

CHAPTER ONE

INTRODUCTION

1.1 Background

Nepal is one of the poorest countries in the world and the poorest in south Asia. Its poverty reduction rate is slow. The main reasons for this low poverty reduction rate are low per capita income, concentrated urban growth and high population growth rate. Most of the poor people live in rural areas and have very limited opportunities. Most of the people are farmers, who solely depend on agriculture.

Nepal is one of the developing countries in the world. Formal micro-finance emerged in Nepal in 1956 as co-operatives began to provide saving and credit services to their members. Recognizing the larger need for micro services, the government soon became actively involved in promoting the sector. Agriculture Development Bank of Nepal launched the Small Farmers Development Project, which was the first to introduce the concept of group guarantee as an alternative to physical collateral in Nepal. Rural based poverty alleviation programs were initiated through the SFDP on a pilot test basis in 1975 by the ADB/N. The success of the pilot test in Dhanusa and Nuwakot districts encouraged policy makers to expand formal rural based micro-finance programs. The SFDP is now being formed into several autonomous, self help organizations called Small Farmers Co-operatives Limited.

The Production Credit for Rural Women (PCRW) was initiated in 1982. PCRW is joint effort of Government office, Women Development Office and Commercial Banks. This is basically gender-based program. PCRW is running under the financial assistance of International Fund for Agriculture Development of NRB. Now this program is faceout although it is very popular among rural poor women. During the 1990s, the number of micro finance providers operating in the country dramatically increased as local NGOs

and micro-finance development banks entered the market. An array of micro-finance institutions, reports to the MIX, serving an impressive 42 million clients world wide in Nepal. Today, there are three major types of micro-finance institutions in Nepal: saving and credit co-operatives, NGOs and micro-finance development banks. As of July 2004, Nepal has many saving and credit co-operatives. Nineteen of these institutions received approval from Nepal Rastra Bank to provide financial services beyond credit and savings, but only to members. In addition to co-operatives, many of NGOs are operating in the micro-finance sector. Rather than provide direct financial services, these institutions facilitate the formation of small groups that generate internal resources through member saving and use the funds to make loans to members. A small set of NGOs, forty-seven in all, are registered as financial intermediary NGOs and provide direct micro-finance services to clients. Twenty two development banks currently operate in Nepal, and eleven focus exclusively on micro-finance services. Within these eleven, two provides wholesale lending to MFIs and nine provide retail services. In the retail micro-finance development banks, five were promoted by the government in each one of the development regions in Nepal, while the remaining four were promoted by private individuals or institutions. Five Grameen Bikas Bank, Nirdhan Utthan Bank, Swabalamban Bikas Bank, Chhimek Bikas Bank, Rural Micro-finance Development Center, Sana Kisan Vikas Banks, Development Banks and some Co-operatives institutions are mainly focusing on micro-finance program in Nepal.

In Nepal there are wide ranges of institutions active in this sector. But four major types of micro institutions in Nepal; saving and credit co-operatives, NGOs, INGOs and micro-finance development banks. Each has its own way of going about the task of making financial services accessible to the poor. Micro finance programs in Nepal have different modalities. Some are community based such as saving and credit co-operative,

some are sector based such as priority sector program that includes an agriculture, cottage and small industries and services are implemented through the commercial Banks. All micro-finance institutions in Nepal provide credit and two types of saving services - mandatory and voluntary savings. Mandatory savings are collected as a condition for membership or access to credits. Government., NGOs, INGOs, private sector, co-operative, Development Banks, small group programs have been taken as effective tools for balanced developed. Intensive Banking program introduced by NRB focuses on a particular area for its uplifting women or small farmer. SFDP was established by ADB. The program focuses on poor people. Rural Development Bank is one of the micro-finance institution banks in Nepal. RDB focused on small framer and women. In the same way, such micro finance program has made it possible for rural and small framer to have access and control over income.

