

**ROLE OF MICRO-FINANCE IN POVERTY REDUCTION AND
WOMEN EMPOWERMENT
A CASE STUDY OF BAYARBAN VDC OF MORANG DISTRICT**

A Thesis

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By

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RECOMMENDATION LETTER

This thesis entailed **Role of Micro-Finance in Poverty Reduction and Women Empowerment: A Case Study of Bayarban VDC of Morang District** has been prepared by Dhan Sing Limbu under my supervision. I hereby recommended this thesis for evaluation by the Thesis Committee as a partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS.

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We certify that this thesis entitled **Role of Micro-Finance in Poverty Reduction and Women Empowerment: A Case Study of Bayarban VDC of Morang District** submitted by Dhan Sing Limbu to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as part of the degree.

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ABBREVIATIONS

ADB/M	-	Asian Development Bank Manila
ADB/N	-	Agriculture Development Bank of Nepal
ASA	-	Association of Social Advancement
BRAC	-	Bangladesh Rural Advancement Committee
BRDB	-	Bangladesh rural Development Board
CBS	-	Central Bureau of Statistics
CECI	-	Central for International Studies for Co-operative
CGAP	-	Consultative Groups to Assist the Poor
CGISP	-	Community Ground Water Irrigation Sector Project
CSD	-	Center for Self-help Development
DDC	-	District Development Committee
DEPROSE	-	Development Project Service Center
DSCP	-	Deprived Sector Credit Program
FINGO	-	Financial Intermediary Non- Government Organization
GBBs	-	Gramin Bikash Banks
IBP	-	Intensive Banking Program
INGO	-	International Non-Governmental Organizations
JASCC	-	Jana Aktta Saving Credit Co-operative
LDCs	-	Least Developed Countries
LTD	-	Limited
MCPW	-	Micro Credit Project for Women
MDGs	-	Millennium Development Goals
MFDB	-	Micro Finance Development Bank
MF	-	Micro Finance
MFI	-	Micro Finance Institutions

MoAC	-	Ministry of Agriculture and Co-operative
NBL	-	Nepal Bank Limited
NCD	-	National Co-operative Development Bank
NGOs	-	Non-Governmental Organizations
NRB	-	Nepal Rastra Bank
NUBL	-	Nirdhan Utthan Bank Limited
PADWT	-	Poverty Alleviation Project for Western Terai
PCRW	-	Production Credit for Rural Women
PKSF	-	Pallik Karma Sahayak Foundation
PSCP	-	Priority Sector Credit Program
PSLP	-	Priority Sector Lending Program
RMDC	-	Rural Micro Finance Development Center
RMP	-	Rural Micro Project
RRDB	-	Regional Rural Development Bank
RSCC	-	Ramailo Saving and Credit Co-operative
RSRF	-	Rural Self- Reliance Fund
SACCO	-	Saving and Credit Co-operative
SFCL	-	Small Farmer Co-operative Limited
SFDP	-	Small Farmer Development Program
SKBB	-	Sana Kishan Bikash Bank
TLDP	-	Third Livestock Development Project
UN	-	United Nations
VDC	-	Village Development Committee

CHAPTER – 1

INTRODUCTION

1.1 Background of the Study

Nepal is a small and landlocked country in South Asia. Nepal is one of the 49 least developed countries (LDCs) of the world. The total population is 2,64,94,504 and out of the total population, total male population is 1,28,49,041 (48.5%) and total female population is 1,36,45,463(51.5%) (CBS, 2011). The country's per capita income is US\$ 735 (CBS, 2012) Nepal is a poorest country in the South Asia.

Microfinance has been successfully used as an anti-poverty and developmental tool in many countries. At present microfinance is being increasingly used in the form of development strategy for achieving the developmental plans. However, the strategy would prove successful only if it will able to strike balance between development and finance. Clients of microfinance institutions are usually poor and low income people; often living an awful over crowded setting, living in remote areas with limited access to basic amenities such as education, water, electricity, banking services, health services, market facilities etc. Many of them are women, playing a double bottom line role of a provider and caretaker at household level. The poor people do not have enough land for farming; opportunities off farm employment are very few and should be generated. Additionally, they lack access to convenience and appropriate financial services, (Sigdel, 2008).

Microfinance is the provision of financial services such as loans, saving, insurance and training to the people living in poverty. It is one of the greatest success stories in the developing world in the last 30 years. It is widely recognized in the form of development goals. It is being a very effective tool for bringing up the economic and social status of people in the country. It is also recognized as a sustainable solution in alleviating poverty. There are various experiences of microcredit in economic development of developing countries. Microcredit to the poor people has created a small business opportunity which helps to improve the socio-economic condition of deprived community especially in rural areas, (Paudyal, 2011).

Microfinance is coined as the financial service rendered to the deprived group of people and a small entrepreneurs to help them in developing self-employment

opportunities and various income-generating activities. A small size of loan, compulsory savings, small scale enterprise, diversified utilization and simple and fixed terms and conditions are the determining characteristics of its definition. Usually, microfinance is a program that serves larger number of clients with reference to women /deprived people and works at grass roots level with financial sustainability. The main objective of microfinance program is to provide quality service to the larger number of deprived populaces of the country and to ensure the availability of such services to their households.

For facilitating the access to credit to the rural poor, microfinance practitioners, around the world have been found very effective for upbringing rural poor economic and social status there by assisting in poverty reduction. It is because microcredit to the poor creates small business opportunities that help to improve socio-economic condition of women or deprived communities especially in rural areas. In the Nepalese context too, microfinance have been used and more importantly could be used as a powerful tool for gradual reduction of poverty. It enables poor and destitute to take advantages of existing opportunities, build up their assets, generate self-employment avenues, develop micro enterprise, raise income level, build of self-confidence, empower women and provide opportunities to escape from abject poverty and inequality, (NRB, 2008).

There are several microfinance institutions working in Nepal which should help to reduce poverty. But, nowadays poverty is the main characteristic of the economy. Mostly, where women are more economically backward and women participation in income generating economic activities has not been satisfactory. Most of the women are still confined to their home only facing too much problems like: economic, education, finance, equality, and many more problems. Due to this problems women are not getting chance to improve their living standard, participation in income generating and reducing the poverty activities. Where, microfinance provides small capital to the poor people in the community who have not any assets and capital to invest in productive activities without any collateral. So, microfinance can be the best tool for the poverty reduction and the empowerment of the women if the clients become able to make proper utilization of achieved facilities.

Nepal is one of the poorest countries in the world and the poorest in the South Asia region. Its poverty reduction rate is very low. During the last decade of the 20th

century, it has become accepted that microfinance is one of the most significant contributors for poverty reduction. In Nepal, although the poverty reduction rate is slow if a proper model is used the Hill and Terai regions the standard of the living could be raised very quickly. The diversity of regulatory acts shows that it is necessary to cater to all MFIs under one act for licensing, regulating, supervising and need to make national policy in microfinance. In Nepal experience shows that private sector MFIs are better off than government owned MFIs.

1.2 Statement of the Problem

Nepal is one of the poorest countries in the South Asia region. Its poverty reduction rate is very low. Due to low per capita income, Concentrated Urban growth rate and High population growth rate Nepal cannot reduce the poverty.

Microfinance program have the potential to transform power relations and empower the poor-both men and women. Although women's access to financial service has increased substantially in the past ten years, their ability to benefit from this access is often still limited by disadvantage experience because of their gender. Some MFIs are providing a decreasing percentage of loans to poor women, even as these institutions grow and offer new loan products. Also, average women's loan sizes are smaller than those of men, even when women are in the same community and the same landing group.

Besides, as the clients of the microfinance are from poor and marginalized background, there is also the possibility of using the received facilities in fulfilling their exigent and other household problems instead of using it in some income generating place and things.

The study focuses how the poor and disadvantaged groups specially, women are uplifting on living standard and economic status, microfinance program a tool for creating women empowerment, various results of micro finance on poverty reduction and empowerment of women and problems hindering the access of women empowerment in microfinance.

1.3 Objectives of the Study

Poverty is not only the issue of least developed countries. It is a global issue where huge amount of investment is poured for reduction of poverty. Microfinance is one of the program designs to hunt the poverty through generating economic opportunities in the local level. Microfinance supports the poor women and deprived indigenously backward groups to generate income. It provides micro saving, small credit, insurance and transfer services including various capabilities building programs (Skill development training). How microfinance contributes in poverty reduction to its clients is the main objective of this study. Major achievements of micro finance is considered as enhancing income of the poor, enhancing their decision making capacities, fostering self-employment, uplifting empowerment level of poor and overall term increasing productivity and reducing the poverty in the economy. However some specific objectives of the study are as fallows:

- i) To estimate economic status of poor women before and after joining MFPs in Bayarban V.D.C.
- ii) To compare the contribution of MFIs to poor women on Bayarban V.D.C.
- iii) To find out economic empowerment of women through MF in Bayarban V.D.C.

1.4 Significance of the Study

Nepal is a least developing country in the South Asian region. Most of the people under this country are guided by vicious circle of poverty. Specially, rural women are more victim of this problem. So, women are searching to escape from the problems in that time microfinance is only one way to solve the women's economic problems.

So, the present study focuses up on what does microfinance in the women empowerment and poverty reduction of women. The study also focuses on the role of microfinance in increasing the number of MFIs for the women empowerment and poverty alleviation. The study is based upon Bayarban Village Development Committee of Morang district. The significant of study is that it analyses the impact of microfinance in women empowerment and poverty reduction. Also, it points out problems to women to get engaged in microfinance and consequences of women empowerment through microfinance. The present study provides the alternative way

to the women to get engaged in economic activities for empower themselves and reducing of poverty.

1.5 Limitations of the Study

The study is concentrated on Bayarban V.D.C. of Morang District. In the study trying to represent the true picture of whole economic activities of women and due to time and budget constraint overall impact of MF is not study.

The study has the following limitations:

- i) The study is based on the date of past 5 year's annual reports, data collected during the field visit and secondary data. The analysis of short period, i.e. comparison of limited variables and tools. (Before and after involvement of Micro finance in RSCC and JASCC) may not give the image of significant image of the program.
- ii) Mainly the study covers Bayarban VDC of Morang District. Data of the study is collected with limited tools such as field survey, interview schedule, focus group discussion, key information interview and observation etc.
- iii) Through the health and education status is main indicator of poverty reduction, the study has not covered generally this issue because of time and resources. Through it is the study of role of micro finance RSCC and JASCC in Bayarban VDC, the household selected for field survey are from different settlement of VDC.
- iv) During the interview the information is taken from those people who are available at home rather than the information obtained from field is based on their response. No verification has been done after taking information. Some information are here based on the focus group discussion and key information views.

1.6 Organization of the Study

The present study is divided into seven different chapters. The first chapter is the introduction of the study which includes background of the study, statement of the problems, objectives of the study, significance of the study, limitations of the study and organization of the study. The second chapter includes development of micro finance. Similarly, the third chapter is review of literature done by theoretically. The

fourth chapter highlights research methodology. In the same way, the fifth chapter is introduction of the study area. The sixth chapter is presentation and analysis of data. At last, the seventh chapter presents summary, conclusion and recommendation of the study.

CHAPTER – II

DEVELOPMENT OF MICRO-FINANCE

2.1 Meaning of Microfinance

Microfinance is the provision of financial services such as credit (loans), savings, micro-leasing, micro-insurance and payment transfers to economically active poor and low income households to enable them engage in income generating activities or expand/grow their small businesses. Again, MF is defined as a financial intervention that focuses on the low-income group of a given society. The intervention primarily involves credit services and may also include savings, insurance on credits and savings.

Microfinance (MF) has evolved as an economic development approach intended to benefit the low-income part of a given society (both female and male). According to the World Bank definition, the term refers to ‘provision of financial services’ (including saving and credit) to ‘the poor’. Micro finance banks are institutions that are established to provide financial services to the active poor. Microfinance Institutions (MFIs) can be non-governmental organizations (NGOs) saving and loan cooperatives, credit unions, government banks, commercial banks, or non-bank financial institutions (Ledgerwood, 1999). This policy seeks to make financial services available on sustainable basis to the economically active poor, low-income earners and micro, small and medium enterprises (MSMEs) through privately owned banks.

This scheme gives small loans to households lacking access to formal sector banks. One aspect of Microfinance that is very important of note is, its relative success in deliberately reaching out to poor women living in different socio-economic environments.

Association of Social Advancement (ASA), one of the most prominent microfinance institutions in Bangladesh for instance, has provided US \$200 million exclusively to women borrowers. In Malawi 95 percent of loans provided by the Malawi Muzdi fund go to women borrowers. Since 1979, Women’s world banking has given more than 200,000 loans to low-income women around the world. The same instances can also be found in places like Asia, Africa and Latin America. The

credit facilities do a lot in the lives of these poor people. Their standard of living is improved and they have access to better sustainability as well as more opportunities to have more market shares or business growth generally, (Saran, 2009).

Microfinance is banking the un bankable, bringing credit, saving and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral, (www. Microfinanceinfo.com).

2.2 History of Microfinance

Microcredit and microfinance are relatively new terms in the field of development, first coming to prominence in the 1970s, according to Robinson (2001) and Otero (1999). Prior to then, from the 1950s through to the 1970s, the provision of financial services by donors or governments was mainly in the form of subsidized rural credit programs. These often resulted in high loan defaults, high loss and an inability to reach poor rural households, (Robinson, 2001).

Robinson states that the 1980s represented a turning point in the history of microfinance in that MFIs such as Grameen Bank and BRI began to show that they could provide small loans and savings services profitably on a large scale. They received no continuing subsidies, were commercially funded and fully sustainable, and could attain wide outreach to clients (Robinson, 2001). It was also at this time that the term “microcredit” came to prominence in development (MIX, 2005). The difference between microcredit and the subsidized rural credit programs of the 1950s and 1960s was that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit (ibid.). It was now clear for the first time that microcredit could provide large-scale outreach profitably.

The 1990s “saw accelerated growth in the number of microfinance institutions created and an increased emphasis on reaching scale”, (Robinson, 2001: 54). Dichter (1999: 12) refers to the 1990s as “the microfinance decade”. Microfinance had now turned into an industry (Robinson, 2001).

