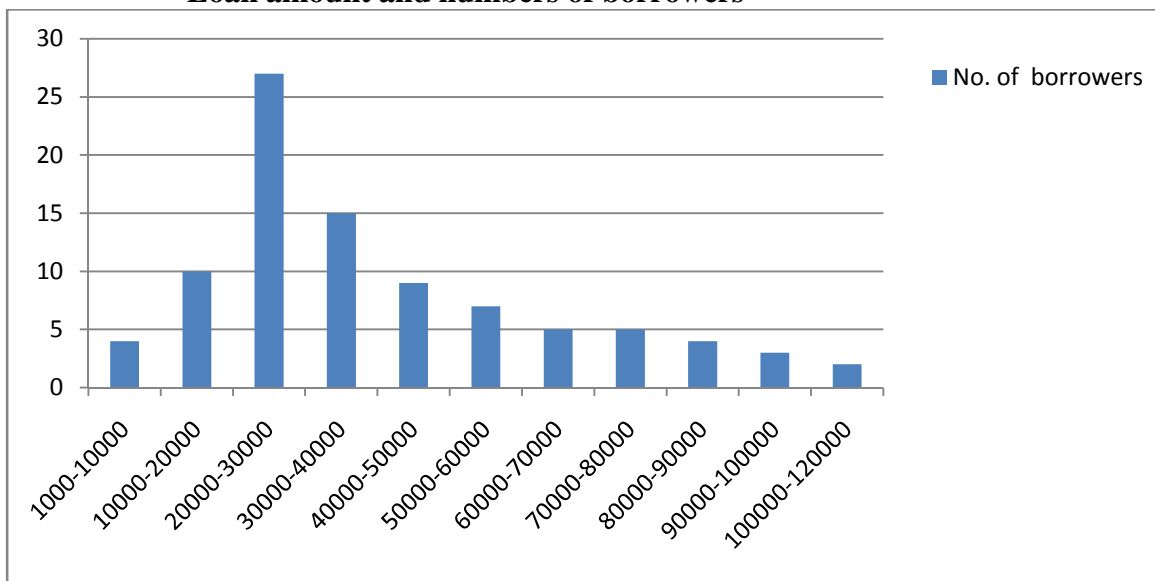
S.N.	Loan amount	No. of borrowers	% borrowers
1	1000-10000	4	4.40
2	10000-20000	10	10.98
3	20000-30000	27	29.67
4	30000-40000	15	16.48
5	40000-50000	9	9.89
6	50000-60000	7	7.77
7	60000-70000	5	5.49
8	70000-80000	5	5.49
9	80000-90000	4	4.39
10	90000-100000	3	3.29
11	100000-120000	2	2.15
Total		91	100

Source: Field Survey, 2011.

The above table shows the scenario of loan amount and numbers of borrowers. Most of the people were not financially well of. So they took loan to run their living and also to earn some money from investment. Loan amount was according to their entrepreneurship talent. Out of, 101 samples people four of them took the loan in the range of Rs 1000-10000. 10 persons took in the range of Rs 10,000-20,000, 27 in the range of Rs 20,000-30,000, 15 person in the range of Rs 30,000-40,000, 9 people Rs 40,000-50,000, 7 people Rs 50,000-60,000, 5 people Rs 60,000-70,000 and Rs 70,000-80,000, 4 people Rs 80,000-90,000, 3 people Rs 90,000-100,000 and 2 people took the loan in the range of Rs 100,000-120,000. Out of the sampled people 10 persons didn't take loan from the SFACL.

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

**Figure 4.2**  
**Loan amount and numbers of borrowers**



The figure shows that most of the borrowers took the loan in the range of Rs20000 to 30000 and the borrowers who took the loan in the range of Rs 30000 to 40000 were 15 which was the second greatest number of the sampled people.

#### **4.1.3 Loan mobilization of different sectors**

There are various sectors of taking loan by the people from the SFACL programs. The following table shows the number of people and percentage who were involved in investing various sectors while taking loan.

**Table 4.3**  
**Loan mobilization in different sectors**

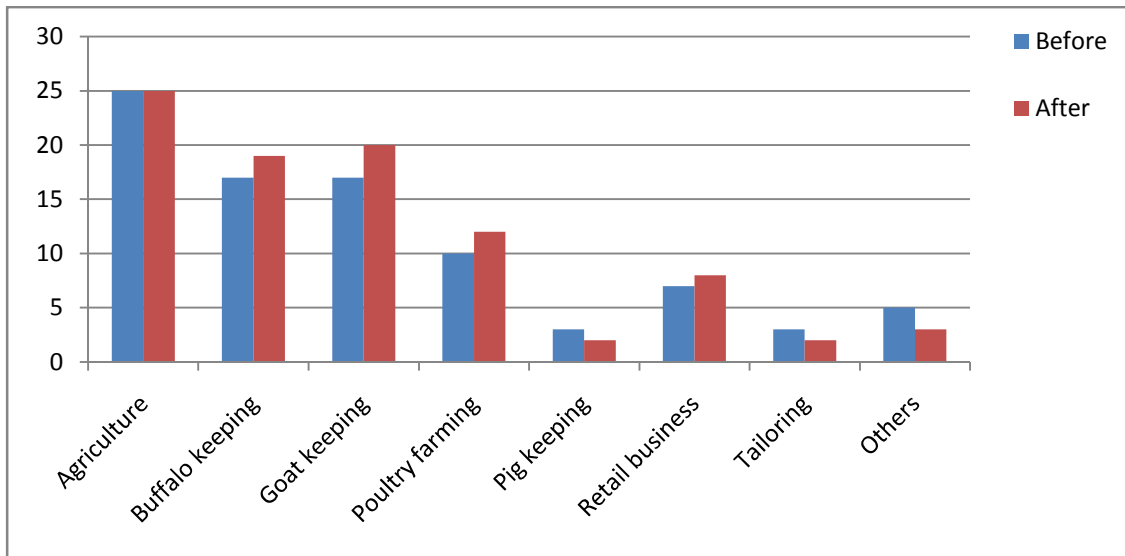
S.N.	Sectors	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Agriculture	25	28.74	25	27.47	(1.27)
2	Buffalo keeping	17	19.54	19	20.88	(1.34)
3	Goat keeping	17	19.54	20	21.98	2.44
4	Poultry farming	10	11.49	12	13.18	1.69
5	Pig keeping	3	3.45	2	2.20	1.25
6	Retail business	7	8.04	8	8.79	0.75
7	Tailoring	3	3.45	2	2.20	(1.25)
8	Others	5	5.75	3	3.30	(2.45)
	Total	87	100	91	100	

Source: Field Survey, 2011

The above table shows the loan mobilization in different sectors before and after entering the SFACL. According to the table people used the loan for different purposes. Before entering the SFACL, most of the people used loan for agriculture and after entering, the condition was not radically changed. Before entering the SFACL, 17 persons were involved in buffalo keeping and after entering it increased to 19. Pig keeping, tailoring and other sectors got less priority after entering the SFACL. The greatest percentage was covered by agriculture which was 27.47 in percentage. The second largest area of loan mobilization was in goat keeping which took 21.98 in percentage.

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

**Figure 4.3**  
**Loan mobilization in different sectors**



According to the figure most of the people mobilized the loan in the sector of agriculture before and after the involvement in the SFACL. Buffalo keeping and goat keeping also got the high priority after agriculture.

#### 4.1.4 Monthly income of the sample people

Income is the most important element of our daily life. Without income people can not conduct human activity properly. In this study, income denotes the earning of the borrowers from the particular business which is operated from the loan or saving of SFACL programs. Here, some of the people had good monthly income after entering the SFACL programs and other had normal monthly income. The following table shows the monthly income of sample people before and after involving in SFACL programs.

**Table 4.4**  
**Monthly income of the sample people ( In Rs.)**

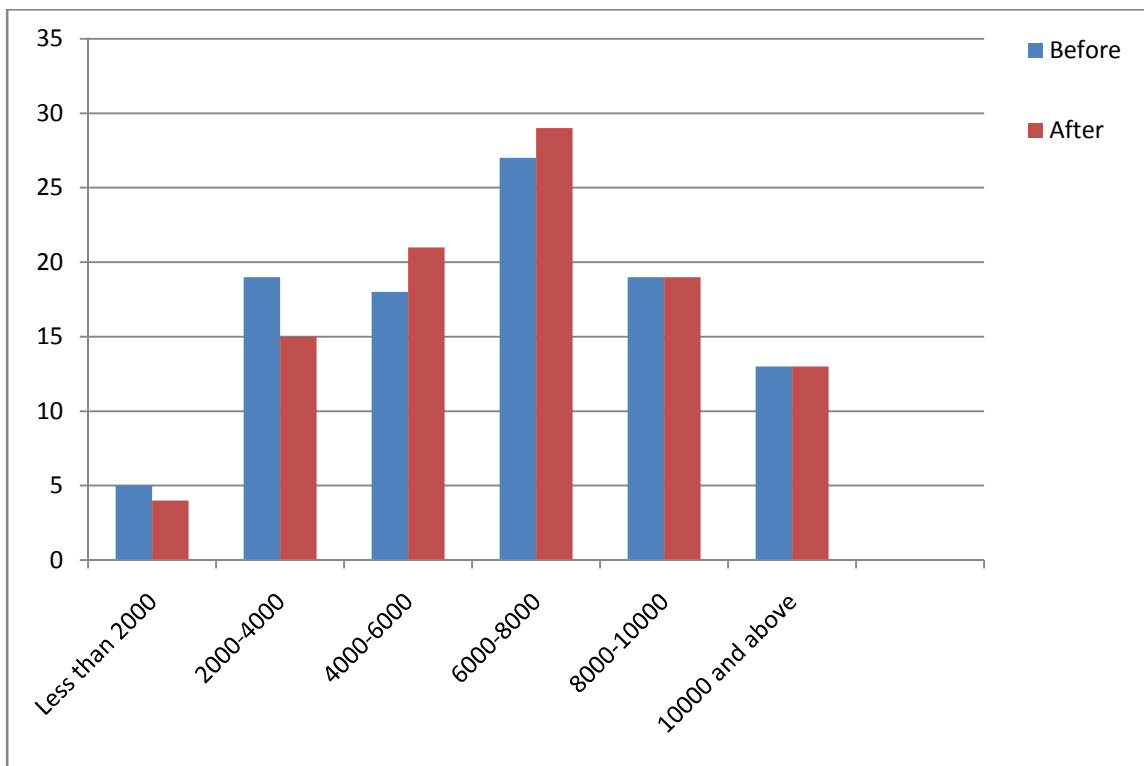
S. N.	Income range	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Less than 2000	5	4.96	4	3.96	(1)
2	2000-4000	19	18.81	15	14.85	(3.96)
3	4000-6000	18	17.82	21	20.79	2.97
4	6000-8000	27	26.73	29	28.71	1.98
5	8000-10000	19	18.81	19	18.81	-
6	10000 and above	13	12.87	13	12.87	-
	Total	101	100	101	100	

Source: Field Survey, 2011

The above table shows the monthly income of the sample people before and after entering the SFACL programs. The above table shows there was not great change in monthly income of the sample people. Who earned less than 2000 before entering the programs after entering it was decreased by 1%. The people who earned small income before entering the programs, they were able to earn more income after entering the programs.

