

ROLE OF MICROFINANCE FOR POVERTY REDUCTION

A Dissertation submitted to the office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree

By

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August, 2022

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation on entitled "**Role of Microfinance for Poverty Reduction**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor it has been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledge. In addition, I declare that all information sources and literatures used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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ACKNOWLEDGEMENT

I would like to express my heartfelt thanks and sincere gratitude to my supervisor **Asst. Prof. Santosh Pokhrel** Central Department of Management, T.U, Kirtipur Kathmandu for his guidance, inspiration and constant encouragement throughout the whole study.

I am thankful to Central Department of Management for providing opportunity to carry out this research programme. I am also thankful to all the staffs of Central Library for providing necessary supports and environment for the completion of my dissertation.

I am grateful to Prof. Dr. Mahanand Chalise, Chairperson, Research committee for his continuous support and guidance throughout my research programme.

Likewise, I am grateful to the head of Central Department of Management (CDM) and all my honorable teachers of CDM for their assistant support in every aspects of this research.

Last but not the least, I would like to give many thanks to all the respondents for giving their priceless time for filling up the questionnaires without support of whom this study would not be possible.

Ritu K.C.

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ABBREVIATIONS

ABBS	-	Anywhere Branch Banking Service
A/C	-	Account
A.D.	-	Anno Domini
ASS		Assurance
ATM	-	Automated Teller Machine
B.S.	-	Bikram Sambat
CDM	-	Central Department of Management
CEO's	-	Chief Executive Officers
EMP	-	Empathy
Ltd.	-	Limited
No.	-	Number
NRB	-	Nepal Rastra Bank
RBB	-	Rastriya Banijya Bank
REL	-	Reliability
RES	-	Responsiveness
SPSS	-	Statistical Package for Social Science
TAN	-	Tangibility
T.U.	-	Tribhuvan University
i.e.	-	That is
&	-	And
%	-	Percentage

ABSTRACT

Role of micro finance for women in poverty reduction (A Case Study of Dhangadhi sub Municipality of Kailali District is a representative vision of the reality. The major objectives set while preparing the proposal was to find out the socio-economic condition of the community, to analyze role of microfinance in economic development and to analyze the role of microfinance in social development.

Microfinance is a significant means of alleviating poverty, which is believed to be caused by the scarcity of financial resources for the poverty-stricken in the main. The role of MFIs has been beneficial: relaxing the eligibility criteria for credit has allowed the deprived to access capital, and subsequently contributed to mitigating the difficulties created by low incomes and lack of investment. Such success has led to a growing demand for microfinance worldwide, especially in developing countries such as Pakistan, where the group-lending model has been adopted. Furthermore, MFIs provide doorstep banking and credit on personal guarantee only, without any collateral. Consequently, with easier access than traditional banks to financial services, those living in deprivation can at least meet their basic needs and improve their living standards. The ultimate goal of microfinance is socio-economic development of the community. Moreover, it is a target oriented program. The study reveals that it needs to analyze while implementing microfinance program. The socio-economic analysis performed in Dhangadhi sub Municipality reveals that most of the indicators such as family size, male to female ratio, literacy level, housing types and income level are better than in other rural areas of Nepal. Moreover, education level, assets level and housing types have been changed after program intervention.

While calculating economic development, disposal income has been increased but still overall expenditure is more than annual income. This could lead to increase in indebtedness in the community in the long term. The economy activity in the community in the participating clients has been found changing from agriculture to off-farm business such as petty trades. In agriculture also, commercialization has been introduced. However, foreign employment is still found attractive to the youth. The share of informal sector in lending has been reduced because of availability of financial services through microfinance. However, many are borrowings both from

formal and informal sectors. The study reveals that microfinance has been found playing positive role in improving economic level of the community.

Regarding social development, the program has contributed in creating enabling environment for the social development. For example, awareness level on education and opportunities have been increased. Similarly, society develops habit working in group and raising collective voices. Furthermore, client families found increasing knowledge on women and child rights and gender issue. This study show regardless of many constraints of growth, the program has been towards meeting social as well as economic goal. But the program can be more effective if the limitations and shortcomings are corrected timely. However, this study has not been able to deal many social theories. This means microfinance program alone cannot contribute significant on social development.

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Microfinance deals with the provision of financial services, such as loans, savings, insurance, money transfers, and payments facilities to income groups in the lower cadre, (Awojobi, 2014). It could also be used for productive purposes such as investments, seeds or additional working capital for micro enterprises. On the other hand, it could be used to provide for immediate family expenditure such as food, education, housing and health. Microfinance is an effective tool for reduction of poverty and economic empowerment for poor people (Ayoade & Agwu, 2015). Microfinance is no longer an experiment or a wish, it is a proven success.

Anyanwu (2004) stressed that Microfinance may not be able to solve all the problems of the poor, but it certainly puts resources in their hands in order for them to live an enhanced standard of life. Microfinance has shown that poor people can be viable customers if properly focused. No doubt Microfinance has strongly attracted the interest of private sector investors. However, the following challenges, among others, face Microfinance institutions: They scale of financial services to the poor should be increased by microfinance banks; they need to reach out and seek the poor wherever they are and give them access to finance. The Grameen Bank of Bangladesh has set a good example in this direction by allowing credit and other services to cost less for the poor and train staff to be uniquely suitable to Microfinance business. The latter enhances efficiency and sustainability of the sector; and develops tailored products to meet the needs of their clients the poor, (Ayoade & Agwu, 2015).

Poverty is a complex and multidimensional phenomenon. It is widespread and pervasive. Income poverty is considered as deprivation, low education, fragile health including reproductive health, low nutrition and unemployment, and weak social and political participation. These are supplementary elements of the deprivation of capability and empowerment (Senayake, 2002). A study argued that the measurement and the examination of the characteristic causes of poverty at household levels is an important input into the design of economic policy and poverty reduction(Aryal,

2007). Poverty has become now an international agenda and the world leader have committed to social development in order to address the problems of poverty in twenty first century. Recently continuous efforts were made for reducing the large proportions of people living in extreme poverty.

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Microfinance is a source of financial services for entrepreneurs and small business lacking access to banking and related services, which helps to low-income people including women, who are deprived from economics activates. It helps to those people in the society who have no access to take financial from the commercial banks, because commercial banks provides the large amount of loan for high level and income area with some mortgagee. The low income people have not any property to keep the mortgagee to take loan for commercial banks.

Microfinance is one of the appropriate mechanisms to identify the poor and disadvantages community and to address poverty by providing income, employment and capacity building opportunity to the poor, disabled, dalits, marginalized group and destitute including women and their socio-economic empowerment with the support of social mobilization.(Shrestha, 2007).

Poverty in Nepal is overwhelmingly a rural characteristic. We have to be clear that without proper looking of the basic characteristics of the individual and/ or group of individuals and/ or household level, no further achievement can be made in the reduction of poverty. Nepal has more than 50 year's development experience. The past development history has shown that poverty reduction constitutes the precondition for the overall development of the country. Without enabling those people living under the poverty line to participate and involve spontaneously in decision making process on every issues concerning themselves by increasing their per capita income, providing them with income generating opportunities, Nepal's development process cannot be achieved smoothly. The consumption of goods and service such as people's basic and primary needs like food, clothing, shelter and health, education etc, depend upon their purchasing power. And, these are the prerequisites for the infrastructure development such as construction, road, irrigation, electricity etc, which is one of the indicators of level of development in the country.

Microfinance is related to the supply of loans, savings and other basic financial services to the poor people living in poverty. Financial services needed by the poor include working capital loans, consumer credit, saving, pensions, insurance and money transfer services through the formal financial sector. Poor people are fulfilling their need of financial services through a variety of financial services, mostly through informal credit which is available from informal commercial and non commercial money lenders, usually at a very high cost to borrowers (Imran, Zaheer & Saif, 2011)..

Likewise, saving services are available through a variety of informal relationships like saving clubs, rotating savings and credit associations, and mutual insurance societies that have a tendency to be erratic and insecure providers of financial services to the poor. Such institutional arrangements. These services are not sufficient to fulfill the requirements of the poor. This includes the service from donor-supported, non-profit, Non Government Organizations (NGOs), commercial and state banks; insurance and credit card companies; wire services post offices; and others. But the experiences gained during the past 1980's, and 1990's have shown that the poor are credit – worthy,; they are sincere and they repay their loans and are willing and able to pay interest rates that cover the costs of providing such loans.

According to United Nations microfinance” is defined as the provision of small scale financial services such as savings, credit and other basic financial services to poor low income people. The term “microfinance institution” now refers to a wide range of organizations dedicated to providing these services and includes nongovernmental organizations, credit unions, co-operatives, private commercial banks non- bank financial institutions and parts of state- owned banks

Financial services for the poor have proved to be a powerful instrument for poverty reduction that enables the poor to build assets, increase incomes and reduce their vulnerability to economic stress. However, with nearly one billion people are still lacking access to basic financial services especially the very poor. Operationally, the Nepal Rastra Bank has defined microfinance as the loan up to NRs 90,000. The relevance of microfinance tools for the development of the rural Nepal and for the improvement of living standard of low income people continues.

1.2 Statement of the Problems

Microfinance can take the form of loans, savings accounts, and other cash management assistance for those on low incomes, especially in the developing countries (Robinson, 2001). A range of economic theories explain the vital role also played by microfinance in generating greater profits for businesses. Small and medium enterprises (SMEs) require a wide range of financial services to provide working capital, acquire resources, stabilize consumption, and counter risks (Ehigiamusoe, 2005).

MFIs can meet these needs through working capital loans, credit facilities, venture capital, and money transfer services. By assisting in the success of businesses, MFIs are able to indirectly influence poverty alleviation as well. Thus, it is worth reviewing the various theories that shape poverty reduction strategies. Microfinance is a tool with which financial facilities can be offered to not only deprived individuals but also small-scale enterprises in both urban and rural areas, as well as nonfinancial assistance, such as personal and business budgetary advice. It is also worth noting that in recent years, NGOs and the private sector are converging their humanitarian operations and microfinance services to bolster economic development and poverty alleviation.

Similarly, Li (2018) examined the relationship between low income and financial inclusion. The results suggested that less affluent families are inspired by their wealthier neighbors' success to utilize microcredit for investment and further education to reduce their poverty level.

In this respect, foreign direct investment (FDI) is also beneficial: Musibau, Yusuf, and Gold (2019) undertook an empirical investigation and discovered that the potential for human capital development could encourage foreign investment and subsequently reduce poverty. Moreover, Emily (2005) stated that MFIs can remove the call for charitable donations, which intensifies the level of dependence. However, Mahmood, Hussain, and Matlay (2014) and Rashid and Ejaz (2019) later explained that most people in need apply for microcredit to meet their immediate needs rather than to set up new or development current businesses, which did not lead to increased employment or poverty reduction. Thus, microfinance does not guarantee better

employment opportunities, income levels, and economic development, and consequent poverty alleviation.

In fact, Gehlich–Shillabeer (2008) had recommended that MFIs learn more about their client’s lives and the environment in which they live to better understand their needs. Nevertheless, Tiberti, Maisonnave, Chitiga, and Mabugu (2018) adopted a macro–micro methodology to discover that improvements, albeit small, and a decline in poverty were achieved for the population as a whole. Furthermore claimed that, the past experiences of MFIs have shown that those in need are more reliable than their wealthier counterparts, reducing poverty also reduced the possibility of defaulting on credit, around 95% of loans being repaid.

According to the census of 2068B.S, 33% of people in rural area are under the poverty line and 82.93% population lives in village among which 73.3% depends on agriculture sector. In that situation, the banks, financial organization cannot reach to the rural area, lack of the accessibility of the banks, financial agencies, rural people cannot utilize their self skills, capacity, labour in productive and better way , without money is nothing possible like that, people of rural area are compelled to take loan from individual or private sector rather than banks or financial agencies that result to repay with high interest rate, the can fulfill only their basic needs, food cloth and residence so that the study show the private sector inviting the more powering in rural area and another important thing is the field of microfinance is only in the rural area, there is large scale opportunity to enter microfinance program so the attempts made how the financial sectors enter in rural area for poverty alleviation and what has done to uplift their lifestyle by enhancing microfinance programme.

The study focused on the answers of the following research questions:

1. What is the role of microfinance in employment creation?
2. What is the relation between microfinance and basic needs?
3. What is relation between the microfinance and living standards?
4. Is any impact of microfinance programs in poverty reduction?

1.3 Objectives of the Study

The main objectives of the study is to analyze the impact of microfinance for economic growth and its contribution to reduce poverty of the people.