Micro Finance Program in Nepal

- I. Intensive Banking Program (INB)
- II. Saving and Credit Cooperatives
- III. Small Framer's Development Programs (SFDF)
- IV. Production Credit for Rural Woman (PCRW)
- V. Micro Credit Project for Women (MCPW)
- VI. Rural self-reliance Fund (RSRF)
- VII. Women Awareness and Income Generation Program
- VIII. Rural Development Bank
- IX. Government and Non-government sectors

All micro-finance institutions in Nepal provide credit and two types of saving services mandatory and voluntary savings. Mandatory savings are collected as a condition for membership or access to credit. Most micro-finance development banks offer between

four and ten standardized loan products whereby clients move from cycle to cycle with increased loan amounts in every subsequent cycle. In the case of co-operatives and financial intermediary NGOs, the practice is needed to start from smaller loans and move on to higher amounts, but loan products are generally not standardized. Micro-finance development banks and co-operatives have recently introduced micro insurance services, and a handful of micro-finance institutions have started providing money transfer services as well.

The model of service delivery employed differs from region to region. In the plain, low-land area, where population density is high, Grameen methodology and group loans are dominant. In remote hilly areas, self help groups and individual loans become more prevalent. To obtain individual loans, clients are sometimes required to provide physical collateral or a guarantor.

Nepal's main focus has been to alleviate poverty from its first Five Years periodic Plan. But it has not been able to achieve its target completely. In the Tenth Five Years Plan (2059-2064) which is in operation and is in the verge of completion, the sole objective is poverty reduction from 38 to 30 percent. But it has not been able to achieve it because of the following reasons were deals by Mr. Basnet on his article 'Over view of Planning in Nepal'.

- Unequal wealth distribution
- Geographical problem
- Lack of unity and co-operation
- Lack of awareness
- Unnecessary plan program
- Lack of implication of program
- Weakness of government administration

- Lack of investment
- Lack of capital formation
- Weaknesses of government administration

Poverty alleviation is possible only when the above problems are solved. In this aspect, Micro- Financing has appeared as a powerful means to solve the above mentioned problems. Only Micro financing activities can take the country forward and slowly get successful results. Micro finance helps very poor people like small businessman, farmers and the people having low economic status in other sectors. It helps the poor people who have desire to do some business activities by which they can acquire employment as well as income. Hence, micro finance programs are seen as a poor and rural based program. The success of Micro-Finance in Bangladesh can be taken as an example. Bangladesh micro-finance program (Grameen model) is known a successful micro-finance program in the world. This program achieved their target to reduce poverty from Bangladesh. This model was developed by Mohanmmad Yunus, who won Nobel Peace Prize 2006.

Micro-finance has evolved as an economic development approach that intends to benefit low income groups. The term refers to the provision of financial services to low income clients, including the self- employed. Financial services generally include saving and credit. And some micro finance organizations also provide insurance as payment services.

- It is a system of grass root development finance
- It deals with the poor people, low income group, the asset less, the marginalized, the exploited and the desperate
- It provides small loans to meet their diverse needs with simple procedure in homely atmosphere.

- It takes small and petty savings for safe keeping to meet their lump-sum requirement in future
- It offers other financial services such as micro insurance.

Micro Finance Programs at Palpa District

Palpa is a beautiful and popular district of Western Development Region. It has 65 VDCs and one Municipality. It has Nawalparasi in the east, Argakhachi in the west, Rupandehi in the south and Syangja & Tanahu in the North.

National Population Census Report 2001 shows that, the total population of Palpa District is 246,579. Out of which 130,687 are female and 115,891 are male. Total number of house hold is 30,822. The major ethnic groups of the district are Newar, Mager, Brahmin, Cheettri, Kami, Damai, Sarki, Bhujel. Main occupation of the people is farming, business, service, production, teaching, administrative a clerical related jobs.

This district is economically backward; thus their living standard is trying to be uplift, by running various programs through different organization. Among those organization's programs, micro-finance is one of the effective program. Micro-finance program helps to develop the financial activity in the country. The objective of MFP is saving and easy access to credit without collateral to rural poor people. The deprived sections of the society specially the women from rural poor households for undertaking income generating activities and help reduce the level of poverty among the rural households through the micro-finance programs.

Four institutions are popular in micro-finance programs in Palpa. Two of them are launched by co-operatives and rest two by development banks.

Rara Saving and Credit Co-operative was established in 2054 B. S. and launched micro-finance programs since 2057. It covers 2,669 populations of Tansen Municipality, which have 342 members and 19 MIFs Center, which is in increasing trend. Another Co-

operative (Darkness Eradicate Saving and Credit Co-operative) was established in 2056 B. S. and started micro-finance programs since 2058. It covers 1348 population of near VDC of Rampur with 229 members. It lunched its programs from 16 MIFs Centre.