Along with the growth in microcredit institutions, attention changed from just the provision of credit to the poor (microcredit), to the provision of other

financial services such as savings and pensions (microfinance) when it became clear that the poor had a demand for these other services.

The importance of microfinance in the field of development was reinforced with the launch of the Microcredit Summit in 1997. The Summit aims to reach 175 million of the world's poorest families, especially the women of those families, with credit for the self-employed and other financial and business services, by the end of 2015 (Microcredit Summit, 2005). More recently, the UN, as previously stated, declared 2005 as the International Year of Microcredit.

2.3 Microfinance in the World

The history of microfinance can be traced back as long to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty. But it was at the end of world war second with the Marshall plan the concept had big impact.

The day use of the expression micro financing it has roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Mahammad Yunus, where starting and shaping the modern industry of micro financing. Another pioneer in this sector is Akhtar Hameed Khan. At that time a new wave of microfinance initiative introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that the programs could show that people can be relied on the repay their loans and that it is possible to provide financial services to poor people through market-based enterprises without subsidy. Shore bank was the first microfinance and community development bank founded 1979 in Chicago.

An economical historian at Yale named Timothy Guinnane has been doing some research on friedrich Willhelm Raiffeisen's village bank movement in Germany which started in 1864. And by the year 1901 the bank had reached two million rural farmers. Timothy Guinnane means that already then it was provided that microcredit could pass the two tests concerning people playback moral and the possibility to provide the financial service to poor people.

Another organization, the *caisse populaire* movement grounded by Alphone and Dorimene Desjardins in Quebec, was also concerned about the poverty and passes those two tests. Between 1900 to 1906 when they founded the first *caisse*, they passed a law governing them in the Quebec assembly, they risked their private assets and must have been very sure about the idea of micro credit.

Today the world Bank estimates that more than 16 million people are saved by some 7000 microfinance institutions all over the world. About 500 million families benefit from these small loans making new business possible. In a gathering at a microcredit Summit in Washington DC the goal was reaching 100 million of the world's poorest people by credits from the world leaders and major financial institutions.

The year 2005 was proclaimed as the international year of microcredit by the economic and social council of the United Nations in a call for the financial and building sector to "fuel" the strong entrepreneurial spirit of the poor people around the world.

The international year of microcredit consists of five goals. They are assess and promote the contribution of microfinance to the MFIs, make microfinance more visible for public awareness and understanding as a very important part of the development situation, the promotion should be inclusive the financial sector, make a supporting system for sustainable access to financial services and support strategic partnership by encouraging new partnerships and innovation to build and expand the outreach and success of microfinance for all.

Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro credit is one such means, development from below also serves to advance democracy and human rights. Mahammad Yunus has shown himself to be a leader who has managed to translate vision in to practical action for the benefit of millions of people, not only in Bangladesh, but also in many other countries. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has first and foremost through Grameen bank developed micro-credit that have sprung up around the world.

Every single individual on earth has both the potential and the right to live a decent life. Across cultures and civilizations, Yunus and Grameen Bank have shown that even the poorest of poor can work to bring about their own development.

Micro credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and political democracy cannot achieve their full potential unless the female half of humanity participates on an equal footing with the male.

Yunus's long-term vision is to eliminate poverty in the world. That vision cannot be realized by means of micro credit alone. But Muhammad Yunus and Grameen Bank have shown that, in the continuing efforts to achieve it, micro-credit must play a major part, (www.microfinance.com).

Microfinance began in 1980s as a response to doubts and research findings about state delivery of subsidized credit to poor farmers. In the 1970s government agencies were the pre dominant methods of providing productive credit to those with no previous access of credit facilities. The microfinance program was firstly developed and initiated in Bangladesh in the late seventies and later replicated in many other countries, now have been recognized as a very useful instrument for the poverty reduction. The Grameen Bank is the pioneer among the MFIs to introduce micro credit programs. During the last two decades or so the number of such MFIs including government and non government organizations operating at national; or various local levels in Bangladesh has increased, (www.microfinance.com).

2.4. Microfinance in Bangladesh

Bangladesh has a successful story of microfinance programs. Bangladesh has implemented MF as the tools for poverty alleviation. Bangladesh government has implemented different target oriented poverty alleviation schemes under safety net programs to save hard-core poor from hunger and starvation to create productive employment for them. Food for work program, Vulnerable group feeding program, destitute and women and children fund, allowance for distressed widows and deserted wives and scheme like "One house one farm" are some important target oriented poverty focused programs. Swanirvar Bangladesh (1975) and Grameen Bank (1975)

have innovated two credit programs special agricultural credit program and small farmer development programs.

German Bank was founded by Muhammad Yunus inspired by a young lady of village who used to make bamboo stools laboring whole day for other people. The GB success encouraged hundred of the NGOs to start MF in Bangladesh. Now GBB has over 11,195 branches province of BD, borrowing groups in 43,681 villages, 3.12 million borrowers own women clients with 11,855 total staff. It borrowers own 93% of the total equity. The GBB alone cover 71% of total credit which lending credit on group based lending, (Yunus, 2004).

Besides GBB, Bangladesh Rural Advancement Committee (BRACm 1972) and Association for Social Advancement (ASA-1991) are actively participating in micro credit program aimed to poverty reduction and income for rural people. These NGOs have disbursed a large amount of loan to over 4 million micro borrowers with saving collection from their members (ESCAP-2007) Pallik Karma Sahayak Foundation (PKSF-1990) and Bangladesh Rural Development Board (BRDB) are the large autonomous microfinance institutions to channel fund to partner NGO. The PKSF is unique organization of private company outside government bureaucracy. The governing body of this foundation consists of distinguished person including Muhammad Yunus. The government provided initial fund from annual budget and also lent large sums of subsidized rate. It works like a central financial institution for small and medium MFIs until they managed the first loan.

2.5. Microfinance in Nepal

In the early 1960s, the co-operative movement becomes the first vehicle of microfinance in Nepal. As 13 cooperatives provided flood victims access to financial services adapted to their specific needs. In parallel, rural finance institutions were established such as the Agricultural Development Bank of Nepal, which aimed at providing credit and marketing support to agriculture.

In 1974, the two state-owned commercial banks, Nepal Bank Ltd. and Rastriya Banijya Bank were directed by the central bank, Nepal Rastra Bank, to invest at least a portion (first 5% to increase as high as 12%) of their deposit liabilities in the 'small sector'. This marked the beginning of the directed credit system in Nepal. In 1976, the scope of the small sector was broadened to include agriculture, cottage industry and

services, and has since then been called the 'priority sector'. The credit did not reach the poor as only influential and well connected people, with collateral, were able to access the program. This led to the development of targeted initiatives, such as the Intensive Banking Program in 1981, initiated by the government and the central bank, through partnerships with commercial banks. Under this approach, group guarantee for loan repayment were used instead of physical collateral.

Starting in 1975, the small Farmers Development Program, implemented by the Agriculture Development Bank of Nepal, mobilized farmers groups using a credit plus approach, and was the first experience of group-based lending in Nepal. Unfortunately, it failed due to political pressure for a fast expansion, overemphasis on credit, high delinquency levels and the overall not satisfactory performance of the system.

In 1982, the cottage and small Industries Project and the Production Credit for Rural Women all provided new directions to priority sector lending, focusing on project viability rather than collateral and therefore provided a financing window to the poor through commercial collaborating with local development organizations. The commercial banks perceived this program as more of an obligation to wards the central bank than a business interest.

In 1990, the government of Nepal established the Rural Self- Reliance Fund (RSRF), with the objective of providing wholesale loans to NGOs, cooperatives and financial intermediaries for on lending to the poor. The Microfinance Department of NRB acts as the secretariat of the RSRF and management committee headed by the NRB deputy governor oversees the fund.

In 1992, the government of Nepal, following a recommendation from the NRB, established Regional Rural Development Banks (RRDB) in each of the five development regions of Nepal, modeled on the Grameen Bank methodology. The majority of the ownership is in the hands of government, Nepal Rastra Bank (the central bank) and public commercial banks, while other private commercial banks have small equity stakes. During the same period, private initiatives led by NGOs, such as Nirdhan and the Center for Self-help Development also used the Grameen Bank methodology, resulting in a generally more efficient and successful replication.

In 1990s, with technical assistance from GTZ, local branches of the ADB/N under the Small Farmer Development Program, started to be reorganized into federations of small farmer groups the 'Small Farmer Cooperatives Ltd. (SFCL); each operating as an autonomous cooperative, (Nepal Country Profile. www.bwtp.org)

With the promulgation of the Development Bank Act in 1995, Nirdhan was the first NGO (1998) to transfer its microfinance portfolio into an autonomous microfinance rural bank (Nirdhan Utthan Development Bank). Since 2000, Swabalamban Bikas Bank Ltd and Chhimek Bikas Bank in 2001, Acknowledging the poor performance of the RRDBs under public ownership, the central bank started a restructuring program, which will lead ultimately to the privatization of the five RRDBs.

With a view to provide a source of wholesale fund to regulated microfinance institutions the Rural Microfinance development Center (RMDC) was established in 1998 and later on opened its lending to other microfinance provider. In 2001, the Small Farmer Development Bank was established under the Development Bank Act to provide wholesale funds to Small Farmer Cooperatives Ltd. (SFCLs)

In Nepal agriculture based co- operatives were initiated in the 1950s as a first step in micro finance. Poverty alleviation rural based programs were initiated through the Small farmer development Programs (MFDP) on a pilot test basis in 1975 by the SDB/N. The success of the pilot tests in Dhanusa and Nuwakot districts encouraged policy makers to expand formal rural based micro finance programs.

The SFDP is now being transformed into several autonomous, self-help organizations called Small Farmers Co-operatives Ltd (SFCLs), which are managed by farmers themselves. Other microfinance development programs such as Priority Sector Lending Program (PSLP), Intensive Banking Program (IBP), Production Credit for Rural Women (PCRW) and Rural self-Reliant Fund (RSF) have been implemented. After studying the pros and cons of various MF development programs government began to rethink the delivery mechanisms of MF.

In 1992, government set-up two Graman Bikash Banks as a replication of the Bangladesh Grameen model of MF delivery. Government also created a situation to encourage participation in the MF by the private sector. Subsequently Nirdhan, CSD, Chhimek and other organizations came in to existence.

RMDC was also established to support MFIs by giving wholesale credit, initiating training and other necessary support to the MFIs. Some government directed Programs (TLDP, Bishweshwor with poor, PAPWT, Community Ground water project, etc.) have been implemented in co-ordination with NRB.

MFIs are depended on small saving from group members. As a definition MF is, as a part of development finance, rural or urban targeted towards specific group 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 orientated objectives, target group, target community, target area and credit at home.

In the past decade, MF has been recognized as a particularly effective development intervention for three basic reasons. They are the services provided can be targeted specifically at the poor and poorest of the poor, these service can make a significant contribution to the socio-economic status of the targeted community and the institutions that deliver these services can develop within a few years in to sustainable organizations with steadily growing outreach, (www.microfinance.com).

Nepal has three decades of experience in MF. Although, many programs have been implemented for poverty alleviation in Nepal. Only MFPs are seen as pro-poor and rural based. In Nepal, Agriculture based cooperatives were initiated in the 1950s as a first step in MF. Poverty alleviation rural based programs were initiated through the Small Farmer Development (SFDP) on a pilot basis in 1975 by ADB/N. On the basis of the success of these programs, the SFDP was transferred into SFCLs which were managed by the farmers themselves. Later, other microfinance development programs such as Priority Sector Lending (PSLP), Intensive Banking Program (IBP), Production Credit for Rural Women (PCRW) and Rural Self-Reliance Fund (PSRF) were implemented, (NRB,2008).

2.6. Microfinance Models Practice in Nepal

During the 1970s, most of the low income countries of the Asia pacific region and in Latin America countries incorporated the concept of microfinance within their mainstream financial system. Since the period, some pioneering microfinance institutions developed and applied a new set of methodologies in micro-lending business of poverty alleviation. Microfinance practices that became popular in

different periods, demonstrate that they have contribute to the dynamism of this field evolving with various model. About three decades of Nepal experience have recognized microfinance as a poverty alleviation program focused towards raising the income level and social standard of the people living in poverty, particularly to women. The success of the microfinance program in bringing positive impacts towards poverty reduction, the microfinance practices of the organized sector those are prevalent in the country can be categorized broadly in to seven microfinance models as follows;

2.6.1 German Model

A concept of Garmeen bank was evolved in 1992 when the Nepal Government felt the need to establish a separate institution which could take sole responsibility for financing the rural poor and supplementing, to some extent the rural microfinance activities of the previously established institutions. The aim of the Grameen Bikash Bank (GBBs), established as a regional development bank in 5 development region between 1992 and 1996 and operating on the Bangladesh Grameen model, it is to engage the targeted rural poor with the appropriate credit delivery mechanism and on a group liability basis. These banks are the largest MF operators in Nepal. Training as an entry point of banking has been introduced, as a new specialized banking system by Grameen Bikas Bank.

The bank provides credit basically for micro level income generating activities on a group guarantee basis to the group members through 2+2+1 system. In a group, there should be 5 women and have less than 1 bigha (0.71 hectar) in terai and 10 ropanis (0.55 hectare in hills). The interest charge in the disbursed credit is 20 percent and the bank recovers the credit in 50 weekly installments from the borrowers.

There are four institutions working as replaces of GBBs. According as the date of mid January, 2007 they have disbursed loans of Rs. 75million to 156,958 women covering 39,256 groups through 7,597 centers and have successfully spread their heterogeneous income generating activities to 45 districts country.

i) Swabalamban Bikas Ltd. (SB Bank)

Swabalamban Bikas Bank (literally means Self-help Development Bank) is a microfinance development bank which started its operation on January 14, 2002. Over 13 years ago Center for Self-help Development (CSD) an NGO, initiated the self-help

banking program based on the Grameen Bank model with some adaptations in September 1993. The primary objectives of the institution is to provide the disadvantaged section of the rural poor with easy access to credit, which will help them to improve their socio-economic status and make full use of their existing skills and resource. SB Bank targets having per capita income not more than NPR 4,400 (US\$ 62) and serves women exclusively.

ii) Nirdhan Utthan Bank Ltd. (NUBL)

Nirdhan Utthan Bank Limited, "the bank of upliftment of the poor" is a microfinance bank established in November 1998 but was granted a license to undertaker banking activities in April 1993. Thought, legally established as a company in 1998, the operation of NUBL is a continuation of microfinance service provided by an NGO called 'NIRDHAN' which was providing microfinance services since March 1993. At that time it has limited resources and capacity to satisfy the demand of poor people in different part of the country. Hence, NIRDHAN was transferred all microfinance operation s to Nirdhan Utthan Bank. It provides microfinance services such as loans, deposits, micro-insurance, and remittance services. The lending methodologies are individual lending based on Garmeen Bank, Bangladesh model and group lending based on self-help Group model through a few specific branch office.

iii) Chhimake Bikas Bank Ltd.