The major objective of the study is as follows:

1. To evaluate the role of microfinance in employment creation .
2. To state out the relation between microfinance and basic needs.
3. To explored relation between the microfinance and living standards (LS).
4. To examine the impact of microfinance programs in poverty reduction.

1.4 Significance of the Study

Nepal is least development country. Most of the population of Nepal lives in rural area. But on the contrary all sorts of facilities is focused to urban area. Specially banking facilities are focused on those urban areas. In this context micro finance services important tools for the development of rural area. Because of banking facilities are limited to urban areas; people from rural area have not access of those facilities. Many small entrepreneurs are suffering from insufficient capital. They have not enough credit facilities. There is no any institution for saving of their small amount which they can save from their monthly expenditure. Micro finance is the solution to fulfill those lacking. Many micro finance companies are providing their services to rural people. They are conducting different activities like saving collection, providing short term loan and others conducting social activities which help to change their life style. Micro finance program encourages to regular saving that helps to create capital.

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 identify the status of poor people in the rural areas as per self- dependency.

This study is concern with those micro finance companies that how far those micro finance companies are important to improve the living standard of rural people. What is the role of micro finance company to reduce the poverty? Is there any significance change to the people of rural people? This study analyzed the impact of micro finance

company to the rural people. This study is helpful to ascertain the effectiveness of micro finance company in developing country like Nepal.

1.5 Hypothesis of the study

The following hypotheses were developed to determine the relationship between microfinance and poverty alleviation:

H₁ : Microfinance has a significant relationship with basic needs (BN).

H₂ : Microfinance has a significant relationship with living standards (LS).

H₃ : Microfinance has a significant between microfinance and poverty.

1.6 Limitations of the Study

This study has concerned only to the macro financing institutions. The study has following limitations:

- The study was based on Dhangadhi sub Municipality of Kailali district.
- Only basic need, living standard are taken as a determinant of poverty reduction.
- This study is only concentration to nirdhan utthan laghubitta bittiya sanstha ltd. and nepal grameen bikas bank ltd.of the kailali . So it is does not cover the real scenario of Nepal.

1.7 Organization of the Study

This study has been organized into five different chapters.

Chapter- I: Introduction:

The first chapter deals with the subject matter consisting introduction, back grounding of the study, statement of the problem, objectives of the study, significant of the study, limitation of the study and organization of the study.

Chapter- II: Review of the Literature:

The second chapter is mainly focused on literature review that included a discussion on the Concept microfinance in Nepal which studies relating with Poverty Reduction.

Chapter- III: Research and Methodology:

The third chapter describes the research methodology used to conduct the present research. It deals with research design, sources of data, data processing procedures, population and sample; period of the study, method of analysis and financial and statistical tools.

Chapter - IV: Data Presentation and Analysis:

The fourth chapter is concerned with analytical framework. It includes the analysis of financial indicators.

Chapter - V: Summary, Conclusion and Recommendations:

The fifth chapter includes the summary, conclusion and recommendations of the study which deals about the main theme of study and comparison of lending policy of the banks with recommended for improvement of loan management of the selected banks. The bibliography and annexes are also incorporated at the end of the study.

CHAPTER II

REVIEW OF THE LITERATURE

This section includes review of related theoretical literature, review of empirical literature, implications of review for the study and conceptual framework.

2.1 Theoretical Review

2.1.1 Microfinance

Microfinance has proved itself a powerful tool for economic development of low-income women and man. It is an effective approach for alleviating poverty through access to the poor for operating their small enterprises. The term microfinance refers to the provision of financial services to low-income clients, including the self-employed, financial services generally including saving and credit ; however , some microfinance organization also provide insurance and payment services.

Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive or grow their tiny business. Over the time , microfinance has come to include a broader range of services (credit, saving , insurance etc) as we have come to realize that me poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products (Yunus, 1987).

Microfinance activities usually involve:

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

Since microfinance is targeted to poor people of rural areas, it assists the poor in many ways. Such as ; providing poor people to invest in assets, organizing and facilitating difficult activities to earn their livelihood, protecting against income shocks in case of

emergency needs and smooth consumption, improving quality of life by building social capital.

Nobel peace prize winner of 2006, Mohammad Yunus of Bangladesh, the brain child of grameen bank, apply regards poverty as " The denial of human right. A poor person has no right at all, no matter what one puts into the book" (Yunus , 1987)

Some MFIs provide enterprises development services, such as skills training and marketing, and social services, such as literacy training and health care; these are not generally included in the definition of microfinance. MFIs can be non- governmental organization (NGOs), saving and loan cooperatives, credit unions, non- banks financial institutions. Microfinance clients are self- employed as well as street vendors, women, service providers (hairdressers, rickshaw drivers) and artisans and small producer, such as blacksmiths and seamstresses.

2.1.2 Model of microfinance

Various Microfinance institutions in the world have adopted various credit lending models. Some of them are described below:

2.1.2.1 community Banking

This banking model is mostly run by NGOs and other organization to develop community by introducing community development programs. For this , semi-formal institutions are lunch in the community to give out micro loan and train the community members into different financial activities in generating income and saving (Bank, 2014).

2.1.2.2 Gramin model

Gramin model is set by the Prof. Mohammed Yunns in Bangladesh targeting women from low-income group as the main borrower . In this model , a bank manager and workers visit villages to explain the purpose and model of operation of the bank to the local people .In first stage , two out of five people in an group receive loan.The group are then monitored for a month to see if they are following the rule of the bank. The other member of that group can borrow money only when the first two borrower

repay money with interest within fifty weeks of lending period . This pressurise the group to keep individual record clear(Bank, 2014).

2.1.2.3 Group model

In this model, if a member faces difficulty in paying back loan, then other members put pressure on that member to pay it back soon. But it does not work then the whole group will repay the loan on the behalf of that member (Johnson and Rogaly, 2014).

2.1.2.4 Individual model

This model does not need any group to formulate as micro loan is provided directly to the individual . So there is no peer pressure for repayment (Bank , 2014).

2.1.2.5 Bank guarantees

In this model, a commercial bank plays role of lender in which it arranges money from external donor or government agency or by internal source using member saving. Loan are provided directly to an individual or a self-formed group. Many international UNO have been creating international guarantees funds that banks and NGOs can contribute to start micro funding programs (Bank, 2014).

2.1.3 The Poverty Theory

While relying on the vicious circle of poverty Theory, a credit investment framework is constructed and seeks to explain how microcredit can be used as an instrument for poverty reduction. Meanwhile, the proponent of the vicious theory (Nurkse, 1967) explained that poverty perpetuates itself in mutually reinforcing vicious circle on both supply and demand sides. It is argued that the most important circular relationships of a kind are those that affect the accumulation of capital in economically backward country or society explaining the supply side, the proponents hold the view that there is a small capacity to save due to low level of real income. The low real income is a reflection of low productivity, lack of capital, resulting in small capacity to save. With regard to the demand side, it is argued that, demand for capital is influenced by incentive to invest. However, the lack zeal to invest could be due to low purchasing capacity of the people, small real income and as a result of low productivity.

Low productivity, however, could be due to small amount of capital used in the production, which may be caused partly by less incentive to invest. Meanwhile, the low level of real income, due to low productivity, is an issue that is common to both supply and demand sides of the circles. therefore, it could be argued that there are two ways that people use microcredit. Thus, loans are either used to start a new enterprise or expand an existing one. Provision of credit to people who are not working might serve as a start-up capital of them in doing business (income generating activities), thus, in the process creating jobs for them. Job creation could lead to reduction in unemployment within beneficiaries, as unemployment is reduced, the general poverty level can also be reduced.

Oxford Advanced Learner's Dictionary defines poverty as not having and not able to get necessities of life. There are many words to name the poverty as destitution, lack, difficulties, bad circumstances, embarrassed, insolvency, disadvantaged, measurable etc. In simple word, the poor mean the person who does not have any property (Kunwar, 2002).

Encyclopaedia Britannica lauds poverty is the condition that is said to exist when people lack the means to satisfy their basic needs. The dictionary of sociology distinguishes the difference between relative poverty and absolute poverty. Absolute poverty occurs when people fail to receive sufficient resources to support a minimum level of physical health and efficiency that often expressed in terms of calories or nutritional levels. Relative poverty is defined as the general standards of living in different societies and what is culturally stated as being poor rather than some absolute level of deprivation (Kunwar, 2002).

Gillian & Gillian defines "Poverty is that condition in which a person either because of inadequate income or non-envisaged expenditure does not maintain a scale of living high enough to provide his physical and mental efficiency and to enable him and his natural dependents to function usefully according to the standards of the society of which he is a member".

2.1.4 Role of Microfinance in Poverty Reduction

The microfinance by definition is the provision of financial services to low income groups which include savings, credit, payment and micro-insurance services. The

poor used to depend upon local merchant and local traders for borrowings when needed for buying inputs, treatment, social functions and other emergency. But this informal sector charges exorbitant interest rate and it is not reliable source too. The other option is to receive service of the traditional banks. But these banks are reluctant to serve poor because of risky and its main aim to generate profit than development. Moreover, the poor people cannot fulfill the requirement of banks such as collateral requirement and series of documentations. It is also expensive to borrow small loans from traditional bank to poor.

In addition, poor needs social mobilization and training in addition to loans which is beyond the scope of traditional banks and informal sector. It is only microfinance which has been designed considering the situation of the poor. The microfinance can contribute in poverty reduction because of the following reasons (Kunwar, 2002).

- The main mission of microfinance is poverty reduction by providing demand based products to poor
- Microfinance does not require collateral, in most of the cases loans are disbursed on group guarantee
- Microfinance services are offered at door step and process is easy
- Savings services are equally important to poor which is available in microfinance
- Social mobilization is the integral part of the microfinance which increases awareness and help the people to work in group
- Microfinance offers capacity enhancement training in addition to financial services which is necessary for the poor
- MDGs has envisaged employment which is only possible by making availability of financial services to initiate income generating activities
- The poor generally feel alone and exclusion, they need group, which is possible through microfinance program
- Capital formation at local level is necessary for sustainable operation of the livelihood program which is possible through implementation of microfinance program

Kunwar in his book 'The Himalayan Poverty, Threat To The World, writes that Agricultural Development Bank, Small Farmers Development program, Production

Credit for Rural Women, Micro-Credit Project for Women, Grameen Bikas Bank, Intensive Banking Program, Cooperatives, Rural Microfinance Development Center, Rural Self-reliance Fund and Microfinance Development Banks has been established for poverty reduction.

Micro-finance has evolved as an economic development approach intended to benefit low income women and small framers. The term refers to the provision of financial service to low income clients, including the self- employment. Financial services generally includes saving and credit, however, some micro-finance organizations also provide insurance and payment services. Many MFIs provide social intermediation services such as group formation, development of self-confidence and training in financial literacy management capabilities among members of a group.

Women's empowerment, is power with, power within, power in, and power over (Kabeer, 2001), can be a robust yardstick to beat the severe challenge of the 21st century that is the unequal distribution of income and resources which results in poverty, degraded well-being, illiteracy, and poor health and sanitation (Acharya, 2020). Women are deprived in all sectors and communities; consequently, women are victims of poverty more than men (Khan & Noreen, 2012). Ironically, women empowerment is a global need but most of the countries as well Nepal are still chasing the goal.

Khan and Rehman (2011) revealed that microfinance institutions provide credit to underprivileged populace particularly those living in rural areas. This is a successful device for poverty reduction, improvement in health, schooling and getting better living standards. Microfinance programs specially focus women by facilitating them for self employment. A microfinance program increases confidence among its female borrowers and improves their living within the family which in turn empowers women.

Wheatley (2011) concluded that microfinance is a useful device to empower women as it leads to fight for women's right. It is indispensable for poor women. Even a Small amount of loan given by microfinance institutions has 24 lasting effects on their lives and the lives of those related to them. She can commence a business and increase income. However the amount contributing financially is a cause of influence

within the family. The echo of the supremacy they achieve will reflect through their children, their relatives, and in return throughout the development of their country.

Riaz et al. (2012) concluded that micro-credit had a positive impact on the livestock, living standard, and household income of the members of credit organizations, therefore improving the economic conditions of rural women. They also discovered that micro-credit had an insignificant impact on savings and housing. It was found that the main obstacles to women empowerment were lack of earnings, employment opportunities and access to credit for women. Provision of financial services made it possible for the poor people to increase their household income and make assets. These people could make arrangements for their future and schooling of their children.