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

**Figure 4.4**  
**Monthly income of the sample people**



The figure shows the monthly income of the sample people. The greatest number of the sampled people had the monthly income between Rs6000 to 8000 and the lowest number of sampled had less than Rs 2000 monthly income.

#### **4.1.5 Saving programs**

Saving of an economic unit is defined as the excess of current income over current consumption expenditure. Nowadays every person is involved in different types of saving programs. This SFACL provided different types of saving programs such as Group saving, personal saving, central fund saving, inter-group saving and khuturuke bachat. This organization gave the main focus on monthly saving.

##### **a) Group saving**

Group saving is compulsory saving for every member who is involved in the group. Once a month they conducted the group meeting and collected money and saved it in the group saving account in SFACL. Every member should pay 100 rupees for Group Saving. The co-operative limited utilizes it as the internal resources for the investment to them.

##### **b) Inter group saving**

Every member, who is involved in the group, should pay it monthly. It is also fixed saving. Every member should pay Rs 5 rupees and it is collected from inter –Group way. In one ward at least one inter-Group is there and the money is collected and saved in the SFACL in inter group saving account.

##### **c) Personal saving**

It is optional saving. The person should not involve in the group. They can directly save the money in SFACL and get loan from there. That kind of saving was Rs 500 -1000 per month.

##### **d) khutruke Bachat**

It is small type of saving .The interested member can take the "Khutrek" in their home and put small amount of money in it and when it is full, then they take it to SFAL. They open it with key which is in SFAL and keep it in their personal saving account.

#### **4.1.6 Group members in different saving programs**

The following table shows the state of saving by the clients in different saving programs.

**Table 4.5**  
**Saving by group members in different saving programs ( In Rs.)**

Fiscal year	Group saving		Central fund saving		Personal saving		Inter group saving		Khaturuke bachat		Total	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%	Amt.	%
2062/63	458000	6.80	48731	4.31	-	-	-	-	-	-	506731	5.38
2063/64	701000	10.41	81809	7.23	-	-	-	-	-	-	782809	8.31
2064/65	1207000	17.92	171120	15.13	101000	81.71	17000	20.73	101000	15.44	1597120	16.96
2065/66	2377000	35.30	365134	32.29	48000	5.89	49000	59.76	134100	20.50	2973234	31.57
2066/67	1992000	29.57	463950	41.04	666000	81.71	16000	19.51	419000	64.06	3556950	37.78
Total	6735000	100	1130744	100	815000	100	82000	100	654100	100	9416844	
% in total	71.53		12.00		8.65		0.87		6.95		100	

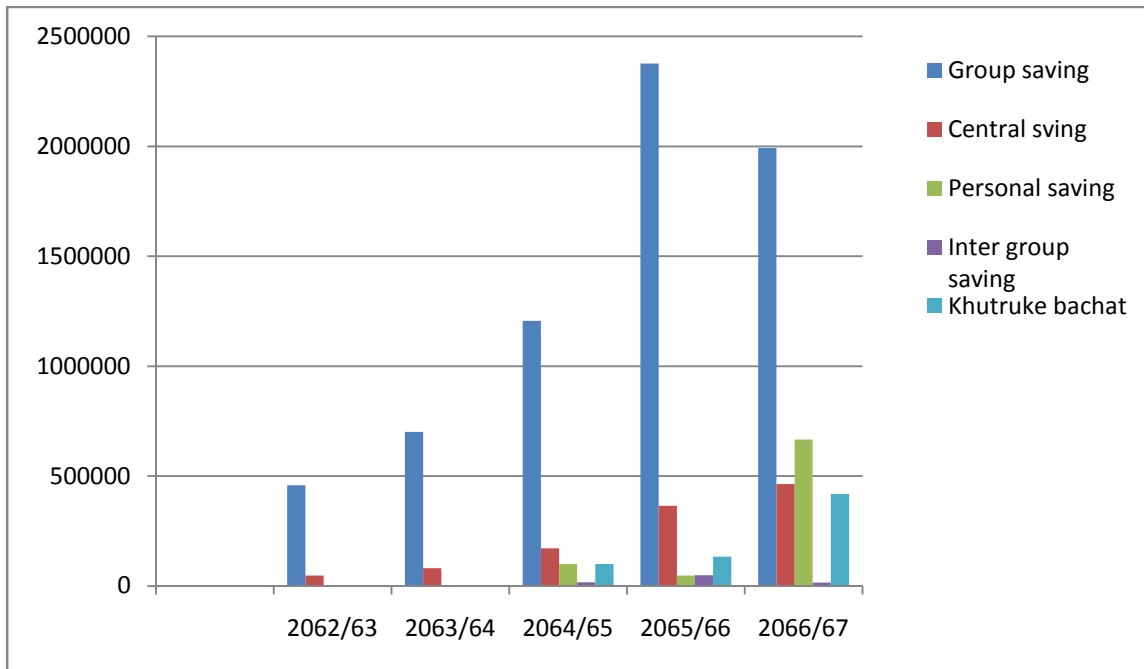
Source: SFACL, Phedikhola

The above table shows the saving of members of SFACL in different saving programs in last five fiscal years. There were different saving amounts in different headings. The overall saving from different saving programs was Rs 9,416,844. The total group saving was Rs 6,735,000, central fund saving was Rs 1,130,744, personal saving was Rs 815,000, inter-group saving was Rs 82,000 and 'khaturke bachat' was Rs 654,100. Overall, the percentage of group saving was 71.53%, central fund saving was 12%, personal saving was 8.65, inter-group saving was 0.87 and 'khaturke bachat' was 6.95. Most of the people were involved in group saving programs than other types of saving. So the weight of group saving was the highest which covered 71.53 percentage. The total saving in last five fiscal years was Rs 506731 in 2062/63, Rs 782,809 in 2063/64, Rs 1,597,120 in 2064/65, Rs 2,973,234 in 2065/66, and Rs 3,556,950 in 2066/67. The greatest percentage of saving was in fiscal years 2066/67 which was 37.78% and smallest percentage saving was in 2062/2063 which was 5.38%. The group saving was in increasing trend but last fiscal year it was decreased. The central fund was increasing every year, similarly personal saving and inter group saving were increasing and decreasing respectively but the 'khaturke bachat' was increasing every year. The personal saving, inter group saving, and 'khaturke bachat' were started from the fiscal year 2064/65.



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

**Figure 4.5**  
**Saving by group members in different saving programs**



According to the figure, the saving is increasing every year. Group saving is in the highest sector of priority for saving and 2066/67 the saving trend was changed and divided into different saving programs except group saving.

#### 4.1.7 Sector of saving programs

Most of people were saving small amount of money from agriculture, buffalo keeping, bio-gas and tailoring. The saving status of the people is shown in the following table.

**Table 4.6**

**Different sectors of saving**

S.N.	Sectors	Before involving		After involving		% Increase Decrease
		Number	%	Number	%	
1	Agriculture	28	27.72	30	29.70	1.98
2	Buffalo keeping	19	18.81	32	21.78	2.97
3	Goat keeping	17	16.83	17	16.83	-
4	Poultry farming	13	12.87	11	10.89	(1.98)
5	Pig farming	4	3.96	3	2.97	(0.99)
6	Retail business	9	8.91	10	9.90	0.99
7	Tailoring	4	3.96	3	2.97	(0.99)
8	Others	7	6.94	5	4.96	(1.99)
	Total	101	100	101	100	

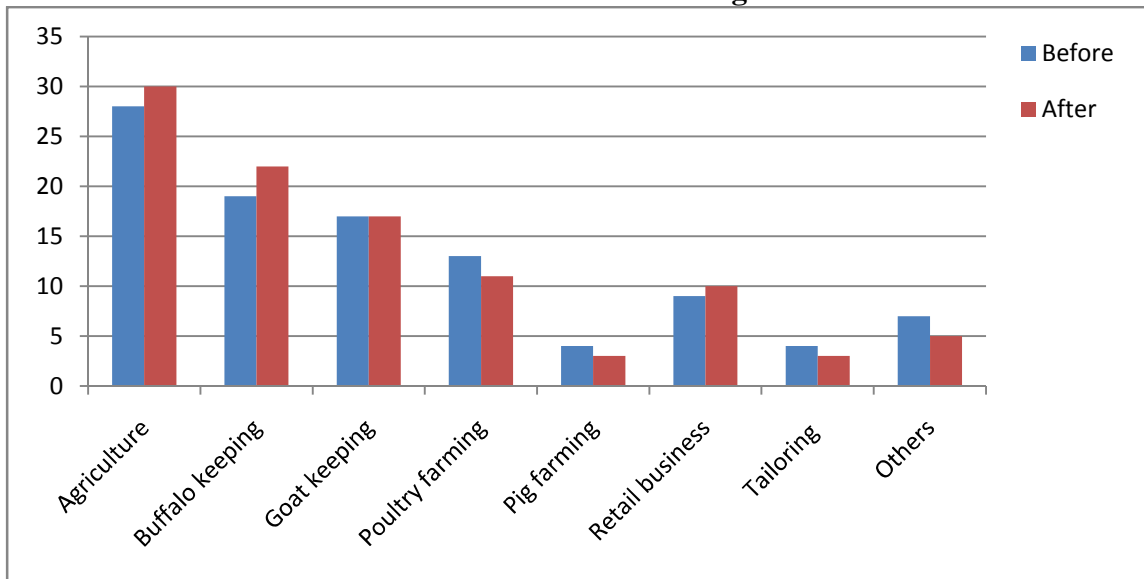
Source: Field survey, 2011

The above table shows that the people were involved in different types of economic activities to save money before and after entering the SFACL programs. Out of 101 respondents, about one-fourth was involved in agriculture and rest of them in other activities.

