

CHAPTER – I

INTRODUCTION

1.1 Background of the study

The population of Nepal, as of (June 22, 2011) stands at the total population is 26,494,504. The total male population is 12,849,041 (48.49%) and female population is 13,645,463 (51.50%). Among this population estimate, the majority of Nepal's inhabitants are women. There are Age group 0-14 Male 4714 763 Female 4,533,483 , Age group 15-64 Male 7,437,790 Women 8410885 and Age group 65 above Male 696,488 Women 701,095.

Nepal has an area of 1, 47,181 Sq. Km. It is divided into three ecological zones, the mountains, the hills and the Terai. Nepal has 7 federal states. Apart from this sector however there are some other potential sectors as well, they are tourism, trade and service, transport, construction, financial, consultancy, informal sectors, carpet, garment, leather, and forestry based, pharmaceuticals, electrical and electronic, tobacco, cement, chemical, paper, sugar etc. Nepal is going to develop in the various sectors, such as manufacturing, service provide and intellectual. But in our context only male dominated, less appropriate for the women.

The root of national development is human development. Task of human development is only possible when both genders are economically, socially and politically empowered. So population should be empowered to make the foundation of sustainable development and globalization in Nepal by women empowerment. Access to finance is an important tool in poverty reduction. Access to financial services such as savings, credit, money transfers or insurance helps improve households' well-being. For example, access to credit for productive activities can increase household income, while savings and insurance help the poor to manage financial shocks and plan for the future.

Only 40 percent of households in the country can reach the nearest bank within 30 minutes whereas only 27 percent of rural households have access to a bank which is

extremely lower than the percentage of urban households (89 percent). Terai region has the highest percentage of households (75 percent) having access to bank facility within one hour time whereas for the hills and the mountains are 45 percent and 17 percent respectively (NRB; Economic survey 2016). Therefore, provision of micro finance services to the poor could be one of the best alternatives to reduce poverty

Micro Finance is a part of Development finance, specially rural or urban targeted toward specific groups of people male or female, falling in the lower bracket of society. Micro finance Institutions include saving, credit, and other services such as micro money transfer and micro insurance. This service is differentiated by types of service employment and income orientated objectives target group, target community, target area and credit at home without collateral. So, micro finance helps poor people who have no collateral but willingness to work and desire to do some business activities from which he/she acquires employment as well as income.

Micro finance is not simply banking it is a development tool, it has been estimated that there are 500 million economically active poor people in the world operating micro enterprises and small business. Most of them do not have access to adequate financial services, which can be benefited by MFSs. Similarly, Micro finance can be defined as a provision of broad range of financial services such as deposit, loan money transfer and insurance to small enterprises and household. MF broadly is providing financial services to the poor under the premises that, they are marketable and if they get the opportunity they can earn and play- synthesis from different practices in public policy and MF. MF displays a small amount of short term working capital and in some case longer term investment loans and provides deposit facilities to small scale business and household. So, MF is a program which provides opportunities to those who are usually considered non-bankable due to poverty, lack of sufficient property for the collateral propose and do not have capacity to save small amount of money, receive loan at their doorsteps without collateral in a very simple way, which can be seed to build their economic foundation and empowerment (Annual Report CMF: 2014)

For the last decade, microfinance organizations in the country grew exponentially, at the expense of borrowers with less accountability and transparency of operations, rather focused on sustainability. As the sector was globally growing exponentially, sector's earliest goal of a social movement to reduce poverty to a multifaceted financial services industry for the poor, resulted many institutions competing for their survival without knowing their clients adequately.

Microfinance as an instrument of poverty reduction is being gained much attention in the world thus can be a critical element for poverty reduction strategy. Improved access to finance by poor, enable them to enjoy better quality of life by regulating their consumptions, building assets, enhancing their income earning capacities and regularly sending their children school. (CGAP, MFI Report: 2011)

Women comprised 50.4 percent of total population of Nepal. Patriarchy pervades most of country's gender and ethnic groups have one of highest indices of son preference in the world. Boys not only pass on the family name but represent "insurance" for parents in their old age and can carry out important rituals after parents pass out. Girls usually work at home and in the field considered too unimportant and risky to educate, given the high value attributed to virginity and dangers that schooling in the company of boys and men outside the household might pose to virginity by contrast early marriage constitutes a kind of virginity insurance. But the negative impacts of such decision are not considered. Over all women are discriminated at times, victimized forcing them to live insecure lives due to illiteracy ill health, poverty, discriminatory tradition and laws. In term of empowerment women lay far behind their male counterparts. Most of the Nepalese women are living under low class living standard; although some of them are living standard life. Living standard of rural women is unbelievable. Rural women spend most of the time on agriculture and livestock related activities. They spend 10 to 12 hours in such non-paying works; they do not have any access of chances and opportunities to change their life style. The situation of racial discrimination is also creating very hard condition in rural life which also restricting to develop rural sector. Similarly, the Nepalese women's mobility is limited because their legs are locked by the chain of traditions; their hands are locked by household

activities. Generally, women do not express their decision at front; it is due to the excessive male-dominated society (Economic survey, 2013)

At present women related plans, programs; strategies of NGO, INGO are implemented to develop and empower them. Women are showing much interest on self dependency. To make women economically, socially, and politically independent, programs such as, micro-finance income generation, skill development for informal enterprise and preparation for the formation and operation of co-operatives are being undertaken. Nepalese women are victimized by various violence, such as traditional violence (Deuki, Jhuma, Badi) Violence based on superstition such as torture for alleged witchcraft, sexual Violence (trafficking and sexual harassment), Family violence (domestic polygamy, child marriage), dowry related violence (Torture both mental and physical). Hundreds of girls have crossed to different country with false assurance of employment. Women have only limited access to resources and limited control over those they can access. Although a husband may keep property in the name of his wife, she cannot sell, rent and use for collateral propose. So, women are restricted to credit. Employment condition of Nepalese women is also not good over 70 percent are confined to self-employed, unpaid and low wage informal sector, they have few formal job opportunities, their contribution on manufacturing sector is 23 percent (carpet and garment) women are concentrated in low skill jobs because of their lack of education and trainings opportunities

Empowerment is the expansion of asset and capabilities of poor people to participate in negotiation with, influence control and hold accountable institutions that affect their lives (World Bank 2014). It means transforming existing power in favor of these (women disadvantaged group and more generally the poor) who forced several limitations in exercising power and making voluntary choices. It is concern transformative use of power, in which a dominant agent also exercises his power in such a way that the subordinate agent learns certain skills that under cut the power differential between him/her and dominated agent. In other word empowerment is the process of increasing the overall capacity of individuals, which is very much essential

to human development and poverty reduction. In this sense empower can be defined as the seed for the sustainable development for the country.

For the human development, population should be empowered. To empower them their economical, social and political condition should be made wide and self-dependable when these three components take place in the practice, the human development will be achieved as the combined result. When the population gets empowered, the mission of Millennium Development Goals (MDGs), poverty reduction will be possible. Most of the Nepalese women, lack skill and experiences to do new things, it is so, because of illiteracy and lack of proper supports. In rural area of Nepal, the main role of women is to look after the household and bring up children. If wives want to do something new like business, services their husband and other family member restrict them. So, study deals with above maintained obstacles of rural women. After getting support on their door step how they react it, is shown by the result of the work.

Empowering women to participate fully in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities. Yet, ensuring the inclusion of women's talents, skills and energies from executive offices to the factory floor and the supply chain requires intentional actions and deliberate policies.

Women's empowerment has become a significant topic of discussion in development and economics. It can also point to approaches regarding other trivialized genders in a particular political or social context.

Women's economic empowerment refers to the ability for women to enjoy their rights to control and benefit from resources, assets, income and their own time, as well as the ability to manage risk and improve their economic status and wellbeing.¹

While often interchangeably used, the more comprehensive concept of gender empowerment refers to people of any gender, stressing the distinction between

¹ Oxfam (Forthcoming), 'Women's Economic Empowerment Conceptual Framework'

biological sex and gender as a role. It thereby also refers to other marginalized genders in a particular political or social context.

Many of the barriers to women's empowerment and equity lie ingrained in cultural norms. Many women feel these pressures, while others have become accustomed to being treated inferior to men. Even if men, legislators, NGOs, etc. are aware of the benefits women's empowerment and participation can have, many are scared of disrupting the status quo and continue to let societal norms get in the way of development.²

Recent studies also show that women face more barriers in the workplace than do men. Gender-related barriers involve sexual harassment; unfair hiring practices, career progression, and unequal pay where women are paid less than men are for performing the same job.³ When taking the median earnings of men and women who worked full-time, year-round, government data from 2014 showed that women made \$0.79 for every dollar a man earned. The average earnings for working mothers came out to even less—\$0.71 for every dollar a father made, according to a 2014 study conducted by the National Partnership for Women and Children. While much of the public discussion of the "wage gap" has focused around women getting equal pay for the same work as their male peers, many women struggle with what is called the "pregnancy penalty." The main problem is that it is difficult to measure, but some experts say that the possibility of having a baby can be enough for employers to push women back from their line (Safia Samee Ali, April 11, 2016) Therefore, women are put in a position where they need to make the decision of whether to maintain in the workforce or have children. This problem has sparked the debate over maternity leave in the United States.

However, despite the struggle for equal pay in the United States, the tech industry has made progress in helping to encourage equal pay across gender. In March 2016, tech career website Dice released a study of more than 16,000 tech professionals that found

² "World Survey on the Role of Women In Development". Women's Control over Economic Resources and Access to Financial Resources, including Microfinance (PDF)(Report). New York: United Nations. 2009.

³ *Yale Journal of Law and Feminism*. 2008 (2): 357–408.

that when you compare equivalent education, experience and position, there is no pay gap—and hasn't been for the last six years. This new industry is paving a way for other companies to do the same. However, this industry also struggles to employ women in executive positions. This is partially due to the barrier of sexual harassment and pregnancy that was a fore mentioned. Such barriers make it difficult for women to advance in their workplace or receive fair compensation for the work they provide.

1.2 Statement of the Problem

Males and females are two wheels of same cart, but in practice we cannot get such consideration. Women are ignored in every aspect. Plans or policies consisting women supporting concept are only focusing few aspects of women which are not sufficient to empower women. They are not allowed to take decision though the decision is related to them. Economically, socially and politically and culturally women are dominated by their own society. It is so, because Nepal is one of male dominated countries. All property and other financial activities are conducted by male women do not have access to finance, which can be caused to improve their life. Their mobility is made limited by social and family related barriers. So, they do not know about the global movement, which can be beneficial to learn some new idea to improve their comprehensive aspects.

They are not allowed to take part in any program by their own desire. Most of the Nepalese women, lack skill and experiences to do new things, it is so, because of illiteracy and lack of proper supports. In rural area of Nepal, the main role of women is to look after the household and bring up children. If wives want to do something new like business, services their husband and other family member restrict them. So, study deals with above maintained obstacles of rural women. After getting support on their doorstep how they react it, is shown by the result of the work.

It has been seemed a burning out-cry over global poverty everywhere, especially, in underdeveloped countries either relative or absolute poverty problem is increasing day by day. If we look at the Somalia at present, we can observe that hundreds of thousands are dying without food and shelter. Most of the children are suffering from malnutrition. In Nepal also it has been automatically accepted that 23.82 % of

population are below the poverty line and not been able to fulfill the minimum basic needs. Although there have been announced and implemented different social, economic and financial programs to eradicate that poverty through planned five yearly programs or other types of short term, medium term and long term policies and programs, but still we are not in a position to tell that our poverty is reduced to certain significant level. Because of the unequal income distribution pattern, unstable and volatile political scenario of the country the gap among rich and poor is gradually widening (World Bank, 2013)

Mainly, this research paper deals with the following issues:

- Who are benefited from micro-finance?
- What is economic impact of Micro-finance after its inception?
- What are the major obstacles of the institution itself?
- What is the status of LLBS in terms of its services to the rural women?
- What determines the microfinance service that a women desire to take?

1.3. Objectives of the Study

The main objective of this study is to study the impact of MFPs on rural women of Palpa district of Lumbini Zone. Based on the study raised following general and specific objectives;

1. To study the socio economic status of the women involved in the micro finance programme.
2. To examine the impact of micro finance on rural women's empowerment in operational area of Laxmi Laghubitta Bittiya Sanstha

1.4 Significance of the Study

Each and every program itself may not be complete or fully successful program and after a proper evaluation there might be found out several possibilities of correcting measures.

Especially in the rural area, the financial sector is not fully able to flow the finance (credit) as per the rural demand. Only 40% of credit demand has been supplied by the

formal institutional sector (NRB, 2016) By this reason, the potential customers who have skill and enthusiasm but not resource are excluded from the outreach of the financial services..

All this vital and burning issues will have been explored and thrown light on curing the course of this research. And finally it would be an immense fuel to the planners for further policy and strategy formation from the findings of this research study.

It has no long history of microfinance institution in Nepal in the course of financial Intermediation for rural poor those who are living in the abject poverty. But it is highly appreciated for the programs implemented by these micro-credit institutions, through the media or by the banks, economist and planners. In this contest it is important to study and evaluate whether the impact of microfinance institutions, is lumped under the study of the Palpa has been made for micro level analysis.

1.5 Rationale of the Study

The agencies and planners can get data and information on socio-economic impact of microfinance particularly of Laxmi in the study area by analyzing the research findings. These findings may help planners, policy makers and researchers to identify the banks' activities and to know the existing impact of bank in the study area. The study can also help provide benchmark information to the future researchers.

The Sadabarta Branch of Laxmi Laghubitta lies in Rampur Municipality of Palpa district. This place is located 54 Km far from district headquarter- Tansen Palpa. The people of this area have been operating their rural economy from the very beginning. Most of the populations of this village are cultural, ethnics, indigenous communities. There are number of rationale behind the selection of this area. First, it provides and interesting case to compare the impact before and after the intervention of the MFIs among that diversifies community. Laxmi Laghubitta Bittyta Sanstha Ltd.the

researcher myself associated with the study area and third to draw the attention of Laxmi management towards effective program implementations.

1.6 Limitations of the Study

-) This study mainly focuses on MFIs operating by Sadabarta Branch in Palpa district only.
-) Related information will be directly taken from MFs clients or primary sources
-) The whole areas and impact would not consider as matter of study, only selected impact and areas are studied.
-) This study does not necessarily reflect the whole scenario of microfinance of the country.
-) Detailed research is not possible within the short period with limited resources.
-) It is only expected that the findings could be more or less applicable and valid for the similar geographical condition and identical rural communities.

1.7 Structure of the study

The organization of the research involved in five chapters. The first chapter deals with the introductory aspects of the study. It discusses the general background of the study, statement research problem, the objectives, significance, limitation and scope of the study. Second chapter covers the Literature review with theoretical framework. Third Chapter explains the Methodology adopted for the study that deals the research process, nature and type of data, sampling, data collection, data analysis plan etc. The Fourth chapter illustrates with data presentation and analysis through tabulation and interpretation. The Final Chapter provides the summary and conclusion.

CHAPTER-II

LITERATURE REVIEW

2.1 Introduction

This chapter is basically concern with review of literature relevant to the topic. The previous study can't be ignored because they provide the foundation the present study. There must be continuity in research. This continuity in research is insured by linking the present study with past research studies. This chapter highlights the literature that is available in concerned subject, research work and relevant study on this topic, review of journals and article and review of thesis work performed previously. The literature survey also minimizes the risk of pursuing the dead- ends in research (Wolff and Pant: 2002).

There have been available numerous books, literature and research reports written and made by the author/experts on expanding financial services, outreach and depth of microfinance institutions and the status of inclusiveness among the clients. Poverty alleviation, poor, existing socio-economic condition of women, socio-economic impact of national/international microfinance banks etc. and it is quite reasonable to study these reading materials to acquaint with the subject and situation in detail to perceive a certain level of idea and strategy before referred books, literature and research reports will be discussed during the study.

This chapter mainly concerns the sustainable development regarding to the women empowerment in the rural areas. Microfinance institutions provide the necessary financial as well as economic growth.

2.2 Microfinance: Perspective & Dimensions

As a definition, micro-finance is, as a part of development finance of rural or urban, targeted towards specific groups of people, male or female, falling in the lower bracket of society. It refers to the provision of a broad range of financial services such as

deposits, loans payment services, money transfers, and insurance to the poor and low income households and their micro enterprises (ADB 2000). MFIs are dependent on small savings from group members. Financial services include savings, credit and other services such as micro money transfer and micro-insurance. This service is differentiated by different types of service employment and income-orientated target group, target community, target area and credit at home.

MF is the provision of a broad range of financial services to poor and low income households such as micro savings, loans, payment or money transfer services and micro insurance. It also includes loans to micro enterprises. The main objective of MF is to help alleviate poverty by providing sustainable access to finance services to poor and low income household through MF. As per definition and objective we can easily analyze that MF has become a key tool for poverty alleviation and empowerment the poor. Even though MF is an important and relevant financial service to poor, other approaches including measures to promote human development such as education, health and other minimum infrastructures are required to enhance broad financial activities in rural area. Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. The two main mechanisms for the delivery of financial services to such clients are:

- (1) relationship-based banking for individual entrepreneurs and small businesses, and
- (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group. In some regions, for example Southern Africa, microfinance is used to describe the supply of financial services to low-income employees, which is closer to the retail finance model prevalent in mainstream banking.

For some, microfinance is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers (Robert Peck Christen et.all 2004). Many of those who promote microfinance generally believe that such access will help poor

people out of poverty, including participants in the Microcredit Summit Campaign. For others, microfinance is a way to promote economic development, employment and growth through the support of micro entrepreneurs and small businesses.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Microcredit is one of the aspects of microfinance and the two are often confused. Critics may attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and very few studies have tried to assess its full impact (Feigenberg, Benjamin et. all 2011). Proponents often claim that microfinance lifts people out of poverty, but the evidence is mixed. What it does do, however, is to enhance financial inclusion.