Two Development Banks, Western Rural Development and Nirdhan Utthan Development Bank have lunched micro-finance programs from their branch. Nirdhan Utthan has only one branch at Arybhanjang. It covers 1826 population of 233 members by 24 centers. Another popular bank, Western Development Bank has launched micro-finance programs from its all three branches. Tansen Branch has 3642 population of 421 members by 27 MIFs Center. It covers Tansen Municipally. Harthok branch cover 2311 people of western part of Palpa district. It has 332 members of 24 centers. Rampur branch also have this programs with 1867 population of 289 members. It lunched programs by 18 micro-finance centre.

Micro finance programs provide a maximum of Rs. 30 thousand per client of member group. This program is successful in mobilizing women for their employment and empowerment. This program is successful in mobilizing women for their employment and upliftment. This program is very effective in this area. So, its economic impact is positively growing and improving. Clients are taking advantage from its programs. So, this research deals with this program and tries to find out its economic impact on client.

1.2 Statement of the Problem

There are various constraints of the micro-finance program to achieve its objective and development goals. The focus of micro-finance program is for ultra poor to improve their sustainable economic condition. Converting the labor mind into business mind is difficult task. Utilization of loan is not easy in the beginning. If the loan is not utilized in proposed works, it will become a burden in future.

Women of Nepal are suffering more than men due to complex social cultural, traditional, geographical and economic characteristics. They lack access to health education and economic characteristics. Nepalese women are underprivileged and disadvantaged in terms of their socio-economic status in comparison to their male counterparts.

The contribution of women in agriculture production is 60.5%, which is not considered as productive economy. There is vast discrimination of wage between male and women. Since the long time, women have been suppressed by the male dominating society in every aspect.

Palpali women are also suffering more than men due to complex social, cultural, traditional, geographical and economic characteristics. Women are underprivileged and disadvantaged in terms of their socio-economic status in comparison to their male counterparts. They have greater household responsibilities than men. They are not only concentrated in internal activities. They have earned for the increasing demand of their husband and society in a community with a low income, least saving capacity and insufficient capital formation. Therefore, it is realized that a wide range of plan and program should be implemented to uplift rural poor women of Palpa.

This reality clearly desires the utmost need of effective programs to uplift the economic status of rural women economically. Active participation of women can only give momentum in all types of poverty reduction plan.

Different micro-finance programs are focused on women and small farmers. So, micro-finance is one effective tool in improving women status. It is therefore, expected that overall household welfare is likely to be higher when micro-finance is provided to women rather than men. In Palpa district different institutions launch their micro-finance programs. Different studies show that welfare impacts on the household are significantly

better when borrower are women. Women are thought to make better borrowers than men, timely repayment of loans is more likely to take place when women borrow. Considering the factors, present study aimed to assess the role of micro-finance in palpa district. They face different type of problems. So, this research paper deals with the following issues.

1. Who are benefited from micro-finance?
2. What is economic impact of Micro-finance after its inception?
3. Is the program effective or not in the context of poverty alleviation and improving the overall status of women or small farmers?

1.3 Objectives of the Study

Micro-finance is emerging concept of Nepal. The value of micro-finance in Nepal is increasing day by day. The main objective of the study is to make inquiry into the micro finance program of Palpa. The objectives of the study are as follows:

- To find the economic impact of micro-finance in uplifting the economic condition of women and small farmers in Palpa.
- To find who participate in micro-finance.
- To analyze the change in socio- economic and education condition of the rural people especially women before and after participating in programs of Co-operative.

1.4 Rational of the Study

Poverty is today's main problem. Every country is facing this problem. Nepal is also facing this problem. 31% people are under poverty line in Nepal. So, poverty is the main challenge for the Nepal. Without reducing poverty, Nepal cannot be developed. Nepalese government and other sectors are trying to solve this problem. Micro –finance is one of the sources which help reduce the poverty and develop the rural area of Nepal.

With the help of micro-finance, Nepal can achieve poverty alleviation. Poverty alleviation helps rural development, improves the life standard and also uplifts socio economic status of people in the society.

Micro-finance makes people literate by providing different trainings and conducting different programs. This study is important in Nepal because the government has initiated micro-credit through the government agencies and organized group of women who are providing commercial credit. Micro finance is now a proven strategy for the economic upliftment of poor women and small farmers.