Before entering the SFACL programs, 28 people were saving from agriculture but after entering, the number was increased and reached to 30. 19 of them saved money from buffalo keeping before, and after entering the number was increased to 22. Similarly, 9 people saved from retail business before, and after entering the number was increased to 10. There was no change in goat keeping before and after entering the programs. The number of sample people saving from poultry farming, pig keeping, tailoring and other was reducing from 13 to 11, 4 to 3, 4 to 3 and 7 to 5 before and after entering the programs.

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

**Figure 4.6**  
**Different sectors of saving**



According to the figure most of the people saved their money from agricultural product and after that from buffalo keeping and goat keeping. Some of the people also saved money from tailoring too.

#### **4.1.8 Mobilization of collected fund**

Saving and investment are interrelated. Without saving there is no investment. So saving and investments are two alternative parts. If people save, they will be motivated to invest that money to earn more. So the people who were involved in SFACL program saved small amount of money. The collected money was used in group members or lending that money to other people in community. Doing this, both people were benefited. Savers could get interest and borrowers could utilize the money in appropriate area. Following table shows the mobilization of saving fund in the SFACL programs.

**Table 4.7**  
**Mobilization of saving fund**

S. N.	Description	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Mobilized	51	50.49	66	65.35	14.16
2	Not mobilized	50	49.51	35	34.65	(14.85)
Total		101	100	101	100	

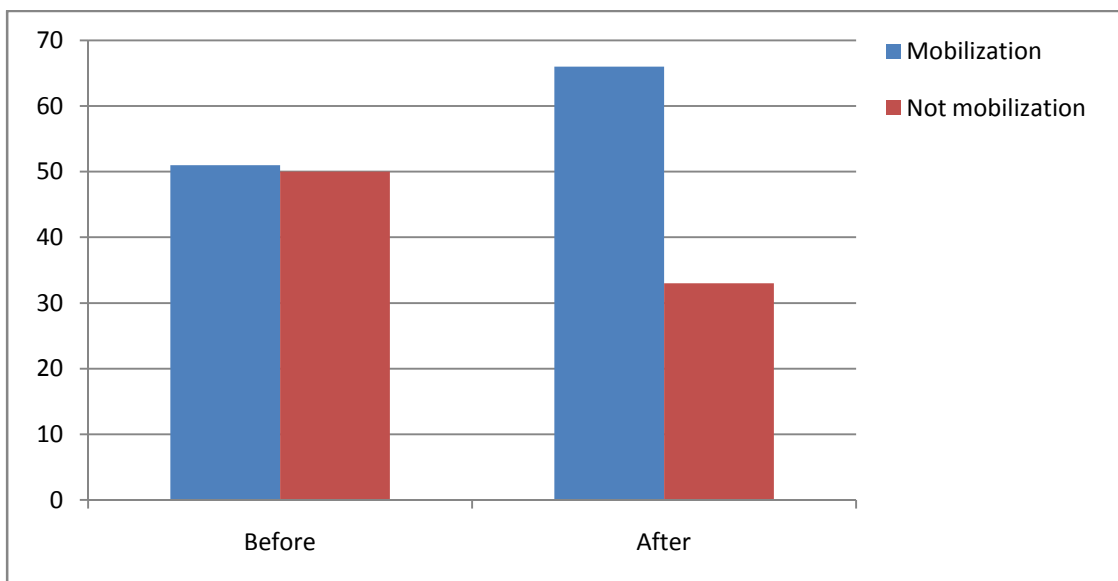
Source: Field Survey, 2011

The above table shows the mobilization of saving fund by the people who were involved in SFACL. Before involvement in SFACL programs, 51 people mobilized their money and 50 people were not. But after involvement in SFACL program the number of mobilize was increased to 66 and the number of people who were not mobilized decreased to 35. Hence there was 14.46% increase people who mobilize saved money and the number of people who were not mobilized decrease by 5.13%. After involvement the SFACL program members felt easy to use saved money.

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

Figure 4.7

**Mobilization of saving fund**



The figure shows that before entering the SFACL, the mobilization of the saving money was not appropriate according to the mobilization norms but after entering the SFACL, most of the people mobilized their saving for earning money.

#### 4.1.9 Social condition of the people

Social condition of the people is determined by different social aspects like literacy, level of education, involvement of the decision making process, their participation on different kind of social activities, their food style, availability of clean drinking water, sanitation and so on. The clients who were involved in the SFACL were the focal group of the study. According to the study, the social condition of the people was as follow:-

#### 4.1.10 Education

Education is the most important indicator of development and education is also the light of life. Without education social, agricultural and economic development can not be possible.

The following table shows the education level and their perception of the sample people.

**Table 4.8**  
**Distribution of the people with respect to education level**

S.N.	Education level	Perception towards the program		Total
		High benefited	Low benefited	
1	Illiterate	2	1	3
2	Literate	28	21	49
3	Under S.L.C.	11	9	20
4	Higher education and above	16	13	29
Total		57	44	101

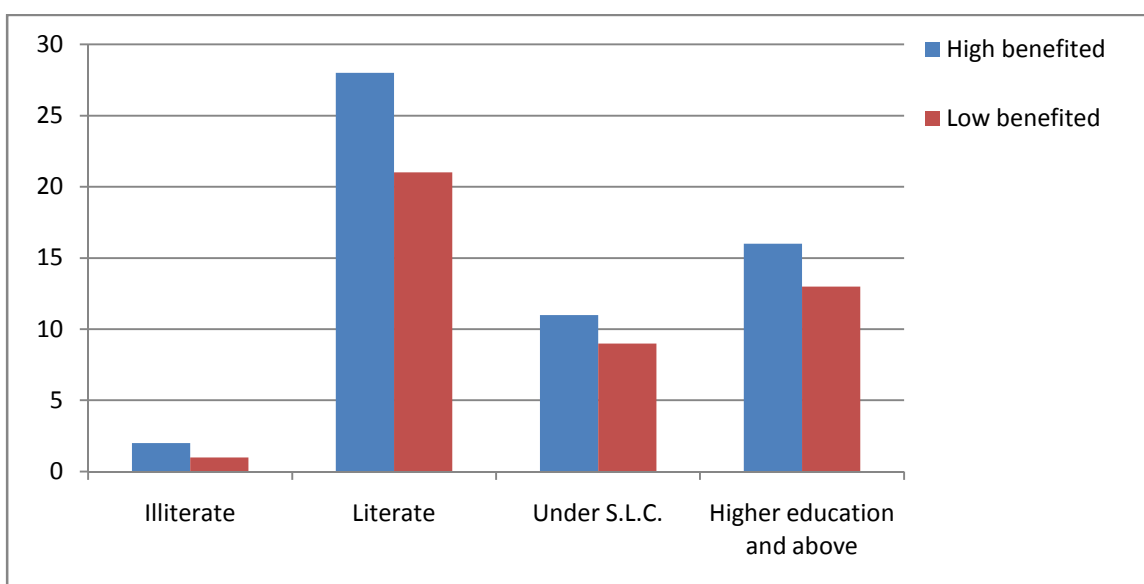
Source: Field Survey, 2011

The above table indicates that out of 101 sample people, only 3 were illiterate, 49 were literate, 20 were under S.L.C. and 29 people higher education and above. On the other

hand 57 people were highly benefited and 44 were low benefited. Hence from the above table we can say that the SFACL programs helped to increase education level of the people.

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

**Figure 4.8**  
**Distribution of the people with respect to education level**



The figure shows that people, who were entered in SFACL, were highly benefited in relation with education. To make literate, the SFACL helped the people very much.

#### **4.1.11 Trend of participation in decision making**

Decision making is one of the most important aspects of the society. Whenever we involve any type of work, whether it is house hold or beyond the household, simple or bold decision, decision making process plays the vital role. The people who were involved in the SFACL programs had increased capacity in decision making process which can be shown in the following table:-

**Table 4.9**  
**Trend of participation in decision making**

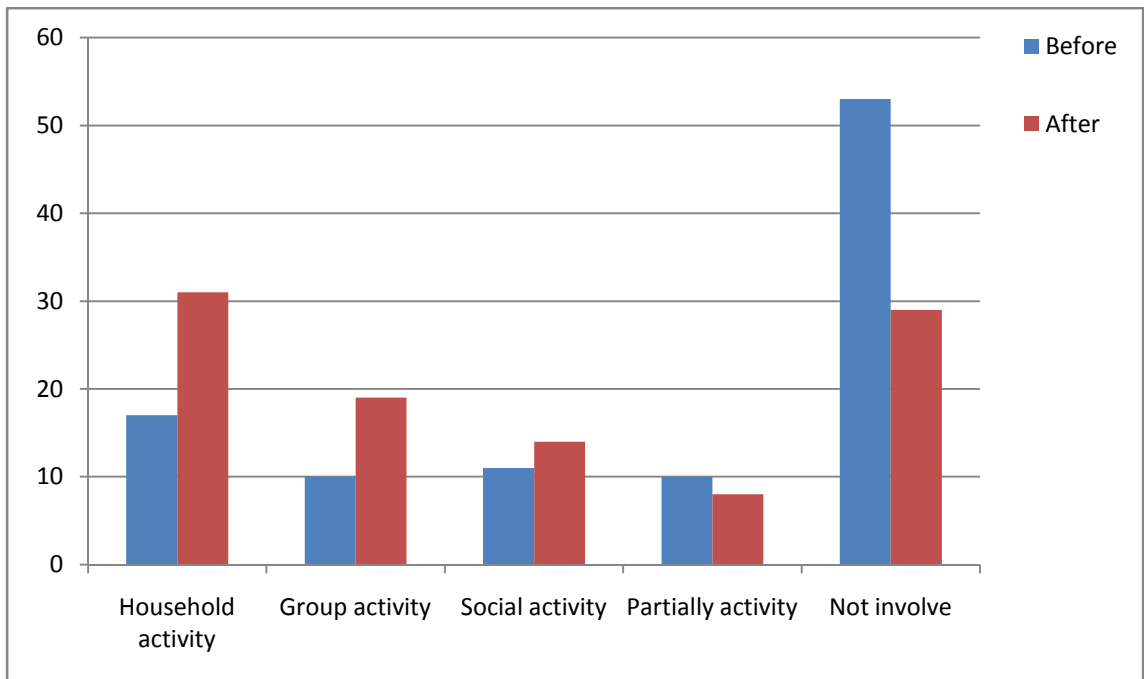
S. N.	Types of involvement	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Household activity	17	16.84	31	30.69	13.85
2	Group activity	10	9.90	19	18.81	8.91
3	Social activity	11	10.89	14	13.86	2.97
4	Partially activity	10	9.90	8	7.93	(1.97)
5	Not involve	53	52.47	29	28.71	(23.71)
	Total	101	100	101	100	

Source: Field Survey, 2011

The above table shows the decision making process of the people before and after entering the SFACL programs. Out of 101, people only 17 persons were involved in household decision making, 10 in group decision making, 11 in social decision making, 10 in partial decision making and 53 people were not involved in any decision making before entering the programs. After entering the SFACL programs they were increasing the decision making power. Household decision making process were increased 31 from 17, in 19 from 10, in 14 from 11 and partially decision making and not involving persons were decreased 8 from 10 and 29 from 53 respectively. In overall, the largest increase in household decision making process was by 13.85% and the largest decrease in not involve any decision by 23.71%.

