

# CHAPTER – I

## INTRODUCTION

### 1.1 Background

Geographically Nepal is a landlocked as well as mountainous country. It is divided in to three regions called the mountain, hill and terai. The area covered by mountain, hill and terai are 15%, 68% and 17% respectively. From the view point of climate, Nepal has tropical, sub-tropical, temperate and mild-temperate climate. It is a developing country in the world. Due to political instability, the development of the nation is decreasing day by day. Hence, the economic activities of the state are very low from a decade. Different mother languages are used in different society but the official language is Nepali.

Nepal lies between China and India. It is surrounded by India in the east, the West and the South and China in the North. Nepal has the friendly relationship with these neighbour. Being the landlocked country, Nepal has great problem of transportation for foreign trade.

Nepal is a developing country, form some decade it has been starting the five years plan to upward all the regions equally. The five years plan had started from 2013 B.S. and now tenth plan is completed. These five years plan are supporting the nation to various aspects.

According to World Bank report (2006), population of Nepal is 27.6 million and population growth rate is 2%. About 85.18% people live in rural area. By the information of world development record (2007) the per-capita income is US\$ 270. Administratively Nepal is divided into 5 development regions, 14 zones and 75 districts. Municipality and village development committees are the lowest administrative units. A village development committee consists of 9 wards where a municipality has 9 to 35 wards.

Poverty is the main barrier for the development of the nation. Various programs are launched to reduce the poverty but most of the programs are totally failed to achieve the goal. The tenth five years plan had single objectives to alleviate poverty but didn't meet the destination. The reason behind the problems are lack of

education, unequal wealth distribution, geographical problem, lack of awareness, weakness of administration, poor vision of politicians, weak supervision etc.

When we talk about the development of banking sector we get Nepal Bank Limited as the first bank of the nation which was established in 1994 B.S. Later on in 2013 B.S., the central bank of Nepal i.e Nepal Rastra Bank was established. After 2050 B.S., various banks and financial institutions came on existence in Nepalese banking sector. Similarly, micro financial activities also started in Nepal.

According to newsletter of RMDC (2006), Prof. Muhammad Yunus gave birth to the concept of micro credit in 1976 when he disbursed his own money US\$ 27-42 to poorest people in Jobra village, nearby Chittagong University in Bangladesh, where he was a teacher of economics. In order to institutionalize the program, prof. Yunus went village with a concept of Grameen Bank in August 2006, Grammen Bank has a total of 6.61 million borrowers, 97% of them are women and loan recovery rate was 98.95%. It finances 100% of its outstanding loan from its deposits collected from members and other rural. The Norwegian Nobel committee had decided to award the Nobel peace prize for 2006, dividing two equal parts, to Muhammad Yunus and Grameen Bank of Bangladesh for their efforts to create economic and social development of poor people. In fact Prof. Yunus's long term vision is very useful to make the world free of poverty. In 2001 Chhimek Bikas Bank was established which is very similar with Grameen Model. It is rewarded by RMDC in 2064 B.S., 2065 B.S. and 2066 B.S. continuously for it's better performance.

The term micro refers 'very small' and finance means 'the art and science of managing money'. So, micro-finance is the management of small amount of money. Hence microfinance means providing very small loan to very poor families so that they can evolve in productive activities and grows their small business. In the past, microfinance was focused on providing a very standardized credit product. With changes in time it is covering other areas saving, insurance etc. "Microfinance is small value amounts targeted at low income clients. It includes loans, savings, insurance, transfer services and other services" (Sharma, 2005: p.87). The following three types of microfinance sources are used in Nepal:

- Formal institutions i.e rural based cooperatives.
- Semiformal institutions i.e NGOs.
- Informal intuitions ie. moneylenders and shopkeepers

The financial services provided by the formal and semiformal institutions both are called institutional microfinance.

With the objectives of providing services and awarning rural people about small fund generating program, centre for microfinance was established in Nepal in 2000. Along with this microfinance summit was held in Nepal from 14th to 16th February 2008. From this summit it is known that currently more than 2 million individuals in the rural population have access to microfinance services (<http://www.microfinancesumitnepal.org.html/>: 2008, July 27).

The World Bank and standard Chartered have joined up to boost microfinance projects in Asia and Africa ... microfinance involve small amounts to usually poor people without collateral, whose needs are not met by traditional banking (<http://www.microfinancegateway.org/resourcecentres/socialperformance/impact.html>, 2008:may 21).

### **1.1.1 Microfinance Practices in Nepal**

The history of microfinance is not old in Nepal. At first in 1937 (1994B.S.) Nepal Bank limited was established. The central bank of Nepal which is known Nepal Rastra Bank (RBB) was established in 1956. Then after in 1956 Industrial development corporation (Now NIDC) and in 1966 Rastriya Banjya Bank and in 1968 Agricultural Development Bank was established is Nepalese financial sector. The term 'microfinance' is the latest version of the term 'rural finance', 'educational finance' and 'small scale finance institutions' in Nepal before 1956. Formally the financing on 'small sector' was initiated in the year 1974, when NRB, central bank of the country, had instructed to commercial banks to invest 5% of total deposit in this financial sector (Pradhan, 2005: P.14). Before 1984 AD the financial sector was closed for foreign institutions but after liberalization policy of govt., it is opened for foreign institutions, since that time joint venture is started. In 1984 firstly Nepal Arab Bank Limited (Nabil) was opened in Nepal. Due to help of the liberalization policy now Nepal has many Commercial Banks, Development Banks, Finance Companies, Co-operative Limited, Rural Development Bank non-governmental organizations etc.

These all play the vital role for Nepalese financial sector, because it has increased the total deposits by 20 folding with in a decade (i.e. less than Rs. 10 billion in 1985 to 200 billion in July 2001.) Similarly, the credit expanded more than 24

folding (i.e. in 1985 credit was 8 billion and in 2001 July it claimed up to 190 billion). Establishment of Nepal capital Market' in 1937 securities exchange centre in 1976 (1<sup>st</sup> govt. bond issued in 1994) are the very important events on development of financial sector. In 1993 securities exchange centre converted into 'Nepal stock Exchange'

In the periodic plan, especially starting from fifth plan (1975-1980) had addressed poverty alleviation as one of the main goal. From this time the activities in microfinance increased day-by-day. Government recognized microfinance as a official poverty alleviation program only in sixth plan i.e. (1980-1985). Various programs to ensure particularly poor women and marginalized groups, access to financial services from organization sector are designed and implemented during that period. The sector gained further movement after the restoration of democracy in 1991. Micro Financial Institutions like German Bikas Bank, Chhimek Bikas Bank etc. were established after that.

It is well known fact that Nepal is a patriarchal country where only little financial rights are given to women. Hence, women have not more saving power to do the business. 'Women in Nepal are extensively engaged in agricultural activities. Women constitute more than half of the potential labour force in Nepal and contribute extensively to the Nepalese agriculture in-terms of both labour input and decision making roles. Women have to work either on their husband's farm or on their father's farm to be economically productive. They also lack any other kinds of productive assets (Improving Access of women to formal credit facilities in Nepal, 1997: p. 63)

A large number of micro-credit programs have focused expanding micro loans to support economic activities of the poor and disenfranchised group in the society mostly women. It is generally accepted fact that women are backward in every aspect. The possibility of women development through microfinance program was realized and women's accesses to credit were given emphasis at the first international women's conference held in Mexico in 1975. Government in Nepal had no policies and objectives specifically directed to Women development before the sixth five year plan (1980-1986). Few policy guidelines were effectively formulated in the eight plan (1992-1997) for maintaining women in economic development with the intervention of credit programs like the PCRW and SFDP. In 1993 the NPC created the 'Children and Women Development Section' under the population division. In 1994 the national council for women and child development were formed within the Ministry of women and social welfare. The main function of the Ministry was coordinate and monitors all

activities directed towards enhancing women's status. The plan also undertook other important actions like elimination of discrimination against women and enforcement of the revised Muluki Ain (Inheritance Law) to remove the legal constraint related to equitable access to resources. The ninth plan (1997-2002) and the Tenth plan (2002-2007) also considered women as its major target group to fulfill the goals of human resources development and poverty alleviation in the country (Bashyal, 2008 p. 75–76).

### **1.1.2 Microfinance Activities in Lekhnath Municipality**

Lekhnath is a medium sized municipality established on 2053 by combining Rakhi, Lekhnath, Sishuwa and Begnas VDCs. It is named after the famous Nepali poet Lekhnath Paudyal. It is also called the 'Garden city of seven Lakes. Most of the other lakes are known very little to the outsiders except Begnas and Rupa. Lekhnath municipality is located with in the Pokhara valley of Kaski District. It is expanded through 490 metre to 1217 metre height from sea level. It is situated about 181 km west from capital city Kathmandu. It is located at 28°05' north to 28°12' north latitude and 84°02' east to 84°08' east Longitude. Among the 77.45 square kilometer total area 4.49 square kilometre area is covered by the water surface. It is a rich in natural resources and bio-diversity. Tourists who came to Nepal never miss to visit not return without Lekhnath and Pokhara. It is the eastern gateway to Pokhara from where the Annapurna range, Mt. Machapuchhre, Mt. Annapurna, Mt. Dhaulagiri can be clearly viewed.

The total population of Lekhnath is 55, 105. Among them 27,721 are male and 27384 are female. There are 11,859 household and 4.6 persons are in average per household. About the literary status, 91.7% male are literate where the literacy rate of female is 76.1%. In average 84% people are literate in Lekhnath municipality. (Socio-Economic Status of Lekhnath Municipality (2064): Lekhnath Municipality, Talchowk, Kaski).

Many microfinance Institutions including 'Chhimek Bikas Bank' are working in Lekhnath municipality. Rural Urban Partnership Program (RUPP), Lekhnath co-operatives Limited, Grameen Bikas Bank, Nirdhan Utthan Bank, Muktinath Bikas Bank, Mahila Sahakari etc. are some examples. Most of them provide the facilities of saving, lending money for small business and other awareness program for the community.

Chhimek Bikas Bank is one of the most successful microfinance institutions of Nepal. It was established in 2058 B.S. (2001 AD). Its head office is in Hetaunda at Azar Amar road. Now it is spread in 27 districts with 44 branches. 'Chhimek Bikas Bank Limited, Lekhnath branch' is a well known microfinance institution of Lekhnath municipality. The activities done by this branch, in the field of women empowerment is notifiable. This branch was established in 2060 Jetha. This bank is encourage poor women of society to save small money and invest them in some profitable sector. With the valuable help of this bank women can save their small money and also get small loan to the small business. The main objectives of CBB are as follow:

- To provide banking facilities and services to the marginalized women.
- To uplift socio-economic status of the poorwomen through small trade, business and social participation.

It is already mentioned that the female population of Lekhnath is 27384. Which is 50% of total population. Most of the women of this municipality are farmer. Few women work in school and other offices. Women who work in agricultural field they need economic support to do the own small business or to apply the new technology in their traditional farming system so that they can increase productivity. It is true that it will be beneficial for women if they save small amount of money in a group and invest that in some profitable sector. For this purpose various NGOs, INGOs, banks and financial institution are working in Lekhnath. Some of them are Chhimek Bikas Bank (totally devoted to women), Rural Urban Partnership Program (RUPP), Grameen Bikas Bank, Muktinath Bikas Bank, World Vision, Ashoka Nepal, Api Finance Limited, Gandaki Development Bank, Kamana Bikas Bank, Machhapurchhre Bank Limited, Lekhnath saving and credit Co-operative limited etc. Among the above institutions 'Chhimek Bikas Bank' (CBB) is the most popular and strong microfinance institution in Lekhnath. CBB provides both saving and credit facilities to low income women with in the Lekhnath municipality. The program has launched in 14 wards of Lekhnath municipality (Among the 15 wards ward no. 4 is not included in CBB Program). CBB provides the loan on the basis of group guarantee without colateral. 5 CBB has offered 5 types of saving accounts to its customers. They are Monthly saving, Unit fund saving, Disaster saving, Optional saving and Pension saving CBB Provides loan for livestock (Buffalo, goat keeping etc.), Retail business, agricultural production, agricultural product business, and other productive sector. RUPP also doing the micro financial activities but it is quite

different with CBB is fact that it does not invest own money to women. It just collect the, monthly collection from members of Tole Bikas Sanstha and invest within the circle member. Monthly saving is different in different 'Tole Bikas Sanstha.' i.e. Rs. 20 to Rs. 100 per month. RUPP is running with assistance of UNDP in all the wards of Lekhnath. But due to limitation of sources it is unable to serve the women according to their loan demand. This is why CBB is quite better than RUPP from the view point of management, saving and credit facility, monitoring system, service sector etc.