There has however been no systematic, cross-cultural comparative study of the ways in which microfinance programs contribute to women's empowerment or the contexts and organizational frameworks within which this occurs. Material collated in a pilot research project co-ordinate by the author indicates that automatic benefits to women cannot be assumed even in the most innovative programs. Many evaluations of microfinance programs have assumed that high take-up and repayment levels indicate positive impact on women and have not investigated further. Some have anecdotal information from participatory consultations and gender workshops. Existing detailed studies of empowerment, mainly in Bangladesh, have used different definitions of empowerment and different methods of investigation and reached rather different conclusions, even about the same organizations⁴. Nevertheless, despite the patchy nature of information, and debates about the impact of particular organizations, it is clear that:

-) Many programs have had negative as well as positive impacts on women. Where women have set up enterprises this has often led to small increases in access to income at the cost of heavier workloads and repayment pressures. In many cases the loans have been used by men to set up enterprises over which

⁴For example, compare the accounts of BRAC and Grameen Bank as given by Goetz and Sen Gupta (1996) and Hashemi et al (1996). For an overview of some of the other literature see Mayoux (1995a)

women have little control. In some cases they have been employed as unpaid family workers with little benefit. In others there have been indirect benefits and improvements in various aspects of women's well-being as a result of greater recognition of their role in the household and community. In some cases women's increased autonomy has been temporary and led to withdrawal of male support. In some programs there are increasing fears that women's small increases in income are leading to a decrease in male contribution to certain types of household expenditure.

- J) Within schemes, impacts often vary significantly between women. There are differences between women in different productive activities and between women from different backgrounds. In some contexts schemes mainly benefit women who are already better off. In others poorer women are freer and more motivated to use credit for production. In most cases the poorest women are by-passed in both individual and group-lending programs or are least able to benefit because of their initial low resource base, lack of skills and market contacts. There are also individual differences between women from similar background and within the same industries.
- J) Positive impact on non-participants cannot be assumed, even where women participants are able to benefit. Women micro-entrepreneurs are frequently in competition with each other and the poorest micro-entrepreneurs may be disadvantaged if programs do not include them. Where women employ laborers it cannot be assumed that they give better wages and conditions of work than men (Mayoux 1995a). Benefits for women's families cannot be assumed. Women may employ daughters and daughters-in-law as unpaid family laborers increasing their workload. Although increased family income channeled through women often benefits children considerably, anecdotal evidence suggests they may often still prioritize the interests of boy children. Negative impacts are even more likely where women do not control the loans.

Moreover, increased funding has been accompanied by pressures from donors to adopt a financial systems approach which prioritizes cost efficiency and financial

sustainability. These emphases have been a reaction to inefficiency, low repayments and lack of impact of many previous microfinance programs. This approach takes demand for credit and repayment levels as indicators of success, requires microfinance programs to be ultimately self-sustaining and preferably making a profit. These emphases favors large organizations in order to benefit from economies of scale and group lending where groups take much of the responsibility for savings and loan repayment (Otero and Rhyne 1994).

-) Impact on empowerment cannot be inferred from take-up of financial services or repayment levels. Women may repay through taking loans elsewhere and getting into serious debt. As noted above, loans may be controlled by men. Some researchers have expressed concerns that women's microfinance programs may be merely using women as unpaid debt collectors mediating between development agencies and male family members, increasing their dependency on men and/or conflicts between women to fulfill repayment targets (e.g. Goetz and Sen Gupta 1996; Noponen 1990).
-) The overriding concern with repayment rates puts further pressures on groups to exclude those likely to experience greatest problems i.e. the poorest (Hulme and Mosley 1996; Montgomery 1996; Noponen 1990)
-) In some cases increased funding for large organizations has led to the squeezing out of smaller organizations in the same area who may have been challenging gender subordination on a wider basis (Arn and Lily 1992; Ebdon 1994). The degree, to which this is a result of women's own decision to switch allegiance because of better credit terms, or because of pressure from men to get access to credit while maintaining their own power, is unclear.
-) In some cases adoption of this approach has led to cutbacks in support services. There are dangers that the concern with short-term cost-efficiency may jeopardize long term organizational and client sustainability. Long-term sustainability requires both attentions to developing the skills; earning capacity and empowerment of clients and institutional learning which may entail substantial costs in the short term (Johnson and Rogaly 1996).

2.2.1 Economics Factors:

Most women across the globe rely on the informal work sector for an income.⁵ If women were empowered to do more and be more, the possibility for economic growth becomes apparent. Empowering women in developing countries is essential to reduce global poverty since women represent most of the world's poor population.⁶ Eliminating a significant part of a nation's work force on the sole basis of gender can have detrimental effects on the economy of that nation(UNICEF (2007). In addition, female participation in counsels, groups, and businesses is seen to increase efficiency (Argawal, Bina ,2010). For a general idea on how an empowered woman can impact the economy, a study of Fortune 500 companies found that "those with more women board directors had significantly higher financial returns, including 53 percent higher returns on equity, 42 percent higher returns on sales and 67 per cent higher returns on invested capital (OECD, 2008)."⁷ This study shows the impact women can have on the overall economic benefits of a company. If implemented on a global scale, the inclusion of women in the formal work force (like a Fortune 500 company) can increase the economic output of a nation. Therefore, women can also help businesses grow and economies prosper if they have, and if they are able to use, the right knowledge and skills in their employment.

2.2.2 Women empowerment process

Microfinance programs are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment Where financial service provision leads to the setting up or expansion of micro-enterprises there are a range of potential impacts including:

-) increasing women's income levels and control over income leading to greater levels of economic independence

⁵ United Nations Research Institute for Social Development (2010). "Gender Inequalities at Home and in the Market (Chapter 4)". *Combating Poverty and Inequality: Structural Change, Social Policy and Politics* (PDF) (Report). Geneva: UNRISD. pp. 5–33.

⁶ "Women and the Web" (PDF). *Intel*. 2012

⁷ World Survey on the Role of Women in Development (2009). "Women's Control over Economic Resources and Access to Financial Resources, including Microfinance"(PDF). New York: United Nations.

-) access to networks and markets giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles
-) enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare
-) more general improvements in attitudes to women's role in the household and community

Microfinance programs targeting women have been a welcome corrective to previous neglect of women's productive role. For some women in some contexts microfinance programs have indeed set in motion a process of empowerment where all the above elements have been mutually reinforcing. There are many anecdotal case studies in NGO reports of women who have shown considerable initiative, increasing their income and improving their status in the family and community, particularly after a series of loans.

2.2.3 Microfinance and poverty

In developing economies and particularly in rural areas, many activities that would be classified in the developed world as financial are not monetized: that is, money is not used to carry them out. This is often the case when people need the services money can provide but do not have dispensable funds required for those services money, forcing them to revert to other means of acquiring them.

People find creative and often collaborative ways to meet these needs, primarily through creating and exchanging different forms of non-cash value. Common substitutes for cash vary from country to country but typically include livestock, grains, jewelry and precious metals. As Marguerite Robinson describes in *The Micro finance Revolution*, the 1980s demonstrated that "micro finance could provide large-scale outreach profitably," and in the 1990s, "micro finance began to develop as an industry" (2001, p. 54). In the 2000s, the micro finance industry's objective is to

satisfy the unmet demand on a much larger scale, and to play a role in reducing poverty. While much progress has been made in developing a viable, commercial micro finance sector in the last few decades, several issues remain that need to be addressed before the industry will be able to satisfy massive worldwide demand. The obstacles or challenges to building a sound commercial micro finance industry include:

-) Inappropriate donor subsidies
-) Poor regulation and supervision of deposit-taking micro finance institutions (MFIs)
-) Few MFIs that meet the needs for savings, remittances or insurance
-) Limited management capacity in MFIs
-) Institutional inefficiencies
-) Need for more dissemination and adoption of rural, agricultural micro finance methodologies

Microfinance is the proper tool to reduce income inequality, allowing citizens from lower socio-economical classes to participate in the economy. Moreover, its involvement has shown to lead to a downward trend in income inequality (Hermes, 2014).

Rutherford argues that the basic problem that poor people face as money managers is to gather a 'usefully large' amount of money. Building a new home may involve saving and protecting diverse building materials for years until enough are available to proceed with construction. Children's schooling may be funded by buying chickens and raising them for sale as needed for expenses, uniforms, bribes, etc. Because all the value is accumulated before it is needed, this money management strategy is referred to as 'saving up'.

Often, people don't have enough money when they face a need, so they borrow. A poor family might borrow from relatives to buy land, from a moneylender to buy rice, or from a microfinance institution to buy a sewing machine. Since these loans must be repaid by saving after the cost is incurred, Rutherford calls this 'saving down'.

Rutherford's point is that microcredit is addressing only half the problem, and arguably the less important half: poor people borrow to help them save and accumulate assets. Microcredit institutions should fund their loans through savings accounts that help poor people manage their myriad risks.

Most needs are met through a mix of saving and credit. A benchmark impact assessment of Grameen Bank and two other large microfinance institutions in Bangladesh found that for every \$1 they were lending to clients to finance rural non-farm micro-enterprise, about \$2.50 came from other sources, mostly their clients' savings. This parallels the experience in the West, in which family businesses are funded mostly from savings, especially during start-up.

The work of Rutherford, Wright and others has caused practitioners to reconsider a key aspect of the microcredit paradigm: that poor people get out of poverty by borrowing, building microenterprises and increasing their income. The new paradigm places more attention on the efforts of poor people to reduce their much vulnerability by keeping more of what they earn and building up their assets. While they need loans, they may find it as useful to borrow for consumption as for microenterprise. A safe, flexible place to save money and withdraw it when needed is also essential for managing household and family risk.

The microfinance project of "saving through" is shown in Nairobi, Kenya which includes a Rotating Savings and Credit Associations or ROSCAs initiative. This is a small scale example, however Rutherford (2009) describes a woman he met in Nairobi and studied her ROSCA. Everyday 15 women would save 100 shillings so there would be a lump sum of 1,500 shillings and everyday 1 of the 15 women would receive that lump sum. This would continue for 15 days and another woman within this group would receive the lump sum. At the end of the 15 days a new cycle would start. This ROSCA initiative is different from the "saving up" example above because there are no interest rates affiliated with the ROSCA; additionally everyone receives back what they put forth. This initiative requires trust and social capital networks in order to work, so often these ROSCAs include people who know each other and have

reciprocity. The ROSCA allows for marginalized groups to receive a lump sum at one time in order to pay or save for specific needs they have.

2.2.4 Microfinance debates and challenges:

There are several key debates at the boundaries of microfinance:

2.4.1.1 Interest rates: One of the principal challenges of microfinance is providing small loans at an affordable cost. The global average interest and fee rate is estimated at 37%, with rates reaching as high as 70% in some markets(MacFarquhar, Neil (2010-04-13). The reason for the high interest rates is not primarily cost of capital. Indeed, the local microfinance organizations that receive zero-interest loan capital from the online micro lending platform Kiva charge average interest and fee rates of 35.21%.⁸ Rather, the main reason for the high cost of microfinance loans is the high transaction cost of traditional microfinance operations relative to loan size.⁹

Microfinance practitioners have long argued that such high interest rates are simply unavoidable, because the cost of making each loan cannot be reduced below a certain level while still allowing the lender to cover costs such as offices and staff salaries. For example, in Sub-Saharan Africa credit risk for microfinance institutes is very high, because customers need years to improve their livelihood and face many challenges during this time. Financial institutes often do not even have a system to check the person's identity. Additionally they are unable to design new products and enlarge their business to reduce the risk.¹⁰ The result is that the traditional approach to microfinance has made only limited progress in resolving the problem it purports to address: that the world's poorest people pay the world's highest cost for small business growth capital. The high costs of traditional microfinance loans limit their effectiveness as a poverty-fighting tool. Offering loans at interest and fee rates of 37%

⁸"Kiva Help - Interest Rate Comparison". Kiva.org. Retrieved October 10, 2009.

⁹"About Microfinance". Kiva. Retrieved 2014-06-11.

¹⁰Geoffrey Muzigiti; Oliver Schmidt (January 2013).

mean that borrowers who do not manage to earn at least a 37% rate of return may actually end up poorer as a result of accepting the loans.¹¹

According to a recent survey of microfinance borrowers in Ghana published by the Center for Financial Inclusion, more than one-third of borrowers surveyed reported struggling to repay their loans. Some resorted to measures such as reducing their food intake or taking children out of school in order to repay microfinance debts that had not proven sufficiently profitable.

In recent years, the microfinance industry has shifted its focus from the objective of increasing the volume of lending capital available, to address the challenge of providing microfinance loans more affordably. Microfinance analyst David Roodman contends that, in mature markets, the average interest and fee rates charged by microfinance institutions tend to fall over time.¹² However, global average interest rates for microfinance loans are still well above 30%.

The answer to providing microfinance services at an affordable cost may lie in rethinking one of the fundamental assumptions underlying microfinance: That microfinance borrowers need extensive monitoring and interaction with loan officers in order to benefit from and repay their loans. The P2P micro lending service Zidisha is based on this premise, facilitating direct interaction between individual lenders and borrowers via an internet community rather than physical offices. Zidisha has managed to bring the cost of microloans to below 10% for borrowers, including interest which is paid out to lenders. However, it remains to be seen whether such radical alternative models can reach the scale necessary to compete with traditional microfinance programs.¹³

¹¹"Microfinance: Do the micro-loans contribute to the well-being of the people or do they leave them even poorer due to high interest rates?".Quora. Retrieved 2014-06-11.

¹² Roodman, David. "Due Diligence: An Impertinent Inquiry Into Microfinance." Center for Global Development, 2011.

¹³ Katic, Gordon (2013-02-20). "Micro-finance, Lending a Hand to the Poor?"

2.2.4.2 Use of Loans

Practitioners and donors from the charitable side of microfinance frequently argue for restricting microcredit to loans for productive purposes—such as to start or expand a microenterprise. Those from the private-sector side respond that, because money is fungible, such a restriction is impossible to enforce, and that in any case it should not be up to rich people to determine how poor people use their money

2.2.4.3 Reach versus Depth of Impact

There has been a long-standing debate over the sharpness of the trade-off between 'outreach' (the ability of a microfinance institution to reach poorer and more remote people) and its 'sustainability' (its ability to cover its operating costs and possibly also its costs of serving new clients from its operating revenues). Although it is generally agreed that microfinance practitioners should seek to balance these goals to some extent, there are a wide variety of strategies, ranging from the minimalist profit-orientation of BancoSol in Bolivia to the highly integrated not-for-profit orientation of BRAC in Bangladesh. This is true not only for individual institutions, but also for governments engaged in developing national microfinance systems. BRAC was ranked the number one NGO in the world in 2015 and 2016 by the Geneva-based NGO Advisor.¹⁴

2.2.4.4 Gender

Microfinance generally agrees that women should be the primary focus of service delivery. Evidence shows that they are less likely to default on their loans than men. Industry data from 2006 for 704 MFIs reaching 52 million borrowers includes MFIs using the solidarity lending methodology (99.3% female clients) and MFIs using individual lending (51% female clients). The delinquency rate for solidarity lending was 0.9% after 30 days (individual lending 3.1%), while 0.3% of loans were written off (individual lending 0.9%).¹⁵ Because operating margins become tighter the smaller

¹⁴Blyden, Sylvia. "BRAC ranked number one NGO in the world: Sierra Leone News"

¹⁵ *Microfinance Information Exchange, Inc. (2007-08-01)*. "Micro Banking Bulletin Issue #15, Autumn, 2007, pp. 46,49"

the loans delivered, many MFIs consider the risk of lending to men to be too high. This focus on women is questioned sometimes, however a recent study of micro entrepreneurs from Sri Lanka published by the World Bank found that the return on capital for male-owned businesses (half of the sample) averaged 11%, whereas the return for women-owned businesses was 0% or slightly negative (McKenzie, David (2008-10-17)).

Microfinance's emphasis on female-oriented lending is the subject of controversy, as it is claimed that microfinance improves the status of women through an alleviation of poverty. It is argued that by providing women with initial capital, they will be able to support themselves independent of men, in a manner which would encourage sustainable growth of enterprise and eventual self-sufficiency. This claim has yet to be proven in any substantial form. Moreover, the attraction of women as a potential investment base is precisely because they are constrained by socio-cultural norms regarding such concepts of obedience, familial duty, household maintenance and passivity. (Bruton, Chavez & Khavul, G.D.,H. & S. (2011). The result of these norms is that while micro-lending may enable women to improve their daily subsistence to a more steady pace, they will not be able to engage in market-oriented business practice beyond a limited scope of low-skilled, low-earning, informal work (Bee, Beth (2011)). Part of this is a lack of permissiveness in the society; part a reflection of the added burdens of household maintenance that women shoulder alone as a result of micro financial empowerment; and part a lack of training and education surrounding gendered conceptions of economics. In particular, the shift in norms such that women continue to be responsible for all the domestic private sphere labour as well as undertaking public economic support for their families, independent of male aid increases rather than decreases burdens on already limited persons.

If there were to be an exchange of labour, or if women's income were supplemental rather than essential to household maintenance, there might be some truth to claims of establishing long-term businesses; however when so constrained it is impossible for women to do more than pay off a current loan only to take on another in a cyclic pattern which is beneficial to the financier but hardly to the borrower. This gender

essential zing crosses over from institutionalized lenders such as the Grameen Bank into interpersonal direct lending through charitable crowd-funding operations, such as Kiva. More recently, the popularity of non-profit global online lending has grown, suggesting that a redress of gender norms might be instituted through individual selection fomented by the processes of such programs, but the reality is as yet uncertain. Studies have noted that the likelihood of lending to women, individually or in groups, is 38% higher than rates of lending to men (Ly & Mason, P. & G. (2012).

This is also due to a general trend for interpersonal microfinance relations to be conducted on grounds of similarity and internal/external recognition: lenders want to see something familiar, something supportable in potential borrowers, so an emphasis on family, goals of education and health, and a commitment to community all achieve positive results from prospective financiers.(Allison, Davis, Short & Webb, T.H., B.C., J.C., & J.W. (2015). Unfortunately, these labels disproportionately align with women rather than men, particularly in the developing world. The result is that microfinance continues to rely on restrictive gender norms rather than seek to subvert them through economic redress in terms of foundation change: training, business management and financial education are all elements which might be included in parameters of female-aimed loans and until they are the fundamental reality of women as a disadvantaged section of societies in developing states will go untested.