Empowerment means growing of the religious, social, political, and economic power of communities and individuals. It entails developing self-belief of the individual in her personal ability (Mohammad and Mohammed 2007).

Empowerment of women, as discussed by Mayoux (2005), is possible when women can control their resources and decide on themselves about their resources and life. Therefore, it is crucial to examine the contribution of microfinance services to uplift the socio-economic status of women. It becomes important in the Nepalese scenario where the youth female literacy rate is 87 percent whereas adults are 60 percent (The World Bank, 2018).

The role of microfinance institutions in poverty reduction and wellbeing improvement has attracted the policymakers' attention in the developing countries across the globe. Yet, the clear evidence on the positive impact of microfinance is no exists. What is the role of microfinance on women empowerment? This question is always repeated among the academicians and the policymakers in the government and non government agencies. Therefore, this research attempts to uncover the role of microfinance institutions on the investors. The intervention of microfinance institutions is consists of three major functions of financial, nonfinancial and social intermediation services which have significant impact on the poor wellbeing which manifested in the clients' household, empowerment and their micro and small enterprises' performance.

2.2 Empirical Review

2.2.1 Review of Journals & Articles

Bashyal, (2005) evaluated the impact of microfinance program on poverty reduction in her Ph.D. dissertation entitled 'Impact of Microcredit Programs on Poverty Alleviation in Nepal: A case study of Rupandehi district'. She gave more emphasis on her study that women will not be empowered until and unless they get benefited both qualitatively and quantitatively with the promotion of gender equality. Overall objectives of the study were to evaluate the socio-economic impact and implications of microfinance on poverty alleviation through empowering women.

Poudel, (2007) had found that the investments were mainly of three types i.e. investment of loan to support existing business/ occupation, expenditure. Out of 97 new employment, the highest contribution in new employment generation was from small business and lowest was from animal keeping sector. The highest amount of loan was borrowed for the purpose of small business. It is also seemed that investment of the bank loan to the members who have existing business/ occupation is not fruitful for poverty alleviation. It is also proved that the performance of bank to identify target group is also poor.

Singh & Dara, (2007) found that the Lack of democratic functioning, delays in operational aspects, lack of appropriate legislation to regulate the credit flow to the poor, social exploitations by the private money lenders charging high rate of interest and by-passing the needy persons, weak banking system unable to access the poor, officials indulging in corrupt practices are the main problems faced by the beneficiaries. For improving the Micro Finance the suggestions include generation of awareness, encouraging Fis, expediting services, making policy changes and modification in NABARD Act, removing monopoly of government and making provision of social audit.

Shrestha, (2012) found that in order to meet the substantial demands of microfinance services, micro entrepreneurs, micro finance practitioners and donors are suggested to look in to this solution to the problem and develop policies and strategies in long term perspectives to serve the micro entrepreneurs'. In this article he has presented the background to the SFDP and its implementation in several districts. In his findings he

has basically pointed two problems in the implementation of the successful micro finance program. The program was expanded all over the country which raised question on its financial viability and sustainability. The research also pointed that there is shortage of competent staff who could work in harmony with the people of remote areas.

Sharma, (2013) indicated micro-finance as one of the most powerful tools for alleviating poverty. Micro-finance institutions (MFI) in Nepal are serving primarily the micro-enterprises. Accesses to micro- enterprises to micro-finance services provide them with an important tool for improving their efficiency, productivity and welfare while reducing risk. In other words,(MFI) is both a formal and informal, providing financial services which help in creating job opportunities to the micro-enterprises, both wage and self- employment and there by generating income among the poor.

Chakraborty and Jayamani, (2013) found that the microfinance, a poverty alleviation tool to mitigate the vulnerability of the people of the weaker section in the society, has widely been implementing all over the world by engaging especially, the women in the main stream economic development. From the conducted study suggests that microfinance has been able to make poor women psychologically empowered and has raised their consciousness level high. It is also found that now they are equally capable of executing their decision- making power in the family matters. From the table of consciousness level of the beneficiaries, it is evident that the consciousness level regarding exercising voting right, preparing oral saline and drinking tube well water is satisfactory while the habit of using contraceptive is little bit low. Thus for the overall development of the country including rural sector, the weaker section women must be included as the key force with the existing male dominated financial sectors and all the development program must be addressed to the financially backward women.

Khanal, (2014) found that investment in modified traditional pottery making into ceramic factory from the loan of financial institutions organizing individual entrepreneurs into single enterprise and training on enterprise skill and management improve the livelihood of the entrepreneur's household. However the repayment of installment of loan and interest has been a crucial problem due to lack of adequate

demand of their product, which require to be improved by providing rigorous skill training to them. With the access to micro finance of the. She has also recommend to the concern agencies like ministry of industry, department of industry, FNCCI, and I/NGOs to assists for the expansion of the market of their product through-out the country.

Shrestha (2015) found that the long as the sector remains play used by such serious anomalies it can never establish itself as a potent instrument of employment promotion and poverty reduction in the country despite the sound and fair occasionally generated by such event like micro-finance submit. The urgent need is to look at the various discrepancies playing the micro-finance sector and devise the necessary means and ways to make it vibrant so that it can achieve the objectives of alleviating poverty and self-employment promotion in Nepal which has a very high rate of unemployment.

Sharma, (2015) examined MFIs to grow and attain sound financial health. Some of the desired roles for HMG are demonstrating firm commitment towards poverty alleviation through action, stopping direct involvement in running and managing MFIs, stopping owning MFIs, and handing over presently owned shares of such institutions to the private sector through appropriate and transparent mechanism.

Sharma argue that Microfinance is not simply banking for the poor; it is a development approach with a social mission and a private sector-based financial bottom line that uses tested and continually adjusted sets of principles, practices and technologies. The key to successful microfinance lies in the ability of the provider to cost-effectively reach a critical mass of clients with systems of delivery, market responsiveness, risk management and control that can generate a profit to the institution. Typically, this profit is ploughed back to ensure the long-term survival of the institution, i.e. the continuous provision of services demanded by its clients. The two long-term goals of microfinance are thus substantial outreach and sustainability. This article focus on microfinance services practices in Nepal on the basis of opinion survey.

Kayastha, (2016) explored the current issues of microfinance emerging in Nepal, and claims that institutional governance is the effective method to overcome most of

these obstacles. Institutional governance is probably a new concept for microfinance in Nepal. It simply mean the exercise of managing the political, social, and economic matters and human interactions. Institutional governance help to interact between different institutions- public and private/ and contributes to put values on formal and informal rules which can finally contribute in order to address the current issue that this research has identified. With a point of view of institutional governance, Nepalese microfinance sectors needs clear vision and policy according to the heterogeneous modalities of microfinance institutions, and coordination between the Government of Nepal and microfinance institutions to create the healthy environment of microfinance in order to contribute in poverty reduction in Nepal.

Sapkota, (2018) found that now they are equally capable of executing their decision-making power in the family matters. It is evident that the consciousness level regarding exercising voting right, preparing oral saline and drinking tube well water is satisfactory while the habit of using contraceptive is little bit low. Overall development of the country including rural sector, all the development program must be addressed to the financially backward women and the weaker section women must be included as the key force with the existing male dominated financial sectors.

Kharel, (2018) investigated the problems and prospects of microfinance'. He has come to include a broaden range of service-credit, insurance and saving. Lack of democratic functioning, delays in operational aspects, lack of appropriate legislation to regulate the credit flow to the poor by the private money lenders charging high rate of interest and weak banking system unable to access the poor, officials indulging in corrupt practices are the main problems faced by the beneficiaries.

Ganawali (2018) investigated the economic empowerment of women through functions of microfinance institutions. This study based on primary data through self-administered questionnaire to the women of Butwal and data were analyzed by using appropriate statistical tools and percentage analysis. This study showed that microfinance institutions plays a positive role on women who invest in them by increasing their well-being access to and control their resources, eradicating illiteracy among women, taking part in economic decision and microfinance institution had boosted women's self-esteem.

Dhungana (2017) examined the impact of micro-finance on women empowerment of the people living in western development region of Nepal. The research is based on primary data collected through observation, focus group discussion, and structured questionnaires. The survey includes 500 micro-finance clients from four districts (Nawalparasi, Kaski, Parbat, and Baglung) of western development region consisting 300 from government MFIs and 200 from Private MFIs clients who have been involved in micro-finance programme since last five years. The Wilcoxon signed rank test and women empowerment index has been used to evaluate the women empowerment after MF intervention. The study shows that individual empowerment, socio-political empowerment, and economic empowerment of women has significantly increased after involvement in micro-finance programme through financial and non-financial services. The study also finds positive relationship between educational level and women empowerment index.

Sinha , Dutta and Sengupta (2019) investigated the impact of microfinance access on three dimensions of women empowerment which make influence upon decisions making on the issues of credit, expenditure, and children. This study examined the role of microfinance access on women empowerment by using primary data on women borrowers from different microfinance institutions in Nadia and Murshidabad district of west Bengal in India. The study had conducted a primary survey on about 800 respondents of women borrowers from different microfinance institutions. Finding of the study showed that the greater access to microfinance credit negatively impacts on economic empowerment that is decisions on credit and expenditure related issues.

Sachin and Rastogi (2020) explored the roles of microfinance institutions for women empowerment have caught the attention of the policymakers in India. The fundamental premise of providing microfinance services for women empowerment is women's participation in entrepreneurial activities to improve their economic conditions self-esteem and efficacy. Women play an important role in the economic development of a country. Microfinance, which is also referred to as microcredit is a type of banking service provided to poor or low-income individuals who have no other access to financial services. Despite the popularity of microfinance in India, there is no clear evidence that asserts the effectiveness of microfinance schemes in

women empowerment. A theoretical background which would help in analyzing the effectiveness of microfinance is lacking. Therefore, the main purpose of this study was to propose a conceptual framework on the role of microfinance in women empowerment. In the study semi, structured interviews were conducted to collect and analyze qualitative data. The study showed that women entrepreneurs apart from seeking loans also need training and access to networks for information and guidance. The study recommended that women should join professional associations to get information and other resources necessary for entrepreneurial ventures.

Ijanada, Inusa and Aliyushika (2020) examined the effect of microfinance bank services on empowering women business in sabongari local government area of kaduna state. The study used cross sectional survey research design. The population of the study comprised 20,000 registered women entrepreneurs. A total of 392 women were selected using stratified sample techniques. The analysis of the data had done through partial least square structural equation modeling with aid of smart software. Finding of the study showed that microfinance saving, microfinance loans, and financial interventions or donations had significant and positive impact on empowering women business in SabonGari local government. The study concluded that microfinance saving deposits is an avenue for women entrepreneurs to save their little incomes and as such, it serves as security to accessing loan and other microfinance institutions should deploy more staff to different business areas where women who are able to make small income from their business can save and give their daily contribution. This study suggested that government should create more microfinance banks schemes and other financial intervention packages so as to boost their services and ensure that the donations and funds get to the women entrepreneurs.

Banerjee, Alok & George (2020) investigated that an employed woman, having her own income source, higher educational level, knowledge of legal rights, higher educational level of the mother of the woman, having property in her own name, more freedom of movement during her school days, having high self-esteem and belonging to a relatively affluent background, increases domestic making power of the women, and thus empowerment. Some possible policies are suggested for developing economies.

Jain (2020) examined how far micro financing services positively affect the empowerment of Nepali women living in the eastern part of Nepal. A purposive sampling method was used and responses of 97 women were collected through structured questionnaires. The women were using microfinance services on their own and at least from the last three years. Results indicate that the use of microfinance services (credit and saving) helps women to empower. Easy access to financial services and satisfaction with the loan payment period causes no difference in the improvement of women's empowerment. Saving service is significantly associated with women's household decision-making, major decision-making in the domestic context, and availability of basic household needs. Microfinance services contribute to women's socio-economic empowerment and their children's education.

Abbas, Isaac. et al. (2021) examined the determinants of women empowerment in Pakistan. The study operationalized the concept of women's empowerment and investigated its determinants through representative secondary data taken from the Pakistan demographic and health surveys among women at reproductive age (15-49 years). The study found that the binary logistic regression highlighted that almost all of the selected demographic, economic, social, and access to information variables were significantly associated with women's empowerment ($p < 0.05$) in both PDHS datasets. Results of the multivariable regression analysis conducted separately for two empowerment indicators (decision-making and ownership) corroborated the findings of the one indicator of women empowerment.