'Chhimek Bikas Bank' is playing a vital role to uplift livelihood and make financially support for women in Lekhnath municipality. It was established in 2060 Jyestha 1. It organizes at least one compulsory unit meeting every month at unit location. Now it has 1539 members in Lekhnath municipality and all together 391 members in Kalika VDC, Dulegaunda DVC and Bharatpokhari VDC. CBB provides the two types of services to the women (i) collects deposit in different saving accounts (ii) gives loan on the basis of group guarantee. For the disbursement of loan minimum numbers of people required in a group are 5. It provides loan for agricultural product business, livestock trade, retail shop etc. It distributes up to Rs. 60,000 loan to be client. The rate of interest taken by the CBB is 14% – 20% according to objectives of the loan. 14% for alternative energy and 16% for collateral basis loan. Similarly it gives 8% interest for compulsory saving and 16% for pension saving scheme (saving at least for 9 yrs to 14 years).

### **1.1.3 Procedure of Saving and Credit for Women**

Credit has gained wide acceptance as a key strategy for poverty alleviation and women empowerment. CBB accepts the saving as a deposit by opening above different types of account and provides loan on group guarantee and also gives loan on the basis of collateral.

#### **) Concept of group and unit**

Beneficiaries are organized into group. In CBB model 5 persons are required for a group. In each group one is group leader, 4 are members. Similarly, to build a unit 5 groups are required. All the saving and credit activities conduct with reference to group and unit. Each group or unit should arrange a meeting every month before saving and paying monthly installment.

## ) **Credit/Loan with and without collateral securities**

CBB provides the loan on the basis of group-guarantee, without collateral. It also gives loan by taking collateral. Rate of interest is more to collateral basis loan.

### **1.1.4 Loan Demand and Processing of Loan**

The whole process of loan demand and collection is based on group and collateral accountability. The group decides the amount of loan required to members either in case of collateral base or without collateral. Maximum loan amount is Rs. 60,000.

CBB provides loan in yearly basis. The group member gets Rs. 20,000/- in first year and loan amount is increased by Rs. 10,000/- per year from second year to sixth year. Hence, she gets Rs. 60,000/- in last year.

### **1.1.5 Saving Pattern and Others**

CBB has various saving schemes and others social contribution which are as follows:

- i. Monthly saving:** All members have to compulsion to collect at least Rs. 30/- per month. The compulsory saving should collect a day before the monthly meeting date. CBB provides monthly 'pass book' to all clients to make the account up to date.
- ii. Pension saving:** It is a new scheme designed by CBB for those member who are interested to save more money for their future. This account has fixed time duration i.e. 9 years to 4 years. To open this voluntary account the member should collect at least Rs. 50, Rs. 100, Rs. 150 or Rs. 200 per month. The member, who deposits upto 9 years continuously and turnover, will get 150% of deposited amount. Similarly who deposit upto 14 years and close the account will get double of the deposit amount and who deposit till to 16 years, will get pension on monthly basis.
- iii. Disaster saving:** At the disbursement time of loan the borrowers have to save 5% of the total loan amount. This fund will be provided in the



time of disaster caused like flood, landslide, fire snakebite, earthquake, thunder etc.

**iv. Member security fund:** The member should save 1% of total loan in member security fund at disbursement time. It is used as compensation fund in the death of borrower or in the case of guardian's death to their family member. The compensation amount is Rs. 1500.

**v. Disciplined member welfare fund**

This fund is created for the disciplined unit. Every disciplined unit can get Rs. 250/- monthly. This amount of money can be used in the work of their needs by themselves such as education, health etc.

## **1.2 Focus of the Study**

Poverty is one of the world's main problem. No countries are free from this problem. Hence it is a main barrier of the development of each country of the world. Being the developing country Nepal is also not far from this problem. Around 38% of people are under the general poverty line. In Nepal from the side of government and from NGO, INGO are trying to solve the problems from various method. Lastly, microfinance is accepted as a better tool for poverty alleviation. Practically it is prove that microfinance is one of must effective weapon to increase the life standard of women which gives high socio-economic status in the society.

This research paper focuses on practices of microfinance for women in Lekhnath. It is oriented to how the case study helps the poverty reduction with the help of CBB, how it helps to develop local level women's financial condition, how it helps to save small amount of money and its mobilization, what is loan disbursement and recovery condition of CBB etc.

## **1.3 Statement of the Problem**

Women of Nepal are the poorer then men because they lack access to health, education and economic resources. Most of the women of Nepal are involved in agriculture but not recognized as farmer due to triple burden of work. Majority of women in Nepal are suffering from hard work and they are in difficult social and economic condition. Economic development of the nation is impossible without poverty reduction of such group.

Various types of programs are launching in Women development in Nepal. Such as priority sector credit program (PSCP), Small Farmer Development Program (SFDP), Participatory District Development Program (PDDP) etc. which in fact are intended to uplift the rural poor, especially women. Government also conducted micro credit project for woman (MCPW) in twelve districts and five urban areas (Thapa, Dol Bahadur: 2008 Impact of microfinance on women). A case study of Putalibazar Municipality Syangja, Under Grameen Bikas Bank Limited). Although Kaski is one of the well educated district, women are still involved only in housework or they involve in agricultural activities. The ownership right of properties rests with males not with female.

Some common problems related to women such as not owning land and low level of education, limited scope to generate income and low social status are inter connected and circular in nature. They are less conscious to save money and financial mobilization. It is difficult for women to get high amount of loan due to lack of collateral. So, they are unable to invest in business activities. Microfinance institutions provide the loan without collateral only with group guarantee. So MFIs are very important for women from this point of views. Women microfinance in Nepal has facing various problems. In this study, researcher has tried to solve the following research problems related to CBB with in Lekhnath Municipality, Kaski.

- ) What types of modalities are applied by CBB?
- ) What is the status of saving and lending pattern of CBB?
- ) What are the areas of investment of CBB?
- ) What type of socio-economic contribution on women empowerment has made by CBB?

#### **1.4 Objectives of the Study**

The general objectives of the study is to access the microfinance practices and its impact on women empowerment under CBB. Other main objectives are as follows:

- ) To evaluate the modalities using by CBB.
- ) To analyze the saving and lending pattern of CBB.
- ) To explore the areas of investment and recovery status of CBB.
- ) To highlight the socio-economic contribution of the program for women empowerment.

## **1.5 Significance of the Study**

Every research has aims to gain more knowledge and to add new literature to the existing field. The aim behind this research work is to access the microfinance in Nepal and its effect on socio-economic empowerment of women in Lekhnath municipality with respect to CBB. Microfinance concept is very important to low income Nepalese women specially for farmer. From micro financial tools they can directly involve in fund raising programs and can develop themselves.

Today many research studies have been carried out in many developed countries including India, Bangladesh in microfinance. So to the best knowledge of the researcher it will be more significance in Nepalese context. In light of above statement, the researcher believes that the study will explore a virgin field in Nepalese women's' microfinance scenario and add new things to the literature of microfinance sector. It will also contribute scholars, teacher, decision maker, financial planner and other training providers.

In addition to this, the present study has some practical relevance. It is trying to disclose the real condition of women in Nepalese society. The increasing trend to women's participate in economic activities like saving, taking loan etc. helps to develop their personal life and also helps to develop their personal life and also helps to improve overall economy.

On the other hand this study fulfills the academic requirement of degree of master of Business Studies (MBS).

## **1.6 Delimitation of the Study**

Every research has its own delimitation so it is also not free from delimitation. This study has the delimited as follows:

- ) This study is confined within municipality.
- ) The overview of the study has been taken in to consideration only those CBB programs.
- ) Sample of women are taken who are involved in microfinance activities.
- ) The study has covered only 14 wards of Lekhnath municipality.

## **1.7 Organization of the Study**

This study is organized in different chapters and sub-chapters as given below:

### **Chapter : 1, Introduction**

This chapter includes background, management of saving and credit for women, focus of the study, statement of the problem, objectives of the study, significance of the study, delimitations of the study and organization of the study.

### **Chapter: 2 Review of the Literature**

This chapter consists of conceptual framework about meaning, history, trends, importance, principles, loan, saving, investment, role of different players, programs of microfinance in Nepal. This chapter also consists socio-economic background of women in Nepal. On the other hand it consists empirical studies of research articles and dissertations. Lastly it includes research gap.

### **Chapter: 3 Research Methodology**

In this chapter the research design, its methodology has been explained. This study mainly focused on primary data as well as secondary data, for the analysis purpose, obtained by the official records, published in journal and magazines, books and booklets published by the organization.

### **Chapter : 4 Presentation and Analysis of Data**

In the chapter presentation and analysis of relevant data and applying various statistical tools. Tables and graphs are also interpreted to accomplish the objectives of the study.

### **Chapter : 5 Summary of Findings, Conclusions and Recommendations**

This final chapter is the major consideration of this study. Findings, conclusions and recommendations are mentioned in this chapter.

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

#### **2.1 Conceptual Framework**

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

According to official measurement, 41% of the worlds women, aged fifteen and over are economically active through using different criteria in 1990. Women's share in the labour force increased in many but not all regions. It remained constant at fairly high levels in Southeast and East Asia, and actually declined in Sub-Saharan Africa. The increase was greatest in North America from 38-41% and high in the other countries (Bullock, 1994: P.14).

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

Microfinance means providing very small loans to very poor families to help them for productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc.) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products ([http://www. microfinancegateway.org.section/faq.html](http://www.microfinancegateway.org.section/faq.html).2008.may 19).

Microfinance activities usually involve.

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

Since microfinance is targeted to poor people of rural areas, it assist the poor in many ways. Such as: providing poor people to invest in assets, organizing and facilitating different activities to earn their livelihood, protecting against income shocks incase of emergency needs and smooth consumption, improving quality of life by building social capital.

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

"Micro-credit' remained as important tool to focus the rural poverty. The poverty situation in Nepal is alarming and to reduce this situation to reasonable level is also a major concern of the govt. plans and programs. The current 10th plan (2002 - 2007) has also incorporated micro credit as a major financial tool to overcome its single objectives i.e. poverty reduction. To attain the objective, the 10th plan has set out a number of policies and strategies along with various credit programs.

For this, the plan has set a target Rs. 101 billion rural credits to be disbursed during the plan-period of which of the MFIs alone has disbursed 50% (Pradhan, 2005:P.13).

### **2.1.1 Historical Background of Microfinance in Nepal**

According to Asian Development Bank (2000), country studies, the earliest initiatives for establishing microfinance services in Nepal can be dated back to the 1950s when the first credit cooperatives were established. The institutional micro-credit in Nepal was first introduced in 1956 when credit cooperatives were established in the Rapti District. These were primarily intended to provide credit to the agricultural sector. A well structured and specialized program was started when Small Farmer Development Program (SFDP) was established in 1975, within ADB/N. Over the past few years, a process of institutionalizing the small farmer groups into the small farmer cooperative limited (SFCL) has been underway. In 1974, NRB directed commercial banks for the priority sector program and introduced the intensive banking program (IBP). The main step in the development of microfinance in Nepal came in the form of the first gender-focused program, the 'Production Credit for Rural Women (PCRW)'. In 1992, the first two RRDBs - one for the eastern region and one for the far western were established with government and NRB funds as replications of the Grameen Bank of Bangladesh. Focusing an extremely poor women, RRDBs use a group lending approach and weekly repayment system. By mid 1997, five RRDBs (Regional Rural Dev. Bank) had been established.

