

# **Micro Finance and It's Impact on Rural Women**

(A Case study of Nirdhan Utthan Bank Ltd. in Fikkal,Kanyam and  
Panchakanya Ilam VDC Fikkal Branch)

A Thesis Submitted to  
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### Letter of Recommendation

This Thesis entitled have been "Micro Finance and It's Impact on Rural Women" (A Case Study of Nirdhan Utthan Bank Limited Fikkal, Kanyam and Panchakanya VDC of Ilam District) prepared by Rita Maya Tamang under my supervision as a partial fulfillment of the requirement for the degree of Master of Arts in Rural Development. To the best of my knowledge the study is original and carries useful information. I recommend it for evaluation to the Thesis evaluation committee.

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## **APPROVAL CERTIFICATE**

This is to certify that the thesis entitled "**Micro-Finance and it's Socio-Economic Impact on Rural Poor Women, With Special Reference to Nirdhan Utthan Bank Ltd. in Fikkal, Kanyamand Panchkanya VDC**" written and submitted by **Rita Maya Tamang** has been examined. It has been declared successful for fulfillment of the academic requirements towards the completion of Master of Arts in Rural Development.

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Rita Maya Tamang

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## **ABSTRACT**

*Nirdhan Utthan Bank Limited (NUBL) is the largest Microfinance Institution (MFI) in Nepal. It was established on 29<sup>th</sup> October 1998 under company act of Nepal. It started its formal operation from July 1999. NUBL provides microfinance services such as Loans, Deposits, Microinsurance and Remittance services to rural poor of Nepal. NUBL provides both group and individual loans.*

*By January 2013, NUBL was providing microfinance services to more than 1,87,382 clients in 49 districts of Nepal through its 118 branches, 5 regional networks, and headquarter. NUBL has recorded impressive growth during last few years and has been able to cover its costs. However, the impact of its services on the clients has not been studied.*

*The overall objective of the study was to measure the impact of the clients. The conceptual framework was developed in accordance with the objective of the study. Similarly, the research questions were framed. The study followed both cross-sectional and longitudinal approach of comparison. Necessary documents reviews were done and the sample size determined accordingly.*

*The findings of this study include socio economic status of clients; status of household and individual incomes; nutritional status; status of personal savings; purchase of various types of assets; meeting of financial needs; status of food security; status of education of clients child; status of female empowerment including decision making at household and community; general status of accessing health services by clients. The study also included survey of exit clients.*

*Overall, 36.80%, 38.08% and 38.46% of the clients of NUBL were found to be the Middle Poor, Poor and Very Poor respectively. From the clients that have received services for more than five years Middle Poor consisted of 35.42%, Poor consisted of 39.58% and Very Poor consisted of 25.25%. Similarly from the clients that have received services for less than five years Middle Poor consisted of 39.58%, Poor consisted of 35.42% and Very Poor consisted of*

25%. In case of new clients waiting for loans (who had joined NUBL but had not received services during the time of the study), 35.42% consisted of Middle Poor, 41.66% of Poor and 22.92% consisted of Very Poor. It shows that the services of NUBL helped clients to move from poor to middle poor with the numbers of years of the service received by the clients. However, moving clients from very poor to poor was found difficult.

Overall 15.53% of the total respondents increased their individual savings during last year. More than half of the respondents reported their savings remained constant during the last year. In case of House hold savings 30 % reported increase where as 15 % reported decrease. Similarly, in case of individual income 20 % reported increase and 15 % reported decrease.

68% reported that their nutritional status remained same where as 28 % reported that the improvement took place. Only 2% reported the nutritional status worsened. It was found that the improvement took place in the middle poor and poor clients more than the very poor clients

The financial services, in general, help clients to manage risks and reduce vulnerability. The study included change in the status of individual savings and large scale purchase by the clients and purchase of household assets as the indicators to measure the change in the risk management and reduction in vulnerability in the clients of NUBL. Food security is also included in the study.

Micro-financing are focused on helping people who traditionally do not have access to such capital or services, making possible investments in small businesses that will generate income and make the populace self-sufficient. Also, it provides a long-term solution to some harsh characteristics of poverty, such as malnutrition, illiteracy, and inadequate housing. MF is to be geared toward addressing economic empowerment and improvement of income or income generation of women.

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## **Abbreviation**

AIMS	:	Assessing Impact of Microenterprise Services
ASA	:	Association for social Advancement
BDS	:	Business Development Services
CEO	:	Chief Executive Officer
CGAP	:	Consultative Group to Assist the Poor
CMF	:	Centre for Micro-Finance (Pvt.) Ltd
FAO	:	Food and Agriculture Organization
FGD	:	Focus Group Discussion
GTZ	:	German Technical Cooperation
HH	:	Households
INGO	:	International Non-Governmental Organization
MCP	:	Micro credit Program
MCPW	:	Micro Credit for Poor Women
MDG	:	Millennium Development Goal
MFI	:	Microfinance Institution
MFI's	:	microfinance institutions
MIX	:	Microfinance Information Exchange
NGO	:	Non Governmental Organization
NUBL	:	Nirdhan Utthan Bank Limited.
PCRW	:	Production Credit for Rural Women.
RSRF	:	Rural Self-reliant Fund.
SHGs	:	Self-Help Groups.
UN	:	United Nation.
USA	:	United State of America
UNIFEM	:	United Nations Fund for Women
VDC	:	Village Development Committee.
WB	:	World Bank