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

**Figure 4.9**  
**Trend of participation in decision making**



The figure shows the involvement in decision making process. Before entering the SFACL, most of them didn't involve in decision making but the number was decreased after the involvement. It seems that most of them were involved in decision making in the field of household activities.

#### **4.1.12 Food facilities**

Different kinds of food are included in our daily life. Who were included in the sample had different kinds of food habit before and after entering the SFACL programs was as follows:

**Table 4.10**  
**Food habit of the sample people**

S. N.	Varieties of food	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Dall and bhat	21	20.79	13	12.87	(7.92)
2	Vegetable and rice	59	58.42	53	52.48	(5.94)
3	Dall, bhat and vegetable	13	12.87	16	15.84	2.97
4	Dall, bhat, vegetable and pickle	8	7.92	19	18.81	10.89
	Total	101	100	101	100	

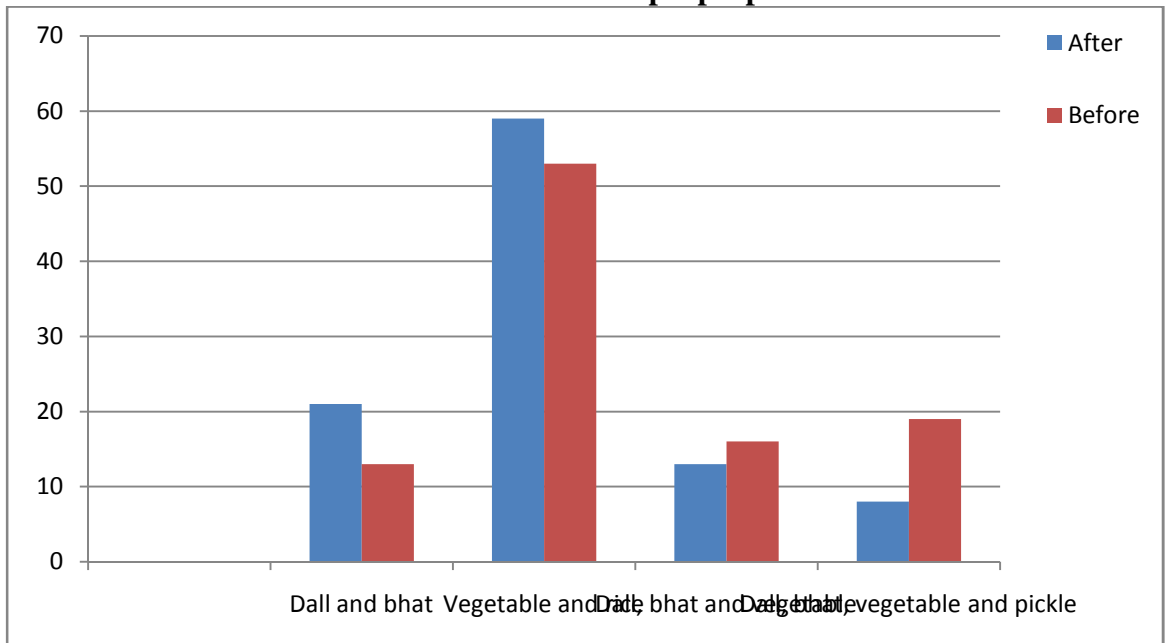
Source: Field Survey, 2011



The above table shows the sample people's food habits before and after involving in the SFACL programs. Before entering the program, 59 people were using only vegetable and rice but after entering, the number was decreased to 53. Only 8 persons were using vegetable, rice, dall and pickle before and after they increased to 19. Similarly, 21 people were using dall and bhat before and after they were decreased to 13. 13 persons were using dall, bhat and vegetable before and after entering it increased to 16. In overall percentage decreased in dall and bhat by 7.92 and percentage increased in dall, bhat, pickle and vegetable by 10.89%. According to the above table we can say that the program changed the food habit of the sample people.

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

**Figure 4.10**  
**Food habit of the sample people**



The figure shows the food habit of the sampled people. It shows that most of the people included vegetables and rice in their daily food and after the involvement in the SFACL the number of people who used Dall, bhat, vegetable and pickle were increased.

#### 4.1.13 Improvement of the socio-economic condition

People of Nepal are backward in their socio-economic condition. They are poor and when poverty occurs, automatically they are socially backward. When different kind of micro-finance programs started in the country, slowly the condition of the people is increasing. Food habit, social vision towards the individual, status of the farmers in the society and their socio-economic improvement shows the condition whether they are improving or at the same condition. Such kind of indicators can be shown like the following ways according to the research:-

#### 4.1.14 Socio-economic condition

After involving the SFACL, the condition of the people was improving which can be seen from the following table:-

**Table 4.11**  
**Socio-economic condition of sample people**

S. N.	Condition	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Better improvement	53	52.47	69	68.32	15.85
2	Normal improvement	27	26.73	19	18.81	(7.92)
3	Same condition	21	20.89	13	12.87	(8.02)
4	Decreasing condition	-	-	-	-	-
	Total	101	100	101	100	

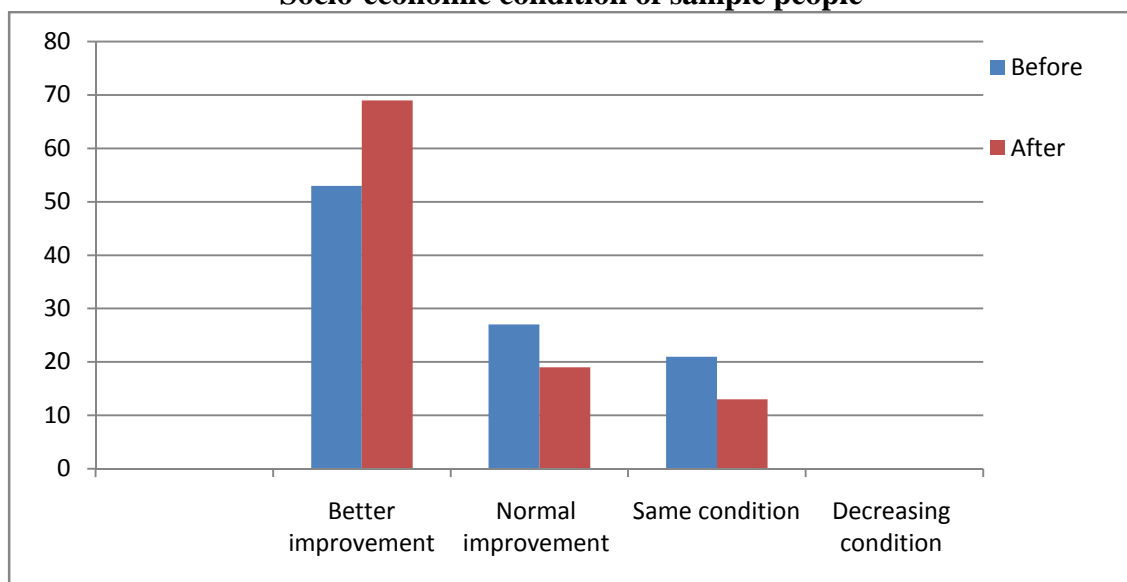
Source: Field Survey, 2011

The above table shows the socio-economic condition of the sample people before and after entering the SFACL programs. After involving the programs the socio-economic condition of the people was increasing than before. Out of 101, correspondence before entering only 53 person said that the better improvement but after entering the number were increased from 53 to 69. Similarly, normal condition of people were decreased after involving the program from 27 to 19 and 21 person said the same economic condition before but after only 13 person had the same economic condition. After entering the SFACL programs the better condition of people increased by 15.85% and same condition decreased by 8.02%. Overall, SFACL programs were helping to improve the socio-economic condition of the people.

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

**Figure 4.11**

**Socio-economic condition of sample people**



The figure shows the improvement of the socio-economic condition of the sampled people. After entering the SFACL, the people improved their condition than before.

#### 4.1.15 Social attitude towards the participant

What kind of attitude shows the society towards the participant after the involvement of SFACL is as below:-

**Table 4.12**  
**Social attitude of the people**

S. N.	Attitude	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Positive	37	36.63	57	56.44	19.81
2	Negative	13	12.87	6	5.94	(6.93)
3	Traditional	51	50.50	38	37.62	(12.88)
	Total	101	100	101	100	

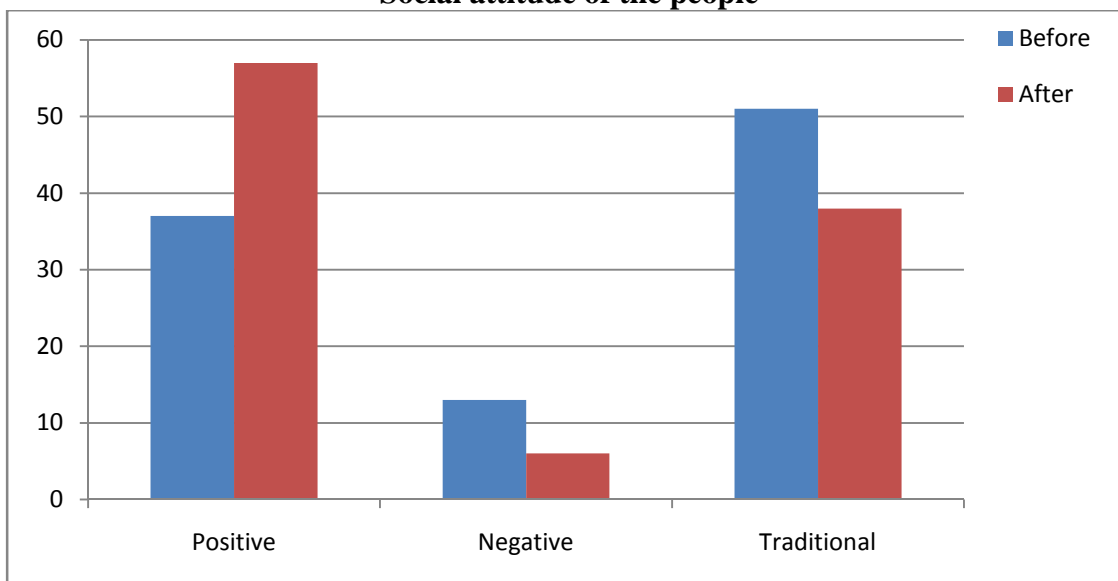
Source: Field Survey, 2011

The above table shows the social attitude of the sample people before and after entering the SFACL programs. After involving such programs, social attitude of people was

positively changed. The people were involving formal and informal meeting time to time. So they were increasing the positive relation with each other. Out of 101, before entering the programs only 37 or 36.63 percent had good relation with each other and after entering SFACL the number was increased to 57 or 56.44 percent. Similarly, the negative relation with each other was decreased 13 to 6 and traditional attitude also decreased 51 to 38. In overall, positive attitude increased by 19.81 percent and traditional attitude with each other decreased to 12.88 percent. So this program also helped to change social attitude of the people.