Similarly, in addition to the rural development banks, there are 5 development banks (Nirdhan Utthan Bank, Chhimek Bikas Bank Depose Development Bank and Nerude financial institutions) working successfully in the field of microfinance.

Besides these, NGOs and cooperatives have increasing role in microfinance centre for microfinance in Nepal (CMF) was established in July 21, 2000 with main activities of providing trainings, technical assistance consultancy services and undertaking studies, research, documentation and publications etc.

#### **Major principles of microfinance**

The conditions and procedures of microfinance are more flexible and easy to understand by local community. The principles of microfinance are as follows (Bashyal. 2008. P.17)

) MFIs are able to know their markets that the major services needed by the poor are savings and credit for liquidity and working capital with one-year loan terms.

) The successful MFIs keep administrative cost as low as possible.

The history of modern financial system in Nepal was begun in 1937 with the establishment of the Nepal Bank Ltd. (NBL) as the first commercial bank of Nepal. Before the establishment of NRB, there were only 12 branches of NBL. With the establishment of NRB in 1956, the development of the financial system took a momentum. NIDC (Nepal Industrial Development Corporation) was established in 1959, which helped for industrial development. With the equity participation of NRB, the Agricultural Development Bank (ADB/N) was set in 1968 by incorporating the assets and liabilities of the cooperative bank.

The Rastriya Banijya Bank (RBB) was established in 1968 as the second commercial bank of Nepal. NBL and RBB both are government commercial bank. From 1962 to 1982, large number of non-banks financial institutions were setup such as the provident fund, insurance corporation, stock exchange etc. Government's financial liberalization policy encouraged the entry of joint venture commercial banks and finance companies. Even the non-governmental organizations (NGOs) and the savings and cooperative societies (SCCs) have been licensed by NRB for limited banking activities.

According to Asian Development Bank (2004), Nepal had a population of 24.8 million with an annual growth rate of 2.3. Nepal standard of living survey report 2004 revealed that the population living on less than US\$ 1 per day has decreased to 31%, compared with 42%, the unemployment rate in the country was 2% in rural areas and 7% in urban. However, the international Labor Organization reports that 73% of the working age population is employed by informal sectors.

Bashyal (2008) stresses that a large number of micro credit programs have focused on expanding micro loans to support economic activities of the poor and disenfranchised groups in the society mostly the poorest women. Data have proved that 19.3 million women in the world falls under this category, of which only 14.2 million have access to financial services according to nearly 74% of those poorest women. Women manage day-to-day household budgets, and are more likely to save



money from any increase income for many sources for family welfare. They proved themselves to be much better credit risks than male counter-parts.

In Nepal, the percentage of economically active female and male population is 43.7 and 62.6 percent respectively. An estimated national level unemployment is 5.1 percent. The labor force participation rate of population of age 16-49 years for female and male is 48.9 and 67.6 percent respectively. The unpaid women workers are 12.9 percent whereas male are 5.7 percent. Approximately, 70 percent of women working outside the domestic sphere. Women occupy only 8.1 percent of the professional workforce in agriculture and natural resource management (Bashyal, 2008:p.74).

### **2.1.2 Importance's of Microfinance for Women**

Since 1970s, tens of thousands of poor women have started their own business often with sewing machine-using loans of as little as Rs. 100 from organizations like Grameen Bank in Bangladesh and the Washington, D.C. Foundation for International Community Assistance (FINCA), which has been active in Latin America also do the microfinance activities. The results have been eye-opening: Women turned out to be reliable debtors, and since many who received micro loans squirreled away their earnings to send their children to school and buy more food for their families, the positive impact has rippled through communities (<http://web.ebscohost.com/ehost/detail>., May 21: 2008).

There is greater importance of microfinance in Nepal. It is mostly important for women because they are inhabitant in rural areas. There is lack of financial access in rural areas. Nepali society is characterized generally patriarchal. To engage women in small fund raising program and making them self-dependent, microfinance is an effective tool.

Nepali's gender empowerment measure is only half of the global average and after Pakistan, the second lowest in south Asia. Agricultural feminization in Nepal is caused by de facto rather than de jure reason as the number of female-headed households in rural areas is increasing mainly because of male out-migration and in rural area male employed in other sectors (Bashyal, 2008: p.74-75). The important impact of microfinance for women is:

- ) Microfinance has increased the women's role on making decisions on purchasing of amount of household consumption items.

J) Increases income of clients has empowered them on running their daily household needs.

Microfinance empowered them on deciding the marriage of their daughters. In social sector, awareness development is found one of the major outcomes of this program. In this respect, many MFIs members started to join in village level election so far they are elected in ward members, VDC chairman and vice chairman. In addition, they are actively involved in community development activities such as construction of village community hall, road, and bridge and drinking water system. By this, MFIs have been imputing the momentum for poverty reduction endeavor. (Thapa, 2008).

Majorities of women are not accessing the credit easily due to lack of the collateral. In this respect, MFIs have been providing credit on the basis of group liabilities to such down trodden people in income generating activities such as vegetable production, livestock raising, tea and daily uses shop, marketing of goods (better rice, vegetables and fruits) as per their experience an market potentialities.

According to Sharma (2007), in his article on "The Journal of Nepalese Business Studies" pointed out the following findings:

- i. Women's involvement in decision-making has improved and affected their lives and their future.
- ii. Self-confidence for women has increased.
- iii. Women's participation in income generating activities have assumed to strengthen women's bargaining position.
- iv. It has helped women to earn independent and contributes the household economy and social and political participation.
- v. Women are more likely than man to invest increased income in the household and family well-being.
- vi. Microfinance program seems to be highly effective in uplifting the women's economic and social condition.
- vii. It has helped to reduce domestic violence and family relationships appeared to have improved.

Microfinance has the provision of saving, credit and other financial services and product of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise income levels and improve living standards. The objective of

micro financial services is to ensure the availability of these services to the doorsteps of the poor and low-income households. Microfinance framework, if properly designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

### **2.1.3 Functions of Microfinance**

Microfinance is targeted to poor, low-income and marginalized people. It includes loans, savings, insurance, transfer services and other financial services. The poor need saving services that are both safe and liquid. These savings services must be adapted to meet the Poor's particular demand and their cash flow cycle. Thus to maximize the savings propensity of the poor, institutions must provide flexible opportunities-both in terms of amounts deposited and the frequency of pay in and pay outs. This represents important challenges for the microfinance industry that has not yet made a concerted attempt to profitably capture tiny deposits. (<http://www.microfinancegateway.org/section/faq>. May 19: 2008).

Saving and investment are two faces of same coin. If people save they are encouraged to invest also. Women in the rural area are interested to invest in gold and other small profitable sectors. They cannot invest in large areas because their savings are so little, they cannot invest in the large scale and medium scale industries. The main objectives of saving are either to invest or to provide services to poor people. So from the microfinance activities some women are saving and other poor women are getting benefit from loan services at low interest rates.

From the newsletter of RMDC (2006), Prof. Yunus' long-term vision is to make the world free of poverty. He argued that loans to the poor without physical collateral had once appeared to be an impossible idea. He also showed that micro credit is a strong instrument to alleviate poverty in the developing countries. Loan clients are the most valuable agents in MFI operation. Income of MFI depends on loan clients' willingness to receive financial services on a continuous basis. For efficiency MFI requires that their entire clients borrow and make disciplined transactions (Sharma, 2006: P.46). Mobilization and recovery of loans should be impartial. Loans can be in the form of individual loans, group loans etc. Individual loans should be mobilized on the collateral of real assets whereas in group loans more emphasis is given on group guarantee (Baral, 2004: p.54).

Due to patriarchal structure of society, women are in backward than a man. They are lacking access to financial services. They should depend on men for financial support. Most of women are staying in rural areas. They are poor and illiterate also. It necessary to uplift their livelihood. So microfinance is such an effective tool, which will bring changes in their life, and they will be easily access to financial services. In Nepal, there are micro credit programs for poor women both in the public sector and in the nongovernmental sector. The majority credit programs in the public sector are the Women Development Program of the Small Farmers Development Program (WDO/SFDP), Production Credit for Rural Women (PCRW) Program and Regional Rural Development Banks (RRDBs). Apart from numerous non-registered NGOs, there are a lot of registered NGOs, which primarily operate as welfare organizations but may include saving-credit activities for poor women (improving access of women to formal credit facilities in Nepal, 1997:p.15).

#### **2.1.4 Different Models Microfinance**

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

##### **a. Rural credit union model**

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

##### **b. Co-operative model**

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

**c. Individual and peer lending model**

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

**d. Grameen bank model/CBB model**

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

**e. Village banking model**

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

**f. Self-reliant village banking model**

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

**g. Association**

In association type, the target community such as youth or women from an association regarding political, religious, or cultural issues through which, microfinance activities are initiated. Associations, the community-based organizations are also informal systems.

- Bank Guarantees
- Self-Help Model

### **2.1.5 Major Microfinance Program**

The formal sector micro lending activities began in 1956 with the establishment of credit cooperatives in the Rapti Valley of Chitwan district to provide financial services in rural Nepal. They were established to progressively abolish excessive rural indebtedness and contribute to uplift the socio-economic conditions of the rural people. To make financial resources available to these cooperative credit societies, the cooperative bank was established in 1959. As a result, ADB/N was established in 1968 to provide agriculture credit. ADB/N has still remained the foremost rural and agriculture financing institution and accounted for 55 percent of the total rural institutional credit. Microfinance practices formally started in 1974 since the Nepal Rastra Bank's (NRB) gave direction to commercial banks for lending five percent of their total deposit liabilities to "Small Sector" in order to increase production and employment in rural areas. CBB has also been working in the field of microfinance since 2001.

The three largest banking institutions of the country NBL, RBB and ADB/N has initiated several innovative microfinance programs since 1974/75. The Small Farmers Development Program the Intensive Banking Program, the Production Credit for Rural Women Program, the Cottage and Small Industries (CSI) project, the Educated Unemployed Credit Program, the Lead Bank Scheme, the Micro-credit Project for Women, the Priority Sector Credit, and the Deprived Sector Credit Program, the Rural Self-reliance Fund etc. are the different microfinance credit programs developed to the alleviation of the poverty in rural area. The different microfinance program will be separately dealt in the following paragraph.

#### **a. Priority sector credit program (PSCP)**

The two Nepalese commercial banks, NBL and RB were directed by NRB to invest 5 percent of their deposit liabilities in the "Small Sector" in 1974 which was redefined as the 'Priority Sector' in 1976, and the lending target was raised to 7 percent. The objectives of NRB was to direct some portion of the financial resources of commercial banks towards the socio economic uplift of small farmers and entrepreneurs in the priority sector. At this initial stage had to face several constraints and barriers. NBL, RBB and the Nepal Arab Bank Ltd. were financing in the priority sector credit under the intensive Banking program and the remaining 10 commercial banks were financing the priority sector under their separate individual credit program.

Since 1990, all the commercial banks were directed to finance at least 12 percent of their total loans and advances under the priority sector program out of which 3 percent is required to be financed in the deprived sector. Failing this mandatory requirement, the commercial banks are penalized for the shortfall amount.

**b. Small Farmer Development Program (SFDP)**

To fulfill the demand of microfinance in rural areas, ADB/N initiated the Small Farmers Development Program (SFDP) in 1975 through two pilot projects to support self-help oriented development of small and marginal farmers and landless people. It had a total loan outstanding of Rs. 823.49 million with 357 sub-projects offices comprising a total of 165,679 members by mid-July 2004 (Bashyal, 2008:p.48). It is considered as the first poverty focused credit programs of the country. It is also the first group-based credit program. The group is comprised of 5-50 members. It provides them credit and other supports to start income generating activities.