2.2.2 Review of Related Thesis

Various students regarding the various aspects of microfinance company poverty reduction, women participation, lending process, economic impact of society have conducted several thesis works. Some of them are supported to be relevant for the study as prescribed below:

Gyawali (2011) conducted a study on "Impact of Microfinance Programme in socio-Economic Empowerment of women in Nepal. A case study of DEPROSC Nepal in Thaiba VDC of Lalitpur District. Major objective is to study the Economics impact of microfinance on women Empowerment. To the social impact of microfinance on women empowerment and to analyze the constraints faced by women clients because

of the competitive microfinance services. The major finding of the study are: Women are found to have enhanced food security. Better health nutrition sanitation etc. after being involved in MFPs. microfinance program has contributed towards generating more income from small scale business, agriculture and live stock farming.

Regmi, (2013) conducted a study on Role of Microfinance in Poverty Reduction A case study of Microfinance program of Manushi in Goldhunga V.D.C of Kathmandu district. The main objective of the study is to evaluate the effectiveness of th micro finance program in the area in the context of poverty reduction, to analyze the effect of Microfinance in living standard and empowerment of women participants in the study area, and to provide suggestions for enhancing the effectiveness of the program. The major finding of the of the study are: Drinking water supply in the family engaged in microfinance have satisfactory. Almost all of the families have toilet in their home which shows satisfactory level of personal hygiene in their households. The family of the study area has got moderate level of health services. Most of the family of the study area have their own land for agricultural activities. Microfinance client have many alternatives of income. Most of the clients have improved their income level by utilizing loan from the microfinance institution. Survey shows that most of client used the loans in agriculture and animal husbandry .so loan disbursement to be made accordingly in the survey area. It observed from the survey those clients are satisfied with the service of microfinance institution. It is observed that microfinance institution provide microfinance services to poor people especially poor women.

Gurung (2013) conducted a study on "Impact of Microfinance Program for Poverty Reduction and Women Empowerment: A case study of micro Finance Program of kaski District". The main objectives of the study is to examine the socio-economics impact of micro finance programs on clients of NUMI in koshi bistrict, to analyze the impact of MFPs on women empowerment, to access the impact of The MFPs on the poverty reduction. Major Finding of the study are: In an average, the age of clients in 40 years which is includes mostly literate and married women. Income level of women increased to Rs,46500 from Rs,39725after involving in MFPs. Being economically sound, Micro-credit has helped a large number of clients to diversify their occupation by under taking newer activities. After involving in MFPs the

condition of drinking water has improved which proves that women are getting awareness through MF as well.

Poudel, (2014) conducted a study on "Microfinance Enterprises and Women Empowerment under Village Development Programme (A case study Nirmal Pokhari VDC, Kaski)". The main objective of the study is to analyze the status of women enterprises in Nirmal pokhari VDC, to evaluate how efficiently proper is utilized by women enterprises, to explore the repayment status of loan portfolio and to study on funding management of village development by women enterprises in Nirmal Pokhari VDC, Kaski. The major finding of the study are: Income level has increased after VDC. Out of 70 sample women 31% and 13% are found to earn between Rs, 100000-150000 and Above Rs.150000 respectively. Repayment of loan is satisfactory with 91% borrowers paying back on time. Main Problems Faced by women enterprises are water (for agriculture and livestock). transportation and market. Investment is higher in agriculture and livestock than in trading and manufacturing enterprises.

Bhandari, (2015) conducted her MBS thesis topic "Economic Impact of Microfinance on Women" (A case study of Tokha, Kathmandu Nepal). The major finding of the study are: the women beneficiaries of the micro finance program have improved their earning and equally stimulated their living standard. Repayment of the loan amount is mostly on time. Through the loan has not generally seemed to be utilized on the mentioned purpose they have been paying of time from other sources. Most of the respondents are married women who are also in a greater need to support their family economically. The majority of the respondents (58.97%) belong to small sized family while 30.77% belong to medium size family with six to ten members. 34.18% of the respondents took loan for business purpose, 20.51% were found to take for agriculture, 17.09% for household purposed and 15.38% for their children's education. It indicates that women have been business minded and aware for the proper investment. Major occupations after involvement in MFPs are livestock/poultry farming, shop kipping, weaving/ tailoring and small scale business as candle, soat, prickle, making etc. Most of the women take loan from 2000-50000. very few women take loan above 50000 as the risk would be higher with high loan amount.

Dhital (2015) conducted thesis on 'Socio Economic Impact of Micro Finance' (With Reference to Sangle V.D.C. of Kathmandu District, Nepal)'. The thesis has focused on

the impact of microfinance to develop the socio economic condition of the people, role of microfinance for the rural poor people in income generating activities, effect of microfinance program on the economic status of beneficiaries. The thesis finds that the age of majority of women is between 20-40 years. So that, MFP has involved only earning aged members and female. Majority members of the MFP can be found illiterate in the study area. Literate members also are hardly able to write their own name. The most of the households have the medium family size. Medium family size consists of between 4 to 7 family members. Living standard of respondent is increased after the MFP in the study area, similarly economic to send their children to private school after than before MFP. Not only their sons but also daughters sent to the private school. There is positive effect of MFP on source of fuel consumptions. Except small parts of the respondents, most parts of the respondents use gas as a fuel after MFP.

Neera, (2018) conducted thesis on Role of Microfinance on Women Entrepreneurship Development (A Case study of Kirtipur Municipality-4, Kathmandu). This thesis has focused on to analyze the saving habit of member women, to study the source of income of women respondents, to analyze the loan use practice of member women, to analyze the impact of micro finance to improve in economic status of the member women o explore suggestions to improve the and to economic condition of poorest women. Main Findings were: Microfinance is a practical model to microfinance program. The overall study shows that the program has made positive impact on the women living standard by generating employment and increasing 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.

Acharya (2019) conducted thesis on Impact of Microfinance on Women Empowerment (A Case Study of Sunal - 4, Nawalparashi District). This thesis has focused on to examine the role of micro finance in economic empowerment of Nepalese women, to examine the Nepalese women's participation in Family decision making and social status after joining microfinance program and to examine the improvement on the status of women from the program.

Many researchers which related to microfinance and women empowerment have been conducted. Most of the previous researches are closely related to the present study which helped the researcher to explore what has already been done and what is still remaining to be done. The previous studies are similar to the present study. The present study focuses on the role microfinance in poverty reduction. A study by Acharya (2019) on Impact of microfinance on women empowerment helps me to find out the women empowerment factors.

A study by Sara long theory of empowerment give knowledge about the empowerment factors and branches. It helps to develop theoretical framework and conceptual framework. Moreover, the researcher got is got ideas to decide research design, specifying the objective of the study, determine selection of the research tools, data collecting procedures, analysis and interoperate sate and etc. to say in a single sentence they helped the researcher in all aspects of the study. The review of these literatures also provided the researcher clear idea about role of microfinance on poverty reduction. Above review has focused on to analyze the saving habit of member women, to study the source of income of women respondents, to analyze the loan use practice of member women, to analyze the impact of micro finance to improve in economic status of the member women o explore suggestions to improve the land to economic condition of poorest women. Main Findings were: Microfinance is a practical model to microfinance program. The overall study shows that the program has made positive impact on the women living standard by generating employment and increasing productivity. The most important and effective program is to the basis to uplift the economic condition of rural women.

2.3 Research Gap

The microfinance is an emerging issue to overcome the poverty. Many organizations words on that field but how are they working in that field, what did impact the poor people. Many researchers are conducted on that could not draw the clear picture, so that is the research gap. The study was aimed at evaluating and exploring the impact, prospects of microfinance and making broad recommendations to make program effective. This study has also made an effort to raise general awareness among those people or organizations who were working for the rural Man women. Many researchers have been conducted in the sector of micro finance. But environment is

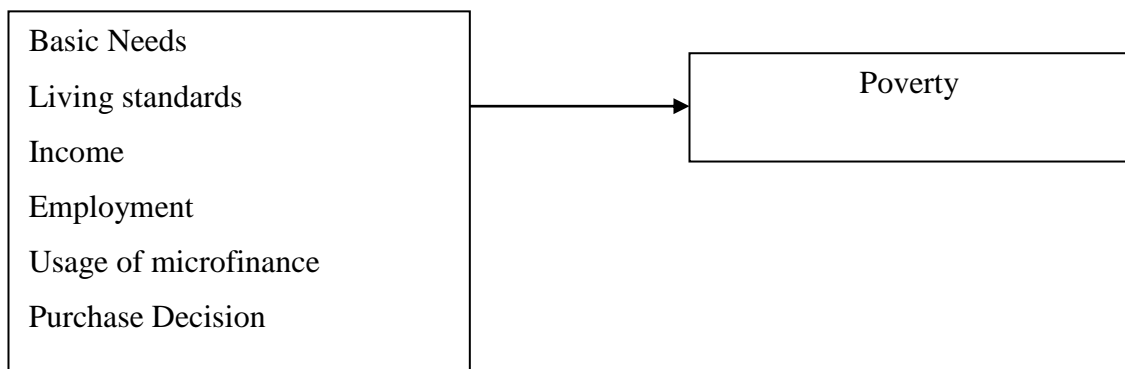
changing rapidly so this research is carried out to fulfil the gap of time and to analyzed current effect of micro finance on this current scenario.

2.4 Conceptual Framework

The theoretical framework clearly MFI helps and role of improve the living standards of women.

Independent Variables

Dependent Variables



The primary objective of microfinance is to enhance outreach to disadvantaged sectors of the economy through financial inclusion. It is linked to the empowerment of the poor by the provision of financial emancipation and a simple way to provide loans, and other financial services to impoverished individuals to enhance their income generating capacity and to foster economic activities in low income segments. The concept of microfinance can be traced back to the mid-nineteen century when Lysander Spooner documented the benefits of micro-credits to farmers and entrepreneurs as a way through which poor people would and can get out of poverty.

Microfinance has a key role in altering issues in the field of agriculture, rural finance, and rural development activities. Microfinance, or financial services for the poor, offers a distinctively crosscutting tool capable of alleviating some of the most challenging issues of our time. These include, but are not limited to, ending extreme poverty and hunger, promoting gender equality, enabling access to healthcare, and promoting inclusive economic growth. Microfinance plays an important role at the economic level because it allows people with low income to obtain small loans to participate effectively in the local economy and achieve financial stability which gives them more autonomy. Microfinance is the provision of a broad range of

financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their micro-enterprises. It includes a diverse set of financial activities which facilitate the micro-enterprises and help low-income households and the poor to develop themselves as well as raise living standards.

CHAPTER III

RESEARCH METHODOLOGY

This chapter deal with technique and procedures used during the research study. this chapter includes the introduction about Nirdhan Utthan laghubitta bittiya sanstha Ltd and Gramin Bikas laghubitta Bittiya sanstha ltd, research design, nature and source of data, sampling technique and procedure, data collection technique, analysis and presentation of data.

3.1 Research Design

To conduct present study descriptive and analytical research design was adopted. It describes the relationship between income, basic need, living standard and other variables. Descriptive was used for conceptualization of the research objectives and research problem of the study. In order to describe the present status and past experience of clients of microfinance program, case study research design has also been 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 have also been explored. Descriptive research design is used for accessing the opinions, behaviors or characteristics of given beneficiaries, and describe the situation and events occurring at present. Present researcher was used to analyze the collected data and information more accurately and critically.

3.2 Population and Sample

Population is the entire set of items from which you draw data for a statistical study. It can be a group of individuals, a set of items, etc. It makes up the data pool for a study. Generally, population refers to the people who live in a particular area at a specific time. But It can be a group of individuals, objects, events, organizations, etc. You use populations to draw conclusions. A sample represents the group of interest from the population, which we used to represent the data. The sample is an unbiased subset of the population that best represents the whole data. To overcome the restraints of a population, we can sometimes collect data from a subset of your population and then

consider it as the general norm. We collected the subset information from the groups who have taken part in the study, making the data reliable. The results obtained for different groups who took part in the study can be extrapolated to generalize for the population.

The sampling technique that is used in this research is non-probability sampling method given that the research is based on the subjective judgment of the researcher. Among the various non-probability sampling techniques, purposive sampling technique was used for the study purpose because the study participants are chosen based on researcher knowledge about the population and the purpose of the study and it had been convenient to respondents as they were free to express and share their information with the researcher.

The sample size has been taken from involved women in Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd and Gramin Bikas Laghubitta Bittiya Sanstha Ltd in Dhangadhi sub municipality. **Altogether around 980 female members in both microfinance (Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd (540) and Gramin Bikas Laghubitta Bittiya Sanstha Ltd (440) are the population of the study.** Among them only 125 women were selected as sample for this study using simple random sampling method.