Chhimake Bikash Bank limited is a microfinance service to the poor, the marginalized and the deprived with a main focus on women living below the poverty line. It was register with the company Ragioter's office in December 2001 and obtained a license in January 2002 from Nepal Rastra Bank.

iv) Deprosc Development Bank Ltd.

Deprosc Development Bank is a microfinance bank working in the central and western region of Nepal. The pioneer objective of the bank is to provide microfinance services, which are adaptable to local situation, cost effective and financially viable and sustainable. The bank has been promoted by DEPROSC Nepal. (an NGO active in microfinance business). The other promoters are Agriculture are Agriculture Development Bank, Nepal Bank, NABIL Bank, Lumbini finance and Leasing

Company, CEAPRED (an NGO) and former bankers having 15-20 year experience. This Bank was register in January 2001.

2.6.2 Small Farmers Co-operative Model

In order to provide microfinance service to small farmers, Agriculture Development Bank of Nepal. (ADB/N) introduced a newly developed financing concept on co-operatives known by the name of small farmers Co-operative Limited (CFCLs). It is also known as the convergent from of 3 decades old small Farmer Development Project (1976) of the Bank, considered the first poverty focused credit program in the country. ADB/N has also estimated Small Farmer Development Bank (SFDB) in 2002 meet the wholesale requirement of CFCL for on landing to small farmers.

The main objective of transformation of SFCL is to ensure the viability and sustainability of micro finance institutions (MFIs), which would be managed and administered by the members themselves. Many international organizations including IFAD, ADB/N CGAP have lent their support to this program in one way or other band GTZ has been continuously providing technical support to help upgrade these institutions. As of mid-July (2006), a total of 117, 094 members (18,365no. of small farmers groups) were associated with 200 members of CFCL in the country. During the same period, however, only 141 SFCLs have taken wholesale loan from SFDP for on-lending to the small farmers with the credit disbursement amounting to Rs. 1.347 million. In this model SFDB provides the wholesale lone to SFCL at 9.5 percent interest rate per annum. Whereas SFCLs disburse loan to their clients at the interest rate ranging between 12 to 16 percent per annum and the loan is repaid within 2 to 5 years from the date of disbursement.

2.6.3 Financial Intermediary Non-governmental Organizations (FINGOs) Model

This is the latest form of development in microfinance in term of financial intermediary process. It is believed that more than 10,000 unregistered NGOs are opportunity either in the field of micro-finance or in social and community based development activities. However, only 47 NGOs (mid July 2006) have been permeated license for doing limited banking operation from NRB. Till, mid July 2006, 51 NGOs are associated with the Rural Self Reliance Fund (RSRF, 1991). After

the promulgation of Financial Intermediary Act 1998(1st Amendment 2002), a broader scope has been created for the NGOs to function as financial intermediaries for mobilizing saving and promoting credit activities within the group. In this model, the NGOs disburse loans for microfinance on a group basis. The interest rate range between 18 to 25 percent per annum, and repayment system of NGOs in MF is on a very short term periodic basis i.e. weekly, fortnightly and monthly.

2.6.4 Priority and Deprived Sector Credit (PDSC) Model

After knowing that large volume of people are directly related to certain sectors, priority Sector lending model was introduced in early 1974 through the mandatory credit requirement as put forward by the NRB in agriculture, cottage industry and services sector. This mandatory requirement is presently called Priority Sector Credit Programs (PSCP) and Deprived Sector Credit Programs (DSCP). PSCP was recognized as Intensive Banking Program (IBP) in 1981 while DSCP was introduced in 1991 by the NRB. Both the programs have provision of direct and indirect financing. Under the direct financing mechanism, commercial banks provide loans to the beneficiary directly as retail lending while under indirect financing, commercial banks act as wholesale micro financier and the loan able funds are channeled through MFIs, co-operatives, FINGOs and MFDBs for on lending to the beneficiaries. Notwithstanding the fact that Nepal is currently passing through a World Bank led Financial Sector Reform Program (FSRP, NRB has opted for a phasing out policy of this priority sector credit program within five years starting from 2002/003. It may be recalled mandatory requirement to flow funds in to priority sector credit program was 12 percent of the total credit outstanding, while for DSCP commercial banks are required to finance micro finance sector at least to the tune of 3 percent of their total credit outstanding. Thus DSCP is also a major source of fund for on lending purposes to MFISs. In priority sector credit program, the commercial bank charges 4 to 12.75 percent interest rate per annum whereas in DSCP the interest rate ranges between 4 to 11 percent per annum. Co-operative provide microfinance in the form of credit to individuals and groups with limited resources. Saving are the strong bases of co-operatives to make them suitable and capable to fulfill both the economic and social needs of their members and the communities where they are operating. In co-operatives, the money that is, come from the members. So the members are not merely the clients but owners of the institutions. Co-operatives are autonomous

association of the persons united voluntarily to organize and operate any business in the society. These associations are governed by some established principles, i.e. open membership, democratic control and equal contribution in the organization, (Bashyal, 2005).

As of mid-April 2006, around 8,045 co-operatives have been registered with the Department of Co-operatives of which 2,692 are savings and credit co-operatives (SACCOs) and 447 or 5.55 percent of them are women SACCOs. Such SACCOs provide micro finance services to their members for running income generating activities. Out of 2,692 SACCOs only 19 savings and co-operative have received licenses from NRB for limited banking transaction. A separate legal framework called co-operative Act- 1998 governs co-operative societies.

Out of the 2,350 SACCOs, 199 savings and credit co-operatives are associated with the Rural self-Reliance Fund (RSRF) as a partner organization (PO). These Pos of RSRF, all located at the remote and rural areas have been providing microfinance services to their members/clients to the tune of Rs. 30,000/ per scheme per borrower, which is in line with the upper limit of deprived sector lending as prescribed by the NRB. RSRF is providing wholesale loan to SACCOs at 8 percent interest per annum but there is the provision of a refund of 75 percent of the paid interest back to Pos having 100 percent repayment performance with the RSRF. So, net interest charged, in fact, comes to two percent only.

Financing from the RSRF is popular amongst SACCOs and FINGOs. SACCOs at the present juncture could be an alternative vehicle for micro finance service delivery to the rural targeted people. But in absence of proper regulatory framework and clear-cut supervisory jurisdiction, it may not be so easy to generate faith with financial co-operatives. The regulation on the job of micro financing may therefore be assigned to a separate institution like NEFSCUN and National Co-operative Development Board or new institutions such as Micro financing Regulatory and supervision Authority.

2.6.5 Project-Based Micro-Financing Model

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

i) Production Credit For Rural Women (PCRW)

PCRW was the first donor supported micro finance program was the initiated in 1982 and completed in 1997 under two phases covering 26,616 group and 82,416 poor women borrower from 75 direct of the of the country with the credit disbursement amounting to Rs. 933,812 thousand. Funded by IFAD with a lone amount of SDR 3.23 million, the project utilized the lone amount cent percent. Two major commercial banks (NBL and RBB) and ADB/N where the participating bank and it was executed by Women Development Division of Ministry of Local Development Nepal Rastra Bank was the main executing agency of the credit component.

ii) Micro-credit Project for Women (MCPW)

This project was launched in 1994 by Ministry of Local Development in co-ordination with NRB, RBB financial assistance of ADB/Manila amounting to SDR 5.0 million. The distinctiveness of its approach lies in using NGOs as facilitator in micro finance. Under the project, 95 percent (87 NGOs and SACCOs) have been involved in 'financial and social intermediation' i.e. group formation, training and delivery of bank credit. By March 2002, the project covered 25,000 women clients from 14 districts and 14 municipalities. The participating bank such as NBL RBB provided micro credit amounting to Rs.135 million (outstanding balance) to the target beneficiaries through NGO and women associations. NRB was again the executing agency of the credit component of the project. The project was awarded best fund ADB funded project in Nepal by ADB in 2001. With the completion of the project, many NGOs associated with the program as a credit agent later converted or upgraded into FINGOs and SACCOs. That is, 82 women saving and credit co-operatives where organized and 25 of them were registered at the co-operative Department. 25 SACCOs have been able to become partner organization of RSRF. Similarly, 27 FINGOs formed by women groups under the MCPW have received licenses for limited banking from the central bank.

iii) Poverty alleviation Project in Western Terai (PAPWT)

This project was funded by IFAD and launched in December 12, 1997 in selected Terai district of western, mid-western and far-western development resign. The project is to cover below poverty level clients of the MFIs through 16 branches of

Garmeen bank and its replicating institutions from 8 districts of western, mid-western and far-western in Tarai. The project was completed in December 2004 and covered 29,000 small and marginal deprived sector borrowers. The project utilized 80 percent of total loan amount of SDR 2.57 million. The project was based on pre-financing model under which the selected branches were pre-financed by the NRB for on lending their branch viability plan. As usual, Ministry of Local Development (MOLD) was the major project implementing body for overall project management and NRB acted as a credit component implementing body.

iv) Third Livestock Development Project (TLDP)

The project was started in the year 1996 with an aim to improve the quality of livestock and its production along with other livestock related development. The project was funded by AND/Manila with a loan amount of SDR2.0 million. The project was launched in three different phases in 26 districts of western, mid-western and far-western region of the country for the targeted marginal and middle income people. Initially, the project was to be completed by July 30, 2003 but it was extended by one year to July 30, 2004. Besides, targeting marginal and middle income farmers, provision for high income level farmers was also made for raising livestock on commercial basis. During the project period, TLDP has disbursed Rs. 170million through its MFIs While NRB was the implementing agency for the credit component the overall executing responsibility was with the Department of livestock, Ministry of Agriculture and Co-operative (MoAC). The project had shown remarkable performance and as such has been rewarded three times (2000, 2002 & 2003) by ADB/M for its best performance.

v) Community Ground Water Irrigation Sector Project (CGISP)

With the objective of increasing agriculture productive of marginal and small farmers through community-based shallow tube-well irrigation system, government introduced CGISP in 12 district of eastern and central Terai in March 1999. CGISP is founded by ADB/M with a loan amount of DRS 9.93 million for the STWs installation and production credit and US\$ 3.5 million as a grant from CIDA as technical assistance. RSRF under(NRB) is the implementing agency for the credit component. As of mid-July 2006, RSRF under CFISP disbursed Rs. 134.98 million for 5365 STWs in group thereby benefiting altogether 21,262 marginal farmers.

CFISP was extended twice from July 2005 to July 2007. The project targeted to install 15,000 STWs (13,500 in group and 1,500 in individual) through credit without subsidy. Department of irrigation has overall responsibilities for executing the project. Technical assistance part was implemented by Central for International Studies and Co-operation (CECI).

vi) Rural Micro-Finance Project

This was an ADB/M funded for project for a period of 1999-2005. With a loan amount of SDR 14.2 million under the project, RMP aimed at improving the socio economic status of poor women through wholesale credit to PFIs for on lending to income generating activities and institutional strengthening of MFIs. Rural Microfinance Development Center (RMDC) implemented the credit component. As of July 2006, RMDC was able to utilize only 30 percent of the ADB/M was mainly due to conservative attitude shown towards large MFIs with undermining the prospect of micro finance development bank such as GBBs in outreaching as well as scaling-up of operation of micro finance.

2.6.6 Wholesale Micro Finance Model

Wholesale microfinance in Nepal was introduced in 90's with the establishment of RSRF in 1991. Later another institution called RMDC under RMP came into existence in 2000 to cater to the wholesale credit needs of MFIs for non lending purpose as well as institutional capacity building of MFIs and capacity building of clients of partner organizations. Currently, in the year 2002, another wholesaling micro finance institution called Sana Kisan Bikash Bank (SKBB) was established to provide wholesale credit to SFCL. Likewise, wholesale institution called National Co-operative Development Bank (NCDB) was also established in 2003.

CHAPTER -III

LITERATURE REVIEW

3.1 Background

Women occupy more than half of the total population in the context of Nepal. Most of women are under poverty. Women's access to financial services has been increased substantially in present and has been empowered economically. Microfinance programs have become the crucial tool for the empowerment and boost up of women.

As women empowerment has become the global concern and burning issue in these days, various scholars, academicians and other related organizations have learned and presented about the similar subject matters. The chapter, Review of Literature has been based upon various reports, manuals, workshops, papers, proceedings and studies Women empowerment through MFPs for poverty reduction and institutions undertaken nationally and internationally. The chapter has included only theoretical reviews both at national and international level.

3.2 Theoretical Review

Mathie (1995) stated that microfinance is a scheme that aims to provide small loan and sowing facilities to these who are excluded from commercial financial services this has been promoted as essential strategy for reducing poverty in all of its form. Access to these facilities is seen a way of providing the poor with opportunities of self reliance through entrepreneurship cushioning the poor agent economic shocks and providing a means of social empowerment for poor women and men and their communities yet, although microfinance programs often driven by a moral imperative to alleviate poverty the extent to which they are able to reach the poorer with their countries to be an issue of debated.

Hulme & Moskey (1996) assessed that microfinance as a mechanism for poverty reduction is simple it access to credit can be improved, it is argued the poor can finance productive activities that will allow income growth, provided there are no other binding constrains this is a route out of poverty for the non destitute chronic poor for the transitory poor who are vulnerable to fluctuations in income that bring them close to or below the poverty line, microfinance provides the possibilities of

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

Ledgerood (1999) stated that microfinance has evolved as an economic development approach intended to benefit low income women and men. The term microfinance refers to the provision of financial service to low-income clients including the self-employed.

Seedon (2000) stated microfinance has evolved as an economic development approach intended to benefit low-income women and men. Then term refers to the provisional of financial services to low-income respondents, including the self employed.