2.2.5 Benefits and Limitations of MF

Micro financing produces many benefits for poverty stricken, or low- income households. One of the benefits is that it is very accessible. Banks today simply won't extend loans to those with little to no assets, and generally don't engage in small size loans typically associated with micro financing. Through micro financing small loans are produced and accessible. Micro financing is based on the philosophy that even small amounts of credit can help end the cycle of poverty. Another benefit produced from the micro financing initiative is that it presents opportunities, such as extending education and jobs. Families receiving micro financing are less likely to pull their children out of school for economic reasons. As well, in relation to employment, people are more likely to open small businesses that will aid the creation of new jobs.

Overall, the benefits outline that the micro financing initiative is set out to improve the standard of living amongst impoverished communities (Rutherford, 2009).

2.2.6 History & Evolution of Microfinance in Nepal.

The idea of MF is derived from England; "REKADEL PIONEER SOCIETY", is the pioneer of micro finance concept. In 1950s development projects began to introduce subsidized credit program targeted at specific communities. These subsidized schemes were rarely successful. Rural development banks suffered massive erosion of their capital base due to subsidized lending rates and poor repayment discipline and funds did not always reach the poor often ending up concentrated in hands of shelter off farmers. In 1976 Prof. Yunus implemented the Micro Credit experimental program in Bangladesh. Brazil and other few countries extended tiny loans to groups of poor women to invest in micro business. This type of micro enterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. Through 1980s and 1990s MC program thought the world improved upon the original methodologies and bucket conventional wisdom about financing the poor. The year 2006 has proved to be very important year for micro finance development. The observation of 2005 as the international year of micro credit by the united nation followed by organization of Global Micro Credit submitted 2006 in Canada. Nobel Peace Prize Award awarded to Prof. Mohammad Yunus who is the founder of Grameen Bank of Bangladesh.

Nepal has three decades long experience in micro financing. In an effort to reduce poverty in the country, NRB as the central bank of country has been involved in the MFIs as the promoter and facilitator since 1974. Since then many MF focused program have been launched in the country and significant amount of financial resources have been allocated for the promotion of this sector. At present 5 Regional Grameen Bikash Banks (RGBBs), 6 Micro Finance Development Banks (MFDBs), 47 Financial Intermediary Non-governmental Organizations (FINGOs) and 19 Saving and Credit Co-operatives (SACCOPs) are licensed by NRB and directly involved in providing micro credit services in rural area.

Micro financing practice in Nepal has originated from traditional practices of cooperatives like Guthi, Dhikuri, Dharam Bhakari etc., at present there are numerous co-operative societies, NGOs, INGOs and Governmental Organizations (GOs) working under this sector. After the financial sector policy liberalization Nepalese financial sector has expended massively.

NRB introduced Intensive Banking Program (IBP) under priority sector credit program in 1981-82 in which every Commercial Bank (CB) has to invest at least 12 percent of its total annual disbursement to prioritized sector. Similarly, Deprived Sector Credit Program (DSCP) was launched in 1991-92 in which CB are required to invest 2.5-3 percent of their total loan to the sector. Since 1994 Micro Credit Program for Women (MCPW) has supplemented Production Credit for Rural Women (PCRW) launched in 1982 realizing the important role of women in socio-economic development of nation. Banking with poor (BWTP) implemented since 1991 is a program executed by NGOs in association with self-help groups. In addition, Rural Self Reliance Fund (RSRF) was initiated by government in 1991 through NRB to support the NGOs and saving and credit cooperatives working in micro credit program. ADB\N introduced Small Farmer Development Program (SFDP) in 1975 with the aim of providing micro finance services through group approach; later on ADB\N introduced another Small Farmer Co-operatives Limited (SFCL) Program as a means of graduation from SFDP by consolidating SFDP group in to Self-sustaining co-operatives by transferring the assets and liabilities of SFDP. Government runs MFP, BWTP, and Women Awareness Programs (WAPs).

The earliest initiative for establishing MFPs in Nepal is dated back to 1950s when the first credit co-operatives were established for providing rural financial services that was the first step. Those co-operatives primarily intended to provide credit only to agricultural sector (SFDP in 1975 with in ADB\N).

The institutional sectors that are working to develop micro finance sectors are NRB, RSRF, RMDC, CB, DB, FINGO, Saving and co-operatives, Traditional saving and credit program. Till the date SFDPO, SFCL, PCRW, EGB, CGB, WGO, MWGB, NOBL, CSD, DEPROSC, Chhimek, Samaj, NRDSC, Priority sector lending are

covering 7,11,000 members, among them 6,76,000 are borrowers. Total disbursement of these all organization is Rs10,85,74,09,000, outstanding loan is Rs 3,51,86,75,000 and saving is Rs 49,92,86,000 similarly, informal (SHGS, SCCs) are covering 5,60,000 members among them 2,80,000 are borrowers, their loans outstanding is Rs 80 million. (www. rmdc.com)

2.2.7 Microfinance Standards and Principles

Poor people borrow from informal moneylenders and save with informal collectors. They receive loans and grants from charities. They buy insurance from state-owned companies. They receive funds transfers through formal or informal remittance networks. It is not easy to distinguish microfinance from similar activities. It could be claimed that a government that orders state banks to open deposit accounts for poor consumers, or a moneylender that engages in usury, or a charity that runs a heifer pool are engaged in microfinance. Ensuring financial services to poor people is best done by expanding the number of financial institutions available to them, as well as by strengthening the capacity of those institutions. In recent years there has also been increasing emphasis on expanding the diversity of institutions, since different institutions serve different needs.

Some principles are raised in last some years development practice were encapsulated in 2004 by CGAP and endorsed by the Group of Eight leaders at the G8 Summit on June 10, 2004:

-) Poor people need not just loans but also savings, insurance and money transfer services.
-) Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.
-) "Microfinance can pay for itself."¹⁶ Subsidies from donors and government are scarce and uncertain and so, to reach large numbers of poor people, microfinance must pay for itself.
-) Microfinance means building permanent local institutions.

¹⁶ Helms (2006), p.xi

-) Microfinance also means integrating the financial needs of poor people into a country's mainstream financial system.
-) "The job of government is to enable financial services, not to provide them. Helms (2006).
-) Donor funds should complement private capital, not compete with it.
-) The key bottleneck is the shortage of strong institutions and managers. Donors should focus on capacity building.
-) Interest rate ceilings hurt poor people by preventing microfinance institutions from covering their costs, which chokes off the supply of credit.
-) Microfinance institutions should measure and disclose their performance both financially and socially.

Microfinance is considered a tool for socio-economic development, and can be clearly distinguished from charity. Families who are destitute, or so poor they are unlikely to be able to generate the cash flow required to repay a loan, should be recipients of charity. Others are best served by financial institutions.

2.2.8 Microfinance and Social Intervention

There are currently a few social interventions that have been combined with micro financing to increase awareness of HIV/AIDS. Such interventions like the "Intervention with Microfinance for AIDS and Gender Equity" (IMAGE) which incorporates micro financing with "The Sisters-for-Life" program a participatory program that educates on different gender roles, gender-based violence, and HIV/AIDS infections to strengthen the communication skills and leadership of women (Kim, J.C., Watts, C. H., Hargreaves, et al. (2007) "The Sisters-for-Life" program has two phases where phase one consists of ten one-hour training programs with a facilitator with phase two consisting of identifying a leader amongst the group, train them further, and allow them to implement an Action Plan to their respective centers.

Microfinance has also been combined with business education and with other packages of health interventions. (Smith, Stephen C. (April 2002). A project undertaken

in Peru by Innovations for Poverty Action found that those borrowers randomly selected to receive financial training as part of their borrowing group meetings had higher profits, although there was not a reduction in "the proportion who reported having problems in their business (Karlan, Dean S.; Valdivia, Martin (May 2011) Pro Mujer, a non-governmental organization (NGO) with operations in five Latin American countries, combines microfinance and healthcare. This approach shows that microfinance can not only help businesses to prosper; it can also foster human development and social security. Pro Mujer uses a "one-stop shop" approach, which means in one building, the clients find financial services, business training, empowerment advice and healthcare services combined (Sölle de Hilari, Caroline ,11 October 2013).

2.3 Women Empowerment

A woman is a key partner of the social development which shows the necessary action for the equal Contribution as man. The term woman is usually reserved for an adult, with the term girl being the usual term for a female child or adolescent. The term woman is also sometimes used to identify a female human, regardless of age, as in phrases such as "women's rights". "Woman" may also refer to a person's gender identity (Deana F. Morrow and Lori Messinger 2006.) .Women with typical genetic development are usually capable of giving birth from puberty until menopause.

The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. Empowerment as action refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence, and to recognize and use their resources.

The term empowerment originates from American community psychology and is associated with the social scientist Julian Rappaport (1981).

In social work, empowerment forms a practical approach of resource-oriented intervention. In the field of citizenship education and democratic education, empowerment is seen as a tool to increase the responsibility of the citizen. Empowerment is a key concept in the discourse on promoting civic engagement. Empowerment as a concept, which is characterized by a move away from a deficit oriented towards a more strength-oriented perception, can increasingly be found in management concepts, as well as in the areas of continuing education and self-help.

2.3.1 Meaning of Empowerment:

Robert Adams points to the limitations of any single definition of 'empowerment', and the danger that academic or specialist definitions might take away the word and the connected practices from the very people they are supposed to belong to. (Rappaport, Julian. 1981, 1–25 (13) .Still, he offers a minimal definition of the term: 'Empowerment: the capacity of individuals, groups and/or communities to take control of their circumstances, exercise power and achieve their own goals, and the process by which, individually and collectively, they are able to help themselves and others to maximize the quality of their lives.' (Adams, Robert, Palgrave Macmillan, 2008) One definition for the term is "an intentional, ongoing process centered in the local community, involving mutual respect, critical reflection, caring, and group participation, through which people lacking an equal share of resources gain greater access to and control over those resources".¹⁷

Rappaport's (1984) definition includes: "Empowerment is viewed as a process: the mechanism by which people, organizations, and communities gain mastery over their lives."

Sociological empowerment often addresses members of groups that social discrimination processes have excluded from decision-making processes through – for example – discrimination based on disability, race, ethnicity, religion, or gender. Empowerment as a methodology is also associated with feminism.

¹⁷Cornell Empowerment Group. (1989, October). Empowerment and family support. Networking Bulletin, 1(1)2.

Empowerment is the expansion of asset and capabilities of poor people to participate in negotiation with, influence control and hold accountable institutions that affect their lives (World Bank 2014). It means transforming existing power in favor of these (women disadvantaged group and more generally the poor) who forced several limitations in exercising power and making voluntary choices. It is concern transformative use of power, in which a dominant agent also exercises his power in such a way that the subordinate agent learns certain skills that undercut the power differential between him/her and dominated agent. In other word empowerment is the process of increasing the overall capacity of individuals, which is very much essential to human development and poverty reduction. In this sense empower can be defined as the seed for the sustainable development for the country.

For the human development, population should be empowered. To empower them their economic, social and political condition should be made wide and self-dependable when these three components take place in the practice, the human development will be achieved as the combined result. When the population gets empowered, the mission of Millennium Development Goals (MDGs), poverty reduction will be possible.

2.3.2 Meaning of Women's Empowerment

Women's empowerment has become a significant topic of discussion in development and economics. It can also point to approaches regarding other trivialized genders in a particular political or social context.

Women's economic empowerment refers to the ability for women to enjoy their rights to control and benefit from resources, assets, income and their own time, as well as the ability to manage risk and improve their economic status and wellbeing. While often interchangeably used, the more comprehensive concept of gender empowerment refers to people of any gender, stressing the distinction between biological sex and gender as a role. It thereby also refers to other marginalized genders in a particular political or social context.

Women's Empowerment International took form in December, 2003, when 35 San Diego women met to discuss forming a new nonprofit organization that would provide microfinance loans to women in poverty.

For two years, Winifred Cox, an associate vice chancellor at UC San Diego, had been mapping out a route to a fulfilling retirement, based on the belief that giving back is an essential component to a meaningful life, especially as we grow older. During this time, she educated herself about microfinance and the fundamentals of starting and administering a nonprofit organization.

She was intrigued with the idea of creating a nonprofit organization modeled after the investors' club, in which small groups of individuals meet regularly, invest collectively and develop successful stock portfolios. Winifred's nonprofit version transformed the collective funds into a charitable donation – an investment in poor women around the world.

The mechanism for offering these funds to women would be microfinance – small, repayable business loans, typically less than \$100.

Winifred invited two friends, Leigh Fenly, a journalist, and Jan Percival, a marketing executive, to join her in creating this new model of giving. After extensive study and discussion, the three women presented the idea to a small group of friends at that initial December meeting in 2003. The response was overwhelmingly positive.

2.3.3 Women in Nepalese societies:

Women comprised 50.4 percent of total population of Nepal (Census 2011). Patriarchy pervades most of country's cast and ethnic groups have one of highest indices of son preference in the world. Boys not only pass on the family name but represent “insurance” for parents in their old age and can carry out important rituals after parents pass out. Girls usually work at home and in the field considered too unimportant and risky to educate, given the high value attributed to virginity and dangers that schooling in the company of boys and men outside the household might pose to virginity by contrast early marriage constitutes a kind of virginity insurance.

But the negative impacts of such decision are not considered. Over all women are discriminated at times, victimized forcing them to live insecure lives due to illiteracy ill health, poverty, discriminatory tradition and laws. In term of empowerment women lay far behind their male counterparts. Most of the Nepalese women are living under low class living standard; although some of them are living standard life. Living standard of rural women is unbelievable. Rural women spend most of the time on agriculture and livestock related activities. They spend 10 to 12 hours in such non-paying works; they do not have any access of chances and opportunities to change their life style. The situation of racial discrimination is also creating very hard condition in rural life which also restricting to develop rural sector. Similarly, the Nepalese women's mobility is limited because their legs are locked by the chain of traditions; their hands are locked by household activities. Generally, women do not express their decision at front; it is due to the excessive male-dominated society. At present women related plans, programs; strategies of NGO, INGO are implemented to develop and empower them. Women are showing much interest on self-dependency. To make women economically, socially, and politically independent, programs such as, micro-finance income generation, skill development for informal enterprise and preparation for the formation and operation of co-operatives are being undertaken. Literacy level of Nepalese women is 43 percent in 2001. Women lag far behind men in literacy and educational attainment life expectancy of Nepalese women is 61.5 year in 2001. Infant mortality rate is 64.4 per 100 live births. Maternal mortality rate of Nepali woman is 539 per 100,000 which is the highest in the world. Almost all deliveries take place at home only 13 percent deliveries are assisted by a skilled birth attendant. Nepalese women are victimized by various violence, such as traditional violence (Deuki, Jhuma, Badi) Violence based on superstition such as torture for alleged witchcraft, sexual Violence (trafficking and sexual harassment), Family violence (domestic polygamy, child marriage), dowry related violence (Torture both mental and physical). Hundreds of girls have crossed to different country with false assurance of employment. Women have only limited access to resources and limited control over those they can access. Of the total land holding female owns only 8.1 percent and the average size of their land is just two third that of an average male

holding. Only 4 percent of at household has female ownership. Although a husband may keep property in the name of his wife, she cannot sell, rent and use for collateral propose. So, women are restricted to credit. Employment condition of Nepalese women is also not good over 70 percent are confined to self-employed, unpaid and low wage informal sector, they have few formal job opportunities, their contribution on manufacturing sector is 23 percent in 2001 (carpet and garment) women are concentrated in low skill jobs because of their lack of education and trainings opportunities.

2.3.4 Nepalese women conditions in rural areas

In Nepal, generally property is owned by males. Women lack ownership of property for use as collateral to get bank loans. Bank and financial institution consider women as less credit worthy. Women generally relay on loans from close friends and relatives to start their own desired task. Pewa, Dakshina in festivals etc. are the main sources of women property.

Low Mobility: - Compare to male, female tends to be less mobile. Traditionally, the place of women was confined within four walls of home. In most developing countries, women can't travel alone in faraway place poor mobility discourages the women to become self-dependent.

Lack of Skills and Experience: - Illiteracy among women is widespread in Nepal. Ratio of literate women to men 15-24 years old is 0.73 in 2003/04 (NG/ UNDP 2005). Women are lacking proper support do develop their competitive power and become self-dependent. So, they perceive them self as inferior.

Family Pressures: - In many societies the main role of women is to look after the household and bring up children, this role prevents women to devote time and effort for their uplift. In male dominated societies, husbands do not allow their wives to do their own desired works. Poverty is a condition in which a person or community is deprived of land or lacks the essentials from a minimum standard of well-being and life. Since poverty is understood in many senses, these essentials may be material resources such as food, safe drinking water and shelter or they may be social resources

such as access to information, education, healthcare, social status, political power or the opportunity to develop meaningful connections with other people in society. Prevalence of poverty is quite high in women neither they have financial access nor they have property to pledge. So, the door step credit facility is very much supportive to the women. MFSs help to reduce the poverty which is wide spread on women. MFSs help in many ways as opens the avenues to the access on credit; major ingredient of production exorbitant cost being born by the poor people will be reduced. MFSs help to increase the opportunities for economic activities. Women will be empowered to obtain support services from the existing service delivery channels of local authority and government line agencies.

2.3.5 Microfinance and women's empowerment

Microfinance is the provision of financial services to traditionally excluded people with low income and lack of access to banking and other related services. Serving impoverished population suffering from multiplicity of exclusion, poverty, and lack of opportunities is motto of microfinance services (Muhammad, 2010: 88). Microfinance is regarded as a powerful tool to fight against poverty and underdevelopment. Its fundamental essence is to provide financial services to the poor population at the time of their need, at their own place and convenient condition (Kabeer, 2005: 4715).

Until 1970s state was unanimous institutional player to design and implement development programs. The rural credit programs funded by donor agencies and the government institutions were the major provision of financial services. In the field of development microfinance began in 1970s. In 1976, the well-known Grameen Bank model developed by Nobel Peace Prize Laureate Muhammad Yunus is the basis for microfinance development. Successful mobilization of small loans and savings services by Grameen Bank (Village Bank) in 1980s took the turning point in the history of Microfinance (Robinson, 2001).