This study is important in Nepal because the government has initiated micro credit programs through the government agencies organized groups of women but also like them are provided commercial credit. Micro-finance is now a proven strategy for reaching poor women. The micro Credit Summit Campaign, 2005 report that 14.2 million to the world's poorest women now have access to financial services.

This study is significant because for the first time, the government is promoting different development Banks and NGOs with the apex, organization like RMDC and co-operative institutions for promoting micro-finance program. This research tries to signify micro-finance in Nepal and how it helps to reduce poverty of country with the help of case study of micro finance program of Palpa. The following points will justify the significance of the study.

- How to reduce the poverty through micro-finance activities in Nepal?
- How to change the life standard of people in society through micro finance program?
- How are women or small farmer collecting and mobilizing rural saving through micro-financing activity?

- How do small women or small farmer improve their economic condition after micro finance programs?

1.5 Limitations of the Study

The study mainly focuses micro finance program in Palpa District. The limitations of the study are as follows:

This study has following limitations.

1. The study is mostly concerned about micro finance programs run by different institution focus to women and farmers.
2. The study covers only five years period since 2058 to 2063.
3. The study is for the partial fulfillment of master degree in business so time, cost are limits retrain the study.

1.6 Organization of the Study

The study is divided into 5 chapters,

First chapter Introduction, deals the general background, statement of problems, significance of the study, objectives of the study, limitations of the study and organization of the study.

Second chapter covers review of literature. It includes conceptual framework and review of related subject of economic impact of micro finance and its relations with poor people.

Research methodology is discussed in chapter 3, which include research design, population, and sampling, sources of data, analysis tool and methods.

In chapter 4, the data is presented and analyzed. This chapter also covers major findings of the study.

Summary, conclusion, and recommendation are included in chapter 5.

CHAPTER TWO

LITERATURE REVIEW

This chapter is based on the available reports, manuals, workshop proceedings, related website and studies on micro-finance programs and institutions undertaken nationally and globally. The mentioned literature focuses on the background of micro-finance, the significance of micro-finance in order to uplift economic condition and inter-relation between women and micro-finance.

Most of the poor lack access to basic financial services that would help them to manage their assets and generate income. Micro-finance comes as financial intermediation that reduces the costs and risk of lending to poor households. Micro-finance has captured the imagination of many people working to reduce poverty. Micro-finance is to be geared towards addressing economic empowerment and improvement of income or income generation of women. Present literature review also describes about women and small farmer's economic upliftment.

2.1 Conceptual Framework

Micro-finance has evolved as an economic development approach intended to benefit low-income women and small framers. The term refers to the provision of financial service to low-income clients, including the self employment. Financial services generally includes saving and credit, however, some micro-finance organizations also provide insurance and payment services. Many MFIs provide social intermediation services such as group formation, development of self-confidence and training in financial literacy management capabilities among members of a group. Thus the definition of micro finance often includes both financial intermediation and social intermediation. Micro finance is not banking, it is a development.

A micro-finance activity usually involves:

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

Some MFIs provide enterprise development services, such as skills training and marketing, and social services, such as literacy training and health care; these are not generally included in the definition of micro-finance. MFIs are non-government organizations (NGO), savings and loan co-operatives, credit unions, government banks, development banks, commercial banks or non banking financial institutions. Micro – finance clients are typically self-employed, low income entrepreneurs in both urban and rural clients are often traders. Street vendors, small farmers, service provides and artisans and small producers.

Essentials of micro-finance is targeting to the poor, group approach, no tangible collateral, doorstep service, small loan size, frequent repayment, sustainable interest rates, simple procedure of operation, free choice of economic activities by clients, disciplined clients, effective pre-group training .

What is micro-finance?

Micro finance can be defined as follows

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

Hence, it provides the services like micro savings, micro credit micro insurance and other support services to the poor to uplift their socio-economic condition.