Poor people found it almost impossible to access formal banks for saving and credit. Collateral requirements, payment schedules, distance, lack of information and bribes all exclude poor people from banking services. A woman from Chota, Ecuador said that “poverty results from the absence of loan..... No one has the resources to plant..... this is the only reason” (World Bank, 2000).

Rabinson (2001) stated that microfinance refers to small scale financial services, primary credit and savings provided to people who farm or fish or herd, who operate a small enterprise or micro enterprises where goods are produced, refined, repaired or sold who provide services who work for wages, who gain income for refining out a small area of land, vehicles, draft animals or machinery and tools and

other individuals and groups at the local level of developing countries both rural and urban.

Hunt & Kasynathan (2002) assessed that microfinance programs for women have positive impact on economic growth by improving women income generating activities. The data used was collected from three NGO's in Bangladesh and one state from India. Most of women receiving credit have no control over their loans due to low access to markets. The author finds that the impact of Microcredit on female, male education, marriage practice, mobility, violence against women and self respect. Moreover, microfinance which is designed for the poorest, actually not reached to the poorest people. So donors and NGO's must concentrate on the access of credit to the poorest people. Malhotra and Etal, (2002) worked on conceptualization and operationalization of term empowerment rather than to review its indicators. They highlighted economic, social, familial/interpersonal, legal, political and psychological dimensions of empowerment. Empowering themselves is not only responsibility of individual women. Government and other institutions should promote policies that ensure gender equity through political and legal reforms.

Zohir & Matin (2004) presented that the interaction with in microfinance institutions groups can create co-operation and trusted that not only facilitates the microfinance activities, but also contributes benefits beyond the service provided, such as a greater sense of community, trust and reliance on the group in times of crises. These networks can lay the foundations for other social capital developments in the community. They state that example of cultural imports of social intermediation that effect the greater community could be a change in attitude of society towards the acceptable age of women's marriage, domestic violence, dowry etc.

Ghale (2005) presented that poor people are not able to access loans from commercial banks normally because lack. But there are many other reasons also involved for which commercial banks were not willing to finance poor. These reasons are included that poor have less education, no proper experience and training, high expenses on transactions of small loans and lower ret of profit. Therefore, limited option to access loans leads to push poor people in more poverty. This situation resulted in emerging the idea of micro lending and microfinance. Microfinance, therefore a way to finance people, those have no collateral or any property for

guarantee. Microfinance is a way of financing to poor for their business, to alleviate their poverty, empowering them, giving social benefits on sustainable way.

Poudel (2007) stated that microfinance is increasingly being taken as a magic bullet for poverty reduction. The emphasis on microfinance for poverty presumes that the credit to the poor promotes self-employment and income generating activities. This leads to an increase in income and contributes to an accumulation of assets, which in turn reduces vulnerability due to illness, crop failures and enables better education, nutrition, health and housing of borrowers. In addition, microfinance can contribute to empower women by providing them the basis of earning of income, social mobilization and political awakening.

Asim (2008) stated that impact of microfinance program on indicators of women empowerment in urban slums of Lahore district, Pakistan. The author has chosen specialized institutions with women focusing models. So, the most appropriate institutions according to author are Kashaf foundation and Community Support Concern (CSC). Three potential sources of selection biases measured the impact of program. Firstly, program participants different from their control comparators. Second is that the treatment group might differ from control group in the distribution of unobserved characteristics. Third bias can rise if participants have positive externalities on those who have later joined program. The author construct preference based indicators including child related and health related decisions and economic decisions, social mobility decisions, resource allocated decisions and autonomy based indicators including household purchase and child related decisions. To explore the link between women empowerment and microcredit participants, the author used three different estimates; simple parametric framework of conditional mean independence, randomization of treatment and Bivariate Probit model. The results show that microcredit intervention has no impact on child related health, economic and social mobility decisions. On average, women in treatment group were no more independent or autonomous than the control group in small household purchases. Participation in micro credit program specially, in rural areas that are repayable in frequent and easy installments. These are effective mechanisms for poverty reduction, to improve health, education, legal rights, sanitation and other living standards. Microfinance programs target women, most vulnerable part of society who lives with in household with no assets. By providing them opportunity for self employment,

these programs have significantly improved women security, autonomy, self confidence and status within the household which in turn improves women empowerment. This thesis based on client's perspective, special focus on Bangladesh. This research is based on positivists and interprets visits. The main goal is to find out not only the mechanism of microfinance in Bangladesh but also to find out that how microfinance helps to poor people to improve their living standard.

Balchandra (2009) presented that microfinance has also lead to the increased literacy of women in development countries. Yet, the inequality in between men and women has been far from eradicated; in many cases, husband has forbidden their wives from participating in microfinance projects. But microfinance has also enabled poor women to leave abusive marital situations through financial empowerment. The success of women in microfinance can illustrate the importance of women to economic development as well as the importance of microfinance to empowerment of poor women.

Microfinance Summit (2010) presented that Nepal is one of the poorest countries in the world. Giving a lone through Good return is to only the most effective way to help clients but is also a great way to potentially help the entire country. Women make up a large part of the poorest segments of society in Nepal. This causes massive negative flow-on effects to children, the wider community, and the entire country. In all societies the role of women is extremely central and important to the success of a country. It is no coincidence that in countries where women are empowered and have achieved greater levels of equality there is much less poverty and greater social cohesion. Women in Nepal are extremely underprivileged. Microfinance has been one of the few effective tools for poverty reduction over the past year. Through the creation of sound microfinance institutions and systems, poor people can safely deposit money and accumulate funds for future investment or emergencies as well as access loans for productive purpose leading to higher incomes. Additionally, microfinance produces an impact in other areas including good governance, participation in the political processes, women empowerment, social inclusion, and conflict transformation.

Regmi (2011) stated that micro-business creation in the less developed countries, has been constantly promoted as a development strategy, mainly through micro credit projects. Women have been targeted by these projects as potential

entrepreneurs who could contribute to household poverty reduction through business creation. Additionally, women's empowerment and gender equality is assumed to be an eventual outcome of women's micro-business creations. This assumption is of serious concern to gender and development advocates and needs to be examined and analyzed. The author presented that women's micro-business creation and the income derived from it may not necessarily bring gender-equal outcomes. Families' welfare can be improved with women's income contribution. Women's choices remain constrained by patriarchal norms and values that have a direct impact on their health and well-being. Moreover, women's income is seen as supplementary and their income-earner role, although appreciated, is often underestimated. It was noticed that although in some cases women's "agency" was enhanced as they acquired bargaining power from their income contribution, in general women's burden has not decreased but instead has multiplied, affecting their physical and mental well-being.

Tasqurun (2011) presented that the empowerment of women is one of the central issue in the process of development of all developing countries in the world. The author presented that the level of women empowerment of poor women in Bangladesh can be significantly improved by involvement with MFI. MFI members have more empowerment than non MFI members, but the level of women empowerment of MFI member is not satisfactory. Higher income increase women's ability to contribute more of the daily household expenditure, and eventually improve the empowerment. The author presented that the government and other development organization should work together in addressing this empowerment issue with better implementation of strategy such as more loans, and proper guide to borrowers. All these strategy can influence the level of empowerment of women in a developing country such as in Rajshahidevision, Bangladesh.

3.2.1 Microfinance in Poverty Reduction

Some people take poverty to involve a subjective and a comparative terms while others take it to be moral and evaluative. Defining poverty involves the question of whether it is mainly about material needs involving measuring consumption by using income as the main determinant factor, or a much broader set of needs that includes factors of well-being (Hulme and Mosley, 1996). We use the term 'poorest of very poor' to refer to people living on less than \$1 per day. We also use the term

‘poor’ to mean those living in poverty above \$1 per day or in the upper half of those living below their nation’s poverty line.

The 1st Millennium Development Goal (MDG) is to eradicate extreme poverty and hunger. This has become an issue of concern both on the local and international levels since the MDG’s was established. The World Bank defined poverty as the state of living on less than \$2 a day and this poverty continues to remain elusive to eradicate even for the billion in question (World Bank 2000/2001). They also have yet another definition as having a multi-dimensional nature consisting of vulnerability, powerlessness and social exclusion in addition to material deprivation. Poverty in many developing countries is largely a matter of not having enough on their tables to eat. Providing the poor with financial services is one way to increase their income and productivity, e.g. through self-employment and thus escape poverty, (Chowdhury, 2001).

Poverty is explained by individual circumstances and/or characterized of poor people, such as amount of education, skills, experience, intelligence, health, handicaps age, sex etc. Poverty can be defined as the state of being without, often associated with need, hardship and lack of resources across a wide range of circumstances. Poverty is further classified into three variables, Income poverty, Vulnerability and Empowerment. Income poverty stands for lack of income to afford minimum basic necessities of life. Vulnerability involves the probability of risk today of being in poverty or to fall into deeper poverty in the future. Regarding Empowerment, the focus of this study is on women. In addition, most MFIs are working towards women empowerment as a primary objective. Here empowerment is further classified into three categories namely, Economic, Social and Political empowerment.

The most-cited source of evidence on the impacts of microfinance is the early set of studies collected by Hulme and Mosley (1996). The findings of these studies are provocative: poor households do not benefit from microfinance; it is only non-poor borrowers (with incomes above poverty lines) who can do well with microfinance and enjoy sizable positive impacts. Vast majority of those with starting incomes below the poverty line actually ended up with less incremental income after getting micro-loans, as compared to a control group which did not get such loans (Chowdhury, 2009).

Findings of the Hulme and Mosley studies imply that credit is only one factor in the generation of income or output. There are other complementary factors, crucial for making credit more productive. Among them, the most important is recipient's entrepreneurial skills. The findings of the MIT study by Banerjee Etal (2009) also point to this factor. Most poor people do not have the basic education or experience to understand and manage even low level business activities. They are mostly risk-averse, often fearful of losing whatever little they have, and struggling to survive. This does not mean that they do not want to better themselves (e.g., as suggested by the so-called backward bending labor supply curve). Juanah (2005) in looking at the contribution of microfinance to rural poverty reduction asserts that a well coordinated, effective and efficient microfinance system in developing countries can contribute positively to the reduction of poverty among poor rural households. He argues that with easy access to finance, farmers will be able to acquire appropriate modern farming inputs such as high-yield variety seeds, fertilizers, insecticides, irrigation systems and extension services, which will subsequently lead to increased agricultural productivity.

Vonderlack/Shreiner (2001) stated that the recent shift in terms from micro-credit to microfinance reflects that savings services – and not just loans – may help to improve the well-being of the poor in general and women in particular and that borrowing is riskier than saving. However, Mayoux (2002: 6), observes that an increasing body of evidence on microfinance in Africa and elsewhere, suggests that its contribution to poverty reduction and women's empowerment is generally less than expected.

On the issue of women, ADB asserts that microfinance institutions have also brought, particularly poor women into the formal financial system and enabled them to access credit and accumulate small savings in financial assets, reducing their household poverty. Finally, it must be observed that there is general agreement among researchers and practitioners that the poorest of the poor are yet to benefit from microfinance programs in most developing countries partly because most microfinance institutions do not offer products and services that are attractive to this category (www.adb.org, 2000).

Asemelash (2003) in a study in Ethiopia found that microfinance provided to the poor has brought a positive impact on the life of the clients as compared to

those who do not get access to these microfinance services. He showed that microfinance has brought a positive impact on income, asset building, and access to schools and medical facilities in the study area.

In the same vein, Alemu (2006) found out that the poor have smoothed their income in the study area. However, there was fungibility in the sense that clients were using the loan for unintended purposes. Rajendran and Raja (2010) also found that Microfinance and self help groups are effective in reducing poverty, empowering women, creating awareness and ensuring sustainability of environment which finally results in sustainable development of the nation. Imai, Arun and Annim (2010), in their study show that loans for productive purposes were more important for poverty reduction in rural than urban areas and significant positive effect of Microfinance Institution productive loans on multidimensional welfare indicator. Green, Kirkpatrick and Murinde (2006), revealed that the causal linkages among financial policy, enterprise development and poverty reduction remain a key challenge given the commitment to achieve the MDGs by 2015. Appah, et al (2012), in their study found that microfinance alone cannot reduce the level of poverty in any given society except the government provides the basic infrastructural facilities such as good road, constant power supply, good transport system etc. They opined that complements of microfinance with other basic facilities will guaranty an effective and efficient role of microfinance as a poverty reduction instrument in contemporary society.

3.2.2 Microfinance in Women Empowerment

Microfinance is a type of banking service which provides access to financial and non financial services to low income or unemployed people. Microfinance is a powerful tool to self empower the poor people especially women at world level and especially in developing countries. Microfinance activities can give them a means to climb out of poverty. From early 1970's women movement in number of countries increasing to alleviate poverty through microfinance programs. The problem of women less access to credit was given a particular concentration at First International Women Conference in Mexico in 1975.

The evolution of microfinance is from Bangladesh since late 1970s and a very successful project. But in Nepal the formal sector micro lending was begin in 1956

with the establishment of credit co-operative in the Rapti village of Chitwan affected district to provided financial services for those people who are affected by the flood. Later in 1963 cooperative bank was established to provide financial services to credit cooperatives. That was converted to ADB/N on 1968. Formally microfinance service was started in 1974 with NRB direction to commercial banks for lending 5 percent of their total deposit liabilities to “small sector” in order to increase production and employment in rural areas.

Microfinance services lead to women empowerment for poverty reduce by positively influencing women’s decision making power at household level and their overall socioeconomic status. By the end of 2000, microfinance services had reached over 79 is found to be insignificant in explaining all the outcome indicators of empowerment for sampled household.

Chaudary & Nosheen (2009) women empowerment is one of important issue of present day development policies in developing countries. Since empowerment is multidimensional concept, it is determined by many socio economic factors and cultural norms. The author attempts to explore the determinants of women empowerment using regression analysis. The data were collected from district of southern Punjab, especially from rural urban and tribal areas. The status of women is much more vulnerable in rural and tribal areas and they have very limited access to all basic facilities. The sample selected for survey by using stratified random sampling and all respondents belonging to the age group of 14-65 years. For women empowerment measurement four indices are developed in making a cumulative index. The results show that age, married women and women having Islami view have statistically positive impact on women empowerment.