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

**Figure 4.12**  
**Social attitude of the people**



The above figure shows the social attitude towards the participant. It seems positive attitude was in increasing order and negative and traditional attitude were in decreasing order.

#### **4.1.16 Response on repayment of loan**

Out of 101, near-about 90% sample people had taken loan from the SFACL. The organization also charged interest from the borrowers. The borrowers must pay loan

with interest. The following table shows the repayment pattern of loan who were involved in borrowing. Description is dividend in to both principle and interest, interest only and not refund.

**Table4.13**  
**Response on repayment of loan**

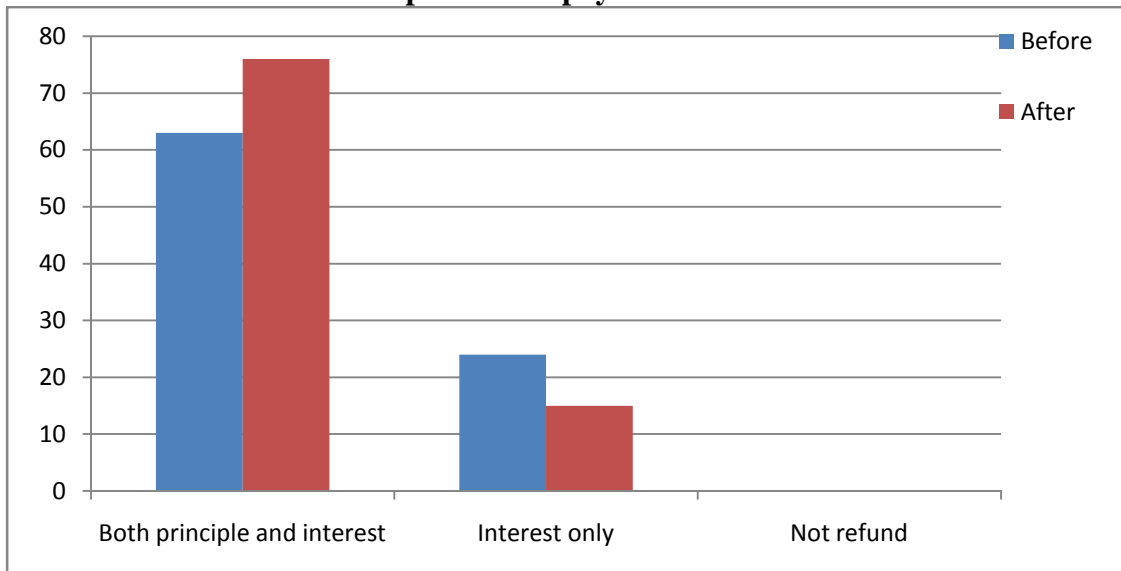
S.N.	Description	Before		After		% Increase Decrease
		Number	%	Number	%	
1	Both principle and interest	63	72.41	76	83.52	11.11
2	Interest only	24	27.59	15	16.48	(11.11)
3	Not refund	-	-	-	-	
	Total	87	100	91	100	

Source: Field Survey, 2011

The above table shows the response of sample people on repayment of taken loan before and after entering the SFACL programs. Before entering the programs 63 persons were paying both principle and interest and 24 persons were paying only interest to them from where they took loan. But after involvements to such programs 76 persons were paying both principle and interest and 15 persons were paying interest only. No one was found that they were not paying both principle and interest. In overall there was 11.11% persons increased in paying both principle and interest after entering the programs whereas 11.11% decreased in paying interest only.

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

**Figure 4.13**  
**Response on repayment of loan**

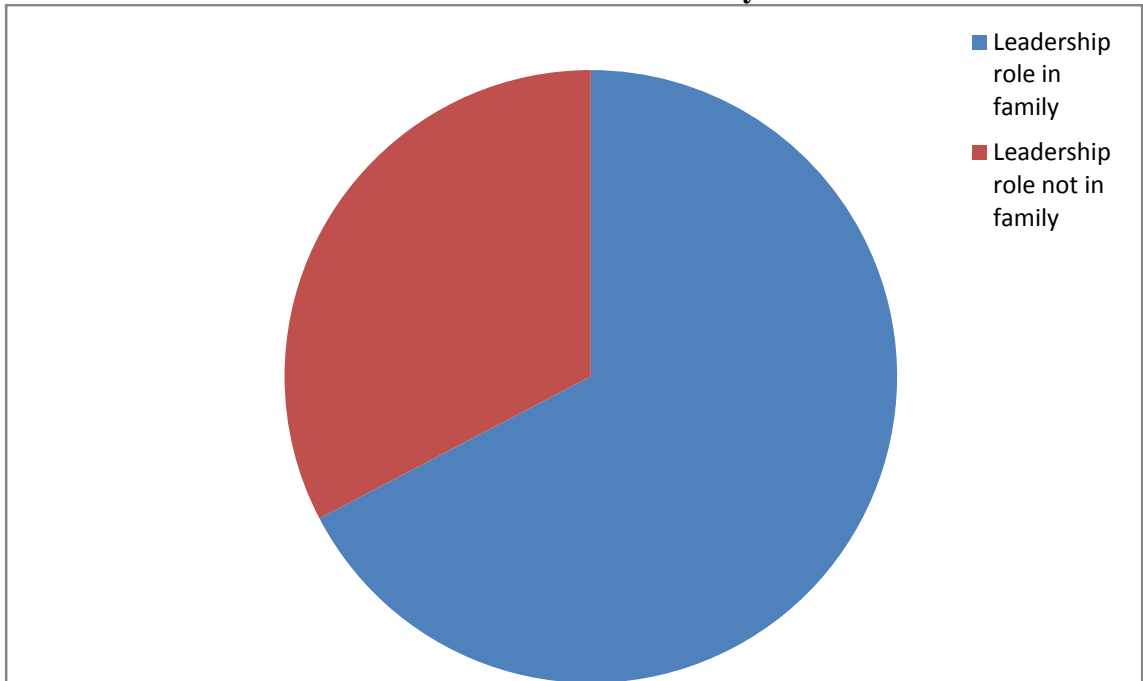


The figure shows that most of the people who took loan from the SFACL returned their principle and interest in time and the non refund rate was decreased to zero.

#### **4.1.17 Role of the women in the family**

Women play the vital role in the family. Most of the clients were women in this SFACL programs. So, this program gave the first priority to the women. Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him. Leadership can play vital role in decision making process and loan utilization. If the leadership of the women in family status is highly increased and self decision making process, she can use loan according the objectives of the loan and decreases misuse of loan. This shows that women leadership in a family gives sustainability of the programs. In the study among 101 sample people 68% women were taking leadership role in family and 33% women were not. This data shows in the following diagram:-

**Figure 4.14**  
**Role of the women in family**



The figure shows the leadership of the women. Most of the women took the leadership role in the family and some of them had not.

#### **4.1.18 Role of SFACLtd**

Any financial institution plays the vital role to improve the condition of the people. Financial institution collects the unproductive small money from the clients and provides the loan to the borrowers. This SFACL also provided financial service as well as different programs to the people. People were taking different kinds of financial services from the institution and improve their socio-economic condition. Following table shows that the role of SFACL to improve the socio-economic condition of the sample people.

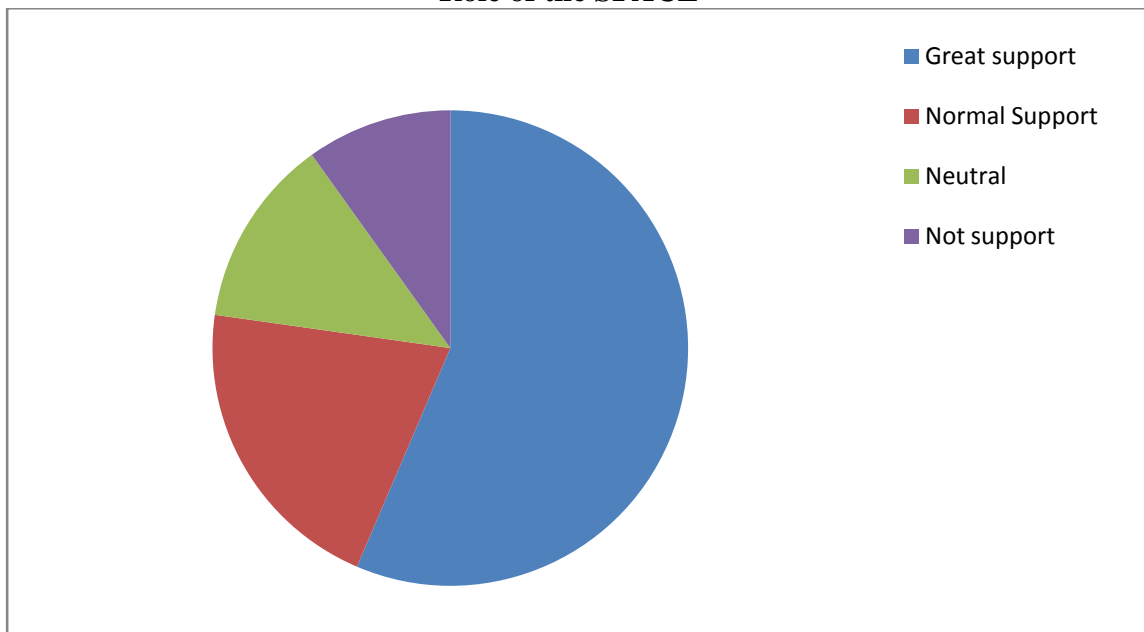
**Table 4.14**  
**Role of the SFACL**

S. N.	Response	Number	%
1	Great support	57	56.44
2	Normal support	21	20.79
3	Neutral	13	12.87
4	Not support	10	9.90
	Total	101	100

Source: Field Survey, 2011

The above table shows the role of SFACL to the clients. More than 50% sample people were said that the SFACL provided great support to the people for different programs so the people changed socio-economic condition. More than 20% people said that the SFACL provided the normal support to the people for their economic activities. According to 13% people it had neither positive nor negative support. About 10% people said that the SFACL had not any support to people. In overall, the SFACL directly or indirectly provided different kind of supports to the people. This data shows in the following diagram:-

**Figure 4.15**  
**Role of the SFACL**





According to the figures SFACL had played the supportive role to improve their socio-economic condition in different ways. A few of the sampled people were disagreed about the role of the SFACL.