From early 1990s the failure of centrally planned development intervention led to a shift in international development ideology with the understanding that the poverty

could not respond by growth oriented „trickle down“ approach of development (Baruah, 2010: 980). The „bottom-up approach“ alternative to state led development intervention took place envisioning the viable representatives to expand the role of civil societies and NGOs to reduce the poverty among the poorest (Thomas and Sinha, 2009: 30). This is because they are less bureaucratic, closer to their targeted people and less conservative. The face to face interaction between NGOs and grass root people assists to promote innovative participation of the people suffering from poverty and lack of access on banks and other financial institutions (Baruah, 2010: 980).

Scholars viewing microfinance as effective tools to poverty reduction and women empowerment present several reasons why micro finance programs focus to the women. Firstly, women are the poorest of the poor. According to the Human Development report (2014) more than 1.3 billion people in the world live on less than \$1 per day, 70% are women. Women in developing countries, particularly in rural areas lack access to banks and other financial institutions. Both men and women are poor, but women are poorer than men due to the patriarchal social structure (Mayoux, 2007). In patriarchal social structural women are denied of basic human rights, social, economic, educational opportunities that force them to live in subordination. Serving people suffering from social exclusion, poverty and lack of opportunities is the motto of microfinance programs (Muhammad, 2010: 88). Therefore microfinance programs prioritize women’s access to economic activities.

Similarly, women’s spending pattern is also another reason why micro credit programs target to women. Cheston and Kuln (2002) argue that women spend a large portion of their income on their households. The increased access to income generating activities results more spending for family welfare. Specifically they tend to invest additional earning for food, family health and nutrition, and in education of their children. Not like other financial institutions microfinance institutions offer collateral free loans which encourage them to participate. Because, due to traditional patriarchal social norms and value, women in developing countries’, particularly in rural area are restricted to ownership of property.

Efficiency and sustainability is another reason microfinance targeting to the women. Women are often proved to be good savers, cooperative and better repayment (Mayox, 2007). Moreover, women are more willing to work in group. They form groups for the purpose of credit program that decreases the delivery cost of making their group more sustainable. Similarly, women subordination in household is due to their financial dependency on male members of the family. Women's financial contribution to their families boosts their agency that ultimately decreases household abuses that make them feel sense of power within themselves (Kabeer, 1998).

The focus on women's empowerment in the context of microfinance brings to light the significance of gender relations in policy development circles more prominently than ever before. Women are vaunted as a 'weapon against poverty' (DFID 2006, 1).

The rationale for providing women access to microfinance services is that gender inequalities inhibit economic growth and development (World Bank, CIDA, UNDP, UNIFEM). Hence, the Canadian International Development Agency (CIDA) provides "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women" (CIDA 1999).

Critics of the development perspective argue that the policy development approach to empowerment is extremely instrumental. As Cornwall and Edward (2010) put it, "women's empowerment is heralded as a means that can produce extraordinary ends their empowerment extolled as the solution to a host of entrenched social and economic problems. The predominant image of empowerment in development is that of women gaining (material) means to empower themselves as individuals, and putting this to the service of their families and communities." This is primarily because empowerment is understood in relation to deliberate and planned interventions such as electoral quotas, education, economic empowerment initiatives, legislative change and non-governmental public action.

The alternative perspective emphasizes that women's empowerment emerges:

- (i) As a result of cultural, economic and other changes, such as the availability of new technologies in their lives (e.g. mobile phones and satellite television);
- (ii) As women's current opportunities and constraints; and
- (iii) As a process in time, across generations (Cornwall and Edwards 2010).

Since the context of women's lives matters and the same interventions are not effective everywhere, most of the policies remain ineffective (Abdullah, Aisha and King 2010; Sardenberg 2010a). The experiences of empowerment and disempowerment are related not just to material means and interventions, but also to social relationships (Kabeer and Haq 2010; Sardenberg 2010a), narratives (Priyadarshani and Rahim 2010), voice (Goetz and Nyamu Musembi 2008), choice (Kabeer 2008) and negotiations (Huq 2010; Johnson 2010).

This critique is well reflected in the three paradigms of women's empowerment through microfinance:

- (i) Feminist empowerment paradigm;
- (ii) Financial self-sustainability paradigm; and
- (iii) Poverty alleviation paradigm (Mayoux 2005, 2006).

It is not that MFIs do not pay attention to women's empowerment issues; however they do so marginally by adhering to the latter two paradigms. As Mayoux (2005, 2006) eloquently explains, "in the financial self-sustainability paradigm, women's empowerment strategies are seen as entailing unacceptable costs, as the paradigm's explicit aim is to develop fully financially self-sufficient MFIs. In the poverty alleviation paradigm, women's empowerment is seen as an external imposition by Western influenced middle-class feminist elite, with little relevance to the needs of poor women. It is also seen as politically sensitive and involving conflicts within households and communities that may undermine organizational sustainability." Both paradigms perceive conflicts between women's empowerment and development aims.

Thus the feminist paradigm – where the central concern lies in promoting gender equality and human rights – has been emphasized as an effective route to women’s empowerment through microfinance institutions.

Although microfinance programs adhere to the latter two paradigms, there are arguments on why MFIs should adopt empowerment approaches:

Firstly, microfinance practices do not always produce automatic empowerment benefits for women; therefore, empowerment must be strategically planned for in MFIs. Secondly, empowerment approaches allow microfinance institutions to realize their full potential in contributing to a number of critical dimensions of women’s empowerment. Finally, empowerment approaches are often compatible with other approaches to microfinance (e.g. financial sustainability), and can actually enhance the aims of these other approaches in many cases. – Mayoux (2006)

An agenda of targeting women for loan access, and detaching the empowerment aspect, will thus be an anti-poverty strategy that is not only rationally unmusical, but also morally incomprehensible. For this reason, the agenda for MFIs should be to develop useful linkages between the functions of MFIs and their empowering potential.

2.3.6 A socio cultural framework

The evidence discussed above of the contributions and limitations of microfinance programs to women’s empowerment reveals that poverty reduction interventions do not exist in isolation. Rather, they are rooted within the larger social matrix that influences them and that they, in turn, influence. This social matrix consists of economic, political, ideological and cultural categories.

In the context of poverty reduction through MFIs, the functions, design and implementation of microfinance programs ought to be cognizant of these categories. Given that the key actor and target of microfinance programs is women, and given that women are a vulnerable and disadvantaged sector of the population, it becomes extremely important that MFIs take into account the social matrix within which

women's everyday lives are embedded. Otherwise, an "external intervention of empowerment such as that of taking microcredit loans may simply sustain women in their existing situation" (Cornwall and Edwards 2010).

The extant literature – academic and policy – provides very useful discussion and suggestions on how and why MFIs should focus on their empowering potential. The concluding section will add to the existing literature by further analyzing and suggesting a few areas of enquiry.

The evidence that empowerment through access to loans is not enough makes a good case for paying attention to the significance of non-economic factors. Thus a helpful conceptual framework for developing linkages between functions and the empowerment potential of MFIs is the cultural framework. This framework addresses the concern of placing MFIs within the larger social matrix. The framework includes identifying the role of culture at two levels: the organization of MFIs and the different locations – family/household, social networks, non-governmental organizations (NGOs) – within which women's lives are embedded. The discussion below will focus on analyzing the two levels of culture for an understanding of the empowerment/access linkage.

2.3.7 Culture and organizational challenges

As mentioned above, concern for the financial sustainability of MFIs is considered incompatible with concern for women's empowerment. There is perhaps some justification in this belief. However, as there are different routes to achieving women's empowerment, mainstreaming gender in the following areas can actually enhance the efficiency and sustainability of MFIs, while ensuring gender equality and empowerment:

- (i) Understanding and valuing women's activities, strategies, priorities and challenges;
- (ii) Making information available in language that is user friendly to women;
- (iii) Including women in design plans through participatory research programs;
- (iv) Integrating gender into core group mobilization for savings and credit;

- (v) Giving women access to non-financial services, such as involving them in the application process;
- (vi) Recognizing women's talents and giving them loans in amounts that would help them expand a business and increase its quality through the purchase of superior equipment and materials;
- (vii) Including women in value and supply chains so as to promote markets for services used by women; and
- (viii) Providing smaller loans with quick returns, targeted at productive activity, and making savings and services available in locations that women frequently access (Mayoux and Hartl 2009, 22-23).

Others have suggested capacity-building for women to achieve greater market control in terms of two stages: livelihood security and enterprise growth (Viswanath 2003, 236).

2. 4 Analysis of Laxmi Laghubittia Bittiya Sanstha Limited (LLBS):

Laxmi Laghubitta Bittiya Sanstha Limited (LLBS), a microfinance subsidiary of Laxmi Bank Limited (a commercial bank of Nepal), is a national level microfinance institution licensed by Nepal Rastra Bank, the central bank of Nepal. It is the first microfinance institution to be registered as a subsidiary of a commercial bank in Nepal. Registered as a limited company on 30th November 2010, LLBS received operating license from central bank as "D" class (National Level) financial institution on 6th March 2012 to operate under Bank and Financial Institution Act 2003. It started formal microfinance operation from June 4, 2012 from its first branch office located in Battar, Nuwakot. As a professional microfinance institution, LLBS has developed customer friendly financial products and services and plans to reach large number of clients in un-served and underserved areas. It focuses on livelihood business, micro-enterprise and small and medium scale enterprises with an aim to benefit and empower the low income group of Nepal.

The Program principle of LLBS includes:

- Scaling up to achieve the goals of impact and sustainability;
- Operating under market realities including charging a market based interest rate and full cost recovery; and
- Regular monitoring and evaluation to improve program quality and measure the impact on clients.

LLBS has its Head Office in Kathmandu, Nepal and provides microfinance services to low income group through its branch offices located in different parts of the country.

Generally LLBS establishes branch network to market and sale its product and services through the branch offices. However, LLBS realize this traditional model of service delivery would not be sufficient and also would not bring scale fast enough. It intends to use technology to develop alternative distribution channel. It will use mobile microfinance banking (M-banking) to serve existing customer better and reach new customer.

The paid of capital of LLBS is Rs. 110 million which has been issued. The distribution is as under:

- | | |
|---|-----|
| • Laxmi Bank Limited (Rs. 77 million) | 70% |
| • General public including staff (Rs. 33 million) | 30% |

Laxmi Laghubitta Bittiya Sanstha Ltd. has providing following products:

Compulsory Savings (CS): This is mandatory Savings and is linked with loan disbursement. The clients are required to deposit 4% of their loan disbursement in this account. This product is designed to encourage saving habits of clients as well as to provide safety net for both LxLB and client. Clients earn 8% interest on these savings. The clients can withdraw the amount from this saving as and when required keeping at-least 10% of loan outstanding or Rs. 500.00 whichever is higher.

Samriddhi Savings (SS): This is the voluntary saving product offered to all its clients. A client can open his/her account with a minimum of Rs.10.00. Clients earn 8% interest on this saving. S/he can deposit in this account when he or she has surplus and withdraw from this account as per his/her needs.

Sunaulo Bhabisiya Bachat Khata (Recurring Saving Account): The members of LxLB can open recurring saving account for the period of 3 years or 5 years. Recurring savers are required to deposit Rs. 100 or multiple of 100 per month for agreed period. The maximum amount that can be deposited monthly by a client is Rs. 1000.

Income Generating (IG) Loan: After completion of the compulsory group training (CGT) and group recognition test (GRT) clients are eligible to take IG Loan. Clients choose their project as per their own knowledge about any kind of IGA, and can submit loan application at the center. The maximum Loan amount per client is NPR 100,000 and available at 20% interest rate charged on declining basis.

Consumption Loans (SC): Beside the Income generating Loan (IG Loan) the LxLB try to satisfy the Social and Consumption need of the clients by providing Social/consumption loans. The maximum amount for this Loan is NPR 20,000 and provided at 20% interest rate for maximum period of 18 months.

Group-based Micro-enterprise Loan (GME): This loan product is designed to satisfy credit need of micro-entrepreneurs. It is provided to graduated clients from the groups. The maximum loan amount of this loan is Rs. 300,000 and is provided for maximum 3 years period at the rate of 16% per annum. Project viability, client's integrity and the physical collateral are the basis to provide this loan.

Individual Micro-enterprise Individual (IME) Loan: LxLB provides IME loan to the missing middle or poor clients who do not wish to join groups for various reasons. The maximum loan amount of this loan is Rs. 90,000 and is provided for maximum 3 years period at the interest rate of 16% per annum. Project viability, client's integrity and the physical collateral are the basis to provide this loan. The physical collateral will be required to avail this loan

Alternative Energy (AE) Loan: Group Based clients and other individuals willing to establish/install alternative energy system are target clients of this loan product. The finance is available to establishment/installation of Biogas Plant, Home solar system, water turbine, water mill (Pani Ghatta) and other energy producing systems. The

maximum loan limit is Rs. 30,000 for without collateral and Rs. 60,000 for collateralized loans. The interest rate charged for this loan product is 16% p.a.

Seasonal Agricultural (SA) Loan: This loan product is available to group based clients to finance inputs for seasonal agricultural production like Purchase of seeds, fertilizer, insecticides and pesticides. The loan is also being available for purchase and sale of agricultural products. Maximum limit for this loan is Rs. 30,000 and provided at 20% interest rate per annum.

Remittance Service: The bank provides this service through collaboration with established banks, financial institutions and Remittance Companies. However, the institution plans to develop its own system to provide this service in the future.

Micro Insurance Service: The financial service that is gaining increased attention is a category of products that address clients' needs for risk management. The low-income households are highly vulnerable to economic shocks caused by events such as death of family member, illness, destruction of valuable asset, or a disabling injury. LLBS recognize this new financial service and provides micro-insurance service by partnering with established and reputed insurance company of Nepal. It is expected that micro-insurance can respond to households' need to reduce their vulnerability, while at the same time improving the results of their existing credit and savings portfolios. The clients are offered term life insurance and livestock insurance services linking them with insurance companies.

2.4.1 Strategy of LLBS

To be a pioneer microfinance institution committed to improving quality of life through the provision of inclusive and sustainable microfinance services to the economically disadvantaged people of Nepal.

2.4.2 Mission:

To provide customer friendly financial products and services to the poor and disadvantaged community and promote economic activities in un-served and underserved areas of Nepal in a sustainable manner.

2.4.3 Goals:

The three primary goals are to:

- i) Reach 40,500 loan clients by FY 2016/17 and improve their economic status by providing diverse and competitive financial services;
- ii) Achieve operational self-sufficiency by FY 2013/14.
- iii) Develop a highly professional institution to reach target clients.

2.4.4 Target Clients

All clients in group based financial services of the Institution are women. They are under the defined target groups of the Institution. The targeting of the clients is based basically on land holding size and other socio-economic indicators. The means test form is used to find whether particular household falls under target group or not. The following criteria are used to identify target group:

Client selection criteria for group based financial services:

-) A Nepali citizen having land holding of less than 20 Kattha (0.67 Ha.) per household of five family members
-) Permanently living in the area covered by the Institution
-) A per capita income of less than NRs. 4,404 at 1997/98 prices
-) Do not have sufficient physical collateral to offer
-) Most of the clients are from agriculture laborers, petty traders and city dwellers.
-) The clients for microenterprise loan activities of the Institution are group members graduated from the group based loan activities. However, microenterprise loans are also available to individual clients also who do not wish to join group due to different reasons.

Client selection criteria for Group microenterprise loan:

-) Graduates of group based financial services activities
-) Micro-entrepreneur
-) Permanently living in the area covered by the Institution

) Can provide collateral

Client selection criteria for Individual Microenterprise loan

) A Nepali citizen living permanently in the area covered by institution

) Micro-entrepreneur

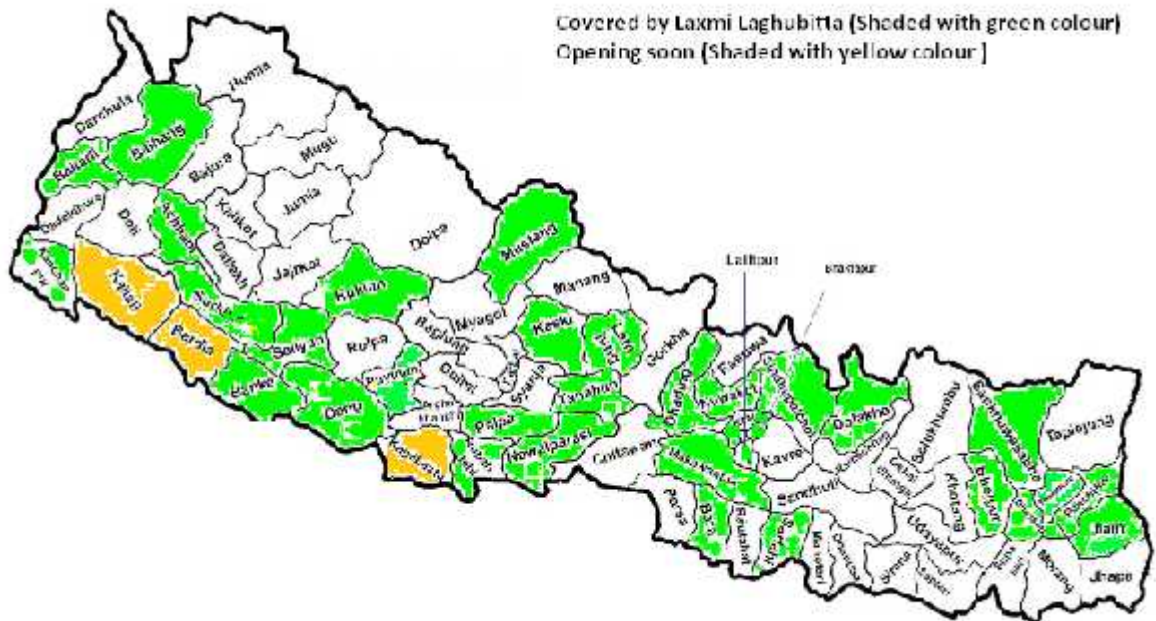
) Willing to expand or establish microenterprise in the institution's working area

) Has physical collateral to offer as loan security

2.4.5 Area of Operation

Being a national level microfinance financial institution it can have branch offices all over the country. Within very short period of time it has established branch offices in all development region of Nepal. It has 42 branch offices spread over 33 districts out of 75 districts of Nepal

Figure No.1 Map of Nepal (covered by Laxmi Laghubitta in district)



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. Thus the definition of micro finance often includes both financial intermediation and social intermediation. Micro finance is not banking, it is a development.