Cheston & Kuhn (2002) stated that microfinance programs have been potential to transform poor relation and to empower women especially by using case study of Sinapi Aba Trust. Although women access to financial resources has substantially increased yet loans given to women differ in sizes. In spite of this, just financial help not enough to empower women and improve well being but if they are properly designed then they make important contribution to women empowerment. The writer explains empowerment indicators and measurement techniques. The contribution of micro insurance, saving to empowerment, technology transfer through microfinance institutions, the relationship between microfinance program, empowerment, family

planning and cultural norms are exist. He describes different theories of targeting women. Microfinance plays a major role in gender and development strategies because of its direct relationships to both poverty alleviation and women. As women are the poorest of the poor so greater financial security allows the women to become more empower in household and community affairs. As women spend most of their income on their family needs particularly children's education, diet, health care and clothing. Proponents of targeting women argue that women repayment record is good and their behavior is more cooperative than men. Access to financial resources does not alone empower women but also access to material (credit, property, and money), human and social resources (education, business). Empowerment is culturally relative term; it is itself not a western concept. Microfinance affect women's ability or decision making and self confidence which is closely linked with knowledge, women's status and gender relations at home. Microfinance program strengthen women's economic autonomy and gives them means to pursue nontraditional activities. Through these programs women escaped from abusive relationship. Purdah also confines their activities to their homes. Mobility has also increased. Microfinance programs impact also on political empowerment and women's right.

Rehman & Khan (2007) presented that microfinance is the provision of collateral free loans to poor people illiterate and don't know how to read or write. The multiple linear regression analysis technique was used to explore the effects of different determinants on women empowerment and role of microfinance in female empowerment.

The studies reviewed in this study more or less have similar views regarding the microfinance programs. However, with the help of the reviewed studies it can be concluded that MF is an effective development intervention tool and it has reached the poorest and the poorest of the poor families. Moreover, the women clients have improved self confidence, leadership, decision- making power and entrepreneurial skills after participating in the microfinance programme. However, microfinance in different regions has different characteristics.

CHAPTER –IV

RESEARCH METHODOLOGY

4.1 Research Design

The present study has been descriptive type of research design the data collected here are both qualitative and quantitative in nature.

4.2 Selection of the Study Area

According to projection of CBS (2013), in Bayarban V.D.C. of Morang, there are 30,005 populations where, male population is 13,504 and female population is 16,501. Bayarban V.D.C. of Morang District has been selected for the study area. It has located 12 Km far from Biratnagar sub-metropolitan, Eastern Development Region of the country and adjoining with Mahendra highway. Although Morang District is known as industrial district and more developed than other district the poverty rate of this district is still vicious, people below the poverty line are 17.2 percent and poverty gap is 4.1 percent in the district. Morang DDC has prepared the list of VDCs by ranking of poverty through same development indicator. As per DDC profile 2065, poverty rate of VDC is 28.90 percent which is higher than district rate, poverty gap is 6.70 and poverty severity is 2.30, which shows the poverty status of Bayarban VDC.

Various organizations are working here; different programs are initiated for alleviation of poverty of people in district and in this VDC too. Among them micro finance is one of recognized program in the Bayarban VDC to reduce the poverty.

4.3 Nature and Sources of Data

The study uses both qualitative and quantitative techniques. Similarly, the study is based upon both primary and secondary type of data and information.

4.3.1 Primary Data

Primary Data are collected through field survey through structural closed ended questionnaire methods. Interview, group discussion, PRA methods are highly used during the field survey case study is also done to verify the objectives of the research.

4.3.2 Secondary Data

All information cannot obtain from the field survey for holistic knowledge secondary source are undertaken. Secondary information are taken through books, Pamphlet, Website, bankers, NGOs/INGOs, Journal dictionaries, atlas, gazette and other relevant source of information.

4.4 Universe and Sample of the Study

The study is based upon the female populations who have been using MF in Bayarban V.D.C of Morang district. There are altogether seven MFIs in the study area. Specially, the study is based upon two MFIs. They are Ramailo saving and credit co-operative (RSCC) and Jana akta saving and credit co-operative (JACC).

The selection of these MFIs has been done by their number of members and size of transaction. Involving number of total female populations are 1173 till now from their stabilization date in these two MFIs where, 683 female number is in RSCC and 490 female number is in JASCC . So, the total universe of the study is female number of 1173. The study uses 10 percent of total universe for the sample size who are involving continuously before at least six years. Which sample size represents the whole universe. Where, selections of respondents are done through by random sampling method.

4.5 Methods of Data Analysis

After collecting data and information using primary and secondary by using primary and secondary sources and determining the sampling procedures, the next step of the study is to analyze the achieved data and information. Collected data are presented in the clear and effective from using different statistical and mathematical tools like percentage, ratio and arithmetic mean. Besides, tabulation, diagram and pie-chart are also being used to make the study more effective and accurate.

CHAPTER – V

INTRODUCTION OF THE STUDY AREA

5.1 General Overview of Study Area

Morang district is part of Eastern Development Region of Nepal. It's neighbor districts are Sunsari, Dhankuta, Ilam, Jhapa and India border. It has occupied 1855 sq. km about 1.26 percent area of total Nepal. It has one sub-metropolitan, one municipality and 63 VDCs. According to census 2011 A.D, it's total population is 9, 65,370 where male population is 4, 66,712 (48.34%) and female population is 498658 (51.65%). Similarly, total households (HHs) numbers are 2, 13,997; average HHs size is 4.51 and population density is 520. This district is developed district than other district in every sector. Paddy production is main income source of this district where 85 percentage populations are involved in agriculture. Not only paddy production is it's feature, It has also industrial area. Biratnagar is a main industrial area.

Among 63 V.D.Cs of Morang district, Bayarban VDC is a small and agricultural VDC. This VDC has made-up verity of consumption of castes the main occupation of this VDC is agriculture.

5.2 Social Composition

According to VDC report (2011), 30,005 is the total number of the populations in this VDC, out of which 13,504 are male and rest are female.

There are 4560 total HHs. According to Bayarban VDC Office where 52.3 percent people are literate. This VDC has composed of castes variations. There are various castes as Brahmins, Chhetri, Dhimal, Tamang, Rai, Limbu, Gurung, Magar, Chaudhari etc. the economic characteristics of this VDC in economic back roundness, where as it results in social attributes too. Majority of the Chaudhari population are still far from educational facilities. It depicts that even through right to education is not materialized there.

5.3 Discretion of Ramailo Saving & Credit Co-operative (RSCC) and Jana Aktta Saving & Credit Co-operative (JASCC)

In Bayarban VDC of Morang district, among the seven Co-operatives where, Ramailo Saving & Credit Co-operative (RSCC) and Jana Aktta Seving & Credit Co-

operative (JASCC) are; 1st largest & well known and 2nd largest & well known co-operatives respectively in the Bayarban VDC, (through number of members and size of transactions). Both co-operatives are located at Bayarban VDC of Morang District in ward no- 8. In this VDC, RSCC & JASCC are very well known and a tool for the members to reduce the poverty. Both co –operatives are growing up their Good will from their stabilizations date. These MFs have been providing loans to their members for uplifting members’ economic condition on different topics like; Agriculture, Small Industry, Business, Education, Skill Development etc.

The table-1 shows the all history of RSCC and JASCC.

Table:V-1

History of RSCC and JASCC

Name of MFIs	Total Assets(NRs.)	Est. Date	Loan Amount(NRs.)	No. of Borrowers		Total Loan (in Percentage)
				Male	Female	
RSCC	6,40,55,370	2049/7/2	4,61,96,732	358	683	72.11
JASCC	5,00,20,131	2057/4/3	3,39,63,668	253	490	67.80

Source: Field Survey, 2013.

Here, from the Table: V-1, 358 male number and 683 female numbers have involved in RSCC. Where, by the members loan has taken 72.11percent of total assets. Similarly, 253 male number and 490 male numbers have involved in JASCC. Where, by the members lone has taken 67.8 percent of total assets.

CHAPTER – VI

PRESENTATION AND ANALYSIS OF DATA

The collected dates have been presented and analyzed using various tools like tabulation, pie-chart, bar diagram, and so on,

6.1 General Background

6.1.1 Age Structure

In the field survey, the respondents of different age group which is presented in Table: VI-1.

Table: VI-1

Age Structure of Respondents

Age group	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
16-25	9	4	13.34	8.17
26-35	14	12	20.58	24.48
36-45	18	9	26.47	18.37
46-55	15	19	22.06	38.77
56-65	12	15	17.65	10.21
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI-1 shows that, 13.34 percent of the total respondents at RSCC and 8.17 percent of the total respondents at JASCC in the study are of 16-25 age groups. In the same way, 20.58 and 24.48 percent respondents are in between 26-35 age groups at RSCC and JASCC respectively. In the age group between 36 -45, 26.47 and 18.37 percent of respondents are in RSCC & JASCC respectively. Furthermore, 22.06 and 38.77 percent of respondents fall under the 46 -55 age group at RSCC and JASCC respectively and 17.65 and 10.21 percent of respondents are fall under 56 -65 age group at RSCC and JASCC respectively.

6.1.2 Ethnic Composition

In the field work, different respondents have been found which is presented in table: VI-2.

Table: VI-2

Ethnic Composition of Respondents

Ethnic Groups	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Brahmins	5	4	7.35	8.16
Chhetri	6	6	8.83	10.21
Dhimal	10	7	14.71	14.28
Tamang	5	4	7.36	8.16
Rai	7	6	10.29	12.25
Limbu	8	4	11.76	8.16
Gurung	6	5	8.83	10.21
Magar	5	4	7.35	8.16
Chaudhari	11	6	16.17	12.25
Others	5	4	7.35	8.16
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI-2 shows that, different ethnic composition of RSCC from out of 68 respondents and at JASCC form out of 49 respondents. 7.35 percent Brahmins, 8.83 percent Chhetri, 14.71 percent Dhimal, 7.36 percent Tamang, 10.29 percent Rai, 11.76 percent Limbu, 8.83 percent Gurung, 7.35 percent Magars, 16.17 percent Chaudhari & 7.35 percent others casts are in RSCC. Similarly, 8.16 percent Brahmins, 10.21 percent Chhetri, 14.28 percent Dhimal, 8.16 percent Tamang, 12.25 percent Rai, 8.16 percent Limbu, 10.21 percent Gurung, 8.16 percent Magar, 12.25 percent Chaudhari and 8.16 percent other casts involve in JASCC.

6.1.3 Educational Status

Respondents having different educational status have been found while doing the field survey of respondents. Educational status of the respondents is presented in table: VI-3.

Table: VI – 3**Educational Status of Respondents**

Educational Status	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Illiterate	5	7	7.35	14.28
Literate:	63	42	92.65	85.72
Primary	48	25	70.58	51.03
Lower Secondary	8	5	11.76	10.21
Secondary	5	8	7.36	16.32
Higher Secondary	2	7	2.95	8.16
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table : VI-3 presents different percent of educational status of respondents from RSCC and JASCC. Out of selected 68 respondents from RSCC, 7.35 percent of respondents are illiterate and 92.65 percent of respondents are literate where, the respondents 70.58 percent are in primary level, 11.76 percent are in lower secondary level, 7.36 percent are in secondary level and 2.95 percent are in higher secondary level.

Similarly, out of selected 49 respondents from JASCC, 14.28 percent of respondents are illiterate and 85.72 percent respondents are literate. Where, the respondents 51.03 percent are in primary level, 10.21 percents are in lower secondary level, 7.36 percents are in secondary level and 2.95 percent are in higher secondary level.

6.1.4 Marital Status

Table-5 shows that percent of marital status of RSCC and JASCC.

Table : VI-4**Marital Status of Respondents**

Marital Status	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Married	55	44	80.88	89.79
Unmarried	7	4	10.29	8.16
Widow	2	–	2.95	–
Divorce	4	1	5.88	2.05
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI-4 shows that among the selected 68 respondents in RSCC, the respondents 89.79 percent are married, 10.29 percent are unmarried, 2.95 percent are widows and 5.88 percent are divorce. Similarly, from the selected 49 respondents in JASCC where, the respondents 89.75 percent are married, 8.16 percent are unmarried, 2.05 percent are divorce and there is nil percent are widow.

6.1.5 Head of the Households

Head of the Households percentage of respondents of RSCC and JASCC in the field survey is presented in Table: VI- 5.

Table: VI-5

Head of the Households of Respondents

Head	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Respondent	7	5	10.29	10.24
Husbands	49	36	72.06	73.44
Others	12	8	17.65	16.32
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI- 5 shows that among the 68 respondents from RSCC where, 10.29 percent respondents are head of the house, 72.06 percent husbands are head of the household and 17.65 percent other family member are head of the household. Similarly, among the 49 respondents from JASCC where, 10.24 percent respondents are head of household, 10.20 percent husbands are head of households and 16.32 percent other family member are head of the household.

6.1.6 Occupational Status

Table: VI-6 shows the different occupational status of selected respondents of RSCC and JASCC.

Table : VI-6**Occupational Status of Respondents**

Occupation	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Agriculture	42	35	61.77	71.43
Business	8	5	11.77	10.20
Labor	6	2	8.82	4.08
Students	6	3	8.82	6.13
Others	6	4	8.82	8.16
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey from 68 selected respondents in RSCC there are in different occupation i.e. 61.77 respondents are in agriculture sector, 11.77 percent respondents are in business sector, 8.82 percent respondents are in labor, 8.82 percent respondents are students and 8.82 percent respondents are in different occupation. Likewise, among the selected 49 respondents from JASCC, 71.43 percent respondents are in agriculture sector, 10.20 percent respondents are in business sector, 4.08 percent respondents are in labour, 6.13 percent respondents are students and 8.16 percent respondents are in different sector.

6.2. Economic Background

6.2.1 Land Having Respondents

Table: VI-7 shows that different percent of respondents having land in RSCC and JASCC.

Table: VI-7**Responding Having Land of Respondents**

Having	No. of Respondent		Percentage	
	RSCC	JASCC	RSCC	JASCC
Land	51	39	75.00	79.5
No land	17	10	25.00	20.5
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey out of 68 respondents in RSCC there are 75 percent respondents have land and 25 percent do not have land. Similarly, among the selected 49 samples in JASCC, there are 79.5 percent respondents having land and 20.5 percent respondents do not have land.