**c. Intensive banking program**

Intensive Banking Program (IBP) is a redefined name of priority sector credit program mandated by Nepal Rastra Bank in 1974 for two state-owned and one joint venture bank i.e. Rastriya Banijya Bank (RBB), Nepal Bank Ltd (NBL) and Nepal Arab Bank Ltd (NABIL) to deliver loan in priority sectors including three percent loan to deprived sectors (Bashyal, 2008:p.48-49). Both the low income and lower middle income clients are served under the program. The three sectors covered under IBP are the agriculture, cottage and small industries and service sector. Even the borrowers who cannot offer physical collateral can be availed credit by forming them into a group of 4 to 10 persons. IBP follows credit plus' approach. It has integrated the credit program with the other support services. The community and social activities and group saving scheme are the other feature of IBP. The recovery of loan is very poor because of the lack of proper monitoring and supervision, absence of reward and punishment and low participation of women borrowers in the program.

**d. Production credit for rural women (PCRW)**

It is the first women-focused credit program in Nepal. NBL, RBB and ADB/N were the three participating banking institutions for the program.

Initially it was started in 5 districts and by the end of 1998; it had covered 67 districts of the kingdom. PCRW was implemented under IBP and SFDP branches. Govt.'s Women Development Section (WDS). Staff identifies the target groups and motivates them to form a group of 4 to 10 poor women. They also assist group member to select the viable project. They recommended the newly formed groups to IBP and SFDP offices. Both the staff of banks WDS monitors and supervised the credit projects.

The recovery performance of PCRW was not satisfactory. Its recovery was found 64 percent in 1995/1996. The operating cost was around 27 percent whereas PCRW loan was distributed at 14 to 15 percent. The impact evaluation study conducted by the Women Development Division of the ministry of Local Development has revealed that PCRW has greatly contributed for the socio-economic upliftment of the rural poor women of the project area in the following ways:

- ) Improvement in the role of women in the decision making process within and outside their house hold.
- ) Increasing income and thereby in consumption, saving and investment.
- ) Increasing in group solidarity and cohesiveness.
- ) Improvement in the living conditions of children with emphasis on school going children.
- ) Improvement into the social environment and status of women in the society, and
- ) Improvement in social awareness among women.

The study has further revealed that some of the PCRW project credit groups have already graduated and converted their groups into viable savings and credit cooperatives (SCCs) and have started to manage on their SCCs effectively and efficiently. For this they have created a SCC out of a few credit groups. They have even registered these saving and credit to cooperatives and some of them are in the process of registration. The impact evaluation study has further highlighted the following problems in the implementation of PCRW.

- i. Inadequacy of trained bank and WDS staffs in the project.
- ii. Inadequate supply of rural and agricultural support services to borrowers.
- iii. Little efforts to make the program cost effective and financially viable.



- iv. Lack of appropriate technology and raw materials.
- v. Inadequate opportunities i.e. skill development training and marketing of product and services.
- vi. Opportunity for free movement of trained bank and WDS staff out of program.
- vii. Improper coordination between bank and WDS staffs to implement the program.

**e. Micro Credit Project for Women (MCPW)**

Government introduced micro credit project for women with some different modality using NGOs and self-help groups as credit agents for linking clients to commercial banks. Loan was collaborated between ADB/N with central bank and govt. in 1993 and project loan completion date was March 2000 (Bashyal, 2008:p.51). This Project has properly utilized the lesson learned from PCRW. MCPW is fully committed to develop and involved NGOs. It is the first project in which financial intermediaries are involved in a public sector credit program. The borrowers of the project are women from both urban and rural areas of Nepal.

The main objectives of MPCW are followings:

- i. Improvement of the socio economic status and condition of women.
- ii. Provision of financial and non-financial services to women in integrated way.
- iii. Provision of necessary institutional supports to NGOs.
- iv. Development of NGOs as cooperative associations.

ADB/N has funded the project. It provides 80% of the total loanable funds.

**f. Grameen Banking Replication (GBR)**

There are five Grameen Bikas Banks (GBB) in five-development region, which were established between 1992 and 1996. These banks have been replicating the Grameen Banking Model of Bangladesh which is an innovative outreach model. It is a unique model implemented separately by both the government and the local NGOs in Nepal. Nirdhan, Ulthan Bank Swabalamban Bikas Bank (SBB), Chhemek Bikas Bank and Deprosc Development Bank are the NGO-promoted microfinance development banks. These banks cater to the credit needs of the poor women in rural areas. The poor women had limited access to institutional credit services at their doorstep. Under this banking system a rural women with less than 0.6 hectare

of land in the hills can participate in a group, which is comprised of five women.

**g. Rural Self-Reliance Fund (RSRF)**

RSRF was initiated in 1991 for providing financial assistance to deprived people in rural areas. The fund has been managed by the NRB since its introduction stage and also managed by the govt. to meet long-term capital requirements from the prioritized sectors in agriculture. It provides loans to that borrowers who have less than 10 ropani of land in plain and 15 ropani of land in the hills and mountains and those who cannot maintain his/her livelihood from own's earning.

**h. Chhimek Bikas Bank (CBB)**

Chhimek Bikas Bank was established in 2001 under company Act 2053 B.S. It obtained license in January 2002 from Nepal Rastra Bank to operate as a development bank. Now CBB has spread out in 27 districts with 44 well managed branches. It provides microfinance services to the poor, the marginalized and deprived, with main focus to women living below the poverty line. Now it has recognition one of the strong and popular microfinance institution of the nation. The authorized capital, issued and paid-up capital of CBB are 10 crores, 6 crores and 5 crores 10 lakhs respectively.

**i. Cooperative Societies and NGOs**

Cooperative societies in Nepal have history of more than 42 years. Most of the credit cooperatives funds are mis-managed and less effective. Though the history of cooperatives goes back to 1953 with opening of cooperative Department, the savings and credit cooperatives (SCCs) have become more active. The total number of cooperatives registered under this unions 404 comprising members (about 15000 female and about 63000 male) collecting total savings of Rs. 732.7 million with Rs. 83.3 million shares capital up to mid-July 2004 (Bashyal, 2008:p.60). So it seems that mostly women are involved in cooperative societies.

**j. Banking with poor**

With the linkage-banking program, NRB has initiated "Banking with the Poor" program since 1991. It is a program in which NGOs and the association of self-help groups are being extended loan to on lend it to locally formed groups. The SHGs lend without collateral.

**k. Rural Microfinance Development Center (RMDC)**

The Rural Microfinance Development Center (RMDC) is an apex MFI established in 2000 under the company Act 1995 with an authorized capital of Rs. 160 million issued and paid up capital Rs. 80 million. To implement this project, the Rural Microfinance Development Center (MFDC), the apex development banking institution, has already been established with the equity participation of NRB, all commercial banks and few other financial institutions and NGO. RMDC operates as the wholesale financial institution and lends ADB/N funded loan to all the Replicates.

As of 17<sup>th</sup> October 2006, RMDC has approved loan amount to Rs 1,589.08 million for 47 MFIs, and disbursed Rs. 1,165.7 million to 44 institutions. Among 47 the partner MFIs, 6 are microfinance development banks, 2 development banks, 24 financial-intermediary NGOs and 15 saving and credit cooperatives. On 16<sup>th</sup> September 2006, the outstanding loan with RMDC was Rs 691.5 million. RMDC has maintained 100 percent loan recovery rate from the very beginning of its operation.. Altogether the partner-MFIs of RMDC are providing microfinance services to about 400,000 women of the poor households. (RMDC news letter, 2006).

**l. Sana Kisan Bikas Bank (SKBB)**

Sana Kisan Bikas Bank is a specialized wholesale microfinance development bank established with the aim of promoting and strengthening the grass-roots level of small Farmer Cooperative Ltd. Mostly women are involved in SKBB, so this bank is effective for women's enlistment.

## **2.2 Review of Related Studies**

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

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

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

#### **a. Baral and his findings**

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

#### **b. Sharma and his thought**

Sharma (2004) has conducted the empirical work on 'Microfinance: A Powerful Tool for social Transformation, it challenges and Principle.' He performed his study about how effectively the microfinance services were delivered to the poorest of the poor. He has done the comparative study between MFIs and declared, due to inability of proper identification of the

poor, lack of commitment and clear vision of their actions MFIs were not able to achieve the goal properly. Similarly, he has mentioned that they were suffering from the problems such as inadequacy of resources, inappropriate regulations, loss of confidence of depositors, narrow level and area of operation, excessive overhead and ineffectiveness of activities. In addition to these, peace and security situation of the country, strategic planning, operation cost and interest rate, delinquency management etc. are equally challenging for its sustainability.

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

**c. Chhetry's study**

Chhetry (1995) conducted the study on the topic of "Production Credit for Rural Women in Nepal" (PCRW). He has found that PCRW is the first programme which addresses the need of rural women, it introduce credit to the women on group liability, the main hurts of the programme is that women do not have asset but they have capacity to generate income if right help and direction are provided. Similarly, he has found that the main causes for low involvement of women in credit activities are lack of surplus capital, lack of enough loan amounts, unrelated skill development training, lack of time period to learn new skills, and difficulty of getting loan when it is needed. He has found that the main weakness of the programme is lack of women organization in VDC level and the lack of co-ordination among the groups.

**d. Pradhan and Shrestha's study**

Pradhan and Shrestha(2004) had conducted the study on "The Microfinance and Women in Nepal". They concluded that most of the MFIs are facing the serious problem of sustainability due to high administrative and overhead cost, heavy service delivery cost, absence of self-regulatory mechanism and fully committed professionalism. They further concluded that the role of the central bank in microfinance development is still important in

Nepal where private sector institutions are just evolving. They have mentioned that many activities have to be coordinated new skill and technology should be added, and micro-credit programme should be expanded to reduce the ration of poverty.

**e. Acharya's study**

Acharya (2001) had conducted the study on "Poverty in Nepal Challenges, Efforts and Remedies". He has identified some major characteristics of the micro-finance are: saving product, small loans, micro enterprises women and disadvantaged ethnicity with collateral, group guarantee, diversified activities, frequent meeting, short repayment, strict follow-up of rules and regulation, participatory process, good governance, macro coverage, insurance, money transfer and finally include community and social activities. he has found that currently micro-finance has focused basically there key aspects such as(i) buying of money means emphasize the domestic saving with paying of reasonable interest to the beneficiaries/members.(ii) selling of money means investment of the saving product in the micro enterprise/income generation activities with adding the operational cost and plus small margin of profit and (iii) earning of money means receiving the profit from investment of domestic saving in the micro income generating projects.

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

## **2.2.2 Review of Dissertations**

This part includes review of major theses or dissertations which are conducted in Nepal in the topic of Microfinance/credit.

**a. Maskey's study**

Maskey (1998) conducted the study on the topic of 'empowerment of women through income generating programme in Dhankuta district'. To

examine the statuses of women in relation to decision making process was the major objectives of her studies. Her study was fully based on primary sources of information. She has conducted that the programme like PDDP was found to be essential for development in all the villages of Nepal women actively participated in all the activities, they have good co-operation among themselves, people earned a lot of money by their business etc. The recommendations made on the basis of her study are: (i) monitoring and evaluation of the programme should be done regularly. (ii) literacy programme should be expanded. (iii) women should be involved in different training provided by the programme.

**b. Khadaka's study**

Khadaka (1998) carried out a study on 'Micro credit project for women: A case study of Pokhara.' The objectives of his study were to find out sectoral nature of investment and loan. He had used both primary and secondary data for the purpose of the study. The major finding of study was that group loan is more effective than individual loan, the share of retail shop sector is significant Nepal Bank Ltd. located at Bagar-1, accounted the highest share of investment and highest share of loan has disbursed among the upper caste people. Similarly the study concluded that participant's monthly income and employment level have been increased after the implementation of the project loan distribution varied in different wards, and employment and income is generated significantly. He has suggested that loan should be provided in the productive sector. Time and area of the programme should be extended, loan should be provided in equal proportion in each ward, and loan should be provided to lower caste to raise their living standard etc.