#### **4.2 Major Findings**

-The SFACL had been facilitating the people in the area of agriculture, buffalo keeping, goat keeping, poultry farming, pig keeping, retail business and tailoring.

-Loan disbursement headings are micro business loan, micro enterprise loan 'ka' and micro enterprise loan 'kha'. Overall, loan disbursement in micro business loan was Rs 41,615,671 in last five fiscal years which was 72.12% of total loan disbursed.

-Highest loan disbursement was in fiscal year 2065/66 Rs 18,868,000 and lowest was in fiscal year 2062/63 Rs 4,665,000.

-The total saving of all last five fiscal year was Rs 9,416,844. In different saving programs, the highest saving was on group saving with amounting Rs 6,735,000.

-The SFACL had provided the interest on saving amount to the people. The interest rate was same for different kind of saving programs. Only year wise interest rate was changed. In last fiscal year the interest rate was 9.5% for every saving.

-The SFACL had charged on interest for loan disbursement. The interest was also same for different kind of loan disbursement. Only year wise interest rate was changed. In last fiscal year the interest rate was 16% for every loan disbursement.

-Out of 101 respondents more than 90% people had taken loan from the SFACL Phedikhola. Among them 50% had taken loan less than Rs 40,000 and other had taken loan more than Rs 40,000. They could take the loan up to 120,000. But near about 10% people had not taken loan from the SFACL.

-After entering the programs they had also taken loan from other sources like merchants, relatives, neighbors and other financial institutions.

-They had taken loan to invest agriculture, buffalo keeping, goat keeping, poultry farming, pig keeping, retail business, tailoring and other different sectors.

-There was not a great change in loan mobilization sectors before and after entering the programs. Number of loan borrowers had increased after entering the programs than before.

- Most of them were taking loan for agriculture, buffalo keeping and goat keeping and rest were taking loan for different purposes.
- Most of the people had used loan for related sectors and according to the objectives and few people had misused the loan for unrelated sectors other than objectives of the loan like to pay old loan, meet household expenses.
- Before entering the programs only 87 people had taken loan from other institutions but after entering the programs the number of loan borrowers were increased to 91.
- Most of the sample people were involved in different kinds of saving programs such as group saving, personal saving, inter-group saving and 'khaturke bachat' etc. The number of people which were saving more amounts was increased after entering the programs than before.
- Most of the sample people had the source of saving in agriculture, buffalo keeping, goat keeping, poultry farming, pig keeping, retail business, tailoring and other. The highest percentage of people saving was from agriculture, buffalo keeping and goat keeping and lowest percent of people was saving from pig keeping and tailoring.
- Before entering the programs the saving fund was using by 51 people but after entering the programs 66 people were reinvested or used the saving fund own self.
- Literate and well educated people were found than illiterate because of SFACL. There were a great number of people who were highly benefited from the SFACL's programs in case of education level.
- After entering the programs people were able to take any decision themselves than before entering the programs.
- The participant had different kinds of food habit. Before entering the program 59 persons had taken only vegetable and rice and 8 persons had taken dall, bhat, vegetable and pickle. After entering the programs such food habit was positively changed.
- After entering the program most of the people had monthly income more than 5,000 and few people had monthly income less than 5,000 per month.
- The SFACL had the supportive role to the people/ farmer to provide different kind of loan for their agricultural products.

- It had conducted different kind of saving programs which played supportive role to save their small amount of money for their future purposes.
- Insurance services were conducted by SFACL for the death of livestock only.
- All the staff of the SFACL was temporary.
- The interest rate was same for every sector.
- Through observation, it seemed that the SFACL didn't start computer system for all kind of services.

## CHAPTER-V

### SUMMARY CONCLUSIONS AND RECOMMENDATIONS

Nepal is a one of the least developed country with poor economic background. Most of the population lives in the rural area. More than 31% of the total population lives in below the poverty line. Nepal government and other sectors of Nepal are trying to solve this problem from various methods. Micro finance is such a source which helps to micro finance to slowly get success in poverty alleviation. This microfinance is an effective for to increase the life standard on people and give socio –economic status of people in the society.

In Nepal there are mainly two sources of microfinance services, the formal sources and informal sources. The informal sources consist of money lenders, landlords, traders and friends and relatives while the formal sources consist mainly of banks such as CBs, ADB/N, Small farmer Development banks Ltd., Chhmiek Development bank Ltd, targeted credit programs such as IBP, Small Farmer Cooperative Limited, PCRW, MCPW, Credit cooperative and NGOs. This study confined contribution to microfinance's cooperative Limited of Phedikhola Syangja.

#### **5.1 Summary**

Today poverty is the world-wide problem. Every country faces this problem. Nepal is least developing country and faces this problem. Rural poverty is one of the most burning problems of Nepal. Syangja is hilly district of Nepal. There are two municipalities and 60 VDCs. Peoples of this VDC are unprivileged and low socio-economic background with poverty. To reduce poverty and make self-dependent, economically strong directly and indirectly different kinds of microfinance institutions are working here. Small Farmer agriculture cooperative limited was the one of them.

Small Farmer Development project (SFDP), Phedikhola was established in 2044 Aswain 1<sup>st</sup> under Agriculture Developed Bank and it was conducted under small farmer Development bank in 2054 Bhadra 31<sup>st</sup> according to cooperative act- 2048. Now it is known as "Small Farmer Agriculture Cooperative Limited" which registration number is 78-2054/55. In the beginning the catchment area of the cooperative limited was limited in phedikhola VDC but now the catchment area is enlarged to other two VDCs Aarukharka and Bhatkhola. Out of them, phedikhola was selected for the present study.

Analytical and descriptive research design had been used in this study. This study was based on primary as well as secondary data. Most of the data were collected from field survey. On the basis of discussion stated in chapter four presentation and data analysis, the summary of the study is presented in the following points:-

-The loan disbursement rate of SFACL was increasing slowly except in two fiscal year 2063/64 and 2066/67. The highest amount of loan was distributed in micro business loan and lowest amount in micro enterprise loan 'kha'. The loan disbursement rate was increasing which shows that people are interested to take loan and invest money to earn more.

-Most of the sampled people were taking loan from the SFACL. Out of 101, 91 people took loan from the SFACL. After entering the programs the number of borrowers was increasing instead of not taking loan.

-Most of the people were taking loan for agriculture; buffalo keeping, goat keeping and rest of them were taking loan for other purposes too.

-Most of the people's income from loan investment was getting higher. People who were earning more were increasing their status after entering the SFACL programs. So the percentage of people who were earning maximum from loan investment showed that SFACL's programs were effective and satisfactory to make better living.

-This SFACL was provided different types of saving programs. The group saving amount was highest than other savings. The group saving amount was increased in every year. Personal saving, inter-group saving and 'khutruke bachat' were started from

fiscal year 2064 /65 BS. The main sector of saving were agriculture, buffalo keeping, goat keeping, poultry farming, pig keeping, retail business, tailoring and others.

-Most of the people were involved in group saving, and personal saving. Saving was slowly increasing in every year. That showed people's saving power was increasing.

-Most of the people were found to be literate. More than 55% of sampled people were found highly benefited by the SFACL programs. These programs also helped to increase education level of the people.

-Most of the participants or sampled people were involved in different kind of decision making process. After entering the programs people were easily taken the decision in every field of decision making.

-Food habit was also changed by the programs. Before entering the program more than 58% people were only taken vegetable and rice but after entering the programs the number were decreased and they included dall, bhat, vegetable and pickle in their daily food.

-Monthly income of the sampled people was increasing after entering the programs. So they were earning from their saving and loan investment. It was positive impact of the program.

-Maximum number of sampled people was better improving their socio-economic condition by the programs and nobody was found that they had bad condition by the programs.

-Most of the people had positive relation with each other because of the SFACL programs. Not only group members but also other persons were increasing positive attitude after entering the programs.

-Repayment of loan on time was in increasing trend after entering the programs.

-Most of the people were highly benefited by the programs. More than 55% people were improving their socio-economic condition.

## **5.2 Conclusion**

From the analysis of the main findings of the study following conclusion can be drawn about the financial program of SFACL, phedikhola:-

Loan disbursement and in-time payment is an essential part of the programs. Most of the borrowers expanded their traditional business such as agriculture, buffalo keeping and goat keeping to other new economically profitable business after getting microfinance loan. Majority of the people were involved in agriculture. The status of loan investment and income of people was found satisfactory and they were improving their condition after entering the programs. Saving is the basis of investment and loan disbursement. These programs actively increase to save the small unproductive money for the people by providing different kinds of saving programs. People were also interested and motivated to save money after entering the programs. It was easy to use saving fund instated of loan borrowing.

Social condition of the people was also increasing after involving the programs. Education levels, participation of different kinds of decision making process, food habit were changed after entering the programs than before. When people were involved in SFACL, they were not only improving their social condition but also improved their socio-economic condition as a whole. After the active participation in the cooperative they had current money with them which they could either use for their daily use or they save their money in their saving fund in SFACL or other places too. When they were economically strength, automatically they were active in different kind of social activities either their home or in the society. Sometimes, it seemed that people who took loan from SFACL, misused to pay old loan and meet household expenses. Insurance programs were also conducted by the SFACL but it was not attractive. Different kind of skill development training can support to the farmer but such kinds of programs were not conducted by the SFACL. The staffs of the cooperative were not permanent. The interest rate was same for every sector. Now it is the time of science and technology but the SFACL was run the official work beyond computerized system for all purpose.

In overall, the SFACL seemed to be effective for improving the condition of the people in the field of microfinance. The cooperative proved that the microfinance program had the supportive role to improve the condition of the poor people, especially farmers and

rural people. The people who were involved in the microfinance sectors through SFACL had positive attitude with each other and to the cooperative too. It proves that microfinance is the powerful tool for poverty elevation.

### **5.3 Recommendations**

On the basis of the findings and conclusion of the study, some suggestions have been provided. The researcher believes it would be helpful for enlistment of the present situation and it would also provide guidelines for future planning and implementation of microfinance programmers.