6.2.2 Respondents Having Land Ownership

Percentage of having land ownership is presented in table: VI-8

Table: VI-8

Respondents Having Land Ownership

Land ownership	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JSCC
Respondent	14	13	20.58	26.53
Husband	36	28	52.95	57.14
Other	18	8	26.47	16.33
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI-8 shows that out of total 68 selected respondents having land ownership in RSCC where, 28.58 percent respondents having land ownership with self, 52.95 percent husband having landownership and 26.47percent other member having land ownership. Similarly, among the selected 49 respondents in JASCC, There are 26.5 percent respondents have land ownership, 57.14 percent husband have land ownership and 16.33 percent other member have land ownership.

6.2.3 Land Used for Cultivation

Table: VI-9 shows that the total area of land with respondent and area of land use for cultivation at RSCC and JASCC.

Table: VI-9**Land Used For Cultivation of Respondents**

Land for cultivation	No. of respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
No land(Bigha)	4	8	5.88	16.33
1 – 2	34	21	50	42.85
2 – 3	4	8	5.88	16.33
3 – 4	2	5	2.94	10.20
4 – 5	2	2	2.94	4.08
5 – 6	21	1	30.89	2.05
6 – 7	0	4	-	8.16
7 – 8	0	0	-	-
8 – 9	1	0	1.47	-
9 – over	0	0	-	-
Total.	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, table:VI-9 indicates form the selected 68 respondents in RSCC where, 5.88 percent respondents do not cultivate land and out of selected 49 respondents in JASCC 16.33 percent respondents do not cultivate land. Similarly, 50 percent of respondents use land in between 1-2 Bighha for cultivation in RSCC. But only 42.85 percent of respondents use the land cultivate in this area. On the same way, only 5.88 percent of respondents use 2-3 Bighg land area for cultivation in RSCC but 16.33 percent respondents use this area for cultivation in JSCC. Similarly, out of selected samples in RSCC only 2.94 percent of respondents use 3-4 Bigaha land area for cultivation but in the same land area 10.20 percent of respondents use for cultivation in JASCC. In the land area 4-5 Bigha, 2.94 percent of respondents use land for cultivation in RSCC and in JASCC 4.08 percent of respondents use land for cultivation. Land area between 4-6 Bigaha in RSCC 30.89 percent of respondents use land for cultivation but only 2.05 percent respondents use this land for cultivation in JASCC. In the land area 6-7 Bigha respondents of RSCC do not use any land for cultivation but 8.16 percent of respondents use land for cultivation in this land area in JASCC. Likewise, land area between 7-8 Bigha, both respondents of co- operative do not use any land for cultivation but in the land area

between 8-9 Bigha only 1.47 percent respondents use land for cultivation in RSCC and no any respondents have use any land for cultivation. In the land area 9 and more Bigha both of respondents of co-operative do not use any land for cultivation.

6.2.4 Sources of Income

Source of income of different respondents is presented in table:VI-10

Table:VI-10

Sources of Income of Respondents

Sources	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Agriculture	38	23	55.88	46.95
Business	14	7	20.58	14.29
Industry	9	6	13.24	12.25
Tailoring	4	11	5.88	22.45
Others	3	2	4.42	4.06
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

Table: VI-10 shows that different source of income percent of respondents at RSCC and JASCC. Agriculture is the main source of income for both respondents of co-operative. Where, 55.88 percent of respondents have agriculture for the source of income at RSCC and 46.95 percent have agriculture is the source of income at JASCC. Similarly, 20.58 percent of respondents and 14.29 percent of respondents have business for the source of income in RSCC and JSCC respectively. In the same way, 13.24 percent of respondents at RSCC and 12.25 percent of respondents at JASCC have industry for the source of income. 5.88 percent of respondent at RSCC and 22.45 percent of respondents have tailoring for the source of income and last, in other occupation 4.42 percent of respondents at RSCC and 4.06 percent of respondent at JASCC have different source of income.

6.2.5 Purpose of Taking Loan

Table: VI-11 shows that different purpose of taking loan to both co-operatives RSCC and JASCC.

Table : VI- 11**Purpose of Taking Loan of Respondents**

Purpose	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Agriculture	20	9	29.42	18.36
Business	25	23	36.76	47.94
Small Industry	9	5	13.24	10.20
Tailoring	5	8	7.35	15.33
Others	9	4	13.23	8.17
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey almost respondents have taken loan for the business where, 29.42 percent and 18.36 percent of respondents have taken loan for agriculture form RSCC and JASCC respectively. Similarly, 36.76 percent of respondents at RSCC and 47.94 percent of respondents from JASCC have taken loan for business purpose. 13.24 percent of respondents and 10.20 percent of respondent have taken loan for the purpose of small industry form RSCC and JASCC respectively and 7.35 percent of respondents and 15.33 percent of respondents have taken loan for the purpose of tailoring. Likewise, 13.23 percent of respondents from RSCC and 8.17 percent of respondent form JASCC have taken loan for different other purpose.

6.2.6 Loan Amount Barrow

Table:VI-12 shows that loan amount barrowed by the respondents of both co-operatives from RSCC and JASCC.

Table: VI-12**Loan Amount Borrowed of Respondents**

Amount in '000'(Rs)	No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Less – 30	8	4	11.77	8.17
30 – 60	15	14	22.05	28.58
60 -90	15	12	22.05	24.48
90 -120	20	7	29.42	14.28
120 -150	4	5	5.88	10.21
150- Over	6	7	8.83	14.28
Total.	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, 11.77 percent of respondents from RSCC and 8.17 percent of respondents from JASCC took the loan amount less than 30 thousand. Similarly, 22.05 percent of respondents from RSCC and 28.58 percent of respondents from JASCC had taken the loan amount between 30-60 thousand. 22.05 percent of respondents from RSCC and 24.48 percent of respondent from JASCC borrowed the loan amount in between 60-90 thousand and the loan amount between 90-120 thousand where, 29.42 percent of respondents and 14.28 percent of respondents borrowed loan from RSCC and JASCC respectively. In the same way, the loan amount between 120-150 thousand where, 5.88 percent of respondents and 10.21 percent of respondents borrowed loan from RSCC and JASCC respectively. Likewise, the loan amount more than 150 thousand 8.83 percent of respondents from RSCC and 14.28 percent of respondents from JASCC borrowed the loan amount.

6.2.7 Working Time of Respondents Per-Day

Table: VI-13 shows that working time of per-day of both co-operatives of respondents before and after joining MFP in RSCC and JASCC.

Table: VI-13

Working Time of Respondents Per-Day

Before joining MFP				Working time per hr	After joining MFP			
No. of Respondents		Percentage			No. of Respondents		Percentage	
RSCC	JASCC	RSCC	JASCC		RSCC	JASCC	RSCC	JASCC
2	3	2.95	6.13	No Working	-	-	-	-
11	2	16.17	4.08	1 – 3	9	7	13.24	14.29
22	15	32.36	30.62	3 – 6	24	12	35.29	24.48
25	18	36.76	36.73	6 -9	28	21	41.18	42.86
8	11	11.76	22.44	9- Over	7	9	10.29	18.37
68	49	100.00	100.00	Total	68	49	100.00	100.00.

Source: Field Survey, 2013.

According to field survey before joining MFP, 2.95 percent of respondents of RSCC and 6.13 percent of respondents of JSCC do not work. On the other side, after joining MFP there is nil percent of respondents of both co-operatives. Similarly, before joining MFP at 1-3 hour working time period 16.17 percent of respondents at

RSCC and 4.08 percent of respondents at JASCC did work per day and after joining MFP, In the same time period 13.24 percent of respondents and 14.29 percent of respondents have done work per day from RSCC and JSCC respectively. Before joining MFP, 32.36 percent of respondents from RSCC and 30.62 percent of respondents from JASCC had worked in between 3-6 hour working time period per day. After that, after joining MFP in the same time period 35.29 percent and 24.48 percent of respondents have increasing percentage of respondents for working time period from RSCC and JASCC respectively. At working time period 6-9 hour, 36.76 percent and 36.73 percent of respondents worked before joining MFP from RSCC and JASCC respectively but after joining MFP at the same time period 41.18 percent of respondents are from RSCC and 42.86 percent of respondents are from JASCC. At working time period more than 9 hour 11.76 percent of respondents from RSCC and 22.44 percent of respondents from JSCC worked before joining MFP but after joining MFP working percentage of respondents decrease where, 10.29 percent of respondents from RSCC and 18.37 percent of respondents from JASCC have worked.

6.2.8 Per-Month of Average Income of Respondents

Table: VI-14 shows per month average income of respondents from both co-operative RSCC and JASCC.

Table: VI-14

Per-Month Average Income of Respondents

Before joining MFP				Average income in '000'(NRs.)	After joining MFP			
No. of Respondents		Percentage			No. of Respondents		Percentage	
RSCC	JASCC	RSCC	JASCC		RSCC	JASCC	RSCC	JASCC
8	12	11.76	24.48	No-income	-	-	-	-
32	14	47.05	28.57	1 – 5	20	3	29.42	6.13
12	12	17.65	24.49	5- 10	17	9	25	18.37
5	8	7.35	16.33	10-15	17	14	25	28.57
9	3	13.24	6.13	15-20	8	12	11.76	24.48
2	-	2.95	-	20-25	3	7	4.41	14.28
-	-	-	-	25- Over	3	4	4.41	8.17
68	49	100.00	100.00	Total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey before joining MFP, 11.76 percent of respondents from RSCC and 24.48 percent of respondents had not any income per month but after joining MFP there is not any percentage of respondents have no income. Similarly, in the income percent range between 1-5 thousand before joining MFP, 47.05 percent of respondents had income from RSCC and 28.57 percent of respondents had income from JASCC, In the same income range between after joining MFP, 29.42 percent of respondents have income from RSCC and 6.13 percent of respondent have income from JASCC. In the same way, the income level between 5-10 thousand 17.65 percent of respondents an income from RSCC and 24.439 percent of respondents had income from JASCC but when after joining MFP, 25 percent of respondent and 18.37 percent of respondent have income from RSCC and JASCC respectively. Meanwhile, in the income range between 10-15 thousand before joining MFP, 7.35 percent of respondent and 16.33 percent of respondent had income from RSCC and JASCC respectively but when after joining MFP 25 percent of respondents and 28.57 percent of respondents have income from RSCC and JASCC respectively. Likewise, 13.24 percent of respondents from RSCC and 6.13 percent of respondents had income in between 15-20 before joining MFP in the income range but after joining MFP where, 11.76 percent of respondents and 24.48 percent of respondents have this income. In the same way, only 2.95 percent of respondents had income in between 20-25 before joining MFP from RSCC, in the income range after joining MFP 4.41 percent of respondents from RSCC and 14.28 percent respondents from JASCC have this income. No any income from the both co-operative of respondents before joining MFP in the income range more than 25 thousand but after joining MFP where, 4.41 percent of respondent and 8.17 percent respondents have income from RSCC and JASCC respectively.

6.2.9 Per-Month Saving of Respondents

Table: VI-15 shows that per month saving of respondents on thousand from both cooperative RSCC and JSCC.

Table: VI-15

Per-month Saving of Respondents

Before joining MFP				Saving in '000' (NRs.)	After joining MFP			
No. of respondents		Percentage			No. of respondents		Percentage	
RSCC	JASCC	RSCC	JASCC		RSCC	JASCC	RSCC	JASCC
31	26	45.59	53.06	No. Saving	-	-	-	-
14	15	20.59	30.61	0 – 1	28	21	41.17	42.85
7	4	10.29	8.16	1 – 5	29	13	42.65	26.54
9	3	13.24	6.13	5-10	5	7	7.35	14.28
7	-	10.29	-	10-15	5	6	7.35	12.25
-	1	-	2.04	15-over	1	2	1.48	4.08
68	49	100.00	100.00	Total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey before joining MFP, 45.59 percent of respondents from RSCC and 53.06 percent of respondents from JASCC could not save per month any money but after joining MFP no saving percent of respondents from both cooperatives is nil. Similarly, Before joining MFP 20.59 percent of respondents from RSCC and 30.61 percent of respondents from JASCC saved the money per month less than one thousand but after joining MFP the respondents 41.17 percent and 42.85 percent have save in this income range per month money from RSCC and JASCC respectively.

In the same way, on the saving range between per month 1-5 thousand before joining MFP 10.29 percent and 8.16 percent of respondents could saved from RSCC and JASCC respectively but after joining MFP 42.65 and 26.54 percent of respondents have saved the money from RSCC and JASCC respectively. Likewise, on the saving range between per month 5-10 thousand 13.24 percent of respondents from RSCC and 6.13 percent of respondents from JASCC saved the money but after joining MFP 7.35 percent of respondent from RSCC and 14.28 percent of respondents from JASCC have saved. in the same way, in the range between 10-20 thousand per month saving before joining MFP there were 10.29 percent of respondents from RSCC ann nil percent of respondents from JASCC but after joining MFP the respondents 7.35 percent from RSCC and 12.25 percent from JASCC. In the same way, per month saving more than 25 thousand the respondents 2.04 percent from

JASCC and nil percent were RSCC but after joining MFP the respondents 1.48 percent from RSCC and 4.08 percent from JASCC have saved in this range.

6.2.10. Child Education of Respondents

Table: VI -16 shows that child education of the respondents from both co-operatives RSCC & JASCC.

Table: VI-16

Child Education of Respondents

Before joining MFP					After joining MFP				Total
No	Govt.	Private	Sex		Sex	No	Govt.	Private	
9	119	15	M	RSCC	M	-	227	118	143
23	175	4	F		F	-	72	103	202
32	294	19		Total		-	469	221	345
12	88	5	M	JASCC	M	-	15	90	105
31	113	2	F		F	-	31	115	146
43	201	7		Total		-	46	205	251

Source: Field Survey, 2013.

According to field survey, Before joining MFP in RSCC, 19 child were in private school, 294 child were at Government school and 32 child were could not reach in any education section, but after joining MFP 221 childe are at private school, 469 childe are at Government school and there is not any number of child are not schooling.

Similarly, In JASCC before joining MFP, number of 7 child were at private school, 201 child were in Government school and 43 child were no schooling but after joining MFP, 205 number of child are at private school, 47 child are at Government school and there is Zero number of child are in no schooling.

6.2.11. House Figure of Respondents

Table : VI- 17 shows that house figure of respondents before and after joining MFP from both Co-operatives RSCC & JASCC.