**c. Pandit's study**

Pandit (1997) carried out a study on 'An economic impact on women development under PCRW programme: A case study of Jamune VDC of Tanahun District.' The major objectives of his study were: (i) to ascertain the factors affecting the benefits enjoyed by borrowers when they received loans from the programme. (ii) to assess the strengths and weakness of PCRW in planning aspects and implementation process (iii) to provide appropriate suggestion for future implementation of the programme. He has found that the programme has rightly addressed the problem faced by women especially in

rural areas. He has concluded that it needs some correction even from the responses of key informants who are women leader, social worker, ward chairman, party leaders etc. Similarly he has further concluded that loan repayment has been highly successful in the comparison to other similar programmes launched in the country. He has recommended that the women development programme should be expanded to cover the whole country, regular monitoring and evaluation of activities of the PCRW programme should be carried out by the monitoring and evaluation unit of WDS on regular basis, training should be in Nepali language and if necessary it should be in one of the local language. He has further recommended that the programme should be effectively taken to backward areas, all should be treated equally, education and information should be given to women even men should be encouraged to participate in the programme etc.

**d. Sharestha' study**

Shrestha (2002) conducted research work on 'An impact of SFDP in rural area: A case study of Kaski District.' The major objectives of his studies were: (i) to show whether the MCPW project in rural area of Kaski district has been providing the micro-credit facilities to the rural poor women or not. (ii) to measure the ratio of loan disbursement and repayment rate, and (iii) to find out whether any change have been seen in the livelihood of the poor women. He has found that the impact of the project is positive, most of group leader have responsive curiosity about saving and credit cooperatives in all the VDC of the project area, and the blanket approach is not effective even with in the project area. He has suggested that there should be a good facility to transfer group saving in cooperative account livestock insurance product needs to be made more effective practical, and there should be an effective participatory monitoring and evaluation system to sustain MCPW in Kaski district.

**f. P.R. Sharma's study**

Sharma (2007) conducted his Ph.D. dissertation on 'Microfinance Practices and their Sustainability in Nepal.' The important objectives of the study were (i) to assess rural poverty alleviation efforts, policies and program initiated in Nepal through microfinance (ii) to examine the role of microfinance in employment creation and income generation and its contribution in general and specially, in the western and central region. (iii) to



analyze the role of microfinance in women empowerment (iv) to evaluate financial and institutional viability and overall sustainability of selected MFIs etc. The major study findings were categorized in three aspects (i) MFIs borrowers (ii) MFIs branches and (iii) MFIs experts. He has mentioned that the social and economic change in the borrowers like increasing income, increase in food sufficiency, consumption of nutrient food, good caring of children health good education of children, repair and maintenance of home etc. are considered. He also mentioned that women empowerment should positive change specially involvement decision making, change in occupational structure, participation in the social activities, gender equality, high level of self confidence, awareness of social issue and control of income. Based on the primary as well as secondary sources of information and more importantly the field survey he has made some recommendations were (i) the government should formulate national policies of microfinance with clear vision, objectives, strength and policies and specifying implementation modalities to direct the microfinance programme to accomplish the stipulated objectives (ii) to expand the additional outreach production and sewing etc. (iii) guardians should be concerned about compulsory primary education to girls. (iv) population education should be given to the women for effective implementation of family planning etc.

### **2.2.3 Research Gap**

From the above literature review it can be concluded that there are various studies related in Nepal on the topic of microfinance program. All of the above research studies have identified about the effectiveness of microfinance program in different topics and different areas of Nepal.

However, this study is related to microfinance practices and its impact on women with reference to CBB in Lekhnath municipality. Such type of study has not been conducted in same topics and same area before. Hence, it could be the new study in related microfinance field. This study has its rationale for fulfilling the gap of studying the performance of CBB to alleviate the poverty in Lekhnath area. It also gives the valuable guidelines to CBB for its better performance in future.

## **CHAPTER – III**

### **RESEARCH METHODOLOGY**

The main objectives of the study is to analyze the impact of microfinance on women in Lekhnath Municipality under CBB. This study aims to recommend necessary suggestions to achieve the targeted objectives of microfinance. Research methodology is the most important part of the study. This chapter has been divided in to six sections: research design, study area, population and sample, nature and source of data, data collection techniques, data analysis.

#### **3.1 Research Design**

A research design is a plan for the collection and analysis of data. It is an organized approach and not a collection of loose, unrelated parts. The research design serves instruments to be utilized and the sampling plan to be followed. It presents a residues of guide posts to enable to researcher to progress in the right direction in order to achieve goal. The design may be a specific presentation of the various steps in the research process. The researcher has selected the problems of study with reference to CBB has set the objectives, collected necessary data, information other important notice related literature review (thesis and dissertations) etc. The steps include the selection of a research problem, formulation of hypothesis, conceptual clarity, and methodology, survey of literature and documentation, bibliography, data collection, interpretation, presentation and report writing.

To conduct this study analytical and descriptive approach has been adopted. Analytical approach has been utilized mainly to analyze the relationship between income, investment and other variables.

#### **3.2 Study Area**

This study area is limited within Lekhnath municipality. The sample is selected from groups of women from different units. The study covers only five years of data. The study is analyzed on the basis of the performance of participating people from micro enterprise groups.

### 3.3 Population and Sample

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate. A sample is a collection of items or elements from a population. Hence, a sample is only a portion of subset of the population. It comprises some observation selected from the population. The whole units of CBB within Lekhnath municipality are considered as the size of the population. This study has covered only some sample members for the purpose of study because of the limitation of area, budget and time. Only 50 women from different units have been selected as sample for this study using random sampling method which is as follows in table 3.1.

**Table 3.1**  
**Population and Sample**

S.N.	Unit No.	Total Members	Sample Quantity	Method of Sampling
1.	10805	25	5	Random
2.	10806	25	5	„
3.	10845	25	7	„
4.	10848	25	11	,
5.	10872	15	10	„
6.	10880	21	7	„
7.	10883	25	5	
Total		161	50	

*Source: Field Survey, 2010.*

From the questionnaire point of view only 50 women are selected randomly. Besides this sample, more than 25 women of different unit are taken for direct interview to collect socio-economic information which are very useful for the fulfillment of research objectives.

The above sample units are visited by the researcher with 'Loan officer' of CBB Talchowk in different date and time. In all visits it is found that all the members of unit attended in time, discussions had done in disciplinary way, loan had provided by the 'loan officer' with the group decision. Meeting starting moment was very interesting i.e all the members with 'officer' had stood up and they were repeating their commitment for the wellbeing of 'Chhimek Bikas Bank' and wellbeing for

themselves also. Though it was the time of 'agro farming' more than 90% members were present in meeting which had shown the 'iron discipline' of the CBB & its clients.

### **3.4 Nature and Source of Data**

This study is mainly based on primary data. These primary data are both qualitative as well as quantitative. Secondary data used in this study have been collected from different sources such as:

- Various research studies, dissertation and article related to the study.
- Annual reports of CBB Head Office, Hetauda.
- Unit supervision chart, collection and loan disbursement record etc. from CBB, Branch Office, Talchowk.

### **3.5 Data Collection Techniques**

This study has basically used two type of data. Primary data and secondary data.

#### **a. Primary Data**

Primary data are collected from different primary data collection technique.

- **Questionnaire:** Questionnaire is used to get qualitative information. But some important quantitative information are also collected. The respondents of questionnaire survey are the sample numbers and unit chairperson of the program.
- **Personal Interview:** This is also called direct interview. It is used to collect the information related to investment, credit, saving, interest collection, repayment rate and so on.
- **Field Observation:** In this techniques direct observation of field is done. Women's condition about economy and other facilities are considered.

#### **b. Secondary Data**

Secondary data were collected from Annual Reports of CBB, Journals of microfinance, published books, thesis, newspaper and other related published journals and articles.

### **3.6 Data Processing and Analysis**

The available data have been edited, classified and tabulated in appropriate form. Processing of data have been done by the computer using Microsoft excel. Various analysis tools are used. The following techniques are followed in analyzing the data.

- ) Collection of relevant information.
- ) Identification of data suited to fulfill the purpose of the study.
- ) Classification and tabulation of data.
- ) Use of percentage charges, average, ratios.
- ) Drive conclusion, summary and recommendations based on the analyzed data.

Mainly, various bar diagrams (simple, sub-divided, percentage and multiple). Pie-chart etc are used for data presentation and analysis.

## CHAPTER -IV

### PRESENTATION AND ANALYSIS OF DATA

#### 4.1 Introduction

This chapter is related with the data presentation and analysis. Data are collected from questionnaire, observation, field research, informal discussion with women, annual reports of Chimmek Bikas Bank limited, etc. Especially analysis process and contents are determined as per set of objectives for the study. It consists of savings, investments, repayment condition of loan, income from loan, social contribution of the CBB etc

#### 4.2 Saving Activities of Women

People save money for their better future. Saving gives both interest and security to the client. Chhimek Bikas Bank provides the various kinds of saving schemes to its customers. Monthly saving (Rs.30 per month), unit fund saving (Rs.5 per month), Disaster saving (5% of loan amount), Pension saving (Rs.50- Rs.200 per month) and optional saving (as per client's desirability) are the main saving programs of CBB. All most all members are involved in all saving schemes except pension saving. Pension saving scheme has a long time duration, at least 9 years upto 14 years. To get pension, member should collect Rs.50 or Rs.100 or Rs.150 or Rs.200 per month in their pension saving account. Saving amounts in different saving programs which are shown below in table 4.1

**Table : 4.1**  
**Saving in Different Schemes**

Fiscal Year	Monthly Saving (Rs)	Pension Saving (Rs)	Disaster Saving(Rs)	Unit Fund	Optional Saving(Rs)	Total	
						Amount (Rs)	Percent
2062/063	405076	-	480447	70387	479890	1435800	11.16
2063/064	425076	55700	485474	71390	500525	1538165	11.96
2064/065	427294	39700	502826	95114	973052	2037986	15.84
2065/066	523103	613772	522301	97344	1097313	2853833	22.18
2066/067	608549	1110088	712756	109719	2457999	4999111	38.86
Total	2389098	1819260	2703804	443954	5508779	12864895	100.00
% total	18.57%	14.14%	21.02%	3.45%	42.82%	100%	

Source: Field Survey, 2010.

The above table shows the saving amount of Chhimek Bikas Bank's members in different saving scheme in last five years. The overall saving amount from different scheme is Rs. 12,864,895. The total saving of monthly saving (compulsory saving) in five years is Rs. 2,389,098, pension saving amount is Rs. 1,819,260. Similarly, disaster unit fund and optional saving are Rs. 2,703,804, Rs. 4,439,554 and Rs 5,508,779 respectively. From the view point of yearly savings the highest saving is in 2066/067 i.e. Rs. 4,999,111 or 38.86% and the lowest saving is in 2062/063 i.e. 1,435,800 i.e. 11.16%. Similarly, from the view point of scheme wise saving, the optional saving has the greatest contribution i.e. 42.82% and unit fund saving has the smallest contribution to the whole saving amount i.e. 3.45%. The member of CBB collect only Rs. 5 per month for the unit fund whereas there is no limitation of money for optional saving, this means member can collect any amount of money for optional saving.

The above table can be shown in a sub-divided bar diagram as follows:

In the above subdivided bar diagram fiscal year is shown in x-axis and saving is shown in y-axis. All bars are divided into five parts according to amounts in different programs except 1<sup>st</sup> bar. Height of the bar is increased year by year, it proves that saving is in upward trend. It also justifies the popularity, progress and success of CBB. The increasing amount of optional saving shows good performance of the bank.

### 4.3 Monthly Optional Saving:

Like other saving scheme, optional saving has no limitation of money. Every member should collect Rs. 5 for Unit Fund, Rs. 50 to 200 for pension saving per month but no certain amount declared for optional saving. Generally, each member collect a sum of money just one day before the monthly unit meeting date. From the collection, staff of the bank distribute the amount to the monthly saving, unit fund and pension saving and remaining they collect on optional saving account of the members. So there is no uniformity in amount of optional saving because it depends on the income of the client. The table given below shows the optional saving of the whole programs and optional saving of sample women.