-The SFACL was mainly focused on saving and loan disbursement activities but it should be provided different kinds of skill development programs to the money sever and loan borrowers.

-The SFACL had conducted insurance facility but it had not smoothly implemented. So, proper attention should be given for its smooth implementation.

- The provision of insurance was in the case of death of livestock but it should be added provision to the livestock suffering from disease too.

-At present, all staffs of the cooperative were temporary but they should be permanent, so they could perform their responsibility which makes them confidence and concentrate on their duties.

-If the borrowers did not repay the loan with principle and interest in due time, they should be motivated to repay on loan adoption using different mechanism.

- All saving programs were provided the same interest rate but it should be changed and provided different interest rate for different saving programs like personal saving, group saving, inter-group and 'khutruke bachat'.

-The SFACL charged same interest rate on different kinds of loan disbursement programs such as micro business loan, micro enterprise loan 'ka' and micro enterprise loan 'kha' but it should be different on the basis of collateral, duration of time and using sectors of loan by the borrowers.

-Investment had increased the income. So, productivity of the investment should be raised which may promote loan repayment and utilization of the loan.



- All kind of programs should be conducted in computer system so that it is easy and transparent to conduct the programs and all the clients will be benefitted from the cooperative.
- The cooperative should give the proper attention in the proper utilization of the loan according to the agreement with the cooperative when they took loan so that the effectiveness of the cooperative will increase and they should invest money for new type of business too.

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<http://www.nepjol.info>  
<http://www.urb.org.np>

**Appendix-1**  
List of the respondents

S.N.	Name	Group No.	Address
1	Atangakali Jaishi	2	Phedikhola,Syangja.
2	Moti Khatri	2	Phedikhola,Syangja.
3	Min Bdr. Khatri	2	Phedikhola,Syangja.
4	Bhim Bdr. Chhetri	2	Phedikhola,Syangja.
5	Kul Bdr. Chhetri	2	Phedikhola,Syangja.
6	Tham Bdr. Chhetri	2	Phedikhola,Syangja.
7	Ram Kumari Paudel	5	Phedikhola,Syangja.
8	Ruk Maya Subedi	5	Phedikhola,Syangja.
9	Deu Rupa Damani	5	Phedikhola,Syangja.
10	Jamuna Subedi	5	Phedikhola,Syangja.
11	Prem Kumari Chhetri	5	Phedikhola,Syangja.
12	Kul Kumari Parajuli	5	Phedikhola,Syangja.
13	Doli Maya Parajuli	18	Phedikhola,Syangja.
14	Mina Parajuli	18	Phedikhola,Syangja.
15	Bidhya Sharma	18	Phedikhola,Syangja.
16	Goma Devi Jaishi	18	Phedikhola,Syangja.
17	Hum Kumari Parajuli	18	Phedikhola,Syangja.
18	Rajan K.C.	37	Phedikhola,Syangja.
19	Bhagawati Khatri	37	Phedikhola,Syangja.
20	Mina Kumari Karki	37	Phedikhola,Syangja.
21	Jit Bdr. Khatri	37	Phedikhola,Syangja.
22	Yam Bdr. Karki	37	Phedikhola,Syangja.
23	Saraswati Kunwar	57	Phedikhola,Syangja.
24	Sita Kumari Sarki	57	Phedikhola,Syangja.
25	Prem Bdr. Chhetri	57	Phedikhola,Syangja.
26	Bindu K.C.	57	Phedikhola,Syangja.
27	Laxmi B.K.	57	Phedikhola,Syangja.
28	Gyan Kumari Gurung	62	Phedikhola,Syangja.
29	Maya Gurung	62	Phedikhola,Syangja.
30	Jhumkali Gurung	62	Phedikhola,Syangja.
31	Jamuna Gurung	62	Phedikhola,Syangja.
32	Dilmaya Gurung	62	Phedikhola,Syangja.
33	Bel Kumari Karki	69	Phedikhola,Syangja.
34	Batuli Khatri	69	Phedikhola,Syangja.
35	Bishnu Maya Chhetri (big)	69	Phedikhola,Syangja.

36	Bishnu Maya Chhetri (small)	69	Phedikhola,Syangja.
37	Jit Kumari Gurung	69	Phedikhola,Syangja.
38	Chola Kumari Subedi	69	Phedikhola,Syangja.
39	Parbati Sharma	74	Phedikhola,Syangja.
40	Buddha Parajuli	74	Phedikhola,Syangja.
41	Jamuna Parajuli	74	Phedikhola,Syangja.
42	Gita Devi Parajuli	74	Phedikhola,Syangja.
43	Khima Devi Parajuli	74	Phedikhola,Syangja.
44	Kali Parajuli	74	Phedikhola,Syangja.
45	Hum Kali Jaishi	74	Phedikhola,Syangja.
46	Raju B.K.	76	Phedikhola,Syangja.
47	Bhum Kumari Kunwar	76	Phedikhola,Syangja.
48	Khim Bdr. Kunwar	76	Phedikhola,Syangja.
49	Khim Kumari Dhakal	76	Phedikhola,Syangja.
50	Yam Kumari Chhetri	76	Phedikhola,Syangja.
51	Suk Maya Kunwar	86	Phedikhola,Syangja.
52	Mon Suba Kunwar	86	Phedikhola,Syangja.
53	Purna Kumari Kunwar	86	Phedikhola,Syangja.
54	Tika Kumari Kunwar	86	Phedikhola,Syangja.
55	Laxmi Kumari Kunwar	86	Phedikhola,Syangja.
56	Laxmi Kunwar	86	Phedikhola,Syangja.
57	Saraswati Kunwar	87	Phedikhola,Syangja.
58	Sakuntala Kunwar	87	Phedikhola,Syangja.
59	Durga Devi Kunwar	87	Phedikhola,Syangja.
60	Fan Maya Kunwar	87	Phedikhola,Syangja.
61	Chitra Maya Kunwar	87	Phedikhola,Syangja.
62	Ramesh K.C.	90	Phedikhola,Syangja.
63	Saraswati Kunwar	90	Phedikhola,Syangja.
64	Sun Kumari Kunwar	90	Phedikhola,Syangja.
65	Domaya Kunwar	90	Phedikhola,Syangja.
66	Sita Kunwar	90	Phedikhola,Syangja.
67	Bindu K.C.	90	Phedikhola,Syangja.
68	Saraswati Subedi	92	Phedikhola,Syangja.
69	Sunita Subedi	92	Phedikhola,Syangja.
70	Durga Paudel	92	Phedikhola,Syangja.
71	Mina Chhetri	92	Phedikhola,Syangja.
72	Kamala Subedi	92	Phedikhola,Syangja.
73	Sita Parajuli	96	Phedikhola,Syangja.
74	Malika Parajuli	96	Phedikhola,Syangja.
75	Parkash Parajuli	96	Phedikhola,Syangja.
76	Parbati Damai	96	Phedikhola,Syangja.

77	Nim Maya Damai	96	Phedikhola,Syangja.
78	Raju Kumar Khatri	102	Phedikhola,Syangja.
79	Ratna Kumari Chhetri	102	Phedikhola,Syangja.
80	Anju Kumari Chhetri	102	Phedikhola,Syangja.
81	Bushnu Kumari Chhetri	102	Phedikhola,Syangja.
82	Mina Chhetri	102	Phedikhola,Syangja.
83	Devi Kami	103	Phedikhola,Syangja.
84	Durga Mijar Rokah	103	Phedikhola,Syangja.
85	Yam Kumari Chhetri	103	Phedikhola,Syangja.
86	Dhan Maya Subedi	103	Phedikhola,Syangja.
87	Sabitri Sharma Subedi	103	Phedikhola,Syangja.
88	Durga Devi Kami	105	Phedikhola,Syangja.
89	Purna Kumari B.K.	105	Phedikhola,Syangja.
90	Bindu Devi Sunar	105	Phedikhola,Syangja.
91	Bishnu Kala Devi	105	Phedikhola,Syangja.
92	Ratna Kumari Gurung	158	Phedikhola,Syangja.
93	Draupadi Gurung	158	Phedikhola,Syangja.
94	Dil Maya Jaishi	158	Phedikhola,Syangja.
95	Binu Gurung	158	Phedikhola,Syangja.
96	Rom Kumari Khatri	159	Phedikhola,Syangja.
97	Tok Maya Chhetri	159	Phedikhola,Syangja.
98	Devi Parajuli	159	Phedikhola,Syangja.
99	Parbati Paudel	159	Phedikhola,Syangja.
100	Bishnu Maya Padhya	159	Phedikhola,Syangja.
101	Laxmi Dhakal	159	Phedikhola,Syangja.

**Appendix-2**  
The working staff of SFACL

S.N.	Name	Address	Post
1	Roshan Karki	Phedikhola-2, Syangja	Manager
2	Ram Prasad Subedi	Phedikhola-5, Syangja	Assistant Manager



3	Bimala Gautam	Phedikhola-2, Syangja	Accountant
4	Radhika Khadka	Phedikhola-3, Syangja	Assistant accountant
5	Hari Parajuli	Phedikhola-9, Syangja	Field Supervisor
6	Chhabi Prasad Subedi	Phedikhola-7, Syangja	Office Assistant

APPENDIX- 4

संस्थागत प्रश्नावली

कर्मचारी नाम थर .....

कार्यालय .....

पद .....

**कृपया तलका प्रश्नको सहिउत्तर दिइ सहयोग गरिदिनु होला ।**

प्रश्न १ प्रमुख रुपमा कुन कुन कार्यक्रमका लागि ऋण प्रदान गर्नुहुन्छ ?

प्रश्न २ ऋण प्रदान गर्ने आधारहरु के के हुन ?

क) समूह जमानी ख) धितो ग) अन्य

प्रश्न ३ ऋणको व्याजदर अधिकतमदेखि न्यूनतम कति सम्म निर्धारण गरिएको छ ?

क) १०% भन्दा कम ख) १०-१३% ग) १४-१८% सम्म घ) १८% भन्दा माथि ।

प्रश्न ४ ऋण प्रदान गर्दा सेवा शुल्क लिने गरिन्छ ?

क) लिने गरिन्छ ख) लिईदैन ग) लिइन्छ भने कति ।

प्रश्न ५ संस्थाको लक्षित वर्ग कुन हो ?

क) अति विपन्न ख) गरिव ग) मध्यवर्ग घ) धनी वर्ग

प्रश्न ६ संस्थाका कार्यक्रमहरु सफल/असफल के ठान्नुहुन्छ ?