3.3 Nature and Source of Data

This study is based on the primary as well as secondary data. This study is mainly based on primary data, which is collected from the field survey using structured questionnaire, check list for focus group discussion and the observation method. The related secondary data is obtained from documents, reports, journals etc, different books and bulletins of microfinance have to use.

3.4 Data Collection Techniques

Secondary data were collected from different literatures. This study basically was based on primary data. Primary data was collected from the different primary data collection techniques.

Questionnaire

Questionnaire was used to get qualitative information. But some important quantitative information is also collected the respondents of questionnaire survey are the sample numbers and group managers of the program. Questionnaires were handed out through delivery and collection method. Delivery and collection of questionnaires allow researcher to confirm that the questionnaires were filled up completely and reduce the occurrence of missing data. It facilitates the researcher to explain respondents about any queries they may have regarding the questionnaire. This, in turn, would increase the accuracy of the data being collected.

3.5 Data Presentation Analysis Techniques

The collected primary and secondary data have been thoroughly checked, compiled and presented in an appropriate table to facilitate analysis and interpretation. Analyses have been done both descriptively as well as statistically. Statistical tools such as Percentage, Bar Diagram, Trend Analysis, etc. have been used as per the requirement and summarized the major findings of the study. Various clear tables, figures and graphs have been used to analyze, interpret and conclude the result of the study.

3.6 Descriptive Statistics

Descriptive statistics is used to describe the basic features of the data in a study. Descriptive statistics provide simple summaries about the sample and about the observations that have been made. It measures maximum, minimum, mean and standard deviation Descriptive analysis was carried out to accomplish the objective of the study, and also to know the demographic and socio-economic characteristics of the sample and their household in the study area. According to Nachmias and Nachmias, (1992) descriptive analysis is used for categorizing and analytically summarizing the data in a comprehensible form. It is based on the percentages and classification of the data.

Correlation Analysis

Having indicated the descriptive statistics, Pearson's correlation coefficients are computed. This study is finding the Pearson's correlation coefficients among different

dependent and independent variables. The independent variables are basic needs (BN) income (IN) employment (EM), Living Standards (LS), purchase decision (PD) and Usage of microfinance (UM). The dependent variable is Poverty (PV). The person correlation method is used to analyze the correlation among variables. It is an expression of the change or effect produced by the variation in certain variables, or of the ratio between two different quantities.

Regression Model Regression Model

The main, financial indicators are BN, LS, IN, EM, UM, PD and PV has taken as performance variable. The equation to be estimated has been specified as under the equation which is stated below:

$$PV = \beta_0 + \beta_1 BN_{1it} + \beta_2 LS_{2it} + \beta_3 IN_{3it} + \beta_4 EM_{4it} + \beta_5 UM_{5it} + U_{it} \dots \dots \dots (i)$$

Where,

PV	Poverty
BN	Basic Needs
LS	Living Standards
IN	Income
EM	Employment
UM	Usage of microfinance
PD	Purchase Decision

Definition of Variable

Basic Needs

The basic needs approach is one of the major approaches to the measurement of absolute poverty in developing countries. It attempts to define the absolute minimum resources necessary for long-term physical well being, usually in terms of consumption goods. The poverty line is then defined as the amount of income required to satisfy those needs. The basic needs approach to development was endorsed by governments and workers' and employers' organizations from all over the world. It influenced the programmes and policies of major multilateral and bilateral development agencies, and was the precursor to the human development approach. A traditional list of immediate "basic needs" is food (including water), shelter and

clothing. Many modern lists emphasize the minimum level of consumption of "basic needs" of not just food, water, clothing and shelter, but also sanitation, education, and healthcare. Different agencies use different lists. The basic needs approach has been described as consumption-oriented, giving the impression "that poverty elimination is all too easy.

Living standards

Standard of living is the level of income, comforts and services available, generally applied to a society or location, rather than to an individual. Standard of living is relevant because it is considered to contribute to an individual's quality of life. Standard of living is generally concerned with objective metrics outside an individual's personal control, such as economic, societal, political and environmental matters such things that an individual might consider when evaluating where to live in the world.

To evaluate the impact of policy for sustainable development, different disciplines have defined Decent Living Standards in order to evaluate or compare relative living experience. During much of its use in economics, improvements to standard of living was thought to be directly connected to economic growth, increase amount of energy consumption and other materials.

Income

Income is the consumption and saving opportunity gained by an entity within a specified timeframe, which is generally expressed in monetary terms. Income is difficult to define conceptually and the definition may be different across fields. For households and individuals in the United States, income is defined by tax law as a sum that includes any wage, salary, profit, interest payment, rent, or other form of earnings received in a calendar year. In the field of public economics, the concept may comprise the accumulation of both monetary and non-monetary consumption ability, with the former (monetary) being used as a proxy for total income. For a firm, gross income can be defined as sum of all revenue minus the cost of goods sold. Net income nets out expenses: net income equals revenue minus cost of goods sold, expenses, depreciation, interest, and taxes

Employment

Employment is a relationship between two parties regulating the provision of paid labour services. Usually based on a contract, one party, the employer, which might be a corporation, a not-for-profit organization, a co-operative, or any other entity, pays the other, the employee, in return for carrying out assigned work.^[1] Employees work in return for wages, which can be paid on the basis of an hourly rate, by piecework or an annual salary, depending on the type of work an employee does, the prevailing conditions of the sector and the bargaining power between the parties. Employees in some sectors may receive gratuities, bonus payments or stock options. In some types of employment, employees may receive benefits in addition to payment. Benefits may include health insurance, housing, disability insurance. Employment is typically governed by employment laws, organization or legal contracts

Purchase Decision

Purchase decision is the thought process that leads a consumer from identifying a need, generating options, and choosing a specific product and brand. The level of dominance of each process at a particular time is the key determinant of purchasing decisions.

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Result

This chapter deals with the presentation and analysis of data collected through the administration of questionnaires. Presentations of the data have been made by tables and charts and data have been analyzed on the basis of the average of the response. Question included in the questionnaire has five point rating scale (1 for the lowest and 5 for the highest).

4.1.1 Age Composition of Respondents

The age structure of sample beneficiaries has been presented in table 4.1

Table 4.1
Age Structure of Sample Beneficiaries

Age of Respondents	No of Respondent	Percent
20-30	5	4
31-40	53	42 .4
41-50	39	31 .2
51-60	28	22 .4
Total	125	1 00

Source: Field survey, 2022

The age structure of sample beneficiaries shows that, most of the respondents in the sample fell in the age group of 31-40 years followed by these in the age group of 41-50 years and 51-60 years. The proportion of respondents' age 10-20 years was almost non-existent. So it was seen that the age of 30 through 60 years of women are the significant age group, which are involved in the microfinance program. The negligible participation of old aged women in the microfinance program might be explained by the fact that old aged women are not involved in earning activities by obtaining loan from the co-operative

4.1.2 Distribution of Respondents by Caste /Ethnicity

Nepal's ethnic diversity is well known. The involvement in microfinance program of Man & women appeared to be uniform rather than diverse in terms of ethnic composition. The ethnic group to which they were related traditionally affects the social and economic activities of rural people. Furthermore social and economic activities greatly differ by cast and ethnic group irrespective of any financial feasibility. Distribution of respondents by caste/ethnicity has been shown below.

Table 4.2
Composition of Caste /Ethnicity

Caste group	No. of Respondents	Percent
Brahmin	24	19.2
Tharu	34	27.2
Magar	20	16
Gurung	5	6.4
Rai	13	10.4
Tamang	9	7.2
Others	10	8.00
B.K.	7	5.60
Total	125	100.00

Source: Field survey, 2022

The composition of cast and ethnic structure of sample beneficiaries shows that Tharu are in majority (27.2 %) and followed by Brahm (19.2%), Position of Magar is also significant which occupied (16 %). Rai (10.4), Gurung (6.4 %), Tamang (7.2 %) and B.K. (5.6%) are also important cast/ ethnicity in the study area.

4.1.3 Educational Status of Respondents

Educational status is one of the important factors or indicators of poverty. With regard to educational status, sample respondents are categorized in different groups which are presented as below:

Table 4.3
Educational status of sample respondents

Level of Level	No. of Respondents	Percentage
Illiterate	5	4
Under SLC	69	55.2
+2 level	43	34.4
Bachelor level	8	6.4
Total	125	100

Source: Field survey, 2022

Table 4.3 shows that the educational level of the sample respondents where as much as 69 respondents i.e. 55.2 percent are under S LC. Only 5 respondents i.e. 4 percent are found as illiterate and 43 i.e. 34.4 percent respondents are found as +2 levels. 8 i.e. 6.4 percent respondents are found as bachelor level.

4.1.4 Land Holding Pattern

Table 4.4
Land Holding Pattern

Land holding pattern	Before the program	After the program	changed
Own land more than 15 Ropani	66	63	-3
Own land less than 15 Ropani	35	40	5
Other's land in rent	17	15	-2
Landless	7	7	0
Total	125	125	Not
			applicable

Source: Field survey, 2022

There is no significant change in land holding pattern. However, three households sold the land and divert the business. Accordingly, some families purchased land. Because of the availability of financial services 17 families rented the other's land for vegetable production. But in the same community 3 families have rented out the land to other involve in business. The price of land went very high last year and in that period many people sold some land. There are 7 landless in the community who has

been implementing off-farm business in the community with the financial support of microfinance program. The role of the microfinance program found less on land holding pattern. However, there is 33% increment on other's land rented by client families. This could be due to easy access to formal credit for commercial farming.

4.1.5 Drinking Water of Respondent

Health and sanitation also represents the living standard of the people. To evaluate health and sanitation variables drinking water and toilet are chosen for the study. So with regard to health and sanitation, sample respondents were asked about their sources of drinking water. Their responses and frequencies are given in the table as below:

Table 4.5
Sources of drinking water

Sources	Before joining MFI		After joining MFI	
	Number	%	Number	%
Private Tap	58	46.4	71	56.8
Public Tap	67	53.6	54	43.2
Total	125	100	125	100

Source: Field survey, 2022

Table 4.5 shows that 125 sample respondents i.e. 46.4 percent were drinking water from tap whereas 67 respondents i.e. 53.6 percent were using well as source of drinking water. After joining the micro finance program number of respondents using tap as a source of drinking water has increased to 71 i.e. increased by 23 whereas number of respondents using well for drinking water has decreased to 54.

4.1.6 Health Services for Respondent

Micro finance practice shows that, this program is much effective with this area. They are easily to be grouped because men are more individualists. According to the rule of bank, all clients must benefactions to health post so the 100 percent clients of the microfinance programs were grow a consciousness for our health.

Table 4.6
Users of Hospital

Hospital	No. of Respondents	Percent
Local hospital	91	72.8
Private clinic	18	14.4
District hospital	11	8.8
Regional hospital	5	4
Total	125	100

Source: Field survey, 2022

Table 4.6 shows, as much as respondents are going to local hospital. Around 72.8 percent of the respondents i.e. 91 are found as local hospital and 18 respondents are found as private clinic. Similarly, out of 125 sample respondents 11 respondents are going to district hospital and 5 respondents are going to regional hospital.

Economic Development is a vague term which includes both macro as well as micro-economic development. The microfinance is concern with micro-economic development. It deals with economic development of an individual and society. The disposal income has been found increased after the program intervention. In addition, there are changes on economic activity because of credit program intervention. However, the finding of this study has not been found supporting any specific economic theory described in the literature review. It could be the negligible role of microfinance on macro-economic development because it has limited share in terms of economic volume.

With regard to impact of micro finance program, sample respondents were asked about the impact of MFI program. Role of microfinance on economic activity and income has been described hereunder.

4.1.7 Sources of Borrowings Before and After the MFIs

Generally in rural area, people are found borrowing from local trader and merchants at high interest rate. Bank and financial institutions are not offering loan to the low income level and they do not provide loan without collateral as well. Hence rural people are suffering from financial support. With regard of borrowing, sample respondents are asked about their source of borrowing. Their responses and frequencies are presented in the table 4.8 as below:

Table 4.7
Source of Borrowing of the Respondents

Sources	Before MF program		After MF program	
	No of Respondents	%	No of respondents	%
Local traders	64	51.2	11	8.8
Co-operatives	52	41.6	36	28.8
MFIs	7	5.6	75	60
Bank and other FIs	2	1.6	3	2.4
Total	125	100	125	100

Source: Field survey, 2022

The data indicates that only 1.6% were getting loan from the bank and financial institutions before the program. Over 51.2% borrowed loans from local traders and merchants at high interest ranging from 4-5% per month but friends and relatives with 2-3% per month. The MFIs working in the area are charging cheaper interest rate than informal sector. Moreover, these MFIs are found reliable sources and providing institutional based financial services that proof from the data presented in the table which is increased by 54.4% after the program. After the MFIs program, sources have been diverted from informal to formal sources (microfinance has been able to work as substitution of informal sector). A Total of 60% MFIs clients have borrowed loans from microfinance institutions.