A micro-finance activity usually involves:

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

Some MFIs provide enterprise 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 micro-finance. MFIs are non-government organizations (NGO), savings and loan co-operatives, credit unions, government banks, development bank, commercial banks or non banking financial institutions. Micro-finance clients are typically self-employed, low income entrepreneurs in both urban and rural area clients are often traders. Street vendors, small farmers, service providers and artisans and small producers.

Essentials of micro-finance is targeted to the poor, group approach, no tangible collateral, doorstep service, small loan size, frequent repayment, sustainable interest

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

2.5 Review of Related Studies:

Under this heading effort has been made to review some related books, thesis, articles journals, presentation paper and annual reports.

2.5.1 Journal

Yunus, (1995) Micro-finance, and Grameen Bank in Bangladesh are not the outcome of single day effort. It is the result of a tremendous performance over a long time by an outstanding personality, Professor Mohammad Yunus, Grammen Bank is neither a magician want that makes the audience confused about the right and wrong of neither the show nor it is same impractical concept of a theoretician with the ambition of gaining honor and money in a short time. To run GB smoothly, its staff should have the power of endurance and patience and be willing to work under hardship and pressure in the remote areas.

Grameen Bikas Bank grew out of an action research project organized in 1976 by Muhammad Yens professor at the University of Chittagong in Bangladesh. Professor Yunus had developed an NGO and emerged as world renowned figure. Before establishment of Grameen Bikas project in Bangladesh, there was a very serious economic crisis in Bangladesh. In 1995, Professor Yunus made a statement that Bangladesh had a terrible famine in 1974. "I was teaching economics in Bangladesh university at that time you can guess how difficult it was to teach elegant theories of economics when people were dying of hunger all around you. Those theories appeared like cruel jokes. I became a dropout from formal economics. I wanted to learn economics from the poor in the village next door to the university campus." (Journal of Economic Literature, Vol. XXXVII, 1999 Dec.)

Yunus, (1997) *A bank for the poor* describes the genesis of a pioneering institution that has encouraged the social and political emancipation of needy women in Bangladesh. He says from the numeral study on the bank that it has increased the

economic as well as social well-being of its members and pointed to the increasing power of women, to their greater political participation. He adds saying that still much remains to be done to alleviate poverty and end inequality and gender disparity, micro credit in Bangladesh as practiced by the Grameen Bank has provided on simple strategy that works.

According to the journal of Economic Literature, Vol. xxxii, 1999, Professor Yunus found that next villagers were unable to obtain credit at reasonable rates. So he begun by lending them money from his pockets allowing the villagers to buy materials for project likes weaving bamboo stools and making pots. Ten years later, he set up the bank to lend exclusively to groups of poor households. Loan was given for rice processing, livestock rising and traditional crafts.

By lending loan it improved the living standard of people who reside in the rural areas. Muhammad Yunus states "Poverty is not created by the poor; poverty is created by the existing world system, which denies fair chances to the poor. If we can be ensure truly equal opportunities in the society that is no reason why poverty should linger around us."

The micro-finance program has provided substantial help and facility to the ultra-poor families. The micro-finance institutes (MFI) are providing door to door micro credit services to those ultra-poor families who have no collateral guarantees to produce, and are not capable of fulfilling the banking requirements for credit eligibility. Such families are able to create their own assets by paying their micro-credits in small installments out of their earnings made by engaging themselves in small entrepreneurial activities. Micro-finance institutes have been helping these ultra-poor families to be self-reliant through the process of social mobilization. Even in the present conflict situation whereby the banks have closed or merged their branches/sub-branches, these MFIs have been constantly delivering door to door micro credit services to the ultra-poor communities. Credit recovery rate of these MFIs is above 98 percent (Economic Survey 2004/2005)

2.5.2 Review of Books

In the book *Micro-finance and poverty reduction* **Johnson and Regally (1997)** have cited that focusing on micro-finance, emphasis has been laid on the need that poor people have for a wide range of financial services. These needs are evidenced by the uses made of financial services that already exist but which are usually informal in nature. Providing micro-finance can give poor people the means to protect their livelihoods against shocks and as well as to build up and diversity also a means of protecting their livelihood activities by investing loan capital.

Khun L. et al (2002), *Empowering Women through Micro-Finance* “women have been shown to spend more of their income on their households. Therefore when women are helped to increase their incomes, the welfare of the whole family is improved.”

Lindgren.E.H. (2003), *Micro Finance and Women’s Empowerment in Rural Bangladesh*, conforms that “With growing interest in and support for micro-enterprises programs in developing countries, many of which have been directed towards poor women, controversy mounts over the effectiveness of MF effort, Bangladesh, largely through the effort of Muhammad Yunus, has been a leader in the MF movement”

Lindgreen E.H (2003) simply comments, "*Micro-finance and women's empowerment in Bangladesh*, conforms that with growing interest in and support for micro enterprises programs in developing countries, many of which have been directed towards poor women. Controversy mounts over the effectiveness of MF efforts. Bangladesh largely through the effort of Muhammad Youns has been a leader in the MF movement.”

Review of Presentation paper

Shrestha, (2009) chief executive officer of RMDC, presenting his paper on “*Viability and sustainability of micro-finance Institutions*” presents the meaning of micro-finance in this way.

Micro-finance is a system of grassroots development finance. It deals with the poor people, low income group, the asset less, the marginalized, the exploited and the desperate. Micro-finance provides small loans to meet their diverse needs with simple procedure in homely atmosphere. It takes small and petty saving for safe keeping to meet their lump sum requirement in future. It offers other financial services such as micro-insurance.

Koirala, (2004) chief secretary of HMG presents the paper “*Poverty alleviation and the role of co-operatives*” present the role of micro-finance is as follows: Realizing the limitations, shortcomings and weaknesses of the formal financial structure, HMG encouraged the development of micro-credit institutions to contribute to the goal of poverty reduction through improved financial saving mobilization and credit extension in micro level. One of the strategies on Nepal’s financial sector reform is to gradually formalize the informal rural financial markets besides strengthening micro credits to improve production and employment opportunities in the rural areas. Micro finance according to the World Bank (World Development Bank Report 2000/2001), is “the provision of financial services to low-income clients including self-employed. It includes both financial intermediation and social intermediation. It is not simply banking, it is a development tool”. It is also defined as the provision of saving, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve living standards. The objectives of micro-financial services are to ensure the availability of these services to the doorsteps of the poor and low-income household. It is an important financial service to uplift the level of income of low income households. Micro-finance framework, if properly designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

Vokes, (2005) Country Director, Asian Development Bank, Nepal Resident Office, Kathmandu defines micro-finance with the following salient features. They are:

-) Services: small scale financial service loans with no physical collateral/guarantee, saving insurance, leasing, remittances, etc. accessible to poor.

- J Providers are informal sources (such as money lenders and shopkeepers), semiformal institutions (such as non-government organizations) and formal institutions (such as development banks, rural banks and co-operatives);
- J Modality adopted is typically non-traditional guarantee collateral with gradual increasing loan sizes and characterized by quick and simple procedures; and
- J Cost of financial service to be borne, preferably, by clients to ensure long term sustainability.

2.5.3 Review of Articles

In the article “*Micro finance Against Poverty; the Nepalese Scenario*” **Sharma (2003)** has expressed the role of micro-finance as follows: Micro-finance is the financial service such as deposits, loan, payment service, money transfer and insurance to poor and low income households and their micro-enterprises”. Studies in Nepal and elsewhere have clearly 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 of micro-entrepreneurs 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 formal and informal, providing financial services which helps in creating job opportunities to the micro-entrepreneurs, both wage and self-employment and thereby generating income among the poor.

In the article *Micro-finance in Nepal*, **Uprety (2003)** concludes that in the last decade of the 20th century it is accepted that micro-finance is one of the most significant contributors for poverty alleviation. The article further claims that in Nepal the poverty reduction rate is slower. If proper model is used in the hill and terrain region, the life standard of the poor people could be raised very fast.

Ojha, (2002), *Micro-finance program in poverty alleviation*, “The participating families were benefited as their income had increased and they had to pay fewer amounts as interest than local money lenders”

In his article entitled, *Micro-finance for Achieving Millennium Development Goals in Nepal*, **Dhakal (2004)**, highlights that financial services would assist to improve incomes and build assets of poor populace. He stresses that the poor needs sound financial services and specialized activity with a long term commitment Dhakal points out that direct link exists between micro-finance and Millennium Development Goals (MDG). Hence, Dhakal mentions that micro-finance instructions can fulfill the objectives of MDG. Further, he highlights that strong management and efficient operations are required in micro-finance institutions to reach the millions of people targeted financial services in Nepal. Finally, Dhakal concludes the article by stating that micro-finance activity could not be considered as the substitution of investment in education, health or infrastructure.

2.5.4 Review from Different Website

Gomez, (2004) simply comments about micro finance as, “Micro-finance should be goal fight poverty. Fighting poverty is the most important social goal of MF. In fact MF was involved as business of providing financial services to the market segment composed of micro-entrepreneurs excluded from the services offered by traditions formal financial sector institutions”. (www.cmfnepal.org)

MFI are dependent on small saving from group members. As a definition micro-finance is, as a part of development finance, rural or urban, targeted towards specific groups of people, male or female, falling in the lower bracket of society. Financial services include savings, credit, and other services such as micro money transfer and micro-insurance. This service is differentiated by types of service employment and income oriented objectives, target group, target community, target area, and credit at home.

In the past decade, micro-finance has been recognized as a particularly effective development intervention for three basic reasons:

- J The services provided can be targeted specifically at the poor and poorest of the poor.

-) These services can make a significant contribution to the socio-economic status of the targeted community.
-) The institutions that deliver these services can develop, within a few years, into sustainable organizations with steadily growing outreach.

In this context, it is important to make a couple of distinctions.

-) Micro-finance is more than the provision of credit. It involves the provision of other financial services (most usually savings and insurance) and recognizing that even the poor have a variety of needs, not just credit.
-) Securing sustainable access to micro-finances for low-income communities involves building (or reforming) micro-finance institutions-not just the delivery of time bound micro-finance programs (such as offering short-term revolving funds).
(<http://www.cmfnepal.org/mf-nepalp.htm>)

2.5.5 Review of Related Thesis

Thapa, (2013), conducted dissertation of Master level on "*Micro-finance Programs and Economic upliftment of women.*" This dissertation has analyzed the impact of Micro-finance in uplifting the economic condition of women and gives conclusion as follows:

-) Involvement in the micro-finance program has empowered women in varying degree; it has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities.
-) The program puts its focus on group activities and poor generation.
-) Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.

-) Awareness of health care, including women and children's health, family planning sanitation and reduction in smoking, alcohol consumption.
-) Women's mobility has increased due to their participation in monthly meetings.
-) MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt.

Thapa gives some short comments in his thesis those are as follows:

-) This program is said that it is the powerful instrument for poverty alleviation in Nepal but there is not clear strategy and policy of Government of Nepal. Therefore, the government should design and implement policies that focus on the promotion and strengthening in rural hilly areas.
-) Probably the most serious shortcoming of the program is the selection of the target group. There in some sound indication of the possible bias in favors of those who did not represent the poorest of the poor.
-) There is difficult to repay the amount (share of principle and interest) within a month those who are working in the field only.

Thapa completed his research task in very good manner. He has explained about micro-finance programs and economic upliftment of women. But his research has split about saving status of the respondents. Economic impacts also affect the saving status. People can save only when their income is increased. In the whole study of economic impact of micro-finance, one should not forget the role played by saving and he did not clear about the entrepreneur of the client of micro-finance programs. So, this research will bridge to this gap.

Poudyal, (2011) who conducted research for M.A. (Economics) on the topic "*Micro-finance and its impact on Economic Upliftment of Women*" by taking main objectives as:

-) To analyze the impact of micro finance on the economic upliftment of women.

) To suggest appropriate measures to improve micro-finance on the basis of economic upliftment of women.

Her study gives following conclusions:

) Micro-finance program is the best way to uplift women economically as well as socially.

) MFP is fruitful initiative as it reaches door to door of rural poor and promotes them to save and do economic activities especially women.

) MFP should widen their area by appointing staff to hear. Understand their problem and find out alternative as well as solution. So that they should not be victimized by excess burden of debt.

Mrs. Poudyal has done a research in good manner that I agree with her. But she has used only economic perspective. Economic upliftment is affected by other things like their social awareness, and consumption pattern of food. But she neglects these aspects of women. She is only limited on economic aspect (income, occupation, saving). So, my research will be another piece to study on economic impact of micro-finance in Nepal.

Lekhak, (2009) conducted research for MBS on the topic "*Micro-finance in Nepal A case study of SFCL Anandavan, Rupandehi*" with the objective to know the facing changes of society after Small Farmers Co-operatives Ltd. He concluded that SFCL particularly emphasize democratic norms, empowerment of backward people, and access to potentialities and local resources to the development of their settlement territory by them. Integrated development approach improving saving, credit, social and community development activities are major outcome of the SFCL. It is observed that awareness towards development; sanitation, literacy attainment, community and social development were major contribution of Small Farmers Credit Ltd.

Mr. Lekhak has researched in good manner that I agree with him but he has used only descriptive model. There is no any kind of analytical statistical tools and test to find

conclusion. But statistical tools and test has played a vital role to find actual facts. So, this research will bridge to this gap.

Lamichhane, (2013) who has conducted research for MA (Sociology) on “*Small Farmer Credit Ltd. Program and its Effect on Socio-economy Area*” this objective mainly:

-) To find out the SFCL success position for poverty reduction.
-) Changing nature of society after SFCL.
-) Self-sufficient position of SFCL from its internal resources.

He gives conclusion in this way mainly;

SFCL which is the best micro-finance program for Nepal from ADB plays vital role for poverty alleviation. With the help of this program people become involved in different kinds of activities which help poverty reduction such as women empowerment program, idea exchange, visit program, employment generation, leadership development and local manpower development program, agriculture inputs and production marketing, dairy development and community irrigation, small scale Tea development program, rural energy development program. In 2002/003 this program had covered 31 districts that were 107 SFCL, the total member were 63,889 where 39,739 were male and 24,150 were female. Women participation was 37.80 percent loan disbursements NRs 1513 million, loan collection 424 million.

Being the major objectives to undertake an overview of the Small Farmer Credit Ltd. and its effect on socio-economic area, Mr. Krishna Prasad Lamichhane has repeated same default of Mrs. Lekhak and Mr. Lamichhane left to test hypothesis and to show the saving status of the women which is very important on research of economic impact on upliftment of women and silent about development of hew enterprise. So, this my study will bridge to this gap.

Lamsal, (2013) conducted dissertation of M. A. (Economics) on “*Impact of micro-finance Program for Women's Poverty Reduction*” (A case study of chartare youth

club of Baglung district Nepal). The dissertation has analyzed the impact of micro-finance program for women's poverty reduction and he gives conclusion as follows:

-) Most of the women are benefited by micro-finance program who are absolutely poor because of own resources for the utilization of their skill and willingness.
-) The study has found that overall impact of micro-finance program for the women on beneficiating, earning and living standard is positive and social status is increasing.
-) The involvement in the income generating activities has built up the self-confidence of village women in their abilities. New type of occupations like bee keeping, hotel, and retail business are appeared in women groups.
-) They have started to write their name and simple calculation about loan and interest amount.

Mr. Lamsal gives some short comment in his thesis those are as follows:

-) The most serious shortcoming of the program is the selection of the target group. There is some sound indication, of the possible bias in favors of those who do not represent the poorest of the poor.
-) There is difficult to repay the amount (share of principle an interest) within a month those who are working in the field only.
-) This program is said that it is the powerful instrument for poverty alleviation in Nepal but there is not clear strategy and policies of MGN.
-) Underutilization of the loan also find in the field level that makes poor, poorer.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

A research is the logic that links to be collected and the conclusion to be drawn to the initial questions of the study. It is a plan for a study which includes philosophical assumptions, strategies of inquiry and specific research methods (Creswell, 2009).

This research study was mixed design in nature. This study mainly included primary and secondary resource. According to Hedrick et al. (1993), the purpose of a descriptive study is to provide a picture of a phenomenon as it naturally occurs. Inductive research theory outlines a general paradigm of enquiry that underpins the scientific approach, consisting of inductive discovery (induction) and deductive proof (deduction). Deduction begins with a universal view of a situation and works back to the particulars; Induction moves from fragmentary details to a connected view of a situation. Descriptive studies seek to ‘draw a picture’ of a situation, person or event or show how things are related to each other.

3.2 Research Design

Research design simply means measures of collecting, organizing, analyzing, interpreting and reporting data in research (Best & Kahn, 2007; Creswell, 2006) states that it represents different models of researching having instinct means and procedures. Research design in management and development is “a specific strength of qualitative work with its in focus on located meanings that it facilitates the development of substantive areas and research questions in the ongoing development” (Reay, 1996).A high-quality design means the “one in which the components effort pleasantly together, promotes efficient and successful functioning in research work; a flawed design leads to poor operation or failure”(Maxwell, 2004:2).So most essential

part in research is research design. How we design our work, it reflects in reality of “novice researcher” (Barbour, 2008, p. 35). Thus, it is important to have appropriate research design in management and development. So this study was based on following research design;

Mixed research design

Mixed method design employs aspects of both quantitative and qualitative methods. Mixed method research has increased in popularity in recent years, and highlights important developments in the use of the study design. In research area were collected data using data collection tools as well as research theory included with experiment.

This thesis was based on mixed research design to collect data **Impact of Microfinance Programme on Women Empowerment** in at Palpa district. The best approach was likely to be obtaining information directly from related respondents through a research questions. Mainly, this study was focused on Women Empowerment. It provided the picture of characteristics of selected branches having different backgrounds in terms of their association.