क) सफल ख) असफल ग) सन्तोषजनक

प्रश्न ७ यस संस्थामा कति किसिमका बचत योजना संचालन गरिएको छ ?

प्रश्न ८ यस संस्थाले कृषकको कुन कुन पक्षको उन्नती गराएको छ ?

क) आर्थिक पक्ष ख) शैक्षिक पक्ष ग) घरेलु सरसफाई घ) नेतृत्व विकास ड) अन्य

प्रश्न ९ संस्थाको विकासकालागी के के समस्याहरु छन् ?

क) संचार ख) संरचना ग) मानवस्रोत घ) अन्य

प्रश्न १० यस्ता समस्याहरु कसरी समाधान गर्न सकिन्छ ?

प्रश्न ११ संस्थाको वित्तिय स्थिरता कस्तो छ ?

क) राम्रो ख) नराम्रो ग) सन्तोषजनक

प्रश्न १२ यदि वित्तिय स्थिरता नराम्रो भए सुधारन के गर्नुपर्ला ?

प्रश्न १३ यस संस्थाको कार्यक्रम अति गरिव कृषकसम्म पुगेकोछ वा छैन ?

क) छ ख) छैन ग) यदि छैन भने किन ?

प्रश्न १४ सामाजिक परिवर्तन विना आर्थिक परिवर्तन कठिन हुन सक्छ, यसमा तपाईं के भन्नुहुन्छ ?

प्रश्न १५ यस संस्थाले प्रदान गर्ने विमा सुविधाहरु के के छन् ?

APPENDIX-3

लघुवित्त (साना किसान कृषि सहकारी संस्था लि. फेदीखोला स्याङ्जा) को सामाजिक तथा आर्थिक प्रभाव सम्बन्धी एक अध्ययन

१. नाम:	२. ठेगाना:	
३. उमेर:	४. वैवाहिक अवस्था: विवाहित/अविवाहित/एकल	
५. पेशा:	६. शैक्षिक योग्यता:	
७. परिवारको जम्मा संख्या	महिला:	पुरुष:

कृपया निम्न प्रश्नको सहि उत्तर दिई सहयोग गरिदिनुहोला ।

- १) साना किसान सहकारी संस्थाबाट ऋण लिनु भएको छ ?  
 (क) छ (ख) छैन
- २) लिएको ऋण कुन कुन शिर्षकमा प्रयोग गर्नुभएको छ ?  
 अगाडि  
 क) कृषि ख) भैंस पालन ग) वाखा पालन घ) कुखुरा पालन  
 ङ) बंगुर /सुगुर पालन च) खुद्रा व्यापार छ) सिलाई ज) अन्य  
 पछाडी  
 क) कृषि ख) भैंस पालन ग) वाखा पालन घ) कुखुरा पालन  
 ङ) बंगुर/सुगुर पालन च) खुद्रा व्यापार छ) सिलाई ज) अन्य
- ३) ऋणको रकम सम्बन्धीत कामकैलागि प्रयोग गर्नुभएको छ ?  
 क) छ ख) छैन ग) यदि छैन भने किन ?
- ४) संस्थाबाट कति ऋण लिनु भएको छ ?  
 रू. ....
- ५) संस्थामा आवद्ध हुनुभन्दा पहिला ऋण कहाँबाट लिने गर्नुहुन्थ्यो ?  
 क) साहुमहाजन ख) आफन्त ग) अन्य वित्तिय संघसंस्था
- ६) ऋण लगानीअनुसार प्रतिफलको अवस्था कस्तो छ ?

अगाडी	क) राम्रो	ख) सन्तोषजनक	ग) न्यून
पछाडी	क) राम्रो	ख) सन्तोषजनक	ग) न्यून

- ७) तपाईंको आम्दानीको मुख्य स्रोत के हो ?  
 अगाडी क) सिलाई ख) कृषि ग) कुखुरा पालन घ) सुगुर पालन  
 ङ) खुद्रापसल च) भैंसी पालन छ) बाख्रा पालन ज) अन्य
- पछाडि क) सिलाई ख) कृषि ग) कुखुरा पालन घ) सुगुर पालन  
 ङ) खुद्रापसल च) भैंसी पालन छ) बाख्रा पालन ज) अन्य
- ८) तपाईं बचत समूहमा प्रवेश गरेपछि सामाजिक र आर्थिक स्थितिमा कस्तो सुधार भएको महसुस गर्नुभएको छ ?  
 क) राम्रो सुधार ख) सामान्य सुधार ग) पुरानै स्थिति
- ९) तपाईंको सामाजिक र आर्थिक जीवनस्तर सुधार गर्न संस्थाको कत्तिको सहयोग रहेको मान्नुहुन्छ ?  
 क) संस्थाको ठूलो सहयोग छ । ख) संस्थाको सामान्य सहयोग रहेको छ ।  
 ग) संस्थाको सहयोग/असहयोग खासै छैन । घ) संस्थाको सहयोग छैन ।
- १०) तपाईं कुन-कुन बचत कार्यक्रममा संलग्न हुनुहुन्छ ?  
 क) व्यक्तिगत समूह ख) समूह वचत ग) अन्तर समूह वचत घ) खुत्रुके वचत  
 ङ) अन्य वचत ।
- ११) तपाईं समूहमा संलग्न भएर चाहेजति बचत गर्न सफल भएजस्तो लाग्छ ?  
 क) लाग्छ ख) लाग्दैन ग) यदि लाग्दैन भने किन ?
- १२) तपाईंको समूहको बैठक नियमित रुपमा बस्छ ?  
 क) बस्छ ख) बस्दैन ।
- १३) तपाईंको शैक्षिक योग्यता कति छ ?  
 क) निरक्षर ख) साक्षर ग) एस.एल.सि.भन्दा कम घ) एस.एल.सि.भन्दा माथि
- १४) तपाईंको शैक्षिक योग्यता बढाउन संस्थाको भूमिका कस्तो छ ?  
 क) राम्रो छ ख) अलि अलि छ ग) छैन ।

- १५) तपाईं वचत समूहमा संलग्न भएपछि आर्थिक अवस्थामा सुधार भएको छ ?  
 क) छ ख) छैन ।
- १६) तपाईं समूहमा प्रवेश गरेपछि सामाजिक र आर्थिक स्थितिमा सुधार भएको महसुस गर्नुभएको छ ?  
 क) छ ख) छैन ।
- १७) तपाईंको दैनिक खानमा के के कुरा संलग्न रहन्छन् ?  
 पहिला : क) दाल र भात मात्र ख) तरकारी र भात मात्र  
 ग) दाल, भात र तरकारी घ) दाल, भात, तरकारी र अचार  
 अहिले : क) दाल र भात मात्र ख) तरकारी र भात मात्र  
 ग) दाल, भात र तरकारी घ) दाल, भात, तरकारी र अचार
- १८) निर्णय निर्माण (सामाजिक क्रियाकलाप) प्रक्रियाको कुन-कुन क्षेत्रमा तपाईंको सहभागिता छ ?  
 पहिला क) घरायसी क्रियाकलाप ख) समूह क्रियाकलाप ग) सामाजिक क्रियाकलाप  
 घ) आंशिक सक्रियता ड) सक्रियता छैन ।  
 अहिले क) घरायसी क्रियाकलाप ख) समूह क्रियाकलाप ग) सामाजिक क्रियाकलाप  
 घ) आंशिक सक्रियता ड) सक्रियता छैन ।
- १९) तपाईंलाई समाजले हेर्ने दृष्टिकोण कस्तो छ ?  
 पहिला क) सकारात्मक ख) नकारात्मक  
 अहिले क) सकारात्मक ख) नकारात्मक ग) पुरानै
- २०) समूहमा संलग्न भएपछि एक अर्कालाई हेर्ने दृष्टिकोणमा कस्तो परिवर्तन छ ?  
 पहिला क) सकारात्मक ख) नकारात्मक  
 अहिले क) सकारात्मक ख) नकारात्मक ग) पुरानै
- २१) लिएको ऋणको भुक्तानी कसरी गर्ने गर्नु भएको छ ?  
 अगाडी क) सावाँ र व्याज दुवै ख) व्याज मात्र ग) तिरेको छैन ।  
 पछाडी क) सावाँ र व्याज दुवै ख) व्याज मात्र ग) तिरेको छैन ।

- २२) लिएको ऋण समयमै तिर्नु भएको छ ?  
 अगाडी क) समयमै      ख) भाखा नाघेर      ग) तिरिएको छैन ।  
 पछाडी क) समयमै      ख) भाखा नाघेर      ग) तिरिएको छैन ।
- २३) परिवारमा महिलाको नेतृत्वदायी भूमिका रहेको छ ?  
 पहिला क) छ      ख) छैन ।  
 अहिले क) छ      ख) छैन ।
- २४) तपाईंलाई समाजले हेर्ने दृष्टिकोण कस्तो छ ?  
 पहिला क) सकारात्मक      ख) नकारात्मक  
 अहिले क) सकारात्मक      ख) नकारात्मक      ग) पुरानै

## Summary Chart

Problems	Objectives	Methodology	Data presentation and analysis	Findings	Conclusion
What types of relationship exists in between investment and income?	-To analyze the relationship between investment and income of the people.	Field survey, structured questions and observation	Table: 4.1, 4.2, and 4.3  Figure: 4.1 4.2 and 4.3	-Most of the sampled people invested their money and increased their income. - Lack of proper skill development training.	-People were motivated to utilize the loan mostly in agricultural product and they got income from the investment.
How is saving and its mobilization pattern?	-To assess the saving and mobilization pattern of selected V.D.C.	Field survey and structured questions	Table: 4.4 4.5, and 4.6  Figure: 4.4, 4.5 and 4.6	-Most of the sample people utilized their saving by themselves in the related field but some of them misuse for other sectors.	-The saving and mobilization pattern were related with agriculture, buffalo keeping, goat keeping etc but sometime used unrelated sectors too.
What kinds of social impact does SFACL create in the society?	-To analyze the social condition of the people.	Field survey and structured questions	Table: 4.7 4.8, 4.9 and 4.10  Figure: 4.7, 4.8, 4.9 and 4.10	-The sample people developed their education level, decision making process and improved their food habit.	-The social condition of the people was increasing order.
How does the program improve the socio-economic condition of the people?	-To study on the socio-economic improvement by the program.	Field survey and structured questions	Table: 4.11, 4.12, 4.13 and 4.14  Figure: 4.11, 4.12, 4.13, 4.14 and 4.15	-Most of the people Improved their attitude towards the society, developed consciousness on repayment on loan and women played the vital role in the society.	-They became economically strength as well as decision making process before the involvement of SFACL.