4.2 Descriptive Statistics

Table 4.8
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Basic Needs	125	2.27	3.73	3.0230	.31453
Living standards	125	2.33	3.44	2.9305	.26268
Income	125	1.60	4.00	2.9750	.62131
Employment	125	1.83	3.83	2.7080	.52542
Usage of microfinance	125	2.68	3.35	2.9308	.16109

Table 4.9
Correlations

		PV	BN	LS	IN	EM	UM
PV	Pearson Correlation	.345	.334	0.01	.005	.161	.540
	Sig. (2-tailed)	0.456	.445	.443	1	-.037	.093
	N	125	125	125	125	125	125
BN	Pearson Correlation	.234	0.349	0.282	0.526	0.513**	0.445**
	Sig. (2-tailed)	0.777	0.447	.078	0.000	.001	0.004
	N	125	125	125	125	125	125
LS	Pearson Correlation	0.566	.282	1	-.433**	.226	-.100
	Sig. (2-tailed)	0.00	.078	0.01	.005	.161	.540
	N	125	125	125	125	125	125
IN	Pearson Correlation	0.526**	0.000	0-.433**	1	-.037	.093
	Sig. (2-tailed)	.000	.000	.005	0.00	.821	.568
	N	125	125	125	125	125	125
EM	Pearson Correlation	0.513**	0.237	0.226	-.037	1	-.123
	Sig. (2-tailed)	0.444	.001	.161	.821	0.000	.451
	N	125	125	125	125	125	125
UM	Pearson Correlation	0.123	.445**	-.100	.093	-.123	1
	Sig. (2-tailed)	0.00	.004	.540	.568	.451	.24
	N	125	125	125	125	125	125

From SPSS output (Appendix)

** . Correlation is significant at the level of 0.01(2-tailed).

Correlation between Basic needs and Poverty

Table 4.9 shows that the Pearson correlation between basic and Poverty is found to be 0.234 which is positively correlated Its P-value is 0.777 and level of significance is 0.01. Therefore, there is a positive and significance relationship between Asset Possession and empowerment. ($r=0.234$, $P=0.777 > 0.01$).

Hypothesis 1

Since P value is less than 5% of significance, it shows that there is significant relationship between basic needs and poverty. The data we collect primarily informs me about the basic needs and secondarily help determine the role of female asset ownership and inheritance on women's empowerment and household welfare in Dhangadi.

Correlation between Income and Poverty

The correlation coefficient Income and poverty is found to be 0.526 which is correlated its P-value is 0.000 and level of significance is 0.00. Therefore, there is a positive and significance relationship poverty and Income ($r=0.526$, $P=0.000 < 0.01$).

Decision: Since P value is more than 5% of significance, it shows that there is significant between Income and poverty.

Correlation between Living standards and Poverty

The correlation living standards and poverty is found to be .566 which is correlated its P-value is 0.01 and level of significance is 0.05. Therefore, there is a positive and significance relationship between purchase decision and women empowerment ($r=0.566$, $P=0.01 < 0.05$).

Hypothesis 2

Since P value is more than 5% of significance, it shows that there is significant hibernate between living standards and poverty.

Correlation between usage of microfinance and Poverty

The correlation coefficient microfinance and poverty is found to be .123 which is correlated its P-value is 0.00 and level of significance is 0.05. Therefore, there is a positive and significance relationship between capacity building and women empowerment (0.123, P 0.00<0.01).

Hypothesis 3

Decision: Since P value is more than 5% of significance, it shows that there is significant between microfinance and poverty.

The present study is based Nirthdhan Utthan microfinance on Dhangadi Researcher found that the women have increased their confidence level. Women are happy that they are earning themselves.

Table 4.10
Regression
Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. Change	F
1	1.000 ^a	.35	.00258	1.000	37913.304	4	35	.000	

a. Dependent Variable: Poverty

b. Independent variable Basic Needs Living standards Income Employment Usage of microfinance,

c. Purchase decision

Table 4.10 summarizes the regression results for the role of microfinance in meeting basic needs. The adjusted R² value of 35% suggests that the independent variable (MF) predicts 35% of variation in the dependent variable (BN), which is quite high for cross-sectional data.

Table 4.11
ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.012	4	.253	37913.304	.000 ^b
Residual	.000	35	.000		
Total	1.012	39			

d. Dependent Variable: Poverty

e. Independent variable Basic Needs Living standards Income Employment Usage of microfinance, Purchase decision

Table 4.12
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	P value
	B	Std. Error	Beta		
(Constant)	.004	.008		.447	.658
Basic needs	.277	.002	.540	184.288	.000
Living standards	.449	.002	.732	255.855	.000
Income	.124	.001	.477	179.670	.000
usage of microfinance	.150	.001	.489	188.161	.000

Table 4.12 presents the coefficients relating to the effect of microfinance on meeting basic needs for each of the five questions. MFI1, concerning the importance of MFIs in fighting increasing poverty, exerts the greatest significant effect ($p = 0.658$; $\beta = 0.540$): a 1-unit change in micro financial performance will meet 0.54 units of basic needs. Although MFI2, which refers to the affordability of interest rates, is also significant $p = 0.00$, its effect ($\beta = 0.277$) is less than that of MFI1. Likewise, MFI3 about MFIs providing the minimum capital required by young people exerts the least significant effect ($p = 0.00$, $\beta = 0.14$). In contrast, both MFI4 and MFI5—whether obtaining a loan from MFIs is easier compared with traditional banks and whether MFI services are unproductive in Dhangadi do not significantly affect basic needs ($p = 0.09, 0.42$; $\beta = -0.10, -0.05$).

4.3 Major Findings

The major findings of the study are as follows:

- The age structure of sample beneficiaries shows that, most of the respondents in the sample fell in the age group of 31-40 years followed by these in the age group of 41-50 years and 51-60 years. The proportion of respondents' age 10-20 years was almost non-existent.
- The composition of cast and ethnic structure of sample beneficiaries shows that Tharu are in majority (27.2 %) and followed by Brahm (19.2%), Position of Magar is also significant which occupied (16 %). Rai (10.4), Gurung (6.4 %), Tamang (7.2 %) and B.K. (5.6%) are also important cast/ ethnicity in the study area.
- Study shows that the educational level of the sample respondents where as much as 69 respondents i.e. 55.2 percent are under S LC. Only 5 respondents i.e. 4 percent are found as illiterate and 43 i.e. 34.4 percent respondents are found as +2 levels. 8 i.e. 6.4 percent respondents are found as bachelor level.
- There is no significant change in land holding pattern. However, three households sold the land and divert the business. The price of land went very high last year and in that period many people sold some land. There are 7 landless in the community who has been implementing off-farm business in the community with the financial support of microfinance program.
- This study shows that 125 sample respondents i.e. 46.4 percent were drinking water from tap whereas 67 respondents i.e. 53.6 percent were using well as source of drinking water. After joining the micro finance program number of respondents using tap as a source of drinking water has increased to 71 i.e. increased by 23 whereas number of respondents using well for drinking water has decreased to 54.
- This study shows around 72.8 percent of the respondents i.e. 91 are found as local hospital and 18 respondents are found as private clinic. Similarly, out of 125 sample respondents 11 respondents are goes to district hospital and 5 respondents are going to reason hospital.
- The data indicates that only 1.6% were getting loan from the bank and financial institutions before the program. Over 51.2% borrowed loans from

local traders and merchants at high interest ranging from 4-5% per month but friends and relatives with 2-3% per month. A Total of 60% MFIs clients have borrowed loans from microfinance institutions.

- This study shows summarizes the regression results for the role of microfinance in meeting basic needs. The adjusted R² value of 35% suggests that the independent variable (MF) predicts 35% of variation in the dependent variable (BN), which is quite high for cross-sectional data.
- This study shows the coefficients relating to the effect of microfinance on meeting basic needs for each of the five questions. MFI1, concerning the importance of MFIs in fighting increasing poverty, exerts the greatest significant effect ($p = 0.658$; $\beta = 0.540$): a 1-unit change in micro financial performance will meet 0.54 units of basic needs. Although MFI2, which refers to the affordability of interest rates, is also significant $p = 0.00$, its effect ($\beta = 0.277$) is less than that of MFI1. Likewise, MFI3 about MFIs providing the minimum capital required by young people exerts the least significant effect ($p = 0.00$, $\beta = 0.14$).

4.4 Discussion

Microfinance is a significant means of alleviating poverty, which is believed to be caused by the scarcity of financial resources for the poverty-stricken in the main. The role of MFIs has been beneficial: relaxing the eligibility criteria for credit has allowed the deprived to access capital, and subsequently contributed to mitigating the difficulties created by low incomes and lack of investment. Such success has led to a growing demand for microfinance worldwide, especially in developing countries such as Pakistan, where the group-lending model has been adopted. Furthermore, MFIs provide doorstep banking and credit on personal guarantee only, without any collateral. Consequently, with easier access than traditional banks to financial services, those living in deprivation can at least meet their basic needs and improve their living standards.

Microfinance has positive effect on poverty reduction and household income, household expenditure, food and non food expenditure or income diversification and assets accumulation (Regmi, (2013). However, recent studies such as (Gurung (2013) and Bhandari, (2015) found that microfinance is not a bullet magic in poverty

reduction and it may have negative impact and argues that microfinance works differently from one context to others and from rural to urban the population density, attitudes to debt, group-cohesion, enterprise development, financial literacy, financial service providers and other. In line with this study, the Nepalese microfinance has positive impact on poverty reduction and women household income especially in rural areas. The result of this study highlighted the importance of control variables that have positive impact on women household income. For instance, access to business training has positive impact on women household income. This indicates that women with knowledge about business are more able to make profit and enhance their business revenue.

A study by Ganawali (2018) was similar to this research that microfinance institutions play a positive role on women who invest in them by increasing their well-being access to and control their resources, eradicating illiteracy among women, taking part in economic decision and microfinance institution had boosted women's self esteem. This study also found that women play a positive role in poverty alleviation.

Likewise, Ijanada, Inusa and Aliyushika (2020) were parallel to my study. His study concluded that the microfinance saving deposits is an opportunity for women entrepreneurs to save their little incomes and as such, it serves as security to accessing loan and other microfinance institutions should deploy more staff to different business areas where women who are able to make small income from their business can save and give their daily contribution. My study found that the importance of control variables that have positive impact on women household income. For instance, access to business training has positive impact on women household income.

A study by Banerjee, Alok & George (2020) investigated that an employed woman, having her own income source, higher educational level, knowledge of legal rights, higher educational level of the mother of the woman, having property in her own name, more freedom of movement during her school days, having high self-esteem and belonging to a relatively affluent background, increases domestic making power of the women, and thus empowerment. Some possible policies are suggested for developing economies. This study indicated that women with knowledge about business are more able to make profit and enhance their business revenue.

A study by Jain (2020) examined how far micro financing services positively affect the empowerment of Nepali women living in the eastern part of Nepal. A purposive sampling method was used and responses of 97 women were collected through structured questionnaires. The women were using microfinance services on their own and at least from the last three years. Results indicate that the use of microfinance services (credit and saving) helps women to empower. The finding of this study is the importance of extending nonfinancial services such as business development and entrepreneurship training to women clients before providing them loan.

The study by Ijanada, Inusa and Aliyushika (2020) concluded that microfinance saving deposits is an avenue for women entrepreneurs to save their little incomes and as such, it serves as security to accessing loan and other microfinance institutions should deploy more staff to different business areas where women who are able to make small income from their business can save and give their daily contribution. Many organizations words on that field but how are they working in that field, what did impact the poor people. This study has also made an effort to raise general awareness among those people or organizations who were working for the rural Man women. Many researchers have been conducted in the sector of micro finance. But environment is changing rapidly so this research is carried out to fulfil the gap of time and to analyzed current effect of micro finance on this current scenario.