3.3 Variables of the Study

The variables considered for the study in order to identify, collect and analyze the information to achieve the purposes of the study had been stated below. A characteristic, number, or quantity that increases or decreases over time, or takes different values in different situations.

3.3.1 Independent variable:

Independent variable indicates the different values and can cause corresponding changes in other variables. An independent variable is the variable which can change in an experiment.

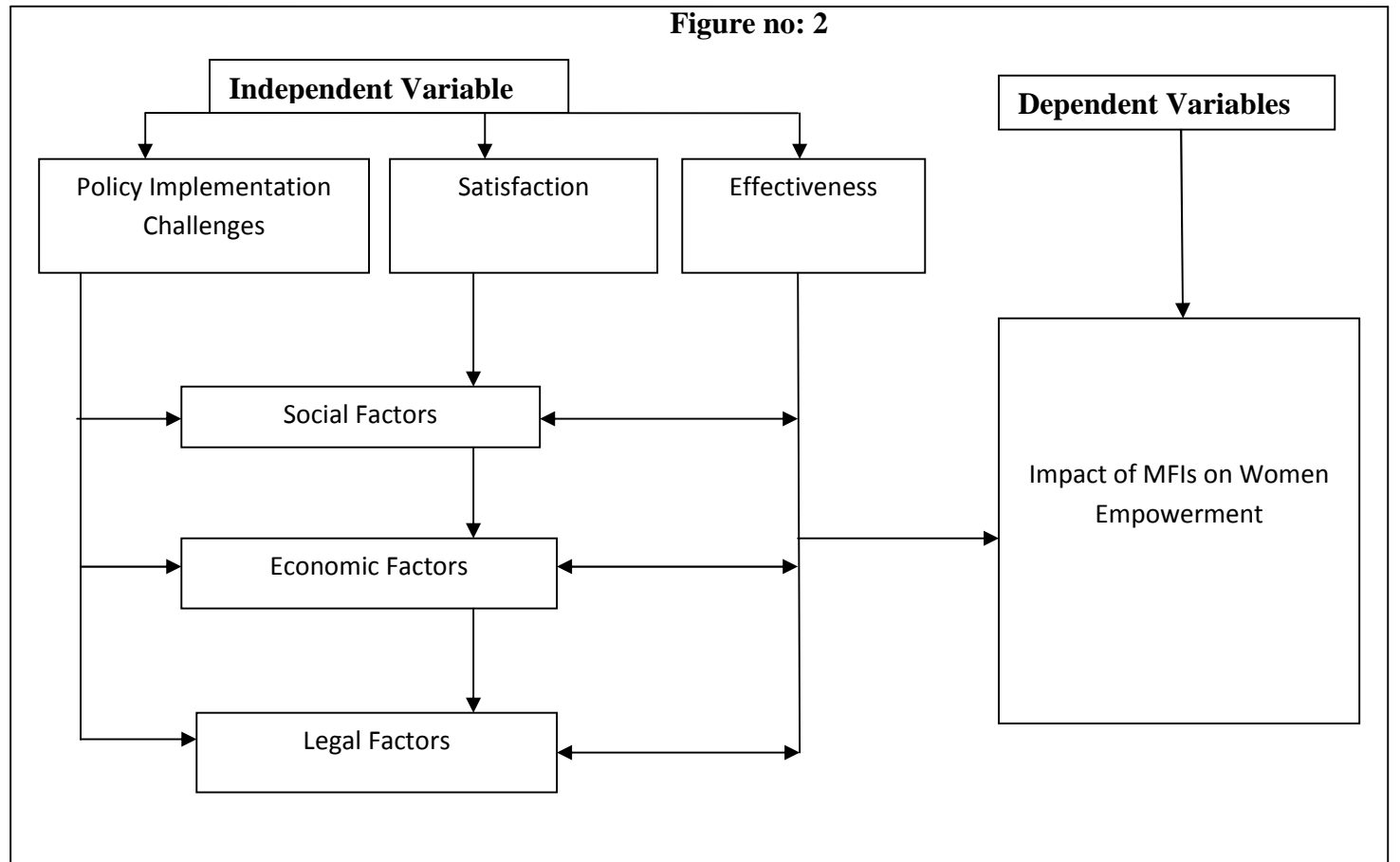
3.3.2 Dependent variable:

Dependent variable can take different values only in response to an independent variable. A dependent variable is the measure of the independent variable. Therefore it depends on the independent variable.

In this study dependent variable is Impact of Micro Finance on Woman empowerment and independent variables are Policies implementation of MFI on women empowerment, satisfaction of client from MFI activities and Effectiveness of MFIs program and influencing factors are social, economic and legal.

Conceptual Framework

Figure no: 2



3.4 Data Collection

The data required for this study was obtained from secondary and primary sources. The secondary source of data included the review of published and unpublished documents and other studies on the sector conducted by different agencies and institutions. Organization related data were directly taken from the organization. For the collection of necessary data and information, questionnaire, interviews, observations and focus group discussion were done with key informants. Key informants interviews of the MFI personnel were conducted to clarify the activities of the MFIs to obtain their views and opinions. A field diary was maintained by using the

tool of process documentation research. To know the clients' attitudes, test, and impact of MFI on rural area visits the different group of different centers of Laxmi Laghubitta Bittiya Sanstha with structured questionnaire (as Apendix-III), oral interview conducted to get brief information as primary data.

3.5 Source and Nature of Data

Different types of quantitative and qualitative data and information were collected and analyzed in this study. The study is mainly based on primary data. For the purpose to know organization itself, its activities, total disbursement, collection, outstanding amount I used secondary data. To test clients' perception and impact of MF on rural area, I visited different groups of different centers of Laxmi Laghubitta Bittiya Sanstha around the selected areas. Both primary and secondary data were collected for the present study. Primary data were inevitable because a comprehensible analysis of situation of study area would accomplish prime and foremost objective. Besides, the various published and unpublished materials were taken into consideration to the extent that the present study is related.

Secondary data and information were collected from different brochures and newsletters, publications, survey reports, Laxmi Lghubitta Bittiya reports etc. Also unpublished literature such as book, research reports, articles, were used for clarification and amplification of collected data.

3.5.1 Primary data

The primary data refers to “information collected for the specific purpose of a study either by the researcher or by someone else”(kumar,2011,p.393). The primary data were generated through questionnaire and interview methods. A questionnaire is a systematic instrument from which researcher collects particular kinds of data from respondents

3.5.1.1 Semi- Structured Interview

MFIs Organization systems, policies, strategies, commitment, organizational practices and related information are basic data required for the study. Such information could be provided by executive board, staff members and general Publics of the respective

organizations. With a view to obtaining such information, attempts were made to contact with Youth services members.

Hence, it was decided that 3 respondents from LLBS client's one and 2 from service holders were conducted group interview containing both type of questions closed and open ended questions (Annex III). Most questions were taken scale basis, however in order to gain deeper understanding of the situation; some of the structured questions were followed up by more open ended and probing questions.

3.5.1.2 Focus Group Discussion

Focus group discussion has been conducted with the group consisting of targeted group, such as service receiver, MFI staffs. The number of participants was male and female group range between 3 to 9. The composition of FGD in these surveyed services is shown below.

Composition of FGD

Table No: 1

Particular (MFI)	Composition				Total Number of Participants
	LLBS Client		General Pubic		
	M	F	M	F	
Rural (6)	4	4	2	1	11
Uraban (2)	5	5	2	2	14
Total	9	9	4	3	25

(Source: Field Survey 2017)

Discussion in FGD was centered to establish validity and reliability of the information received from semi-structured group interviews. The total number of participants of the total surveyed is 25.

3.5.2 Secondary data

The secondary data refers to different sources. For this constitutions, different policies, strategic plans, annual plans, annual reports, published documents, web pages, leaflets, posters and other published documents, etc. of respective MFI have been collected.

3.6 Sample

A sample is a small set of a population that is used to draw conclusions about the bigger group. This allows running smaller experiments and then using statistics to draw conclusions about the population.

A sample focuses on how representative of the population and how to make well sample is like the population. A few people from many different countries could be very representative of the world's population. In Nepal there are all together 48 Microfinance Institutions shown as (Annex I) and Palpa district working MFI are updated as Annex II.

LLBS operating areas in Palpa district

Table No: 2

District	VDC	Municipality
Palpa	Galdha	Rampur
	Siluwa	Tansen
	Bakamalang	
	Sahalkot	
	Jhirubas	
	Mityal	
Total	6	2

Source: LLBS Monthly Progress Report, Poush 2073

Sample Areas

Table No: 3

District	VDC	Municipality
Palpa	Siluwa	
	Bakamalang	Rampur
	Sahalkot	
	Jhirubas	
Total	4	1

Source: Field Survey 2017

3.6.1 Convenience Sample:

A convenience sample is simply one in which the researcher uses any subjects that are available to participate in the research study. This could mean stopping people in a street corner as they pass by or surveying passersby in a mall. It could also mean surveying friends, students, or colleagues that the researcher has regular access to. Relying on available subjects, however, is extremely risky and comes with many cautions.

Convenience sampling is typically only justified if the researcher wants to study the characteristics of people passing by the street corner at a certain point in time, for example. It can also be used if other sampling methods are not possible. The researcher must also take caution to not use results from a convenience sample to generalize to a wider population. A statistical method of drawing representative data by selecting people because of the easy of their volunteering or selecting units because of their availability or easy access. The advantages of this type of sampling are the availability and the quickness with which data can be gathered. The disadvantages are the risk that the sample might not represent the population as a whole, and it might be biased by volunteers.

Convenience sampling is a sample taken from a group we have easy access to. The idea is that anything learned from this study will be applicable to the larger population. By using a large, convenient size, we are able to more confidently say the sample represents the population so that I have used this sampling method.

3.6.2 Sample Size and Area

Sample size is an important concept in statistics, and refers to the number of individual pieces of data collected in a survey. A survey or statistic's sample size is important in determining the accuracy and reliability of a survey's findings.

Table No. 4 Sample Size

Total Working VDC	Total Working Municipality	Total Active VDC & Municipality Palpa district	Selected 5 (62%)	Three Service Receiver women from each Selected LLBS	Two General Publics from each Selected LLBS	Total Number of Sample Size
6	2	8	5	15	10	25

Source: Field Survey 2017

LLBS in Palpa district there are altogether 8 LLBS actively working there. In this study, out of them, 3 service receiver women from LLBS and 2 persons from general public. Hence, 25 respondents were selected for the study.

3.7 Data analysis Approach

Data analysis is shaped by strategies for data collection. The thesis was analyzed using formal and informal using tools in –depth statistical analysis. The information which was collected in the field were analyzed and interpreted in order to find the research meaningful.

3.8 Data Collection and Processing

Data collection tools can mostly used in semi-structured nature. Given the reliance on Convenience and stratified sampling, whether from civil society or ordinary people, those organizations are local based either voluntary established. Finally, the list and profile of institutions were provided in the appendix. II. Data collection tools mainly, Questionnaire and interview were used.

3.9 Ethical Consideration

Ethical considerations in research are critical. Ethics are the norms or standards for conduct that distinguish between right and wrong. They help to determine the difference between acceptable and unacceptable behaviors. Ethical considerations are very important in the research.

This research has been carried on different 25 people have responded on my questionnaire, so it is necessary to keep secret the views of informants who helped me a lot in the course of my thesis. All thirty teachers have given their views differently according to their consideration and thinking. They have given information in written form. So I have kept secret their name by coding 1,2,3....so that it will avoid discrimination and negative thinking on them and also preserve the ethical right of the informants. So that there will not be any comparison among the service holders.

CHAPTER - IV

PRESENTATION & ANALYSIS

4.1 Introduction

After the data have been collected, the researcher turns to the task of analyzing them. The analysis of data requires a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inferences. The unwieldy data should necessarily be condensed into a few manageable groups and tables for further analysis. Thus, researcher should classify the raw data into some purposeful and usable categories. Coding operation is usually done at this stage through which the categories of data are transformed into symbols that may be tabulated and counted. Editing is the procedure that improves the quality of the data for coding. With coding the stage is ready for tabulation.

Tabulation is a part of the technical procedure wherein the classified data are put in the form of tables. The mechanical devices can be made use of at this juncture. A great deal of data, especially in large inquiries, is tabulated by computers

Analysis work after tabulation is generally based on the computation of various percentages, coefficients, etc., by applying various well defined statistical formulae. In the process of analysis, relationships tests of significance to determine with what validity data can be said to indicate any conclusion(s).

4.2 Data Analysis

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. The information which was collected in the field were analyzed and interpreted in order to find the research meaningful. The data which collected during the fieldwork were categorized and incorporated into separate variables as required by the study

objectives. Relevant maps, tables have been shown to clarify the text. Some Statistical tool (average and percentage) were also be used for the clarification of data. All the collected data were first compiled in a master chart. After finishing the data processing, the score are shown or presented in form of simple bar.

4.3 Data Interpretation

The process by which sense and meaning are made of the data gathered in qualitative research, and by which the emergent knowledge is applied to clients' problems. This data often takes the form of records of group discussions and interviews, but is not limited to this. Through processes of revisiting and immersion in the data, and through complex activities of structuring, re-framing or otherwise exploring it, the researcher looks for patterns and insights relevant to the key research issues and uses these to address the client's brief. Data interpretation refers to the process of critiquing and determining the significance of important information, such as survey results, experimental findings, observations or narrative reports. Interpreting data is an important critical thinking skill that helps you comprehend text books, graphs and tables. Researchers use a similar but more meticulous process to gather, analyze and interpret data. Experimental scientists base their interpretations largely on objective data and statistical calculations.

4.4 Age, Education and Cast of Respondents

4.4.1 Composition of the Respondents by Age and Education

Table No. 5:

Education	Age			Total	Percentage
	Below 20	20-30	Above 30		
Under S.L.C.	3	3	4	10	40 %
Intermediate	3	5	2	10	40 %
Bachelor & above	0	3	2	5	20 %
Total	6	11	8	25	100 %

(Source: Field Survey 2017)

The above table shows that Composition of the Respondents by Age and Education table deals among them the Education and Stakeholder distribution of Respondents.

The table shows the Education and age distribution of Respondents were of under S.L.C, Intermediate and Lowest response of Bachelor & above. Highest respondents were from Under S.L.C. and Intermediate 40 %, each respectively and 20% was Bachelor & above.

4.4.2 Composition of the Respondents by Cast

Table No. 6

Caste	Total Member	Percentage
Brahmin and Chhetri	9	36
Magers	8	32
Newars	2	8
Other	6	24
Total	25	100

(Source: Field Survey 2017)

Above table shows that in the study area majority of members belongs to Brahmin and Chhetri. 36 percent of member comes from Brahmin and Chhetri. 32 percent are Magers, 8 percentages from Newars and rest 24 percentage are from other cast. Thus the selected areas are multi ethnic world comprising prominently four ethnic groups.

4.5 Marital Status, Family Size and Family Head of the Respondents

4.5.1 Composition of the Respondents by Marital Status

Table No. 7:

Marital Status	No of Respondents	Percentage
Married	21	84
Unmarried	1	4
Widowed	2	8
Separated Divorced	1	4
Total	25	100

Sources: Field Survey, 2017

The above table shows that majority 84 percentage of the member surveyed were married. Unmarried are only 1 women which represent 4% on all respondents. Only 4

percentages are widowed and 4 percentages are separated divorced. This data means that 8 percentages of the members surveyed are heads of household.

4.5.2 Composition of the Respondents by Family Size

Table No. 8:

No of Family Member	No of Family	Percentage
1-4 Members	14	56
5-8 Members	8	32
9-12 Members	3	12
Total	25	100

Sources: Field Survey 2017

The above table shows that the increasing preference towards nuclear family. 56 percentages of the member served belongs to small sized households with 1-4 members. However, 32 percentages come from medium sized households with 5-8 members and negligible percentage (12) had large sized family member with 9-12 persons. The increasing trend of migration of youngster to the city area is the main reason of small sized family in study rural area.

4.5.3 Composition of the Respondents by Family Head

Table No. 9:

S. N.	Category	Frequency	Percentage
1.	Herself	5	20
2.	Husband	17	68
3.	Others	3	12
Total		25	100

Sources: Field Survey 2017

The above table shows that the majority of households are mostly male headed, clearly showing the patriarchic family system, which is often blamed for the lower efficiency of the family as a production unit and the main cause of repression of women within a family and society as a whole. Of the total 25 respondents covered in the study 17 women member (68%) belonged to male headed household and others remaining 20 percent are female headed. Lower percentage of female headed household reflects the

dominant position of male member of family over the female member. Most of the sample members belonged to the house headed by the male members, means major and important decision in the family is taken by the male members.

4.6 Benefits from LLBS

Table No. 10

S.N.	Variables	Frequency	Remarks
1	Health supportive program	5	8
2	Technical support	9	7
3	Financial support	11	6
4	Involvement in decision making process	12	5
5	Educational Program	14	3
6	Self sustainable program	18	1
7	Empowerment training	15	2
8	Agriculture program	13	4

N=25 (Source: Survey 2017)

The above table shows that the Self sustainable program is the highest (18) , Empowerment training (15), Educational Program (14), Agriculture program(13), Involvement in decision making process (12),Financial Support (11), Technical Support (9) and health Supportive program(5) is the lowest position in the mobilization area.

4.7 Purpose of Join in Micro-finance Programs.

Table No. - 11

Purpose of Loan	No of Respondent	Percentage
To earn more	11	44
To have company with friends	4	16
To be self dependents	10	40
Total	25	100

Sources: Field Survey, 2017

The above table shows that the main purpose to join in Micro-finance programs. Normally they join for three purpose, many of them (44 %) join for to earn more and

increase their life standard. 16 percentage of them were join for company with friends, they wanted to do some things. Rest 40 percentages were joining for self dependent. They wanted to run own micro-enterprise. This program helps for fulfillment of their purpose although they were different.