Table:VI-17**House Figure of Respondents**

House figure	Before joining MFP				After joining MFP			
	No. of Respondents		Percentage		No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
Cement Building	-	-	-	-	2	5	2.94	10.21
Wood	20	12	29.42	24.48	33	28	48.52	57.14
Stone & Mud	33	27	48.52	55.11	24	11	35.29	22.44
Bamboo & Mud	10	7	14.71	14.28	4	5	5.88	10.21
Others	5	3	7.35	6.13	1	-	1.47	-
Total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

The respondents before joining MFP there were Nil percent of respondents of having cement building house from both cooperative. In wooden house figure 29.42 percent of respondents from RSCC and 24.48 percents of responds from JASCC. Similarly, 48.52 percents of respondents had stone and mud house figure. In the same way, 14.71 percent of respondents from RSCC and 14.28 percent of respondents from JASCC had Bamboo and mud house figure. In other types of house figure of respondents were 7.35 percent from RSCC and 6.13 percents from JASCC.

After joining MFP the respondents 2.94 percentage from RSCC & 10.21 Percents from JASCC have cement building house. In wooden house figure the respondents, 48.52 percent from RSCC & 57.14 percent from JASCC have wooden house . Similarly, the house figure of stone and mud 35.29 percent of respondents from RSCC and 22.44 percent of respondents from JASCC have this type of house. In the same way, the respondents 5.88 percent from RSCC & 10.21 percent from JASCC have Bamboo and mud house figure. In other type of house figure 1.47 percent of respondents have other type of house figure from RSCC & there is Nil percent of respondents have other type of house figure from JSCC.

6.2.12 Using Fuel for Cooking Purpose

Table: VI-18 shows that using fuel for cooking purpose of respondents before and after joining MFP from the both cooperatives.

Table: VI:-18

Using Fuel for Cooking Purpose of Respondents

Before joining MFP				Fuel	After joining MFP			
No. of Respondents		Percentage			No. of Respondents		Percentage	
RSCC	JASCC	RSCC	JASCC		RSCC	JASCC	RSCC	JASCC
62	45	91.17	91.84	Fire Wood	-	-	-	-
6	4	8.83	8.16	Kerosene	5	2	7.35	4.08
-	-	-	-	Lp. Gas	63	47	92.65	95.92
68	49	100.00	100.00	Total	68	49	100.00	100.00

Source: Field Survey, 2013.

The respondents before joining MFP 91.17 percent from RSCC & 91.84 percent from JASCC used wood as a fuel for cooking purpose. Similarly, the respondents, 8.83 percent from RSCC & 8.16 percent from JASCC used kerosene as a fuel for cooking purpose. Likewise, there were not any percentage of respondents had used LP Gas as a fuel for cooking purpose. After joining MFP the respondents, there is no any percentage have used wood as a fuel for cooking purpose, Using kerosene as a fuel for cooking purpose there is 7.35 percent of respondents from RSCC and 4.08 percent of respondents form JASCC. In the same way, the respondents 92.65 percent from RSCC and 95.92 percent from JASCC has used LP Gas as a fuel for cooking purpose.

6.2.13 Medical Treatment

Table: VI-19 shows that Medical treatment of the both co-operatives before and after joining MFP.

Table: VI-19**Medical Treatment of Respondents**

Type	Before joining MFP				After joining MFP			
	No. of Respondents		Percentage		No. of Respondents		Percentage	
	RSWCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
Health post	6	1	8.8	2.1	11	6	16.2	12.4
Private Clinic	1	-	1.5	-	47	41	69.2	83.6
Govt. hospital	19	14	27.9	28.5	10	2	14.6	4.1
Domestic	42	34	61.6	69.4	-	-	-	-
total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

From the selected respondents before joining MFP the respondents 8.88 percent at health post, 1.5 percent at private clinic, 27.9 percent at Government hospital and 61.8 percent at domestically got medical treatment in RSCC. Similarly, the respondents in JASCC 2.1 percent at health post, no any percentage at private clinic, 28.5 percent at government hospital and 69.4 percent at domestically got medical treatment.

In the same way, after joining MFP the respondents 16.2 percent at health post, 69.2 percent at private clinic, 14.6 percent at government hospital and zero percent at domestically get medical treatment in RSCC. Likewise, the respondents 12.4 percent at health post, 83.6 percent at private clinic, 4.1 percent at government hospital and there is zero percent at domestically get medical treatment in JASCC.

6.2.14 Sources of Information

Table: VI – 20 shows that sources of information of respondents from both cooperative before and after joining MFP.

Table:VI-20**Sources of Information of Respondents**

Sources	Before joining MFP				After joining MFP			
	No. of Respondents		Percentage		No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
No	39	29	57.4	59.2	-	-	-	-
Radio	23	15	33.8	30.6	5	2	7.4	4.2
Television	6	5	8.8	10.2	17	7	25	14.2
Newspaper	-	-	-	-	25	19	36.8	38.8
Internet	-	-	-	-	21	21	30.8	42.8
Total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

Before joining MFP, The respondents 57.4 percent from RSCC and 59.2 percent from JASCC had not any sources for any information, 3.88 percent from RSCC and 10.2 percent from JASCC had telephone for the source of information and there were not any percentage of respondents in newspaper and internet excess for source of information. After joining the MFP the respondents there is not any percentage of respondents for any source of information. 7.4 percent from RSCC & 4.2 percent from JASCC have Radio is the source of information, 25 percent from RSCC & 14.2 percent from JASCC have television is the source of information, 36.8 percent from RSCC & 38.8 percent from JASCC have newspaper is the source of information and 30.8 percent from RSCC & 42.8 percent from JASCC have the internet excess is the source of information.

6.3. Empowerment of Women through MFPs

6.3.1 Loan Amount Taken Previous Year

Tale: VI-21 shows that different percentages of respondents have taken loan amount for different purpose from RSCC & JASCC.

Table: VI-21

Loan Amount Taken Previous Year of Respondents

Loan amount taken in '000'(NRs.)	No. of respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC
Less- 40	14	10	20.58	20.41
40-80	13	8	19.12	16.33
80-100	26	18	38.24	36.47
100-140	13	9	19.12	18.36
140- over	2	4	2.94	8.16
total	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, In loan amount less than 40 thousand the respondent 20.58 percent from RSCC and 20.41 percent from JASCC took loan. In the loan amount between 40-80 thousand, the respondent 19.12 percent from RSCC and 16.33 percent from JASCC took loan. Similarly, in loan amount between 80-100 thousand the respondents 38.24 percent from RSCC and 36.47 percent from JASCC took loan. In the same way, the loan amount between 100-140 thousand the respondents 19.12 percent from RSCC and 18.36 percent from JASCC took loan. The loan amount more than 140 thousand the respondents 2.94 percent from RSCC and 8.16 percent from JASCC took loan.

6.3.2 Payment System of Borrow Loan

Table: VI-22 shows that payment system of borrow loan from the both co-operative of respondents.

Table: VI-22

Payment System of Borrow Loan of Respondents

Payment system	No. of Respondents		Percentage	
	RSCC	JASC	RSCC	JASCC
Partial payment	54	43	79.42	87.75
Full payment	14	6	20.58	12.25
Total	68	49	100.00	100.00

Source: Field Survey, 2013.

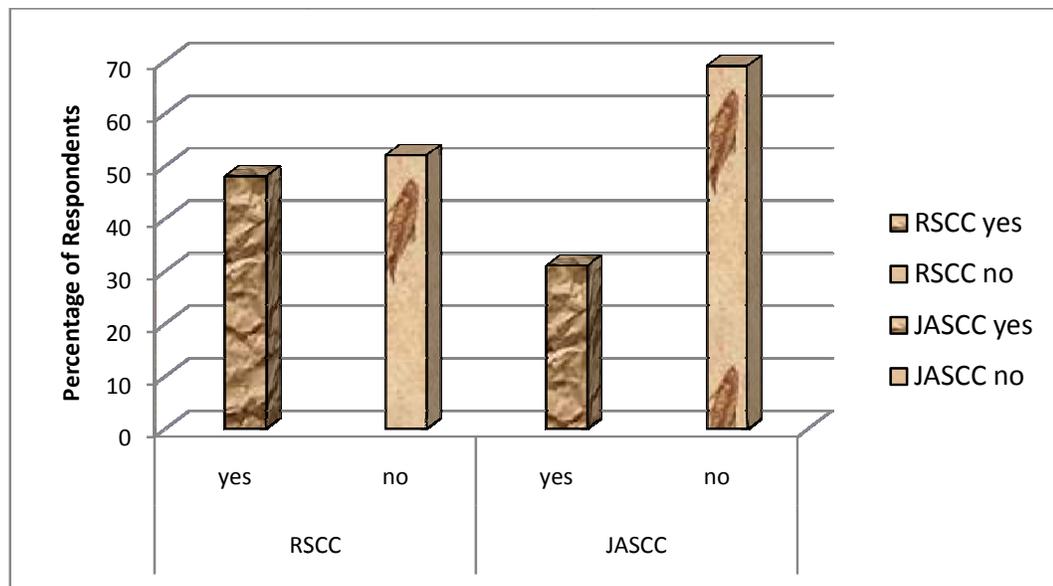
According to field survey, the respondent 79.42 percent from RSCC and 87.75 percent from JASCC are paying the borrow loan on the partial basis. In the same way, the respondents 20.58 percent from RSCC and 12.25 percent from JASCC have already paid the full amount of the borrowed loan amount.

6.3.3 Training Received

Figure: VI-1 Shows percentage of respondents from both co-operative having training.

Figure: VI -1

Training Receives by Respondents



Source: Field Survey, 2013.

Figure: VI-1 shows that the respondents 52 percent from RSCC and 69 percent from JASCC have-not received any kind of skill training in relation to how to utilize the loan amount and how to involve in economic activities. Out of the total respondents, only 48 percent from RSCC and 31 percent from JASCC have received such training.

6.3.4. Gender Discrimination

Table: VI - 23 shows that suffering from gender discrimination of respondents from both co- operatives before and after joining MFP.

Table: VI -23**Gender Discrimination of Respondents**

Sector	Before joining MFP				After joining MFP			
	No. of Respondents		Percentage		No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
Home	31	27	45.58	51.1	27	14	39.7	28.57
MF	-	-	-	-	9	2	13.24	4.08
Society	17	15	25	30.61	16	14	23.53	28.57
Other	20	7	29.42	14.28	16	19	3.53	38.78
Total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, out of the total sampling before joining MFP, the respondents 45.8 percent from RSCC and 55.1 percent from JASCC had faced gender discrimination at home on the other side there was not any gender discrimination percentage of respondents in both co-operative. Similarly, 25 percent from RSCC and 30.61 percent from JASCC had faced gender discrimination at society and from other sector 29.42 percent of respondents in RSCC and 14.28 percent of respondent in JASCC had faced gender discrimination.

On the another hand, after joining MFP the respondent 39.7 percent in RSCC and 28.57 percent in JASCC are facing gender discrimination n at home. There is 13.24 percent of respondent in RSCC and 4.08 percent of respondents in JASCC are also facing gender discrimination at MF. Similarly, 23.53 percent of respondents in RSCC and 28.57 percent of respondents are still facing such type of discrimination in the society and from the other sector; the respondents 23.53 percent in RSCC and 38.78 percent in JASCC are facing this discrimination.

6.3.5 Attitude of Husband

Table: VI -24 shows that attitude of husband of respondents from both co-operative before and after joining MFP.

Table: VI- 24

Attitude of Respondent's Husband

Attitudes	Before joining MFP				After joining MFP			
	No. of Respondents		Percentage		No. of Respondents		Percentage	
	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
Negative	-	-	-	-	-	-	-	-
Positive	48	35	70.6	71.4	38	20	55.8	40.8
Neutral	8	3	11.7	6.2	3	-	4.4	-
Helpful	12	11	17.7	22.4	27	29	39.8	59.2
Total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, before joining MFP there was not any percentage of respondents of Negative behavior by husband in both co-operative. Similarly, the respondents 70.6 percent in RSCC and 71.4 percent in JASCC was positive behave by husband. In the same way, the respondents 11.7 percent in RSCC and 6.2 percent in JASCC was neutral behaved by husband. Again, in very helpful the respondents 7.7 percent in RSCC and 22.4 percent in JASCC was very helpful behaved by their husband.

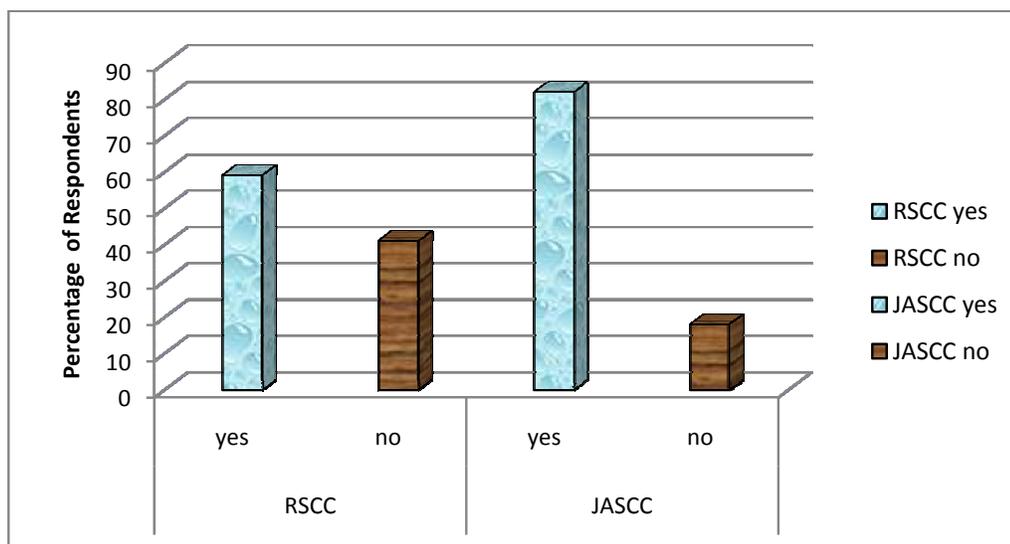
In both MFP, after joining MFP there is not any percent of respondents negative behavior of husband. Similarly, in positive behavior of husband there is 55.8 percent in RSCC and 40.8 percent number of respondent in JASCC. Likewise, in neutral behavior of husband only at RSCC there is 4.4 percent of respondents and no any percent of respondent in JASCC. In the same way, the respondents 39.8 percent in RSCC and 59.2 percent in JASCC are very helpful behave by husband.