**Table : 4.2**  
**Optional Saving of Lekhnath Branch & Sample**

Year	Lekhnath Branch		Sample women	
	Amount (Rs)	Percentage (%)	Amount (Rs)	Percentage (%)
2062/063	479890	8.71	15667	9.72
2063/064	500525	9.09	21087	13.08
2064/065	973052	17.66	32779	20.33
2065/066	1097313	19.92	40096	24.88
2066/067 Jestha 1 <sup>st</sup>	2457999	44.62	51556	31.99
Total	5508779	100.00	161185	100.00

*Source: Field Survey, 2010*

Optional saving of whole Lekhnath branch and sample women both are in increasing trend. It indicates most of the clients are interested to save their small money in optional saving scheme.

### 4.4 Investment and Recovery Status of CBB

Chimmek Bikas Bank provides the loan for different purposes. The main sectors of investment are agriculture (crop production, vegetable etc.) live-stock (buffalo, goat, pig, cow etc.), poultry farming, retail shops, service business (hotel, furniture etc.). Chimmek Bikas Bank's investment and recovery status of the last 5 years are as follow.



**Table : 4.3**  
**Investment and Recovery Status of CBB**

Fiscal Year	Recovery		
	Investment (in Rs.)	Amount (in Rs.)	Percentage (%)
2062/063	8,081,551	7,912,090	97.9
2063/064	9,816,040	9,215,131	93.88
2064/065	11,819,990	10,348,711	87.55
2065/066	12,937,500	11,672,353	90.22
2066/067	28,937,970	19,500,773	*67.39
Total	71,423,590	48,185,058	

Source: Field Survey, 2010

\* Data is taken upto 2067 Jesth last. So recovery amount of Ashad is not mentioned.

Above table shows that the recovery status fluctuates from by 67.39% to 97.9% . However the percent of recovery in year 2066/067 include only the data of 2067, Jestha. Despite of the CBB claim to cover just100% recovery in the coming fiscal year. Investment and recovery status of Lekhnath branch is shown in a multiple bar diagram as follow:

In above bar diagram fiscal years are shown in x-axis and amount of investments are in y - axis. Height of investment bars are bigger than recovery bars. They are very similar in height in most of the year but recovery bar of the 2066/067 is shorter than investment bar. It indicates a certain amount outstanding in this year.

#### **4.5 Business of the Sample Women**

The field survey done by researcher proved that 86% clients had taken loan from CBB to do their personal business. Business varies according to clients wants. The main business conducted by sample women are as follow:

**Table : 4.4**  
**Types of Business**

Business Sector	Investment Amount (Rs)	Percent (%)	Incremental Income per month (Rs)	Contribution for increment (%)
Agriculture (Cereal	165000	20.0	11500	14.5

crops/ vegetable)				
Live stock (Buffalo, Goat, Pig etc.)	150000	18.0	18000	23.0
Poultry Farming	225000	27.0	25000	31.5
Retail Business	210700	26.0	19300	24.0
Other Business Service Business (Hotel/Furniture's)	75000	9.0	5500	7.0
Total	825700	100.00	79300	100.00

*Source: Field Survey, 2010*

In the above table the largest amount of investment is in poultry farming and second largest priority sector business is retail business. From the view point of income, poultry farming has given the more profit in the comparison of other business sectors.

From the view point of income increment, poultry farming has superior role than other business because out of total income Rs.79300, Rs.2500 is earned by poultry. Similarly, from retail business 24%, from live stock 23%, from agriculture 14.5% and from other business 7% income have obtained. Below name of business and investment in each business are shown in pie chart.

## **Investment in Different Programs**

From above pie-chart it is known that the highest amount of lending is in poultry farming which has 31.5% contribution for monthly increment of income. Similarly, 26% loan is used in retail business and 20% loan is used in agriculture sectors. The least amount is invested in service and other business.

### **4.6 Mobilization of Saving Before and After the Membership with CBB Unit**

Saving and investment are two alternative parts. If people save, they will be motivated to invest the collected money to earn more. So, the women involving in Chhimek Bikas Bank programs save the money and lend that money to other people in community. Doing this both people are benefited. Investor can get interest while borrowers can utilize that money in productive field.

Following table shows the saving and mobilization of the money before & after the program.

**Table 4.5**  
**Mobilization of Saving Fund**

Response	Before		After		Increase/ Decrease (%)
	Members	Percent (%)	Members	Percent (%)	
Yes	22	44.0	42	84.0	40
No	28	56.0	8	16.0	(40%)
	50	100%	50	100	

*Source: Field Survey, 2010*

Above table shows that the sample women involved in mobilization of saving. Before involvement in CBB programs, 22 women were mobilizing their money and 28 women were not mobilizing their small fund. But after involvement in CBB programs number of mobilizing women increased to 44% and the number of women who are not mobilizing decrease to 16%. Hence, there was 40% increase in women who mobilize money and percentage who were not mobilizing was decreased by 40%

#### **Mobilization of Saving Fund**

The above bar diagram shows number of women in saving scheme were very low in the past and it has reversed now.

#### **4.7 Lending Activities**

Loan disbursement, repayment, outstanding etc. are related to lending activities of CBB. Loan disbursement to the targeted women is significant for reaching expected livelihood upliftment. CBB disburse the loan according to the necessity of the member on the basis of group decision. Operation of the business and repayment of loan with interest are the main duty of borrowers of CBB. However the capacity of loan repayment depends on the performance of clients and the income earning from the program of CBB.

CBB provides loan for micro business or small business activities. CBB gives credit for retail shop, agricultural production (crops, vegetable etc.) livestock (buffalo, goat, pig, cow keeping etc.), service business (hotel, furniture, dry food etc).

##### **4.7.1 Loan Recovery and Outstanding**

Chhimek Bikas Bank has shown the best performance from the view point of recovery. It has claimed 100% recovery rate but data does not support the claim. The reason is the client who take loan from CBB does not return within a year or within a certain time period, but pay beyond the time with interest. There is no bad debt till this year from the establishment period. It only provides the loan with the group decision, hence there is no chance of bad debt. But big amount of money collected within the fiscal year and little money remains outstanding and it recovers in next year. Status of loan recovery and outstanding is as below:

**Table 4.6**  
**Loan Recovery and Outstanding**

Fiscal Year	Recovery		Outstanding	
	Amount (Rs.)	Percent (%)	Amount (Rs.)	Percentage (%)
2062/063	7912090	98.0	169461	2.0
2063/064	9215131	94.0	600909	6.0
2064/065	10348711	88.0	1471279	12.0
2065/066	11672353	90.0	1265147	10.0
2066/067	19500773	67.0*	9437197	33.0
Total	58649058		12173623	

Source: CBB Talchock

\* The amount is considered up to Jestha 2067 hence the repayment amount of Ashad not mentioned.

Above figure shows the trend of recovery and outstanding amount of lending activities. The trend of recovery decreasing gradually. In year 2066/067 the trend of recovery shows poor, due to the lake of data for the analysis.

#### **4.7.2 Loan Repayment Mode**

Loan which is provided by CBB to the client should be paid monthly basis. Member should pay monthly installment with interest. Members have no chance to pay only interest. This is why chance of bad debt is getting low. Rate of interest differ according to the program or business of loany.

**Table:4.7**

### Loan Interest Rate

Business/Program	Rate of Interest (%)	Service Charge (%)
Agricultural Production	20.0	2.0
Poultry farming	20.0	2.0
Retail shops	20.0	2.0
Livestock	20.0	2.0
Service business	20.0	2.0
Alternative energy	14.0	2.0

Source : Annual Report of CBB.

The above table shows rate of interest of alternative energy is lower than others business and service charge of all business is equal.

#### 4.7.3 Interest on Deposit

Chhimek Bikas Bank has opened various saving schemes to its clients and gives different interest rate to different saving schemes. The main saving schemes and their interest rate are as follows:

**Table: 4.8**  
**Saving Schemes and Interest Rate**

Saving Schemes	Rate of Interest (%)	Client involved (%)
Monthly saving	8.0	100.0
Unit Fund	8.0	100.0
Disaster Saving	8.0	88.0
Optional Saving	8.0	100.0
Pension saving (at least 9 year up to 14 years)	16.0	56.0

Source: Field Survey-2010

Interest rate of pension saving scheme is higher than other. Client involvement percentage is very low in pension saving and in other saving program participation is 100% except disaster saving scheme.

#### 4.8 Economical Status of Women

Economical level of women is different in every society. Some are very rich, some are very poor and some are middle class. In this research study, the category of women are classified on the basis of women's response, field observation, asking

questionnaire, observing their economic condition etc. Women who have few source of income less than Rs. 500 per month and no sufficient land for agricultural production, means agricultural production is insufficient for family survival are categorized as poor women. Women who have little land to cultivate crops and monthly income around Rs. 2000 are categorized as middle class women. Women who have monthly income around Rs. 5000, RCC home & enough land for cultivation are categorized as rich women. The field survey shows the following level of CBB women in Lekhnath. But from survey the numbers of women who are rich are not found. Following table shows the status of women in field survey.

**Table : 4.9**  
**Economic Category of Women**

S.N.	Description	No. of women	Percentage (%)
1.	Poor	12	24.0
2.	Middle	38	76.0
3.	Rich	-	-
	Total	50	100%

*Source: Field Survey, 2010*

Table 4.9 shows the number and percentage of women which have different economic status. Out of 50 sample women 12 women are poor and 38 women are middle class. But no women are found rich in sample survey. Similarly, the percentage of poor women is 24%, women who are middle class are 76% . So the category of women who are middle class are higher.

Bar diagram shows the out of 50, 38 sample women are in middle class and 12 are poor in economic condition. To alleviate the poverty some special program should bring targeting them.

#### **4.9 Program Needed to Uplift the Livelihood of Poor Women**

There are some programs which are needed to uplift the livelihood of poor women. The following table 4.10 shows the different facilities needed for poor women for their better economical progress. In other word, voice of women by means of questionnaires are collected as below.

**Table: 4.10**  
**Program Demanded by the Respondents**

S.N.	Demand of Women	No. of women	Percentage (%)
1.	Low interest rate	22	44.0
2.	More loan amount	5	10.0
3.	Long repayment time	5	10.0
4	Free Entrepreneurship Training	18	36.0
	Total	50	100%

*Source: Field Survey, 2010*

Table 4.10 shows the number and percentage of women who have needed different facilities from CBB to uplift their livelihood. Out of 50 sample women, there are 20 women who prefer low interest rate, 5 women prefer to have more loan amount, 5 women prefer to have free entrepreneurship training. Similarly, the percentage of women who prefer low interest rate is 44% and free entrepreneurship training 36%. So women who prefer to have low interest rate is more. The above table 4.10 can be shown in graphical figure.



#### 4.9.1 Education Level

Education is the baseline of development for each nation. Education gives new knowledge and idea to the people which helps to create and use the suitable technology for every field of development. Educational status of the sample women are as follows:

**Table: 4.11**  
**Education Status**

S.N.	Level of Education	No. of women	Percentage(%)
1.	Literate only	7	14.0
2.	Under SLC	35	70.0
3.	SLC	5	10.0
4	Above SLC	3	6.0
	Total	50	100%

*Source: Field Survey, 2010*

The figure shows the education status of the participating women the majority of the clients are under SLC.

CBB is helping all level of women in the field of awareness, economic development, social participation and other activities. The above table can be presented in a circular diagram i.e

#### 4.9.2 Ethnic Group

Generally upper cast (Brahmin & Kshetry), Janajati (Magar, Newar, Bhujel, Lama, Gurung), and Lower cast (Sunar, B.K. Nepali, Kami) are found in field survey. The cast status can be shown as follows:

**Table : 4.12**  
**Ethnic Group of Sample**

S.N.	Ethnic	No. of member	Percentage (%)
1.	Upper cast	22	44.0
2.	Middle cast/Janajati	23	46.0
3.	Lower cast	5	10.0
	Total	50	100%

*Source: Field Survey, 2010*

By the table it can be said that middle cast people or janajati are highly participated with CBB programs. Similarly, 10% lower cast people & 44% upper cast people are also involved in the program. It has proved that CBB gives the equal priority to all ethnic groups hence all ethnic groups are benefited from the CBB program.\

#### **4.10 Improvement in Living Standard Due to CBB**

The following table shows the improvement in living standard of women after joining with CBB programs.