Micro-finance is a powerful instrument of poverty reduction

- It enables the poor to take advantage of existing opportunities
- It builds up their assets
- It generates self employment
- It develops micro enterprise
- It raises their income
- It builds up their self confidence and self esteem
- It improves their purchasing power by consumption
- It empowers them (specially women) economically and socially

- It enhances domestic savings and improves financial market
- It enhances overall economic growth
- It provides escape route from poverty

2.2 Micro-finance in Nepal

In this topic, we will deal with the development of Micro-finance in Nepal and concerns, policies specially derived by past experiences based on the secondary information. As the study focuses on the role of micro- finance in socio-economic upliftment of women in Nepal, obviously it gives a glance at the status of Nepalese women. The following table gives the bird's eye view of the status of women in Nepal.

Table No. 1
Status of Women

S. N	Descriptions	Male	Female
1.	Population (in Percent)	49.96	50.04
2.	Average Age (in years)	61.8	62.2
3.	Literacy Rate (above 15 years in percent)	62.2	34.6
4.	Participation in Council of Ministers (in Percent)	94.45	5.55
5.	Member of House of Representative (in Percent)	86.67	13.33
6.	Participation in Civil Service (in percent)	91.45	8.55
7.	Judges (in percent)	97.96	2.04
8.	Teachers (in Percent)	74	26
9.	Participation of foreign employment (in percent)	89.15	10.85
10.	Participation in Communication Sectors (in percent)	88	12
11.	Land Ownership (in percent)	89.16	10.83
12.	House Ownership (in percent)	94.49	5.51
13.	Contribution to Agriculture Production (in Percent)	39.5	60.5

Sources: National Population Census Report, 2001, CBS.

The above figure highlights the current position and situation of women in present context. Though, the world is heading towards twenty first century, the women of Nepal are still fighting for their fundamental rights and needs. The population of women

consists 50.05 percent of total population and contributing 60.5 percent to agriculture production but they have only 10.83 percent ownership on land and 5.51 percent ownership on houses. The participation of women in council of ministers, member of house of representative, civil service, judges, is 5.55 percent, 13.33 percent, 8.55 percent and 2.04 percent respectively. Under such circumstances micro-finance could be an effective tool to empower women to some extent.

As micro-finance is a scheme that aims to provide small loans and saving facilities to those who are excluded from commercial bank's services. This has been promoted as an essential strategy for reducing poverty in all of its forms. Access to these facilities is seen as a way of providing the poor with opportunities for self-reliance through entrepreneurship, cushioning the poor against economic shocks and providing a program of social empowerment for poor women and in their communities.

Micro-finance programs are targeted to reduce poverty prevailing among rural population in Nepal. It recognizes the need for capital where the rate of household saving is very low. Credit is believed to remove financial constraint of the poor and engage them in productive work. Not only for increased level of household consumption but also for generating saving and future investment by their income.

In Nepal, the beginning of institutional credit goes back to 1956 when rural credit cooperative was established for the first time in Rapati valley of Chitwan to extend credit to resettle. Co-operative societies having single (credit) and multi purpose function provided credit to members for undertaking income generating activities basically in agriculture sectors. The Co-operative Banks and later the Agriculture Development Bank were established for providing credit to co-operatives and farmers including small entrepreneurs. In 1974, Nepal Rastra Bank (NRB), the central bank of Nepal, directed commercial banks to disburse at least 5 percent of their deposit in credit to small sectors.

Latter, the percentage was raised to 12 percent in the view of the increasing demand for credit by this sector. This sector included agriculture, cottage industries etc, which employed majority of the population and contributed significantly to the national economy. The government implemented production credit for Rural Women and Micro-credit project for women which identify and organize women and link with then the credit disbursed by commercial and development banks. These two programs are exclusively for the women who live below the officially defined poverty level. Similarly, Agriculture Development Bank Nepal (ADB/N) started a targeted credit program entitled “Small Farmers Development Program (SFDP)” as early as in 1975/76. SFDP has targeted its credit to both the poor men and women population. However, within SFDP, the women are exclusively targeted under a separate women development program where the groups of women are organized and women staff of SFDP links them to access SFDP credit without collateral. The programs also arranges for providing inputs and services for community development integrating it with credit disbursed on a group guarantee basis.

Simultaneously, considering very limited share, less than 1 percent in total credit disbursed of commercial banks on agriculture credit, central bank directed commercial banks in 1974 to invest at least 5 percent of total deposits in “Small Sector” to increase flow of bank credit towards developing small farmers, industries and other small sectors. This scheme was known as “Small Sector Supervised Credit” which was renamed as “Priority Sector Credit” in 1976 and further renamed as “Intensive Banking Programs (IBP)” in 1981.