CHAPTER V

SUMMARY, CONCLUSION AND IMPLICATIONS

5.1 Summary

In present context of Nepal, women do occupy more than half of the total population women just used to be locked inside the house in ancient period. Women were not given opportunity to involve in economic activities. Women used to remain busy in their household works to preserve of vicious circle of poverty. There was very miserable condition of women in the past.

Microfinance programmes are currently promoted as a key strategy for simultaneously addressing both women empowerment and poverty alleviation in Dhangadi. Microfinance is the powerful instruments for the rising the living standard. It generally provides the small loans by accepting the little deposit. The empowerment lies in the ability of the women to control the own destiny. The empowered woman must have the equal capability of education, health, resources, opportunities, for making the choices and the decisions. The micro finance provides the sense of responsibility to the women fighting towards many problems. Microfinance is the tool that enables the people to be out of the problems and generate the additional income.

The main objective of the study is to analyze the impact of microfinance for economic growth and its contribution to reduce poverty of the people. The specific objectives of the study are to state out the relation between microfinance and basic needs, to explored relation between the microfinance and living standards (LS) and to examine the impact of microfinance programs in poverty reduction. To conduct present study descriptive research design was adopted. The sample size has been taken from involved women in Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd and Gramin Bikas Laghubitta Bittiya Sanstha Ltd in Dhangadhi sub municipality. Only 125 women were selected as sample for this study using simple random sampling method. This study is based on the primary as well as secondary data. This study is mainly based on primary data, which is collected from the field survey using structured questionnaire, check list for focus group discussion and the observation method. The related secondary data is obtained from documents, reports, journals etc, different books and bulletins of

microfinance have to use. Secondary data were collected from different literatures. This study basically was based on primary data. Primary data was collected from the different primary data collection techniques. Questionnaire was used to get qualitative information.

The study concludes that enhanced microfinance accessibility improves both economic and social empowerment of women with significant reference to marital status and education of women. Women, after involved in micro finance program have become able to improve to their living standard. Their living style has been changed towards positive direction. They have become able to create good image in their family and in the society. 3. After being participated in microfinance program, their income has been increase in comparison to before being involved in microfinance program. Together with the increment in the level of income, they have also become able to increase their saving rate than before.

5.2 Conclusion

Poverty is about not having enough money to meet basic needs including food, clothing and shelter. However, poverty is more, much more than just not having enough money. Poverty is about not being able to participate in recreational activities not being able to send children on a day trip with their schoolmates or to a birthday party not being able to pay for medications for an illness.

1. The study reveals that it needs to analyze while implementing microfinance program. The socio-economic analysis performed in Dhangadhi sub Municipality reveals that most of the indicators such as family size, male to female ratio, literacy level, housing types and income level are better than in other rural areas of Nepal. Moreover, education level, assets level and housing types have been changed after program intervention.
2. Women, after involved in micro finance program have become able to improve to their living standard. Their living style has been changed towards positive direction. They have become able to create good image in their family and in the society. The standard of living is measured by things that are easily quantified, such as income, employment opportunities, cost of goods and

services, and poverty. Factors such as life expectancy, the inflation rate, or the number of paid vacation day's people receive each year are also included.

3. Women have become able to come out of the house and learn new things after being involved in MFPs. Women have become able to know and learn about the world by coming out from the house. They are providing economic contribution towards their family, society and towards their nation as well.
4. After being participated in microfinance program, their income has been increase in comparison to before being involved in microfinance program. Together with the increment in the level of income, they have also become able to increase their saving rate than before. Due to this, their living standard has also being uplifted and their poverty status has been reduced. This indicates that women with knowledge about business are more able to make profit and enhance their business revenue.
5. Level of income was one of the indicators used to test the change in living standard of loaners. The result of this study highlighted the important of control variables that have positive impact on women household income. For instance, access to business training has positive impact on women household income. This indicates that women with knowledge about business are more able to make profit and enhance their business revenue.
6. The study reveals that economic status of women has risen due to income generating activities and they were socially empowered due to group solidarity created by microfinance program. They can raise voice against gender discrimination.
7. The finding of this study is the importance of extending nonfinancial services such as business development and entrepreneurship training to women clients before providing them loan

5.3 Implications

Based on the above mentioned summary, conclusion and researchers field experience, following implications have been made for further improvement of successful implementation of micro-finance program for women all over the country.

1. It has been found that skillful and useful trainings should be given by microfinance institutions difficulty and confusion about where and how to utilize the money to improve their living standard and present economic status. Through the help of skillful trainings, women can make themselves busy in money generating activities.
2. Local government bodies may guideline to shape their plans and policies field of women empowerment and poverty alleviation through this study. This study may be useful to the NGOS that are working in the field of women to get an overview of the economic strength of women and to shape their plan and policies.
3. Role of micro finance company to generate employment and their self job satisfaction is also subject matter for upcoming researcher. Role of micro finance company to generate capital is also subject matter for upcoming researcher.
4. Together with trainings, women clients should be provided with employment opportunity by microfinance institutions. If proper way to earn money is shown by such institutions, they can get economically empowered.
5. Nepal's formal microfinance institution could play a key role in developing financial services to low- income households. Yet, the performance of this sector is disappointing especially in the remote hills and mountains. It is necessary to device appropriate operational microfinance modalities to enhance hill and mountain poor people's participation in the credit market.
6. Government should also provide attention towards the management of microfinance institutions and should make those institutions client-oriented together with profit-oriented.
7. From the study it is found that even the limited access of the households on the credit market is skewed against the garget groups and communities. So it is recommended that the government should extend the financial institutions

with appropriate policies and products to promote the government's agenda of inclusive growth and equity.

8. This study may help for the banks and other financial institutions. Similar studies could be further developed by including more variables as mediating, moderating and or intervening in the regression model with a larger sample size, the study has only considered economic and social dimensions of women empowerment but there are other many aspects of women empowerment such as health, political and psychological which could be measured and that could be followed by future researcher.

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Questionnaire

Dear Madam,

This study entitled “**Role of Microfinance for Poverty Reduction**”. This research work deals with some of the major components of poverty reduction by microfinance. This research is conducted as a partial fulfillment of Masters of Business studies (MBS). Your responses will be kept confidential and used only for the purpose of this study.

- 1) Name (optional):
- 2) Age:
 - a) 20-30 years
 - b) 30-40 year
 - c) 40-50 year
 - d) Above 50
- 3) Education Level
 - a) No formal education
 - b) Secondary
 - c) +2 level
 - d) Bachelor
 - e) others (specify):.....
- 4) Marital status:
 - a) Single
 - b) Married
 - c) Divorced
- 5) Occupation:
 - a) Agriculture
 - b) Labourer
 - c) Housewife
 - d) Formal employment
- 6) Religion:
 - a) Hindu
 - b) Buddhist

- 7) No. of family members:
a) less than 5
b) above 5
- 8) No. of children:
a) no children
b) less than 2
c) more than 2
- 10) School:
a) private school
b) Government school
- 11) Annual Family income:
a) Less than one lakh
b) 1 to 2 lakh
c) more than 2
- 12) What is the source of the initial capital invested?
a) Microfinance institution b) Family income
c) Personal saving d) others
- 13) Why did you prefer to start your own business?
a) Family profession b) your own decision
c) No other alternative for income d) Other specify:
- 14) How long have you been taken loan from microfinance?
a) Less than 2 year b) 2-5 years
c) 5-10 year d) more than 10 year

Please indicate your opinion on the scale as given below.

Basic Needs and Poverty

1. You feel better to deal with your business by yourself.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

2. You want more loans if you are allowed without family permission.
 - Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Agree
3. You go to attend meeting without seeking permission from your family.
 - Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Agree
4. You go to purchase business items from market.
 - Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Agree
5. You feel prestigious in society by the presence of microfinance.
 - Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree

Income and Poverty

6. You are currently in a better situation than ever before
- Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Agree
7. You are able to purchase daily household needs like food and others.
- Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Disagree
8. You are able to pay health care expenses if needed.
- Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree
 - Fully Agree
9. You are able to pay school expenses for the children without seeking financial support and permission from others.
- Fully Disagree
 - Disagree
 - Slightly Agree
 - Agree

Fully Agree

10. Your economic condition has been improving due to microfinance.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

Microfinance and Poverty

11. It is your own decision to join with microfinance.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

12. It is your own decision to invest in any business you like.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

13. You can invest in any assets by own decision.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

14. You feel satisfied with your own decision.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

15. You feel proud to be a good decision maker.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Disagree

16. You feel better to deal with your business by yourself.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

17. You want more loans if you are allowed without family permission.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

18. You go to attend meeting without seeking permission from your family.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

19. You go to purchase business items from market.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

20. You feel prestigious in society by the presence of microfinance.

Fully Disagree

Disagree

Slightly Agree

Agree

Fully Agree

**A THESIS PROPOSAL ON
ROLE OF MICROFINANCE FOR POVERTY REDUCTION**

A Dissertation submitted to the office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree

By

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CHAPTER I

INTRODUCTION

1.1 Background of the Study

Microfinance deals with the provision of financial services, such as loans, savings, insurance, money transfers, and payments facilities to income groups in the lower cadre, (Awojobi, 2014). It could also be used for productive purposes such as investments, seeds or additional working capital for micro enterprises. On the other hand, it could be used to provide for immediate family expenditure such as food, education, housing and health. Microfinance is an effective tool for reduction of poverty and economic empowerment for poor people (Ayoade & Agwu, 2015). Microfinance is no longer an experiment or a wish, it is a proven success.

Anyanwu (2004) stressed that Microfinance may not be able to solve all the problems of the poor, but it certainly puts resources in their hands in order for them to live an enhanced standard of life. Microfinance has shown that poor people can be viable customers if properly focused. No doubt Microfinance has strongly attracted the interest of private sector investors. However, the following challenges, among others, face Microfinance institutions: They scale of financial services to the poor should be increased by microfinance banks; they need to reach out and seek the poor wherever they are and give them access to finance. The Grameen Bank of Bangladesh has set a good example in this direction by allowing credit and other services to cost less for the poor and train staff to be uniquely suitable to Microfinance business. The latter enhances efficiency and sustainability of the sector; and develops tailored products to meet the needs of their clients the poor, (Ayoade & Agwu, 2015).

Poverty is a complex and multidimensional phenomenon. It is widespread and pervasive. Income poverty is considered as deprivation, low education, fragile health including reproductive health, low nutrition and unemployment, and weak social and political participation. These are supplementary elements of the deprivation of capability and empowerment (Senayake, 2002). A study argued that the measurement and the

examination of the characteristic causes of poverty at household levels is an important input into the design of economic policy and poverty reduction(Aryal, 2007). Poverty has become now an international agenda, and the world leader have committed to social development in order to address the problems of poverty in twenty first century. Recently continuous effort were made for reducing the large proportions of people living in extreme poverty.

1.2 Statement of the Problems

According to the census of 2068B.S, 33% of people in rural area are under the poverty line and 82.93% population lives in village among which 73.3% depends on agriculture sector. In that situation, the banks, financial organization cannot reach to the rural area, lack of the accessibility of the banks, financial agencies, rural people cannot utilize their self skills, capacity, labour in productive and better way , without money is nothing possible like that, people of rural area are compelled to take loan from individual or private sector rather than banks or financial agencies that result to repay with high interest rate, the can fulfill only their basic needs, food cloth and residence so that the study show the private sector inviting the more powering in rural area and another important thing is the field of microfinance is only in the rural area, there is large scale opportunity to enter microfinance program so the attempts made how the financial sectors enter in rural area for poverty alleviation and what has done to uplift their lifestyle by enhancing microfinance programme.

The study focused on the answers of the following research questions:

1. What is the role of microfinance in employment creation?
2. What is the relation between microfinance and basic needs?
- 3.What is relation between the microfinance and living standards?
- 4.Is any impact of microfinance programs in poverty reduction?

1.3 Objectives of the Study

Every study has its own objectives. This study also not apart from that. The main objectives of the study are to analyze the impact of Unique Nepal for economic growth and its contribution to reduce poverty of the people.

The major objective of the study is as follows:

1. To evaluate the role of microfinance in employment creation.
2. To state out the relation between microfinance and basic needs.
3. To explored relation between the microfinance and living standards.
4. To examine the impact of microfinance programs in poverty reduction.

1.4 Significance of the Study

Nepal is least development country. Most of the population of Nepal lives in rural area. But on the contrary all sorts of facilities is focused to urban area. Specially banking facilities are focused on those urban areas. In this context micro finance services important tools for the development of rural area. Because of banking facilities are limited to urban areas; people from rural area have not access of those facilities. Many small entrepreneurs are suffering from insufficient capital. They have not enough credit facilities. There is no any institution for saving of their small amount which they can save from their monthly expenditure. Micro finance is the solution to fulfill those lacking. Many micro finance companies are providing their services to rural people. They are conducting different activities like saving collection, providing short term loan and others conducting social activities which help to change their life style. Micro finance program encourages to regular saving that helps to create capital.

