Impact of Micro Finance Programme for Women Poverty Reduction of DCRDC on Baglung Municipality

By

#### Ishwori Prasad Sharma

Prithivi Narayan Campus

A Thesis Submitted to:

#### Prithvi Narayan campus

Faculty of Management, Tribhuvan University

In partial fulfillment of the requirements for the degree of

## Masters of Business Studies (M.B.S.)

Pokhara, Nepal

March, 2009

#### **Department of Management**

#### RECOMMENDATION

This is to certify that the thesis:

submitted by:

Ishwori Prasad Sharma

entitled

# Impact of Micro Finance Programme for Women Poverty Reduction of DCRDC on Baglung Municipality

has been prepared as approved by this Department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

Supervisor

Name: Amrit Lal Shrestha

Signature:

**Head of Department** 

Name: Dr. Puspa Raj Sharma

Signature:

Campus Chief

Signature:

Date: March ....., 2009

#### **Department of Management**

#### **VIVA VOCE SHEET**

We have conducted the Viva-Voce examination of the thesis presented

by:

Ishwori Prasad Sharma

entitled

# Impact of Micro Finance Programme for Women Poverty Reduction of DCRDC on Baglung Municipality

and found the thesis to be the original work of the student and written according to the prescribed format. We recommended the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S.)

Viva-Voce Committee

Chairperson, Research Committee: .....

Member (Thesis Supervisor): .....

Member (External Export): .....

Member: .....

Date: ....., 2009

#### ACKNOWLEDGEMENT

I wish to express deep gratitude and thanks to my esteemed supervisor Mr. Amrit Lal Shrestha, Associate professor of Privhivi Narayan Campus, Pokhara for providing his valuable time, remarkable support, kind co-operation able guidance, supervision and valuable suggestion till the completion of the dissertation.

I would also like to extend deep appreciation and to Dr. Puspa Raj Sharma Head of Research Department P.N. Campus for this invariable idea that escorted the project of this level.

I would like to give thanks to Mr. Ishwor Raj Bhandari and all the staffs of DCRDC, Baglung for providing me all necessary information and data for the study. Similarly, I thanks to Mr. Bhakta Bahadur Pariyar, Kanchan Computer Sewa, Newroad, Pokhara for providing type setting, printing and format of this dissertation.

Lastly I would like to extend special thanks to my admired friends Mr. Kamal Sharma, Yagya Nidhi Sharma and Miss Uma Devi Paudel for their remarkable help, co-operation kind support.

Ishwori Prasad Sharma

Date: March, 2009

### TABLE OF CONTENT

Cha	pter	Page
Viva	-Voce Sheet	i
Recommendation		
Acknowledgement		
Table of Content		
List a	of Table	vii
List a	of Figure	viii
Abbr	eviation	ix
CHA	APTER-ONE	1-7
INT	RODUCTION	
1.1	Background	1
1.2	Overview of Nepalese Economy	2
1.3	Importance of financial Institutions	3
1.4	Emergence of micro finance in the context of Nepal	3
1.5	Statement of the problem	4
1.6	Objectives of the study	5
1.7	Importance to the study	5
1.8	Limitation of the study	6
1.9	Organization of the study	7
CHA	APTER TWO	8-32
REV	IEW OF LITERATURE	
2.1	Introduction	8
2.2	Conceptual Review	8
	2.2.1 Micro finance concept.	8
	2.2.2 Definition of micro finance:	9
2.3	Micro finance and poverty Reduction:	10
2.4	"Reaching to poor and sustainable micro finance services"	13
2.5	Outreach of micro finance in Nepal:	14
2.6	The micro finance sector in Nepal.	16
	2.6.1 The Institutional Sector	16

	2.6.2 The Community Based Sector.	17		
2.7	Introduction of DCRDC	19		
	2.7.1. DCRDC Baglung	19		
	2.7.2 Goals of DCRDC	20		
	2.7.3 Objective of DCRDC	20		
	2.7.4 Guiding Principals of DCRDC	21		
	2.7.5 Partners/Funding Agencies of DCRDC	21		
2.8	Micro Finance Program of DCRDC Baglung	21		
2.9	9 Importance of the micro finance program in Nepal			
2.10	10 Review of related studies			
	2.10.1 Review of Major journals and articles	26		
	2.10.2 Review of Thesis / Dissertations	28		
СНА	PTER THREE	33-36		
RESI	EARCH METHODOLOGY			
3.1	Research design:	33		
3.2	Population and Sample:	33		
3.3	Nature and sources of data:	34		
3.4	Data collection procedures:	34		
	3.4.1 Personal Interview:	34		
	3.4.2 Questionnaire Survey:	34		
3.5	Method of Data Analysis	35		
	3.5.1 Statistical Tools	35		
СНА	PTER FOUR	37-61		
DAT	A PRESENTATION AND ANALYSIS			
4.1	Introduction	37		
	4.1.1 Loan Amount and No. of Borrower	37		
	4.1.2 Occupation and Income Level	38		
4.2	Change in income	40		
4.3	Status of women	43		
	4.3.1 Fooding facilities:	43		
	4.3.2 Sheltering pattern of the people	45		
4.4	Perception of User Group	47		
	4.4.1 Age Structure	47		