With the increasing need of the institutional financing mechanism for rural women, a program to ensure women was started in 1981/82 with the introduction of Women Development Program (WDP) within the operational framework of SFDP. Soon after, in 1982, the Women Development Division (WDD) of the Ministry of Local

Development (MLD) introduced in Production Credit for Rural Women (PCRW) project with two public commercial banks NBL, RBB and UNICEF as their partners and the program was specially targeted to women.

The micro-finance sectors gained momentum after 1990 with the restoration of democracy and surges in involvement of government, semi-government sectors. As of today, Government of Nepal has introduced Gramin Banking concept in to the country opening five Regional Grameen Bikas Banks. In addition, currently many NGOs have been providing micro-finance services either using Grameen Model or grass-root level institution building model. A few of these are Development Projects Service Center (DEPROSC-Nepal), Social Welfare Council, CEPRED-Nepal or Saving and Credit Group models. There is also huge Asian Development Bank funded Micro Credit Project for Women (MCPW) which aims at development mechanism to use NGOs as credit agents to connect clients to commercial banks and the implementation of the project started in 1994. MCPW program is being administered by WDD of MLD and ADB.

Thus, under Nepalese circumstances, the micro-finance sectors are complex phenomenon comprising SFDP, PCRW, IBP, MCPW, Grameen Bank, NGOs and multilateral and bilateral institution initiated program and Saving and Credit Co-operatives. Currently there are more than 70 institutions (national regional and district level) and 750 saving and Credit Co-operatives are operating in micro-finance services in rural areas of Nepal.

Nepal is one of the poorest countries in the world and is one of the least poor in the South Asian Region. Its poverty reduction rate is the lowest in the South Asian Region. Main reasons of this low poverty reduction are; low per capita income, urban concentrated growth, high population growth rate etc.

Thirty-one percent population lies below poverty line and most of the poor live in rural areas having no opportunities. Micro-finance delivery mechanisms could help these poor people who have no collateral assistance. They, who have willingness to work and want to start their own business will get employment and eventually earn income from the same.

Being the poorest country in the world, major objectives of most of the plans and programs of Nepal are poverty alleviation. Many programs are seen as a poor-targeted rural based programs as well as micro-finance have proved to be one of the most significant contributors to poverty alleviation and women empowerment. It is an important means of breaking the various circles of poverty and uplifts the economic status of the poor. Nepal initiated rural micro-finance since 1970 through the establishment of credit co-operatives, implementation of Priority Sector Credit Program and Small Farmers Development Program (SFDP).

The goal of micro-finance services is to create income and employment opportunities for the rural poor people providing micro credit and mobilizing savings. The Ninth Plan of the country has considered rural credit to be the key part of poverty reduction. The Tenth Plan also has emphasized it for poverty reduction in the targeted areas. This micro-finance has expected to contribute to accelerate the growth of agriculture, reduction of poverty and improve the status of women. As the participatory approach to development becomes increasingly accepted, the status of women has improved partly.

Micro-finance programs in Nepal have different modalities. Some are community based such as Saving and Credit Co-operatives, some are sectors based such as Priority Sectors Program that includes agriculture, cottage and small industries and services are implemented through the commercial banks. Intensive Banking Programs introduced by

NRB focuses on a particular area for its upliftment. The Deprived Sectors Landing Program focuses on poor people. The Production Credit for Rural Women and Rural Development Banks are gender based program, which focused on women. In the same way, such micro-finance program has made it possible for rural women to have access and control over income. It has played a very positive role in women development.

2.2.1 Promotional Role of the Government and Central Bank

The first promotion step taken by government (Ministry of Local Development) and NRB was the collaborative program, Production Credit for Rural Women (PCRW). Government and NRB have their share participation in Grameen Bikas Banks.

Policy taken by the central bank to grant limited banking license to NGOs and SCCs is also a new approach to promote micro-finance institutions. It has helped to promote the financial intermediaries in the financial system. The government has established the Rural Self Reliance Fund (RSRF) in 1990 with the objective of providing wholesale loan to SCCs and NGOs. This fund is administered by NRB.