Micro credit program is related to the poverty alleviation and women empowerment for the sustainable development. The government of Nepal will be 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 arise in future. In addition, the study helps identify the status of poor people in the rural areas as per self-dependency.

This study is concerned with those micro finance companies that how far those micro finance companies are important to improve the living standard of rural people. What is the role of micro finance company to reduce the poverty? Is there any significant change to the people of rural people? This study analyzed the impact of micro finance company to the rural people. This study is helpful to ascertain the effectiveness of micro finance company in developing country like Nepal.

1.5 Hypothesis of the study

The following hypotheses were developed to determine the relationship between microfinance and poverty alleviation:

H₁ : Microfinance has a significant relationship with basic needs (BN).

H₂ : Microfinance has a significant relationship with living standards (LS).

H₃ : Microfinance has a significant relationship with the usage of microfinance (UM)

1.6 Limitations of the Study

This study has concerned only to the macro financing institutions. The study has following limitations :

- only basic need , living standard are taken as a determinant of poverty reduction
- The study will be based on Dhangadhi sub Municipality of Kailali district.
- This study is only concentration to nirdhan utthan laghubitta bittiya sanstha ltd. and nepal grameen bikas bank ltd. Of kailali. So it does not cover the real scenario of Nepal.

1.7 Organization of the Study

This study will be organized into five different chapters.

Chapter- I: Introduction:

The first chapter deals with the subject matter consisting introduction, back grounding of the study, statement of the problem, objectives of the study, significant of the study, limitation of the study and organization of the study.

Chapter- II: Review of the Literature:

The second chapter is mainly focused on literature review that included a discussion on the Concept microfinance in Nepal which studies relating with Poverty Reduction.

Chapter- III: Research and Methodology:

The third chapter describes the research methodology used to conduct the present research. It deals with research design, sources of data, data processing procedures, population and sample; period of the study, method of analysis and financial and statistical tools.

Chapter - IV: Data Presentation and Analysis:

The fourth chapter is concerned with analytical framework. It includes the analysis of financial indicators.

Chapter - V: Summary, Conclusion and Recommendations:

The fifth chapter includes the summary, conclusion and recommendations of the study which deals about the main theme of study and comparison of lending policy of the banks with recommended for improvement of loan management of the selected banks. The bibliography and annexes are also incorporated at the end of the study.

CHAPTER II

REVIEW OF THE LITERATURE

This section includes review of related theoretical literature, review of empirical literature, implications of review for the study and conceptual framework.

2.1 Theoretical Review

2.1.1 The Poverty Theory

While relying on the vicious circle of poverty Theory, a credit investment framework is constructed and seeks to explain how microcredit can be used as an instrument for poverty reduction. Meanwhile, the proponent of the vicious theory (Nurkse, 1967) explained that poverty perpetuates itself in mutually reinforcing vicious circle on both supply and demand sides. It is argued that the most important circular relationships of a kind are those that affect the accumulation of capital in economically backward country or society explaining the supply side, the proponents hold the view that there is a small capacity to save due to low level of real income. The low real income is a reflection of low productivity, lack of capital, resulting in small capacity to save. With regard to the demand side, it is argued that, demand for capital is influenced by incentive to invest. However, the lack zeal to invest could be due to low purchasing capacity of the people, small real income and as a result of low productivity.

Low productivity, however, could be due to small amount of capital used in the production, which may be caused partly by less incentive to invest. Meanwhile, the low level of real income, due to low productivity, is an issue that is common to both supply and demand sides of the circles. therefore, it could be argued that there are two ways that people use microcredit. Thus, loans are either used to start a new enterprise or expand an existing one. Provision of credit to people who are not working might serve as a start-up capital of them in doing business (income generating activities), thus, in the process creating jobs for them. Job creation could lead to reduction in unemployment within beneficiaries, as unemployment is reduced, the general poverty level can also be reduced.

Oxford Advanced Learner's Dictionary defines poverty as not having and not able to get necessities of life. There are many words to name the poverty as destitution, lack, difficulties, bad circumstances, embarrassed, insolvency, disadvantaged, measurable etc. In simple word, the poor mean the person who does not have any property (Kunwar, 2002).

Gyawali (2011) conducted a study on "Impact of Microfinance Programme in socio-Economic Empowerment of women in Nepal A case study of DEPROSC Nepal in Thaiba VDC of Lalitpur District, Major objective is to study the Economics impact of microfinance on women Empowerment. To the social impact of microfinance on women empowerment and to analyze the constraints faced by women clients because of the competitive microfinance services. The major finding of the study are: Women are found to have enhanced food security. Better health nutrition sanitation etc. after being involved in MFPs. microfinance program has contributed towards generating more income from small scale business, agriculture and live stock farming.

Regmi, (2013) conducted a study on Role of Microfinance in Poverty Reduction A case study of Microfinance program of Manushi in Goldhunga V.D.C of Kathmandu district. The main objective of the study is to evaluate the effectiveness of th micro finance program in the area in the context of poverty reduction, to analyze the effect of Microfinance in living standard and empowerment of women participants in the study area, and to provide suggestions for enhancing the effectiveness of the program. The major finding of the of the study are: Drinking water supply in the family engaged in microfinance have satisfactory. Almost all of the families have toilet in their home which shows satisfactory level of personal hygiene in their households. The family of the study area has got moderate level of health services. Most of the family of the study area have their own land for agricultural activities. Microfinance client have many alternatives of income. Most of the clients have improved their income level by utilizing loan from the microfinance institution. Survey shows that most of client used the loans in agriculture and animal husbandry .so loan disbursement to be made accordingly in the survey area. It observed from the survey those clients are satisfied with the service of microfinance

institution. It is observed that microfinance institution provide microfinance services to poor people especially poor women.

Gurung (2013) conducted a study on "Impact of Microfinance Program for Poverty Reduction and Women Empowerment: A case study of micro Finance Program of kaski District". The main objectives of the study is to examine the socio-economics impact of micro finance programs on clients of NUMI in koshi bistrict, to analyze the impact of MFPs on women empowerment, to access the impact of The MFPs on the poverty reduction. Major Finding of the study are: In an average, the age of clients in 40 years which is includes mostly literate and married women. Income level of women increased to Rs,46500 from Rs,39725after involving in MFPs. Being economically sound, Micro-credit has helped a large number of clients to diversify their occupation by under taking newer activities. After involving in MFPs the condition of drinking water has improved which proves that women are getting awareness through MF as well.

Poudel, (2014) conducted a study on "Microfinance Enterprises and Women Empowerment under Village Development Programme (A case study Nirmal Pokhari VDC, Kaski)". The main objective of the study is to analyze the status of women enterprises in Nirmal pokhari VDC, to eveluate how efficiently proper is utilized by women enterprises, to explore the repayment status of loan portfolio and to study on funding management of village development by women enterprises in Nirmal Pokhari VDC, Kaski. The major finding of the study are: Income level has increased after VDC. Out of 70 sample women 31% and 13% are found to earn between Rs, 100000-150000 and Above Rs.150000 respectively. Repayment of loan is satisfactory with 91% borrowers paying back on time. Main Problams Faced by women enterprises are water (for agriculture and livestock). transportation and market. Investment is higher in agriculture and livestock than in trading and manufacturing enterprises.

Bhandari, (2015) conducted her MBS thesis topic "Economic Impact of MIcrofinance on Women" (A case study of Tokha, kathamandu Nepal). The major finding of the study are: the women beneficiaries of the micro finance program have improved their earning and equally stimulated their living standard. Repayment of the loan amount is mostly on time.

Through the loan has not generally seemed to be utilized on the mentioned purpose they have been paying of time from other sources. Most of the respondents are married women who are also in a greater need to support their family economically. The majority of the respondents (58.97%) belong to small sized family while 30.77% belong to medium size family with six to ten members. 34.18% of the respondents took loan for business purpose, 20.51% were found to take for agriculture, 17.09% for household purposed and 15.38% for their children's education. It indicates that women have been business minded and aware for the proper investment. Major occupations after involvement in MFPs are livestock/ poultry farming, shop kipping, weaving/ tailoring and small scale business as candle, soat, prickle, making etc. Most of the women take loan from 2000-50000. very few women take loan above 50000 as the risk would be higher with high loan amount.

CHAPTER III

RESEARCH METHODOLOGY

This chapter deal with technique and procedures used during the research study. this chapter includes the introduction about Nirdhan Utthan laghubitta bittiya sanstha Ltd and Gramin Bikas laghubitta Bittiya sanstha ltd, research design, nature and source of data , sampling technique and procedure, data collection technique, analysis and presentation of data.

3.1 Research Design

To conduct present study descriptive research design will adopted. It describes the relationship between income, investment and other variables. Descriptive will used for conceptualization of the research objectives and research problem of the study. In order to describe the present status and past experience of clients of microfinance program, case study research design has also been 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 have also been explored. Descriptive research design is used for accessing the opinions, behaviors or characteristics of given beneficiaries, and describe the situation and events occurring at present. Present researcher will used to analyze the collected data and information more accurately and critically.

3.2 Population and Sample

The sample size will be taken from involved women in Nirdhan Utthan Laghubitta Bittiya Sanstha Ltd and Gramin Bikas Laghubitta Bittiya Sanstha Ltd in Dhangadhi sub municipality. Only 125 women were selected as sample for this study using simple random sampling method.

3.3 Nature and Source of Data

This study is based on the primary as well as secondary data. This study is mainly based on primary data, which is collected from the field survey using structured questionnaire, check list for focus group discussion and the observation method. The related secondary data is obtained from documents, reports, journals etc, different books and bulletins of microfinance have to use.

3.4 Data Collection Techniques

Secondary data were collected from different literatures. This study basically will be based on primary data. Primary data will be collected from the different primary data collection techniques.

Questionnaire

Questionnaire will be used to get qualitative information. But some important quantitative information is also collected. The respondents of questionnaire survey are the sample numbers and group managers of the program. Questionnaires were handed out through delivery and collection method. Delivery and collection of questionnaires allow researcher to confirm that the questionnaires were filled up completely and reduce the occurrence of missing data. It facilitates the researcher to explain respondents about any queries they may have regarding the questionnaire. This, in turn, would increase the accuracy of the data being collected.

3.5 Data Presentation Analysis Techniques

The collected primary and secondary data have been thoroughly checked, compiled and presented in an appropriate table to facilitate analysis and interpretation. Analyses have been done both descriptively as well as statistically. Statistical tools such as Percentage, Bar Diagram, Trend Analysis, etc. have been used as per the requirement and summarized the major findings of the study. Various clear tables, figures and graphs have been used to analyze, interpret and conclude the result of the study.

3.6 Descriptive Statistics

Descriptive statistics is used to describe the basic features of the data in a study. Descriptive statistics provide simple summaries about the sample and about the observations that have been made. It measures maximum, minimum, mean and standard deviation. Descriptive analysis will be carried out to accomplish the objective of the study, and also to know the demographic and socio-economic characteristics of the sample and their household in the study area. According to Nachmias and Nachmias, (1992) descriptive analysis is used for categorizing and analytically summarizing the data in a comprehensible form. It is based on the percentages and classification of the data.

Correlation Analysis

Having indicated the descriptive statistics, Pearson's correlation coefficients are computed. This study is finding the Pearson's correlation coefficients among different dependent and independent variables. The independent variables are basic needs (BN) income (IN) employment (EM), Living Standards (LS), purchase decision (PD) and Usage of microfinance (UM). The independent variable is Poverty (PV). The person correlation method is used to analyze the correlation among variables. It is an expression of the change or effect produced by the variation in certain variables, or of the ratio between two different quantities.

Regression Model Regression Model

The main, financial indicators are IN, EM, ES, PD, SC and PV has taken as performance variable. The equation to be estimated will be specified as under the equation which is stated below:

$$PV = \beta_0 + \beta_1 BN_{it} + \beta_2 LS_{it} + \beta_3 IN_{it} + \beta_4 EM_{it} + \beta_5 PD_{it} + \beta_6 UM_{it} + U_{it} \dots\dots\dots(i)$$

Where,

PV Poverty

BN Basic Needs

LS	Living Standards
IN	Income
EM	Employment
UM	Usage of microfinance
PD	Purchase Decision

References

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