4.8 Main Occupations of the Respondents before this Program

Table No. -12

Occupation	Total	Percent
Wage Laborer	8	32
Selling Wine	5	20
Farming/ Housewife	7	28
Spinning	2	8
Weaving Machine	2	8
Mill (Rice mill)	1	4
Total	25	100

Sources: Field Survey, 2017

The above table shows that 32 percent of the members surveyed claimed that their main occupation was that of wage laborer (20 percent) identified himself or herself as wine seller. Almost fifth (8 percent) identified them as spinner. The field survey shows that the occupations are very much influenced by caste/ethnic group. Mostly Mager women have adopted wine selling. Newar women-spinning and Brahmin/Chhetri women-Farming as their occupation. A small percentage (4 percent) identified them as Micro entrepreneur engaged in mill and making cloth.

4.9 Main Functions of MFI in Local Level

Table No: 13

Particulars	Frequency	Remarks
Participation in social inclusion	5	3
Awareness program	4	4
Social welfare	6	2
Creation of employment	3	5
Creation of empowerment	7	1

Source: Field Survey 2017

Above Table shows that creation of empowerment highest (7), and creation of employment lowest (3). Similarly, Social welfare (6), Participation in social inclusion(5),Awareness program (4) respectively. So, MFIs targeted on local level for creates the empowerment.

4.10 Main Occupation of the Respondents after this Program.

Table No.- 14

Change in Occupation after MFP	Total	Percent
Farming	4	16
Wage Laborer	2	8
Spinning	1	4
Selling Wine	1	4
Livestock/Poultry Raising	7	28
Selling milk	3	12
Shop	5	20
Weaving Machine	1	4
Mill	1	4
Total	25	100

Sources: Field Survey, 2017

Above table shows the sight changes in the occupation after the introduction of MFP in the surveyed area. Raising poultry-livestock come into existence as the occupation of 28 percent women. 20 percent have started retail shop of different types. The occupation like selling wine, spring is still continued and being the main occupation of almost 50 percent of the surveyed women.

4.11 Status of Loan uses in Specific Objectives.

Table No. - 15

Use of Loan in Specific Purpose	No of Respondents	Percentage
Spend	21	84
No Spend	4	16
Total	25	100

Sources: Field Survey; 2017

The above table shows that 84 percent of loan are used in specific purpose which increased business in this area whereas 16 percent of loan is not spent in specific

purpose for which the loan has been taken, it indicates that the number are not skilled, trained and capable enough to utilize their resources due to which it is misused.

4.12 Saving is used for the Purpose.

Table No 16

S. No	Category	No of Respondents	Percentages
1.	Household Needs	3	12
2.	Children education	6	24
3.	Feast and festivals	3	12
4.	Pay back the loan	5	20
5.	Health expanses	6	24
6.	Capital formation	2	6
Total		25	100

Sources: Field Survey; 2017

The above table shows that 12 percent respondent using saving for purchase of household. Very little no of people use their saving to celebrate feast and festivals, which is not income generating works. 24 percentage respondents were using their saving for the purpose of children education and health expanses. This helps to increase the life expectancy and literacy level of the family.

4.13 Awareness Status of the Respondents.

Table No 17.

S. N.	Involvement Activities	No of Respondents		Changes (After-Before)
		Before MIFP	After MIFP	
1.	Family Planning	6	17	11
2.	Assets Purchasing	2	5	3
3.	Children Education	12	21	9
4.	Social Gathering	7	18	11
5.	Visiting Office	2	9	7
6.	Earning other than Agriculture	4	12	18
7.	Political	3	11	8

Sources: Field Survey; 2017

The above table shows that the number of aware persons in different sections which is growing up. There is maximum change in the awareness of family planning and social gathering. People are aware for their children effective education. They frequently visit different office and inquiry about new programs. They are also aware of politics. People starts different programs with newly/modern way. Now they can adopt any new things easily.

4.14 Effect of Training to the Respondents.

Table No. 18

S. No	Category	No of Respondents	Percentage
1.	Helpful	14	56
2.	No Helpful	2	8
3.	Did not Receipt Training	9	36
Total		25	100

Sources: Field Survey; 2017

The data of above Table shows that 56 percent found that the training they received was helpful to run the project. They had already started programs. But, 8 percent said the training is not useful in the sense that the training package is improperly designed. 36 percent of respondents had not received the training yet. The figure clearly reveals that the training is useful to run the project but the nature of training should be demand-led rather than supply-fed.

Micro-finance provides necessary training to the client for strengthening their groups and improves or develops their clients' entrepreneurial and income-generating skills. The training programs embrace a wide variety of subjects, such as literacy and non-formal education, gender sensitization, entrepreneurial and occupational skills development, group management and development, leadership development and so on other, which help them to uplift their lifestyle.

4.15 Status of life Standard of the Family Member.

Table No. 19

S.N.	Category	Before MIFP	After MIFP
1.	Traditional treatment	17	9
2.	Relatively better off	8	16
Total		25	25

Source: Field Survey; 2017

The above table shows that health condition of respondents has increased after the micro finance programs. At first health condition of the respondent was not good. They were being the victim of different disease. Death rate of infants, maternal was the great problem at that time. Due to the lack of knowledge about family planning, population was increasing day by day. People were depending upon traditional treatment like Dhama Jhakra. The main cause of all these problems was lack of awareness, illiteracy and poverty. After launching different awareness programs by micro finance, the condition of these people is changing. Now, increase death rate of infants maternal is decreasing day by day and they are taking advantages of new treatments (modern). People are also participating in family planning.

4.16 Changes in Clothing Pattern of the Respondents

Table No. 20

S.N.	Category	Before MIFP	After MIFP
1	Traditional	14	6
2	Relatively better off	11	19
Total		25	25

Source: Field survey, 2017

Above table represents the true picture of the consumption which has increased after the MIFP intervention. It can be proved from statistical tool also. Whether the number of respondents who have perceived positive change in consumption pattern is significantly changed.

4.17 Status of Pure Drinking Water of the Respondents.

Table No. 21

S.N.	Category of water	Before MIFP	After MIFP
1	Well water	9	6
2	Steam water	10	6
3	Pipe water	6	13
Total		25	25

Source: Field Survey; 2017

Above table show that consumption of the drinking water has increased after the micro finance programs. At first people use to use different water sources available in the local area. Like well, river, pound, steam etc. It was not only hygienic for them but also very far to bring, which made hard to hire and consume it. There were very less people who use tap water but after launching micro finance programs people started to use tap water near their house.

Micro finance programs are very much effective programs to improve the social life of rural people who were living unsanitary lives. Before launching program people were living and using unsanitary living substances. They used different source of water for their daily use which was not pure and good enough for their health. Hence, it caused different disease and made difficult to run their life smoothly. Knowingly or unknowingly people were becoming victim of these problems because they had no sources and options to improve their drinking water. But micro finance programs became the perfect helper to solve these problems and uplift their life standard. This program provide them knowledge and idea to make pure drinking water and awareness towards their health.

4.18 Changes in Food Consumption of the Respondents

Table No. 22

S.N	Category	Before borrowing	After Borrowing
1	Traditional	18	9
2	Relatively better off	7	16
Total		25	25

Source: Field survey, 2017

Above table, it represents the picture that the living standard has increased after the micro-finance project intervention. It can be proved from statistical tool also. Weather the number of respondents who have perceived positive change in food practice is significantly changed.

4.19 Effectiveness of Program

Table No. 23

S.N	Variables	Frequency	Remarks
1	Participation in social inclusion	2	
2	Awareness program	4	
3	Social welfare	7	
4	Creation of employment	8	

Source: Field Survey 2017

Above table shows effectiveness of the MFIs, most of the respondents prioritized the creation of employment and least prioritized participation in social inclusion. Similarly Creation of employment (8), Social welfare (7), Awareness program(4), Participation in social inclusion(2) respectively.

4.20 Appropriate and Effectiveness in women empowerment

Table No. 24

Variables	Frequency	Remarks
Loan	15	3
Vocational Training	12	6
Community and rural development	11	7
Awareness Training	16	2
Environmental development	13	5
Handicapped and disabled	14	4
Self Sustainable	17	1

Source: Field Survey 2017

Above table indicates the more appropriate and effective in women empowerment highest level was self sustainable(17), Awareness Training(16) loan(15),Handicapped and disabled(14),Environmental development (13),vocational training (12) and lowest

level shows the community and rural development (11) effectiveness in women empowerment .

4.21 Satisfied with the MFIs Activities

Table No. 25

Variables	Frequency	Remarks
Public Awareness	7	2
General objectives	5	4
Transparency in decision making process	2	6
Empowerment	8	1
Monitoring system	3	5
Loan/Deposit process	6	3

Source: Field Survey 2017

The above table shows that Satisfied with the MFI activities shows the respondents results, the highest position of empowerment (8) ,public awareness (7),Loan/deposit process (6), General objectives(5),similarly monitoring system was (3) and lowest position occurs Transparency in decision making process(2) respectively.

CHAPTER- V

SUMMARY, CONCLUSIONS & RECOMMENDATION

5.1 Summary:

As the women empowerment program is vital for the Microfinance institutions as important human resources, it is essential to enhance their capacity for meaningful participation in development. In the changing context, one of the objectives of the women empowerment is to enhance the leadership of development by offering numerous opportunities to engage in policy formulation, decision making and implementation levels of all relevant development initiatives and social movements.

The Micro finance Institutions policy aims to address several issues of livelihoods, education, health, employment and social security. It is clear that women opportunity has created empowerment program generates the more and more chances to the economic capability and sustainable development. Nowadays, more youth generation such as male and female dramatically the trend of migration to foreign countries for education and searching for employment.

LLBS has its Head Office in Kathmandu, Nepal and provides microfinance services to low income group through its branch offices located in different parts of the country.

Generally LLBS establishes branch network to market and sale its product and services through the branch offices. However, LLBS realize this traditional model of service delivery would not be sufficient and also would not bring scale fast enough. It intends to use technology to develop alternative distribution channel.

Despite MFIs policies, it is a ground reality that empowerment as a whole still confront many challenges while safely transitioning into adulthood and the workforce. In addition, employment opportunities for the vast majority of women's are limited. Globally, many Women's still experience extreme poverty in their lifetimes. Regardless of women discrimination is very enormous factors for the empowerment them with quality education and employment opportunities. Some proven interventions such as stopping these kinds of activities like as gender-based violence,

promoting gender parity in education and improving employment opportunities would be instrumental in shaping the bright future of women's.

Micro-finance leads to social and economic changes in the borrowers after the participation in the programs. Increasing income among borrowers results increase in food sufficiency, consumption of nutrient food, good caring of children health, health awareness and preventive measures of health, good education of the children, repair and maintenance of home.

Involvement in the MFIs program increases in income and associated with increases in saving, investment and asset accumulations. Clients have alternative sources of financing and need not to depend upon moneylenders. Comparatively the borrowing was possible at low rate of interest.

Increase in income leads to an improvement in consumption pattern, the study show micro-finance leads to an increase in expenditure on human capital. The sustainability capacity of the MFIs has been improving gradually, which was backstopping by its clients positive social and economic changes, empowerment of women, cost recovery of the MFIs branches and their increasing outreach.

Credit plus approach provides an effective and cost-effective model for creating sustainable enterprises among the poor, the ultra poor, and the severely socially excluded. There is considerable potential for scaling up of the process. Gradual improvements in the leadership, institutional arrangement, regularity and policy framework, level of outreach, macro-economic environment, players of micro-finance services and MFIs' productivity is leading to overall development in micro-finance creating an environment for poverty alleviation and rural development. Overhead and office expenses per clients are also high in Nepal. The overall productivity of Bangladesh's MFIs was in better than in Nepal.

Micro finance is widely recognized as a strong instrument in the fight against poverty in the South Asia and in other developing countries of the world. Nepal for some years has been implementing policy to reach to the poor masses through various programs but its institutional micro credit outreach to the total poor families. The reasons for this

are many but the most prominent of them is the very limited number of quality and capable micro-finance institutions operating in the country. In addition, the past micro-credit programs, largely directed by the government, paid very little attention on the sustainability of the micro-finance systems and on the promotion of the effective micro-finance institutions.

In recent years, the newly established micro-finance institutions, owned by the private sector or non-government agencies, have shown encouraging results in terms of outreach growth and institutional as well as financial sustainability. Through creating favorable policy and regulatory environment, a considerable number of private micro-finance organizations can be promoted and developed and this would help minimize the large gap existing between the demand supplies of micro-finance in the country.

Composition of the Respondents by Age and Education deals among them the Education and Stakeholder distribution of Respondents. Education and age distribution of Respondents were of under S.L.C , Intermediate and Lowest response of Bachelor & above. Highest respondents were from Under S.L.C. and Intermediate 40 %, each respectively and 20% was Bachelor & above.

Self sustainable program is the highest (18) , Empowerment training (15), Educational Program (14), Agriculture program(13), Involvement in decision making process (12),Financial Support (11), Technical Support (9) and health Supportive program(5) is the lowest position in the mobilization area. Likewise, effectiveness of the MFIs, most of the respondents prioritized the creation of employment and least prioritized participation in social inclusion. Similarly Creation of employment (8), Social welfare (7), Awareness program(4), Participation in social inclusion(2) respectively.

Creation of empowerment highest (7), and creation of employment lowest (3) . Similarly, Social welfare (6), Participation in social inclusion(5),Awareness program (4) respectively. So, MFIs targeted on local level for creates the empowerment.

More appropriate and effective in women empowerment highest level was self sustainable(17), Awareness Training(16) loan(15), Handicapped and disabled(14),

Environmental development (13), vocational training (12) and lowest level shows the community and rural development (11) effectiveness in women empowerment .

Satisfied with the MFI activities shows the respondents results, the highest position of empowerment (8) , public awareness (7), Loan/deposit process (6), General objectives(5), similarly monitoring system was (3) and lowest position occurs Transparency in decision making process(2) respectively. The directly empowered from MFIs activities focused on targeted groups and backwards peoples because rural level MFIs invests upon those sectors, whereas supported programs and other related functions directly ensure in the sustainable development and empowerment for those groups.

Self sustained based program was more effective for the women empowerment, likewise MFIs programs were operating for small size investors provides the loan as low interest rate, installment payment for deposit scheme and more fruitful program provided on the skillful training.

Most of the women beneficiaries of the micro-finance program are relatively poor. So the program seems target group oriented. The women beneficiaries of the micro-finance program have improved their earning and equally stimulated their living standard.

5.2 Conclusions:

Micro-finance program serves the deprived population of the country at their doorstep with the aim of improving their socio-economic condition. As micro-finance has been considered as an effective and efficient mechanism to reduce poverty all over the world, however Nepalese micro-finance institutions are not being able to reach the poorest due to inability of proper identification of the poor and lack of commitment and clear vision of their action. Despite the financial sector, liberalization policy of the government aimed to encourage financial institutions to contribute in poverty reduction endeavor of the government, the satisfactory result have not been achieved due to some managerial challenges encountered by the micro-finance institutions all over the country.

The challenges faced by the institutions vary depending upon the type of financial institutions as banks, finance companies, NGOs, co-operative societies and self-help group that are participating in this program with different functional strategies. These challenges are concerned with strategic, operational, financial and manpower management. The strategic challenges are related with planning, controlling mechanism and external policy environment. Unclear vision and mission statement, lack of commitment, multiple regulatory framework and policy inconsistencies constrain the sustainable growth of micro-finance institutions in the country. Inadequacy of resources and lack of linkage mechanism between informal and formal financial sector, duplication of activities, widening intense competition in urban and semi-urban areas, inadequate attention towards the loan delinquency management and control to poor human resources development efforts are perceived as the operational challenges.

The micro-finance institutions need to adopt strategic approaches in order to address these managerial challenges as a supportive policy with one door controlling and monitoring mechanism, effort to link formal and informal financial sectors involved in micro-finance programs and flexibility in financial management regulation. Additionally, financial institutional themselves need to develop business planning practice and efficient management of human resources within the institutions.

Involvement in the micro-finance programs has empowered women in varying degree. It has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities. The program with its focus on group activities and income generation has helped to enhance the self-confidence and increased right to spend, thus increasing the access to resource.

For most of the women, despite the effort of programme the nature of their work appears to have not changed. So in spite of the increase in monthly income their average working hours have remained unchanged as they are still stuck on the traditional farming activities. The positive change of majority women members in clothing and consumption pattern indicates the positive impact of the project in the study area.

Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.

Awareness of healthcare, including women and children's health, family planning, sanitation and reduction in smoking, alcohol consumption, etc., have increased. At monthly group meeting, women discuss health issues which they follow in their day-to-day lives.

Community people are supportive of co-operatives activities. Most of the community people know about co-operative and their services. Males of the community provide support to women members to enable them to participate in micro finance activities by helping them in households' chores, reminding them of meeting dates and joining hand in community development activities.

The availability of loan from Programme has helped in reducing the interest rate charged by moneylenders from 60 percent to 36 percent. Competition in the financial market has helped to improve the quality of services and it reduces the interest rate but it is still too high.

Women's mobility has increased due to their participation in monthly meetings, trainings, meetings with outsiders, unlike in the past when they had not joined the programme.

Saving groups is an important part of the program. Besides the income generating projects group members are taking credit from within the group at the time of emergency. So group saving has become their good source of money otherwise they would have to go to the moneylender and it is accumulating the source of future use. They all left that it has culminated a good habit of saving weather the source of saving is from project income or any other sources.

In respect to financial intermediation, it can be concluded that, although the subject is new in Nepal, it is the right way to fulfill the financial needs of rural poor. Reaching to the poor through financial intermediaries is found to be cost effective and targeting can be done correctly.

MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. Hence, they should not be victimized by excess burden of debt.

Getting loan in small cannot give optimistic results. The borrowers use loan for their daily requirement and keep for repayment. Economic upliftment through such findings is impossible. In order to have optimum utilization of loan, group investment should be done like small cottage industries, factories, enterprise on the group consent. So that amount of loan taken will not be used for consumption purposes rather it is invested for productive purpose.

Effective follow-up, supervision and monitoring are essential to utilize loan in actual purpose. Otherwise many of the borrowers have to pay back loan by selling their property.

5.3 Recommendations

Moving towards women empowerment, it requires a new way of thinking in which the women and men give way to a new philosophy that regards all people as essential agents of change. With equity and equality, women and men together can participate in building more just, secured and sustainable societies. To end this some recommendations are as follows.