6.3.6 Benefited from the Loan

Figure: VI – 2 Shows beneficiated percentage of respondents from taken loan to both co-operative.

Figure: VI-2

Benefited from the Loan



Source: Field Survey, 2013.

According to field survey, in RSCC 59 percent of respondents are benefited by loan and 41 percent of respondents are not benefited by taking loan. similarly in the JASCC, 82 percents respondents benefited by taking loan and only 18 percent respondents are not benefited by taking loan.

6.3.7 Nature of Toilet

Table : VI-25 shows that nature of toilet of respondents before and after joining MFP from both co-operative.

Table: VI -25

Nature of Toilet of Respondents

type of toilet	Before joining MFP				After joining MFP			
	No. of Respondents		Percent		No. of Respondents		Percent	
	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC	RSCC	JASCC
No	3	4	4.5	8.2	-	-	-	-
local	59	43	86.7	87.7	25	10	36.7	20.5
flush	6	2	8.8	4.1	43	39	63.3	79.5
total	68	49	100.00	100.00	68	49	100.00	100.00

Source: Field Survey, 2013.

According to field survey, before joining MFP the respondents from RSCC there was 4.5 percent had not any toilet, 86.7 percent had local toilet user and 8.8 percent had flush toilet users. Similarly, the respondents from JASCC there were 8.2 percent were not toilet user. 87.7 percent were local toilet users and 4.1 percent were flush toilet user.

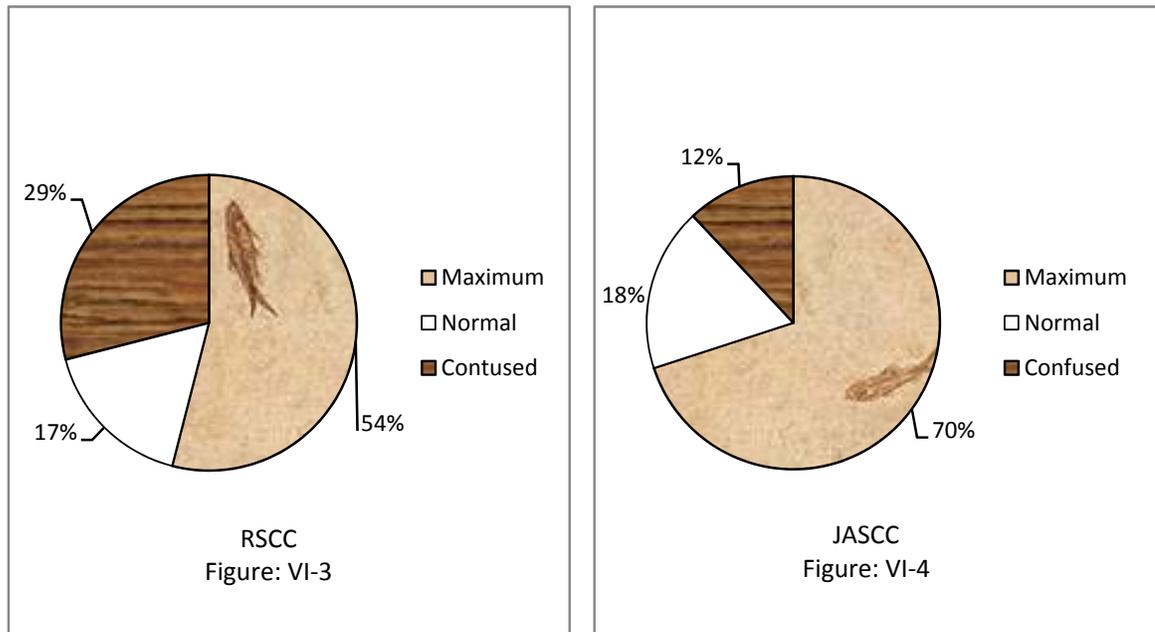
In the same way, after joining MFP the respondents from RSCC there is not any percent of non-toilet user, 36.7 percent are local toilet user and 63.3 percent are flush toilet user. Likewise, the respondents from JASCC 20.5 percent are local toilet user and 79.5 percent are flush toilet user.

6.3.8 Utilization of Loan

Figure: VI- 3 and 4 shows that utilization of loan percentage of respondents from the both co-operatives RSCC and JASCC.

Figure: VI- 3 and 4

Utilization of Loan



Source: Field Survey, 2013.

From the field survey, the figure: VI- 3 shows that at RSCC there are 54 percent of the respondents are using the loans at maximum point, 17 percent of respondents are using the loan at normally and 29 percents of respondents are confuse how to use the given loan.

Similarly, from figure: VI-4 shows that at JASCC there are 70 percent of respondents are using the loans at maximum point, 18 percent of respondents are using the loan at normally and only 12 percent of respondents are confuse how to use the given loan.

CHAPTER – 7

SUMMARY, CONCLUSION AND RECOMMENDATIONS

7.1 Summary

In the view of growth or Micro finance program as one of the major poverty focused development activities in the country, it is imperative to evaluate the effectiveness of the program in reducing poverty. The present study aimed to evaluate the impact of such program on poverty reduction through women empowerment.

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

With the continuous flow of time, this every trend has been changed to the great extent. Women have become able to stand on their own foot and have become provide economic contribution towards their family and nation. Microfinance is one of the vital factors which have been assisting women to boost-up and uplift up.

The present study has been based upon Bayarban Village Development Committee. The findings of the study can be summarized in to following mentioned points:

1. After being involved in microfinance program, women participants themselves have realized that their confidence level has been increased to great extent from both cooperatives. Women clients are happy that they have become able to earn by themselves and becomes independent.
2. Women, after involved in micro finance program have become able to improve to their living standard. Their living style has been changed towards positive direction. They have become able to create good image in their family and in the society.
3. After being participated in microfinance program, their income has been increase in comparison to before being involved in microfinance program. Together with the increment in the level of income, they have also become able to increase their saving rate than before. Due to this, their living standard

has also being uplifted and their poverty status has been reduced to great extent in both cooperatives.

4. The women clients of both microfinance programs have realized that their ability and capacity to deal with others, to tackle with problems and to go against suppression and dominations have been increased. They used to hesitate and fear to do such things. They can get exposed to society and community without any hesitation and fear at present.
5. Most of the women do have access towards earned money to utilize in needed sectors. Women can make decision about where and how to utilize the money amount.
6. It has been found that after joining microfinance programs women have developed self-respect towards themselves. Women are confident to do work and to tackle with existing household and social problems. Women have become strong.
7. Also, it has been found that after joining MFP women improve their economic status. Where, their child could go in private school, they could change their good house figure and they could change their traditional fuel for cooking purpose etc.
8. Although women used to get limited inside the house, Women have become able to come out of the house and learn new things after being involved in MFPs. Women have become able to know and learn about the world by coming out from the house.
9. It has been fund that after joining MFP, Women have become more skill full in both co-operatives but comparatively Women of JASCC could work more income generating work for their family & society. So here, JASCC is better than RSCC where, RSCC is a largest co-operative in Bayarban VDC.

7.2 Conclusion

Microfinance program has been playing vital role for the upliftment of economic status of women. Due to this program, women have been socially and economically empowered. They are providing economic contribution towards their family, society and towards their nation as well. In spite of their good achievement

due to their involvement in MFP, it has been realized that different necessary and skillful trainings should be given to them by such MFPs and loan should be provided to MF clients at low and favorable rate of interest. Besides this, loan should be provided at demanded time. Women clients should be provided with income generating employment opportunities due to which they can uplift their living standard and economic status. Furthermore, different awareness related programs should also be frequently held in order to make women clients aware.

7.3 Recommendations

- i) It has been found that skillful and useful trainings should be given by microfinance institutions so that the participants of both co-operatives do not find any difficulty and confusion about where and how to utilize the money to improve their living standard and present economic status. Through the help of skillful trainings, women can make themselves busy in money generating activities.
- ii) Together with trainings, women clients should be provided with employment opportunity by microfinance institutions. If proper way to earn money is shown by such institutions, they can get economically empowered.
- iii) In the field study, some women were found to be illiterate. In present days also, some women were such that they could not read and write. It was found that they feel difficulty in working due to illiteracy. It is really difficult to work in society without being literate in present context. So, it has been realized that there should be conduction of literacy class for such women by microfinance related institution. Such classes should be conducted at favorable time for those women.
- iv) Nepal's formal microfinance institution could play a key role in developing financial services to low- income households. Yet, the performance of this sector is disappointing especially in the remote hills and mountains. It is necessary to device appropriate operational microfinance modalities to enhance hill and mountain poor people's participation in the credit market.
- v) Government should also provide attention towards the management of microfinance institutions and should make those institutions client-oriented together with profit-oriented.

- vi) Micro finance Institutions should adopt the policy to grant loan to the participants at favorable or lower rate of interest. Also, for the welfare of clients there should be the system of giving loan without security deposit.
- vii) Gender discriminations should not exist in microfinance institutions. Female clients should be prioritized in microfinance institutions in order to motivate and inspire them to involve in economic activities.
- viii) There should be the system of reward (either financial or non financial) from microfinance related institution to the progressive female clients in order to motivate them to do better works.
- ix) Different NGOs, INGOs and other related organizations should expand the microfinance programs in wide areas, especially in remote and backward areas where women are very much suppressed and backward.
- x) From the study it is found that even the limited access of the households on the credit market is skewed against the garget groups and communities. So it is recommended that the government should extend the financial institutions with appropriate policies and products to promote the government's agenda of inclusive growth and equity.

To wrap up, microfinance program has been playing crucial role in upliftment of economy and empowerment of women. Many women have become able to stand on their own and have started to engage in economic activities actively through the assist of microfinance programs. Microfinance institutions should conduct its work and program more effectively in order to attract more female members towards it and to empower them.

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APPENDIX

ROLE OF MICROFINANCE IN POVERTY REDUCTION AND WOMEN EMPOWERMENT.

A CASE STUDY OF BAYARBAN V.D.C. of MORANG DISTRICT

1. General Personal Information of the Respondents.

1.1 Introduction of the respondent.

Name..... Age.....

VDC..... Locality.....

Occupation..... Ethnicity.....

1.2 Marital Status.

Married..... Unmarried.....

Widow..... Divorced.....

1.3 Educational Status.

Illiterate..... Literate.....

If literate, level of Education - Primary.....

-Lower Secondary.....

-Secondary.....

- Higher sec.....

1.4 Member of the Family.

Gender	No of Members.
Male	
Female	

1.5 Time period of joining in MFP.

Year	Respondents
1-2	
3-4	
5-6	
7-8	
8- above	

1.6. Occupation

Agriculture..... Business.....
 Labor..... Student.....
 Other.....

2. Economic Background of the Respondent.

2.1 Do you have land?

Yes..... No.....

2.2 Who has land ownership?

Respondent..... Husband.....
 Others.....

2.3 Land used for cultivation.

Land(in Bighha)	Respondents
No	
1-2	
2-3	
3-4	
4-5	
5- over	

2.4 How long is your working time?

Working Time.(hr.)	Before Joining MF	After Joining MF
No		
1-3		
3-6		
6-9		
9- over		

2.5 What is your school of your children? (If married and have child)

	Before joining MF			After joining MF			Total
	No	Govt.	Private	No	Govt.	Private	
M							
F							

2.6 What types of house nature do you have?

House nature	Before	After
Cement Building		
Wood		
Stone and Mud		
Bamboo and Mud		

2.7 What is your source of income?

Sources	Monthly income	
	Before	After
Farming		
Business		
Service		
Others		

2.8 How much is your average monthly income?

Average income yearly '000'	Before	After
No income		
1-5		
5-10		
10-15		
15-20		
20-over		

2.9 What type of toilet are you using?

Type of Toilet	Before	After
No		
Local		
Flush		

2.10. Where do you go for your medical treatment?

Before joining MFP		After joining MFP	
Name	Respondents	Name	Respondents
Health post		Health post	
Clinic		Clinic	
Govt. Hospital		Govt. Hospital	
Domestic		Domestic	

2.11 Who is the Head of Household?

Head	No of Respondents.
Respondent.	
Husbands.	
Others.	

2.12 What is your fuel for cooking?

Before joining MFP	Fuel	After joining MFP
Respondents		Respondents
	Fire Wood	
	Kerosene	
	Lp Gas	

2.13 How is your per month saving?

Before joining MFP.	Saving in	After joining MFP.
No of respondents.	'000'(Rs)	No of respondents
	No saving.	
	0 – 1	
	1 – 5	
	5-10	
	10-15	
	15-over	

2.14 How much have you taken loan?

Amount in '000'(Rs)	No of Respondents
Less – 30	
30 – 60	
60 -90	
90 -120	
120 -150	
150- Over	
Total.	

3. Empowerment of women through MFP.

3.1 Have you taken loan from MFP?

Yes..... No.....

(If yes Rs,.....

3.2 How did you pay borrowed loan?

Partial payment..... Full paid.....

Not paid.....

3.3 What are the purposes for you took the loan?

Agriculture..... Business.....

Daily needs..... Health problem.....

Loan payment..... Education.....

Others.....

3.4 Have you taken any training about how to use the achieved loan?

Yes..... No.....

3.5 Does your consumption trend changed by involving in the MFP?

Yes..... No.....

3.6 Does the MFPs supported to pay the school fee in time for your children?

Yes..... No.....

3.7 Are you benefited from the loan?

Yes..... No.....

3.8 Is there any ornaments you used?

	Before	After
Yes		
No		

3.9 What is your means of communication at your home?

Means	Before	After
No		
Radio		
Television		
Newspaper		
Internet		
Other		

3.10 What type of attitude you have got from your husband?

Attitudes	Before.	After.
Negative		
Positive		
Neutral		
Very helpful		

3.11 Who decides on following important family decision?

Description.	Self.	Husband.	Joint.	Other
Children's marriage(daughter)				
Sending daughter to school(if you have)				
Family planning(No of children)				
Dowry for Daughter's marriage				

3.12 Is there any Discrimination?

Sector	Before	After
House		
MF		
Society		
Other		