With the help of Asian Development Bank (ADB), Government and NRB, Rural Micro-finance Development Center (RMDC) was formed in 1997. RMDC was registered on October 30, 1998 with a mandate to operate as a development bank. This institution has been working as a wholesale credit supplier to financial intermediaries working in micro-finance. As the central bank is gradually phasing out Priority Sector Credit Program, the role of RMDC in micro-finance is gaining grand success day by day.

With the financial sector reform strategy, the government and Central Bank are withdrawing from the equity participation in the financial institutions. Therefore, their role in future would be that of a facilitator only.

2.2.2 Various Micro-finance Programs in Nepal.

2.2.2.1 Small Sectors Credit Program

The Small Sectors Credit Program (SSCP) was introduced in April 1974 A.D. which was, first directed credit program. It was implemented through commercial banks and at least 5 percent of the total deposit of the banks must be provided in small sectors.

2.2.2.2 Small Farmer Co-operatives Ltd.

In 1975, ADB/N started to form joint liability groups of small farmers through its sub project offices. The high overheads and low collection rates of the sub project offices however led experts to question the sustainability of this approach. In 1987, the ADB/N introduced an action research institutional Development program with the support of GTZ. In 1993, as the result of the Institutional Development Program, the first four sub project offices were transformed into Small Farmer Co-operatives. Since then, 143 Small Farmers Co-operative have been established in 36 districts of the country. Currently Small Farmer Co-operative Ltd. in Nepal covers nearly 80,000 rural households. The Small Farmer Co-operatives are multi service co-operatives designed to deliver primarily financial services, but also non-financial services to its members in rural areas.

2.2.2.3 Priority Sector Credit Program

In July 1976, definition for Priority Sectors Credit Program (PSCP) was made credit to the agriculture, cottage industry and service sectors come into account in priority sector. This was the first participation of the commercial bank in the area of micro-finance. The commercial banks were required to lend at least 7 percent of their total deposit to such areas specified as the priority sector. This program has phased out from 2007.

2.2.2.4 Intensive Banking Program

The Intensive Banking Program (IBP) was initiated in 1982 by Nepal Rastra Bank with many efforts to accelerate the priority sector lending program. It is the developed version of Small Sector Credit Program. This is a well coordinated program that

emphasizes project viability instead of collateral, thereby allowing the underprivileged section of the society to take advantage of credit opportunities. The NRB rose minimum lending of 7 percent of total lending up to 12 percent in this sector.

2.2.2.5 Production Credit for Rural Women

The Production Credit for Rural Women (PCRW) was initiated in 1982. PCRW is joint effort of Government office, Women Development Office and Commercial Banks. This is basically gender-based program. PCRW is running under the financial assistance of International Fund for Agriculture Development of NRB, Government and Commercial Banks.

2.2.2.6 Financial Intermediary Non-government Organization

In the 1990s, NRB began providing limited banking licenses to NGOs, active in the micro-finance area. It allowed NGOs to borrow funds from local and foreign institutions to on-lend to credit groups. The Act was revised in August 2002 to allow FINGOs to mobilized member's saving.

2.2.2.7 Rural Development Banks

The Rural Development Banks (The Grameen Model) are also micro-finance institution focused on women i.e. the Grameen Model targets rural women from households with less than 0.6 hectare in terai or 0.5 hectare in hills of land. Following the successful implementation of Grameen Banking in Bangladesh, Nepal started Grameen Bank Replication Program in 1993 with an objective of poverty reduction by providing access of credit to the rural poor. The basic objectives of these banks are to provide easy access to credit to the deprived section of the society, especially the women from rural poor households. For undertaking income generating activities and help reduces the level of poverty among the rural poor households.

The government has established five Grameen Banks in each development region of the country. The initial capital of the bank was paid up by the Nepal Rastra Bank and commercial banks. In 2049/50 B.S. a bank in Biratnagar for Eastern Development Region and another in Dhangadi for Far Western Development Region was established. In 2051/52 B.S. another Grameen Bank in Butwal for the Western Development Region were established. Similarly, Grameen Bank for the Mid-Region was established in Janakpur during 2053/54 B.S.