**Table: 4.13**

##### **Response of Improvement in Living Standard**

<b>S.N.</b>	<b>Response of Women</b>	<b>No. of Members</b>	<b>Percentage (%)</b>
1.	Same as before	11	22.0
2.	Improved than before	39	78.0
	Total	50	100%

*Source: Field Survey, 2010*

The table shows the contribution of CBB to uplift the women life standard in Lekhnath Municipality. In totality 78% of women said that their life standard and economical status has changed or improved after entering into CBB program. But 22% said that they have constant life standard as before. It can be presented in Pie chart as follows:

## **4.11 Findings of the Study**

The main finding of the study are classified into two categories i.e. findings of the overall study and findings of the sample study.

### **4.11.1 Major Finding of the Study**

The major findings of the overall study of Chhimek Bikas Bank can be listed as follow:

- ) Chhimek Bikas Bank is a strong microfinance institution in Nepal.
- ) CBB has been working in Lekhnath Municipality since 2060 Jestha 1, and it has been facilitating the women in areas of agricultural production, agricultural product business, Livestock (buffalo, cow, goat, pig keeping), poultry farming, retail shop, service business etc.
- ) The total saving of fiscal year 2062/063 is Rs. 1,435,800 and in last fiscal year 2066/067 (Upto Jestha) is increased Rs. to 499111 savings are in increasing trend.
- ) CBB provides 5 types of saving schemes. They are Monthly saving, Unit fund saving, Distar saving, Optional saving & Pension saving.
- ) All most all clients are involved in all saving schemes except Pension saving.
- ) The saving funds are fully utilized. It has invested in different sectors. CBB gives 8% interest for saving but it gives 16% interest rate per annum for pension saving. It provides loan at 20% interest rate per annum to its client. So, it has 12% spread rate.
- ) CBB, Talchowk Branch has been launching its programs in 14 wards and it is providing services for 1613 women in Lekhnath municipality.
- ) The main areas of the lending are agricultural sector, including livestock, retail business, service business and alternative energy. Loan amount is in upward trend. For example in F.Y 2062/063 total investment was Rs. 8,081,551 and in F.Y. 2066/067 is Rs. 19,500,773.
- ) Recovery rate of CBB is fully effective more than 90% return rate has found. The outstanding of previous year has recovered within coming fiscal year.

- ) From lending perspective, most of the women prefer poultry farming and other agricultural business activities due to high rate of return.
- ) The overall performance of CBB program is found to uplift the women's socio-economic status. The living standard of participate women is improved after entering the CBB program.
- ) CBB has been giving the full attention to do house hold survey, target group indentification, group formulation, loan disbursement, repayment, saving and its mobilization.

#### **4.11.2 Major Findings of the Field Survey**

The major findings of the study of sample women could be addressed as follows:

- ) Hundred percentage of sample women are involved in monthly saving, unit fund saving, disaster and optional saving. But in pension saving involvement is 56 percentage only.
- ) Poultry farming, goat-keeping, retail business, vegetable farming are the main job of women which are done by taking loan from CBB.
- ) Participants repay the monthly installment of loan with interest every month at least one day before the unit meeting. Clients manage the repayment amount form their business with out any delay.
- ) The borrower's are not allowed to pay interest only. So they must pay monthly installment with interest.
- ) 86% women have taken loan to do their business and 14% have just taken part in saving scheme only.
- ) All the members are tied with 'iron-discipline'. So more than 90% attendance can be found in each unit meeting.
- ) CBB is serving to 76% middle class and 24% poor women from economical point of view.
- ) 44% client prefer to reduce the interest rate of the loan (now interest rate is 20%), 10% client want more loan amount, 10% want long repayment time and 36% request the free entrepreneurship training with CBB.
- ) 70% clients are under SLC, 10% have passed the SLC and only 6% clients have qualification above than SLC.

- ) CBB has been playing the vital role to uplift all kinds of community. 46% clients are from middle cast (janajati), 44% are from upper cast and 10% are from lower cast. CBB is popular in all cast and society of Lekhnath area.
- ) More than 78% clients have freely said that CBB have improved their economical status after entering the program. They agree that CBB is increasing the earning and saving power.

## CHAPTER - V

### SUMMARY, CONCLUSION AND RECOMMENDATION

Nepal is least developed country where more than 32% people are below the line of poverty. The extreme level of poverty and different geographic circumstances made the microfinance services to the poor particularly Challenging. Due to patriarchal country, women in Nepal are significantly poorer than male, have little access to education and has less power to economical decision in the home. They have little saving power and few economic opportunities. Hence the microfinance is far better to uplift the women life standard in Nepalese society.

In Nepal, there exist two quite different sources of microfinance services, the informal or the non-institutional sources, and the formal or the institutional sources. The informal sources consists mainly of money lenders, landlords, traders, friends and relatives while the formal sources consists of banks such as Commercial Banks, ADB/N, SFDP, Small Farmer Co-operative Limited, PCRW, MCPW etc. This study is related to microfinance practices and its impact on women with reference to CBB under Lekhnath Municipality, Kaski.

#### 5.1 Summary

Since rural poverty is the main barrier for the development of a nation, microfinance programs are the back-bone of poverty alleviation. Kaski, a hilly district, has two municipality, they are: Lekhnath Municipality and Pokhara Sub-metropolitan. Lekhnath Municipality was established in 2053 B.S. which has 15 wards. Inside the municipality there are seven lakes. Hence it is known as 'Garden City of Seven Lakes' women of this municipality are unprivileged and low socio-economical status. To reduce this poverty and make women self-dependent, economically strong various microfinance, institution are working here. Chhimek Bikas Bank is one of them.

A strong microfinance institute, Chhimek Bikas Bank Limited, was established in 2058 B.S. which 'head office' is in 'Hetauda', Makawanpur. And, 'branch office' Talchok was established in the 2060 Jestha 1. The general objectives of

the study is to know the impact of microfinance on women under Chhimek Bikas Bank Limited in Lekhnath Municipality, Kaski. This research work will be useful to the researcher of microfinance, any investors, scholars, policy maker and to CBB also.

Under the literature review, the theoretical and research reviews have been submitted. Several articles, thesis, dissertation are used to conduct this research work.

Both primary and secondary data are used in this research work. Most of data are collected from field survey they are treated as primary data. Similarly 'Annual Reports' of CBB, Unit supervision profile from 'Branch Office' Talchowk, online visit are the sources of secondary data.

Chapter four is related with data presentation and analysis. The summary of the findings are:

- ) CBB provides 5 types of saving account to its valuable clients. Among them highest saving amount is in optional saving and lowest saving amount is in unit fund saving in last five fiscal year.
- ) 100% clients are involved in Monthly saving, Disaster saving, Unit fund saving and 68% clients are involved in Pension saving.
- ) The main sectors of saving by women are agricultural production, poultry farming, retail business & service business. Majority of women are engaged in poultry farming.
- ) 86% women of CBB have taken loan for business purpose and 14% clients are involved only in saving scheme.
- ) 44% clients or loany want to reduce the interest rate of the loan. Because rate of interest is 20%.
- ) 70% clients are under SLC, and only 6% members have qualification above than SLC.
- ) CBB has been supporting the poor and deprived women to improve their economical condition. Study has proved that 78% clients are infavour of this statement.

## **5.2 Conclusion**

Chhimek Bikas Bank is a practical model microfinance institution of Nepal, which has been working in microfinance field since 2058 B.S. Now market price of share is more than 500 which par value is just Rs. 100. The program of CBB aim to

raise socio-economic status of women to empower them and uplift them from vulnerable status to the prestigious entrepreneur & self-standing member of the society.

Chhimek Bikas Bank, Lekhnath Branch is a women participating microfinance institution. It has been launching various saving and lending programs focusing to the marginalized poor women. Basically it provides loan for agricultural production; retail shop, service business at 20% interest rate. Similarly, it accepts the deposit of the clients as 'saving' in 8% interest rate. A new saving scheme called 'Pension saving' has opened since 2063/064 for those members who want to save their monthly saving for pension program. For this purpose at least Rs. 50 up to Rs. 200 per month client should collect in their pension accounts.

Group decision is the most important factor at the time of disbursement of loan. CBB decide the loan amount, repayment time according to group decision.

Loan recovery condition is highly satisfactory. No any loan amount has changed into bad debt yet. Hence the recovery rate is sound which is more than 90% in an average.

There is no cast burden and no economic status varies to enter the CBB program. So CBB has been providing its valuable services to all kinds of cast like upper cast, middle cast & lower cast, very poor, poor & middle class women.

Most of business which is running by taking loan from CBB, are found satisfactory. Research has proved that 78% women have improved their economic condition after entering the CBB program.

The overall study shows the program has made the positive impact on women living standard by generating employment and increasing productivity. Most of the sample women are under farmer category, so vegetable farming, poultry farming, livestock (buffalo, goat, pig etc) are the main sources of income of CBB members.

CBB has shown significant contribution on women empowerment, decision making capacity, high level of confidence and awareness in social issues are noticeable.



### 5.3 Recommendation

The study has been found that Chhimek Bikas Bank is an effective and powerful tool for empowering women, raising their social and economic status, developing micro enterprises and alleviating poverty. On the basis of findings and conclusion of the study following recommendations may be useful for the best performance of CBB programs.

- ) Spread rate (different between the interest rate of lending and deposit) is very high. Which discourage the client, So, it should better to reduce the interest rate gradually to uplift the poorest of the poor.
- ) Better to provide the entrepreneurship training to the client. So, that they could run the business effectively. Vegetable farming, poultry farming, service business may need the technical support of the technical manpower. Such type of technical support should be given to related clients. Which build their strong skill and capacity.
- ) Monitoring of the program is essential to know how the client doing the business? Whether the loan amount properly use or not? It should have follow-up. It does not only control the miss-use of loan also control failure of the project.
- ) Priority should be given to very poor women also who have not involved in CBB programs now by delivering the awareness programs.
- ) Awareness programs about health, education and other sanitation events should be introduced.
- ) Entrepreneurship should be developed on women by means of appropriate training. Skill oriented training need should be focused.
- ) Productive investment should be more emphasized, which may promote the capability of loan recovery and repayment in time and generates employment opportunity as well as utilization of local resources.
- ) CBB staffs are very energetic, honest, dutiful, competitive, efficient & capable. But existing manpower are not sufficient. Hence, number of employee should be increased because more workload may decrease the efficiency of the staff.

- ) It is better to arrange the clients to visit similar other successful projects. So that they might be able to gain practical experience knowledge from other's experience.
- ) The limit of microfinance loan should be increased as per the changing need of the clients.
- ) NRB need to review the policies of MFIs and need to provide permission of collecting deposit MFIs from non members.

## BIBLIOGRAPHY

### BOOKS:

- Asian Development Bank. (2000). *Finance for the Poor: Microfinance Development Strategy*. Manila: ADB.
- Asian Development Bank. (2000). *The Role of Central Banks in Microfinance in Asia and the Pacific*. Manila: ADB.
- Asian Development Bank. (1999). *Women in Nepal*. Kathmandu: ADB.
- Bashyal, R. (2008). *Microfinance: Access to Finance for Nepali Rural Poor*. Kathmandu: Institute for Integrated Development Studies (IIDS).
- Institute for Integrated Development Studies. (1997). *Improving Accesses of Women to Formal Credit Facilities in Nepal*. Kathmandu: IIDS.
- Lekhnath Municipality. (2064). *Socio Economic Status of Lekhnath Municipality*, Talchowk, Kaski.
- Pant, P.R. and Wolf, Howard K (2005). *Social Science Research ad Thesis writing (4<sup>th</sup> ed.)* Kathmandu: Buddha Academic Publisher and Distributors Pvt. Ltd.
- Sharma, P.R. (2064). *Research Methodology with SPSS*. Pokhara: Research Scholars, Department of Sociology PN Campus.
- Tiwari, Indra P. (1998), *Employment Creation and Income Generation in Rural Regions*: Centre for Rural and Urban Studies and Transfiguration, Lekhnath, Nepal.