Almost all the members had taken the training provided by program. They all felt that the training they received are very useful and helpful for their programs and most of them have expressed interest to take part in such training even if they will have to pay some fee. Development of skill training among the members could contribute to the sustainability programs, however small it is. In this regard members should be trained, more for basic training and arrangement should be made for more skill development training. Opportunity to more skill training and change means they can undertake off farm income generating project besides training and exchange visit program is also an effective and essential tool to learn from other's experiences for proper development of individual member and group as a whole. The MFIs should develop a practical and various training courses to the borrowers which are related to skill development activities and that are necessary for particular community.

If the income level of the respondent is seen in the study area, we find some women who have a clearly higher level of annual income of their family and there remains some possibility of leaving the poorest of poor untouched by the program. So there should be proper identification and selection of the target group by the MFIs to insure that the really poor, backward communities are not left behind.

To supervise the use of loan and to provide effective skill to advice on the proper management of the loan, field staffs should be trained regularly. The clients of the programs received technical as well as managerial guidance to manage micro-finance program.

Literacy program is an integral part of rural micro-finance program. Curriculum is amended toward economic orientation rather than conventional one.

Volumetric and physical expansions of transaction are being encouraged rather than productive lending. Potential market based activities be encouraged rather than replication of the same activities.

Rural financing program makes women active and emotional but lack of skill and knowledge of economically productive activities pulled back their enthusiasm. Training from non-formal education to market led economic activities be imparted in order to boost of their economic productive ability. Training should include exploration of market potentiality, identification of native talent and transfer of skill and capability.

Women are more likely to take part in multiple activities simultaneously to support their families and to improve understanding of women's skills while formulating program.

Participation of women in the program is ever increasing, which makes them overloaded. Time and drudgery reducing program be integrated. Gender sensitization training is imparted from the initiation.

There is a gender division of labor at the household level and women lack access to control of resources. Learn about the relationship of the household level information like- Who does what? Who control what? Identify and implement strategies for change within the family and community.

Training and technical assistance, unless designed properly through systematic training, need analysis, does not necessarily improve the performance of MFIs.

MFIs should diversify their financial products as per the needs of their members for which they should conduct market research.

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Appendices –I

Micro Finance institution in Nepal

S.N.	Name	Operation Date(A.D)	Head Office	Paid up Capital	Working Area
1	Nirdhan Utthan Bank Ltd.	1999/07/17	Naxal, Kathmandu	60.00	National Level
2	Rural Microfinance Development Centre Ltd.	1999/12/06	Putalisadak, Kathmandu	62.92	National Level
3	Deprosc Microfinance Development Bank Ltd.	2001/07/03	Bharatpur, Chitwan	25.79	National Level
4	Chhimek Microfinance Development Banks Ltd.	2001/12/10	Old Baneshwor, Kathmandu	59.57	National Level
5	Shawalamban Laghu Bitta Bikas Banks Ltd.	2002/02/22	Lalcolony Marg, Kathmandu	31.24	National Level
6	Sana Kisan Bikas Bank Ltd.	2002/03/11	Subidhanagar, Kathmandu	40.24	National Level
7	Nerude Laghu Bitta Bikas Bank Ltd.	2007/06/15	Biratnagar, Morang	18.00	National Level
8	Naya Nepal Laghu Bitta Bikas Bank Ltd.	2009/03/20	Dhulikhel, Kavre	2.00	4-10 District Level (Kavre, Ramechhap, Sindhuli, Mahottari, Dhanusa, Siraha, Saptari, Sunsari, Morang, Jhapa)
9	Mithila Laghu Bitta Bikas Bank Ltd.	2009/04/29	Dhalkebar, Dhanusha	5.09	4-10 District Level (Sindhuli, Mahottari, Dhanusa, Siraha, Sarlahi, Saptari, Rautahat, Udaypur, Bara, Ramechhap)
10	Summit Microfinance Development Bank Ltd.	2009/05/20	Birtamod, Jhapa	5.00	4-10 District Level (Jhapa, Morang, Sunsari, Taplejung, Ilam, Panchthar, Udayapur, Saptari, Siraha, Dhankuta)
11	Sworojagar Laghu Bitta Bikas Bank Ltd	2009/12/16	Banepa, Kavre	7.00	4-10 District Level (Kavre, Chitwan, Makawanpur, Nawalparasi, Rautahat, Bara, Parsa, Tanahu, Gorkha, Lamjung)
12	First Microfinance Development Bank Ltd	2009/12/28	Gyaneshwor, Kathmandu	26.45	National Level
13	Nagbeli Microfinance Development Bank Ltd	2010/02/04	Birtamod, Jhapa	2.50	1-3 District Level (Jhapa, Morang, Ilam)
14	Kalika Microcredit	2010/07/21	Waling, Syangja	5.00	4-10 District Level

	Development Bank Ltd.				(Syanja, Kaski, Parbat, Palpa, Nawalparasi, Rupandehi, Tanahu, Dhading, Gorkha, Makwanpur)
15	Mirmire Microfinance Development Bank Ltd.	2010/09/23@	Banepa, Kavre	2.00	10+5 District (Rasuwa, Nuwakot, Dhading, Dolkha, Gulmi, Kavrepalanchowk, Makawanpur, Chitwan, Nawalparasi, Palpa, Rukum, Rolpa, Salyan, Arghakhachi, Pyuthan)
16	Janautthan Samudayik Microfinance Dev. Bank Ltd.	2010/11/09	Butwal, Rupandehi	2.40	4-10 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Kapilvastu, Rupandehi, Nawalparasi, Chitwan, Parsa)
17	Womi Microfinance Bittiya Sanstha Ltd.	2012/03/08	Khanikhola, Dhading	5.40	10+5 District (Dhading, Makawanpur, Chitwan, Nawalparasi, Tanahu, Lamjung, Kavrepalanchowk, Kaski, Syanja, Palpa, Sindhuli, Okhaldhunga, Udayapur, Dhankuta, Gorkha)
18	Laxmi Microfinance Bittiya Sanstha Ltd.	2012/06/04	Maharajgunj, Kathmandu	21.84	National Level
19	ILFCO Microfinance Bittiya Sanstha Ltd.	2012/07/05	Chuchepati, Kathmandu	10.00	National Level
20	Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	2012/12/25	Chitlang, Makwanpur	11.00	National Level
21	Kisan Microfinance Bittiya Sanstha Ltd.	2013/01/16	Lamkichuha, Kailali	2.00	10+5 District (Kailali, Achham, Bajura, Bajhang, Baitadi, Darchula, Kalikot, Humla, Mugu, Doti, Dadheldhura, Dailekh, Salyan, Jajarkot, Jumla)
22	Vijaya Laghubitta Bittiya Sanstha Ltd.	2013/03/28	Gaidakot, Nawalparasi	14.00	National Level
23	NMB Microfinance Bittiya Sanstha Ltd.	2013/03/31	Pokhara-Hemja, Kaski	4.60	10+15 District (Mustang, Manang, Myagdi, Kaski, Lamjung, Gorkha, Rasuwa,

					Sindhupalchowk, Dolakha, Solukhumbu, Sankhuwasabha, Taplejung, Ramechhap, Panchthar, Rukum, Dhading and Tanahu)
24	FORWARD Community Microfinance Bittiya Sanstha Ltd.	2013/05/17	Duhabi Bhaluwa, Sunsari	14.00	National Level
25	Reliable Microfinance Bittiya Sanstha Ltd.	2013/05/19	Besisahar, Lamjung	5.65	4-10 District Level (Lamjung, Manang, Mustang, Dolpa, Ramechhap, Sindupalchowk, Dhading, Nuwakot, Rasuwa, Gorkha)
26	Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd.	2013/06/15	Bakdhuwa, Saptari	2.80	4-10 District Level (Saptari, Siraha, Udayapur, Khotang, Sunsari, Bhojpur, Okhaldhunga, Sindhuli, Dhankuta, Ramechhap)
27	Suryodaya Laghubitta Bittiya Sanstha Ltd.	2013/07/16	Putalibazar, Syanja	4.00	4-10 District Level (Baglung, Myagdi, Parbat, Syanja, Manang, Lamjung, Mustang, Gulmi, Pyuthan, Rolpa)
28	Mero Microfinance Bittiya Sanstha Ltd.	2013/07/18	Battar, Nuwakot	20.00	National Level
29	Samata Microfinance Bittiya Sanstha Ltd.	2013/08/25	Pipra, Simara	2.21	1 District Level (Bara)
30	RSDC Laghubitta Bittiya Sanstha Ltd.	2013/09/11	Butwal, Rupandehi	10.00	National Level
31	Samudayik Laghubitta Bittiya Sanstha Ltd.	2014/04/13	Panchkhal, Kavre	1.40	4-10 District Level (Paanchkhal, Kavrepalanchowk, Dolakha, Ramechhap, Solukhumbu, Okhaldhunga, Nuwakot, Khotang, Bhojpur, Sankhuwasabha)

32	National Microfinance Bittiya Sanstha Ltd.	2014/07/02	Nilkantha, Dhading	10.00	National Level
33	Nepal Grameen Bikas Bank Ltd.	2014/8/15*	Butawal, Rupandehi	55.75	National Level
34	Nepal Sewa Laghubitta Bittiya Sanstha Ltd.	2014/10/26	Phataksila, Sindhupalchok	1.05	1-3 District Level (Sindhupalchok, Rasuwa, Nuwakot)
35	Unnati Microfinance Bittiya Sanstha Ltd.	2014/11/07	Padsari, Rupandehi	3.08	4-10 District Level (Rupandehi, Palpa, Pyuthan, Kapilvastu, Arghakhachi, Gulmi, Parbat, Baglung, Myagdi, Mustang)
36	Swadeshi Lagubitta Bittiya Sanstha Ltd.	2014/12/31	Itahari, Sunsari	7.00	National Level
37	NADEP Laghubitta Bittiya Sanstha Ltd.	2015/05/15	Gajuri, Dhading	11.20	National Level
38	Support Microfinance Bittiya Sanstha Ltd.	2015/07/12	Hasposa, Itahari	4.20	4-10 Distrit Level (Sunsari, Terathum, Dhankuta, Panchthar, Bhojpur, Udayapur, Khotang, Sindhuli, Ramechhap, Makwanpur)
39	Arambha Microfinance Bittiya Sanstha Ltd.	2015/07/23	Melamchi, Sindhupalchowk	1.96	4-10 District Level (Sindhupalchok, Nuwakot, Dolakha, Ramechhap, Sindhuli, Okhaldhunga, Khotang, Bhojpur, Terathum, Dhankuta)
40	Janasewi Laghubitta Bittiya Sanstha Ltd.	2015/09/29	Kushma, Parbat	2.45	4-10 District Level (Parbat, Baglung, Myagdi, Gulmi, Rukum, Rolpa, Kaski, Tanahu, Lamjung, Gorkha)
41	Chautari Laghubitta Bittiya Sanstha Ltd.	2016/01/03	Butawal, Rupandehi	2.10	4-10 District level (Nawalparasi, Rupandehi, Kapilvastu, Gulmi, Arghakhachi, Palpa, Rolpa, Dang, Salyan)
42	Ghodighoda Laghubitta Bittiya Sanstha Ltd.	2016/06/12	Sripur Belouri, Kanchanpur	1.11	4-10 District Level (Kailali, Kanchanpur, Banke, Bardiya, Dang, Surkhet, Doti, Dadeldhura, Baitadi, Darchula)
43	Asha Lagubitta Bittiya Sastha Ltd.		Madanpur Nuwakot	7.00	National Level

44	Nepal Agro Microfinance Bittiya Sastha Ltd.		Pokhara, Kaski	1.40	4-10 District Level (Kaski, Parbat, Baglung, Gulmi, Pyuthan, Rolpa, Tanahun, Salyan, Palpa, Lamjung)
45	Rama Roshan Microfinance Bittiya Sastha Ltd.		Mangalsen, Acham	1.34	4-10 District Level (Achham, Dadeldhura, Doti, Bajhang, Bajura, Kailali, Jumla, Kalikot, Dailekh, Surkhet)
46	Creative Laghu Bitta Bittiya Sastha Ltd.		Pratapur, Kailali	1.40	4-10 District Level (Kailali, Kanchanpur, Bardiya, Surkhet, Doti, Achham, Kalikot, Bajura, Darchula, Bajhang)
47	Gurans Laghu Bitta Bittiya Sastha Ltd.		Dhankutabazaar, Dhankuta	1.40	4-10 District Level (Taplejung, Panchthar, Ilam, Terhathum, Dhankuta, Sankhuwasabha, Bhojpur,
48	Ganapati Microfinance Bittiya Sastha Ltd.		Shuklagandaki, Tanahu	7.00	National Level

(Source: NRB, Poush,2073)

Appendices –II

Micro Finance Institution working in Palpa District

S.N.	MFIs	Remark
1	Nirdhan Utthan Bank Ltd.	
2	Laxmi Laghubitta Bittiya Sanstha Ltd.	
3	Diprox Microfinance Development Bank Ltd.	
4	Nepal Grameen Bikas Bank Ltd.	
5	Kalika Microcredit Development Bank Ltd.	
6	Janautthan Samudayik Microfinance Dev. Bank Ltd	

Source: Field Survey 2017

Appendices –III

Related Laws and policies

S.N.	Act/Rules/By Laws	Remarks
1.	Nepal Rastra Bank Act 2002	
2.	NRB (Directives 2016, MFIs Regulations)	
3	Banks and Financial Institutions Act, 2063 (2006)	
4	Constitution of Nepal 2073	
5	National Women Commission Act, 2007	

Appendices -IV

Questionnaires

(This questionnaire is only for the academic purpose. The answers you give us will be kept fully confidential.)

1. General Information of the Respondent:

Name:

Age:

Position (if any):

Education:

Office:

Address:

Name of Interviewer:

Date of Interview:

2. Your current family member (Tick)

Children: - 0-14 years	Female	<input type="checkbox"/>	Male	<input type="checkbox"/>
Adult: - 15-64years	Female	<input type="checkbox"/>	Male	<input type="checkbox"/>
Older: - 65and above	Female	<input type="checkbox"/>	Male	<input type="checkbox"/>

3. What was your main occupation before joining micro finance program? (Tick)

a) Agriculture b) Business c) Govt. sector d) Private sector
c) Others.....

4. Is the loan fully spent in particular purpose or not? (Tick)

a) Spent b) Not spent

5. For what purpose is the saving used? (Tick)

a) Household needs	b) Payback the loan
c) Children education	d) Health expenses
e) Feast and festivals	f) Purchase household assets

6. Did you change consumption pattern after joining the program? (Tick)

a) Yes b) No

If yes, then mention,

a) Increased b) Decreased c) Constant

7. Have you taken any training from micro finance program?

a) Yes b) No

15. What are the main obstacles in the policy implementation of MFIs in Nepal ?
(Please give in order 1, 2, 3 etc. 1 for highest preference)

Particulars	Yes	No	Don't Know	Others
Political instability	1	2	3	4
Lack of political consensus	1	2	3	4
Lack of awareness	1	2	3	4
Lack of developed society	1	2	3	4
Lack of fund for the mobilization	1	2	3	4
Lack of transparency	1	2	3	4
Employee-related problems	1	2	3	4
Delaying in the process	1	2	3	4
Lack of monitoring and evaluation system	1	2	3	4
Social welfare council	1	2	3	4

16. How do you examine the overall impact of MFIs in Nepal?

Good Average Poor Don't know

17. Do you think that existing policies, statutes and regulations are sufficient to promote the Women empowerment?

Yes No Don't know

If no, what changes are required in the policies, statutes and regulations?

.....

18. Do you think that present policies, legal provisions and NRB orders are liable for the successful implementation in MFIs sectors ?

Yes No Don't know

19. What is the existing role of the women empowerment for the development sectors in rural areas ?

Positive Negative Don't know

20. Microfinance Institutions are more appropriate and effective in women empowerment?

Sector	Yes	No	Don't Know	Others
Loan	1	2	3	4
Vocational Training	1	2	3	4
Community and rural development	1	2	3	4
Awareness Training	1	2	3	4
Environmental development	1	2	3	4
Handicapped and disabled	1	2	3	4
Self Sustainable	1	2	3	4
Economic Growth	1	2	3	4
Poverty Reduction	1	2	3	4
Saving environment	1	2	3	4

21. To what extent are you satisfied with the MFI activities in Nepal?

Particulars	Strongly Satisfied	Satisfied	Dissatisfied	Strongly Dissatisfied
Public Awareness	1	2	3	4
General objectives	1	2	3	4
Transparency in decision making process	1	2	3	4
Empowerment	1	2	3	4
Monitoring system	1	2	3	4
Loan/Deposit process	1	2	3	4

22. What are the beneficiary roles of Microfinance Institutions? (Please give in order 1, 2, 3 etc. 1 for the highest preference)

Particulars	Yes	NO	Don't Know	Others
Working with accessible	1	2	3	
Reduced financial and administrative burden of the government	1	2	3	
Increased employment	1	2	3	
Increased productivity	1	2	3	
Increased efficiency of the enterprises	1	2	3	
Reduced unemployment	1	2	3	
Reduced poverty	1	2	3	
Increases quality goods and services	1	2	3	
Strengthened market competition	1	2	3	

23.. Do you think that performance of MFIs role could be better without women empowerment program?

Yes No If yes, how?

24. What facilities provides to the society by the Microfinance Institutions? (Please give in order 1, 2, 3 etc. 1 for the highest preference)

Particulars	Yes	NO	Don't Know	Others
Health supportive program	1	2	3	4
Technical assist	1	2	3	4
Financial support	1	2	3	4
Involvement in decision making process	1	2	3	4
Educational Program	1	2	3	4
Self sustainable program	1	2	3	4
Empowerment training	1	2	3	4
Agriculture program	1	2	3	4

25. Which groups more affective by the MFIs program ?

Ethnic group Backward group Political group Women Others.....

26. What is the existing role of the government in management of the MFIs?

Positive Negative Don't know

27. Do you think that existing policies, statutes and regulations are sufficient to promote the MFIs in Nepal?

Yes No Don't know

(Thank you very much for your kind cooperation.)