	4.4.2	Ethnic Group	48
	4.4.3	Education Level	50
4.5	Sustai	stainability of the Programme	
	4.5.1	Group Saving	52
	4.5.2	Situation of Regularity in Repayment of Loan	52
	4.5.3	Utilization of the Loan	54
	4.5.4	Regular Attendance on meeting	57
	4.5.5	Role of the women in Family	58
4.6	Major	findings of the Study	59
CHAF	PTER I	TVE	62-65
SUMN	MARY,	CONCLUSION AND RECOMMENDATION	
5.1	Summ	ary	62
5.2	Conclusion 6		63
5.3	Recommendation		64
	Bibliography		
	Annexes		

## LIST OF TABLE

Table		Page
Table No.1 & 2	Status of Major Micro-Finance Service Outreach	15
Table No. 3	Loan Amount and No. of Borrower	37
Table no. 4.	Occupation of Borrowers before Borrowing	39
Table No. 5	Occupation of Borrowers after Borrowing	40
Table No 6	Income of the member before and after	41
	borrowing loan from program	
Table No. 7	Fooding facility	43
Table No. 8	Sheltering Facility	45
Table No. 9	Distribution of the sampled women with respect in	47
	Age Group	
Table No. 10 D	Distribution of the sampled women with respect in	48
	Ethnic Group	
Table No. 11	Distribution of the sample women with respect to	50
	Education Level	
Table No. 12	Response on the Regularity situation of Loam Amount	53
Table No. 13	Loan Utilization schedule of the sample women	55
Table No. 14	Misuse the Loan	56

## LIST OF FIGURE

	Page No.
Loan Amount of the Borrowers	38
Occupation of Borrowers before Borrowing	39
Fooding Facility	44
Sheltering Facility	46
Distribution of the Sampled women with respect in	48
Age Group	
Distribution of the Sampled women with respect	49
in Ethnic Group	
Ethnic Group	49
Distribution of the Sampled women with respect	49
in Education Level	
Education Level	49
Response on the regularity situation of loan-re-payment	t 54
Utilization of Loan	56
Misuse the Loan	57
Regular Attendance on meeting	58
Role of the women in Family	58
	Occupation of Borrowers before Borrowing Fooding Facility Sheltering Facility Distribution of the Sampled women with respect in Age Group Distribution of the Sampled women with respect in Ethnic Group Ethnic Group Distribution of the Sampled women with respect in Education Level Education Level Response on the regularity situation of loan-re-paymen Utilization of Loan Misuse the Loan Regular Attendance on meeting

### **ABBREVIATION**

NGO	-	Non Government Organization
INGO	-	International Non Government Organization
NLSS	-	Nepal Living Standard Survey
MFP	-	Micro Finance Programme
PSCM	-	Priority Sector Credit Programme
SFDP	-	Small Farmer Development Programme
IRDP	-	Integrated Rural Development Programme
PCRW	-	Production Credit for Rural Women
PDDP	-	Participatory District Development Programme
MCPW	-	Micro Credit Project for Women
RMDC	-	Rural Micro Finance Development Center
DCRDC	-	Dhaulagiri Community Resource Development Center
UNICEF	-	United Nations International Children's Emergency Fund
NRB	-	Nepal Rastra Bank
UNO	-	United nation organization
GDP	-	gross domestic product
ADBN	-	Agriculture Development Bank of Nepal
SFCL	-	Small Farmer Co-operatives limited
GN	-	Government of Nepal
GRB	-	Grameen Bikas Bank
MFDB	-	Micro Finance Development Bank
SCCS	-	Saving and Credit Co-Operatives
MFIS	-	Micro Finance Institutions
RSRF	-	Rural Self Reliance Found
CB	-	Commercial Bank
DB	-	Development Bank
FINGO	-	Financial Intermediary Non-Government Organization
SCGS	-	Saving and Credit Groups
VDC	-	Village Development Committee
UNDP	-	United Nations Development Programme
ILO	-	International Labour Organization
MBS	-	Master of Business Studies
NEFEJ	-	Nepal Forum of Environment Journalist