### JOURNALS:

- Baral, K.J. (2004). *Microfinance: Good Portfolio and Management of Delinquency*. Banijya Sansar, 11:50-56.
- Pradhan, K.K. (2005). *Microfinance Practices and Regulatory Environment in Nepal*. Agricultural Credit, 38:11-25.
- Sharma, P.R. (2004) *Microfinance: A Powerful Tool for Social Transformation, Its challenges, and Principles*. The Journal of Nepalese Business Studies, I(1): 69-74.
- Sharma, P.R. (2006). *Microfinance and Its Service Development-Challenges and Opportunity in Nepal*. Banijya Sansar, 12:44-49.
- Sharma, P.R. (2007), *Microfinance and Women Empowerment*. The Journal of Nepalese Business Studies, IV (1): 16-27.
- Sharma, P.R. (2005). *Millennium Development Goals and International Year of*

*Microfinance 2005 in Nepal*. The Journal of Nepalese Business Studies, II (1): 87-94.

Sharma, P.R. (2009). *Microfinance Contribution on Poverty Reduction: An overview*. The Journal of Nepalese Business Studies, IX (1):23–37.

Shrestha, M. (2006). *Grameen Bikas Bank in Nepal: An Appraisal*. Agricultural Credit, 39: 49-53.

#### **NEWSPAPER:**

) Gorkhapatra Daily (2010, June 24)

) Gorkhapatra Daily (2010, July 6)

#### **DISSERTATIONS:**

) Acharya, Gita (2007). *Impact of Microfinance: A Case Study of Micro credit Program for Women in Bhadaure Tamagi VDC Kaski*. Master's Thesis, Prithivi Narayan Campus, Tribhuvan University.

) Baral, Shiva Dutta (2008). *Micro credit Project for Women: A Case Study of Prithvi Narayan Municipality in Gorkha District*. Master's Thesis, Prithivi Narayan Campus, Tribhuvan University.

) Khadka, Tej Bahadur (1998). *Micro credit Project for Women in Nepal: A Case Study of Pokhara Sub-metropolitan City*. Master's Thesis, Prithivi Narayan Campus, Tribhuvan University.

) Lekhak, B.P.(2004). *Microfinance in Nepal and The Case Study of SFCL Anandavan Rupendahi, ADB/N*: Master's Thesis, Shankardev Campus, Tribhuvan University.

) Thapa, Dol Bahadur (2008). *Impact of Microfinance of Women: A Case Study of Putalibazaar Municipality, Syanga, Under Grammen Bikas Bank*. . Master's Thesis, Prithivi Narayan Campus, Tribhuvan University.

#### **OTHER REFERENES:**

) Annual Report of Chhimek Bikas Bank, Hetaunda, Makawanpur

4th 2061/062

5th 2062/063

6th 2063/064

7th 2064/065

8th 2065/066

## APPENDIX - I

### k|ZgfjnL

साततालको बगैँचा शहर लेखनाथ न.पा. वडा नं. १, नौबिसे निवासी म ठाकुरप्रसाद घिमिरेले आफ्नो स्नातकोत्तर तह (MBS) को Thesis (शोधपत्र) तयार गर्ने क्रममा तपाईं समक्ष लघुवित्त सम्बन्धी जानकारी लिने उद्देश्यले यो प्रश्नावली प्रस्तुत गरेको छु । प्राप्त भएका जानकारी, सुझाव, सल्लाह नितान्त गोप्य राखिनेछन् । संकलित तथ्यांकहरु अनुसन्धानको प्रयोजन बाहेक अन्यत्र प्रयोग गरिने छैन । मलाई पूर्ण विश्वास छ, तपाईंहरुले प्रश्नावलीमा उल्लेखित प्रश्नहरुको उपयुक्त उत्तर दिइ मेरो Research (अनुसन्धान) कार्यमा उल्लेख्य सहयोग गर्नु हुनेछ । सहयोग र सद्भावका लागि लागि हार्दिक धन्यवाद ।

#### MICROFINANCE PRACTICES & IT'S IMPACT ON WOMEN

##### A Case Study of Chhimek Bikas Bank Limited

##### In Lekhnath Municipality, Kaski

gfd, y/M

=====

===== pd]/M=====

7]ufgfM n]=g=kf j8f g+= =====

6f]nM=====

o'lg6 gDa/÷gfd M

=====

z}lfs of]UotfM=====

kl/jf/ ;b:o ;+VofM=====

१. तपाईंको पेशा के हो ?  
क) कृषि                      ख) स्वरोजगार  
ख) गृहिणी                    घ) शिक्षक/कर्मचारी    ड) बेरोजगार
२. तपाईं आफूलाई कुन वर्गको महिला ठान्नुहुन्छ ?  
क) अति गरिब    ख) गरिब    ग) मध्यम    घ) धनी
३. छिमेक समूह बाहेक अन्य आयमूलक समुहमा पनि संलग्न हुनुहुन्छ ? भए कुन संस्थाको कुन कार्यक्रममा ?

- क) छु अ) संस्था..... आ) कार्यक्रम..... ख) छैन
४. तपाईंले छिमेक विकास बैंकसँग कारोबार गरेको कति वर्ष भयो ?  
.....
५. कुन कुन बचत योजनामा सहभागी हुनुहुन्छ ?  
क) मासिक बचत ख) पेन्सन बचत ग) दैवी प्रकोप बचत  
घ) स्वेच्छिक बचत ड) युनिट कोष
६. कति रकम बचत गर्नु भएको छ ?(अन्दाजी)  
क) मासिक बचत..... ख) दैवी प्रकोप बचत :.....  
ग) मासिक पेन्सन बचत ..... घ) स्वेच्छिक बचत .....  
ड) युनिट कोष ..... च) अन्य.....
७. बचत संकलनका लागि आवश्यक रकम कसरी जुटाउनु हुन्छ ?  
क) ऋण खोजेर ख) व्यवसायबाट आएको नाफाबाट  
ग) अन्य आय आर्जनबाट
८. तपाईं समूहमा आवद्ध हुनु अघि र पछिको मासिक आमदानी कस्तो छ ?  
क) हुनु अघि (करिब)..... ख) भएपछि (करिब).....
९. तपाईंले छिमेक विकास बैंकसँग ऋण लिनु भएको छ ?  
क) छ ख) छैन
१०. ऋण लिएको भए कति रकम ऋण लिनु भएको छ ?  
.....
११. कुन उद्देश्य (काम) का लागि ऋण लिनु भएको हो ?  
क) व्यापार (किराना पसल) ख) तरकारी खेती  
ग) भैंसी पालन घ) गाई पालन  
ड) पशु व्यापार च) कुखुरापालन  
छ) सिलाई कार्य ज) अन्य भए .....
१२. ऋण लिएर गरेको व्यवसाय कस्तो छ ?  
क) राम्रो छैन ख) ठिकै छ ग) अत्यन्त सन्तोषजनक छ ।
१३. ऋण बाहेक प्राविधिक सहयोग पनि पाउनु भएको छ ?  
क) छ ख) छैन
१४. व्यावसायबाट प्राप्त भएको नाफाबाट के गर्नु हुन्छ ?  
क) बैंकको ऋण मात्र तिर्छु । ख) छोराछोरी पढाउँछु ।  
ग) अन्य व्यवसायमा लगानी गर्छु । घ) घरखर्च गर्छु र केही बैंकमा तिर्छु ।
१५. छिमेक विकास बैंकसँग सम्बद्ध भएपछि तपाईंको आर्थिक अवस्था कस्तो छ ?  
क) कमजोर छ ख) ठिकै छ ग) पहिलाको भन्दा सुधार भएको छ
१६. तपाईंले आफ्नो कमाइबाट घरमा गरेका उल्लेख्य काम के के हुन् ?



२८. बैकबाट ऋण प्राप्त गर्ने प्रक्रिया कतिको अष्टयारो छ ?  
क) ज्यादै अष्टयारो छ      ख) धेरै अष्टयारो छैन  
ग) ज्यादै सजिलो छ ।
२९. बैकसँगको सम्बद्धता छोडन चाहनुहुन्छ ? चाहनुको कारण ?  
क) चाहन्छु ..... ख) चाहन्न
३०. बैकबाट हाल भैरहेका वस्तु/सेवामा सुधारको अपेक्षा राख्नु भएको छ ?  
क) छ ..... ख) छैन

*धन्यवाद ।*





- ग) घ)  
ड) च)

५. ऋणको किस्ता र व्याज समयमा नै फिर्ता भएको छ ?  
क) छ ख) छैन
६. यस बैंकबाट कति महिला सदस्यहरु लाभान्वित भएका छन् ?  
.....
७. यस बैंकले महिलाको कुन कुन पक्षको उन्नति गराएको छ ?  
क) आर्थिक पक्ष ख) शिक्षा / जनचेतना  
ग) घरेलु सरसफाइ घ) नेतृत्व विकास  
ड) अन्य भए .....
८. ऋण प्रदान गर्ने आधारहरु के हुन् ?  
क) समूह जमानी ख) धितो ग) अन्य
९. समूह जमानीमा अधिकतम ऋण कति दिने गरिएको छ ?  
.....
१०. धितो जमानीमा दिइने अधिकतम ऋण कति हो ?  
.....
११. धितो मूल्यांकन कसले गर्दछ ?  
क) बैंक आफैले ख) अन्य कन्सल्टेन्सी मार्फत्
१२. ऋणको व्याजदर न्यूनतम र अधिकतम कति छ ?  
क) १०% भन्दा कम ख) १०-१३%  
ग) १४-१७% घ) १८% भन्दा माथि
१३. ऋण प्रदान गर्दा सेवा शुल्क (Service charge) लिने गरिन्छ ? कति ?  
क) लिने गरिन्छ ..... ख) लिइदैन
१४. बैंकको लक्ष्यित वर्ग कुन हो ?  
क) अति विपन्न ख) गरिब ग) मध्यम वर्ग  
घ) धनी ड) सबै वर्ग
१५. बैंकका कार्यक्रमहरु सफल/असफल के ठान्नु हुन्छ ?  
क) सफल ख) सुधार गर्नुपर्ने ग) असफल
१६. कार्यक्रम सफल हुनाका कारण के हुन् ?  
क) ख)  
ग) घ)
१७. असफलता भए त्यसलाई कसरी हटाउन सकिन्छ ?

- क) ख)  
ग) घ)

१८. शाखाहरूमध्ये यस शाखालाई कार्य सम्पादनका हिसाबले कस्तो पाउनु भएको छ ?

- क) ज्यादै राम्रो ख) राम्रो ग) सुधार गर्नुपर्ने

१९. लघुवित्तका राम्रा र नराम्रा पक्ष के हुन् ?

सकारात्मक

नकारात्मक

.....

.....

.....

.....

.....

.....

.....

.....

२०. बैंकले प्रवाह गरेको ऋण खराब कर्जामा परिणत भएको छ ? भए कति ?

- क) छ..... ख) छैन

२१. दिइएको ऋण उद्देश्य अनुरूप कति हदसम्म प्रयोग भएको पाउनु भएको छ ?

- क) शतप्रतिशत ख) पचहत्तर प्रतिशत  
ग) पचास प्रतिशत घ) पचास प्रतिशत भन्दा कम

२२. व्यवस्थापनका निम्न पक्षहरूमा तपाईंको मूल्यांकन कस्तो छ ? १-५ सम्म Rating गर्नुहोस् ।

क्र.सं.	क्षेत्र	राम्रो नराम्रो				
		१	२	३	४	५
१.	संचार					
२.	नेतृत्व					
३.	कार्यालय व्यवस्थापन					
४.	वित्तिय व्यवस्थापन					
५.	बचत संकलन					
६.	ऋण असुली					
७.	लघु विमा					
८.	कर्मचारी व्यवस्थापन					