In ten years, these five Grameen Banks in five development region of the country have been able to form more than 34,000 groups comprising 170,000 member groups. The maximum amount of loan is Rs 30,000 per borrower. The total loan disbursed by these banks so far is Rs 8.9 billion of which Rs 7.6 billion is repaid and Rs 1.3 billion is outstanding. This program covers 43 districts of the country and 966 Village Development Committee (about one four of total VDCs) with the loan operation, 153 thousand women have taken loan form the micro-credit program. This program is successful in terms of access of women of formal credit although the coverage is very low (less than 3 percent of women have such access). But these programs have been successful in mobilizing women for their empowerment and upliftment.

The operations modalities of Grameen Bank is first to identify the villages and poor which motivate and organize the women in groups of five women each and give compulsory training to the group member at least seven days to provide information to banks to lending procedures and make women aware of the rules and regulations of credits. The training also aims to make women able to read and write their own name. The Grameen Bank provides and collects loans at the villages. Loans are extended to individual group members after it is guaranteed by the groups. Group members act as guarantee to each other's loans. No physical collateral is required. Any rural women from

house with less than 0.6 hectare of land in the Terai or 0.5 hectare in Hills are eligible to join the groups and after having passed the group recognition test, the group member becomes eligible for the loan. The bank goes to the borrower themselves during the group meeting at the villages. The purpose of loan is to provide an opportunity to the rural poor women to engage into entrepreneurial activities. The bank provides loan/credit up to Rs 5,000 per borrower in the first phase and this amount gradually increases up to Rs 25,000 in the successive period. Saving in groups is compulsory and each week member saves some amount of money in addition to their contribution of 5 percent of loan amount deposited while receiving credit

2.2.2.8 Micro-credit for Poor Women

The Micro-credit for Poor Women (MCPW) was commenced in 1994 with the financial assistance of Asian Development Bank in association with Nepal Bank Ltd. and Rastriya Banijya Bank. The main objectives of this project are to provide an access to credit to the women in both the rural and urban areas. The MCPW involves banks, NGOs and Financial Intermediaries to increase the chance of the project becoming viable.

2.2.2.9 Rural Micro-finance Development Center.

Rural Micro-finance Development Center Ltd (RMDC) is an apex micro-finance organization in Nepal. It operates as a wholesale lender for retail micro-finance institutions (MIFs), such as micro-finance development banks, saving and credit co-operatives and financial intermediary NGOs which are providing micro-finance services to the poor, the marginalized and the deprived groups of people. RMDC also provides supports to MFIs for their institutional and organizational capacity building and skill upgrade of their clients. RMDC was registered on October 30, 1998 as a public limited company under the companies Act, 1996 with a mandate to operate as a development

bank within the framework of the Development Bank Act, 1995. Currently, it is operating under the Umbrella Act, Bank and Financial Institutions Act, 2006 and the Companies Act, 2006. It started its functions in January 2000. The primary objectives of RMDC is to provide micro-finance facilities through the implementing agencies to the rural poor households mainly the women to undertake viable farm and off farm economic activities and thereby help to improve their quality of life.

2.2.2.10 Village Banking Model

Village Banking Model (VBM) is initiated in Nepal in 1991 as a micro-finance component of the Women's Empowerment Program of USAID implemented through PACT. Nepal in partnership with local NGOs, Saving and Credit Co-operatives, Micro-finance Development Banks, Village Banks are community managed Credit and Savings associations established to provide access to financial services in rural areas, build a community self-help group members accumulate saving.

2.2.2.11 Nepal Federation of Saving and Credit Union

Nepal Federation of Saving and Credit Union is the federation of 414 Saving and Credit Co-operatives and was registered in the year 1993. The organization is yet to cover all the Saving and Credit Co-operatives into its umbrella.

2.2.2.12 Rural Self-reliance Fund

The Rural Self-reliance Fund (RSRF) was initiated by government in 1991 and it is now executed by NRB to provide funds to assist NGOs, which in turn on lend to clients. Under this program, NGOs play the role of financial intermediaries.

The objective of the fund is to provide financial assistance to the deprived sector (rural poor who own up to 0.6 hectares of land) for carrying out income generating

activities using their own labor, skill and other local resources. Funds for the RSRF are provided through the budgetary allocation of Government. In fiscal year 1991/92 Government provided 10 million and another 10 million in the following fiscal year.

NGOs are responsible for identifying the geographical working areas and target clients, organizing the clients into groups and motivating them to save on regular basis. Once the groups have been successfully formed and have saved regularly for minimum period of six month, the NGOs approach RSRF with an investment plan and program for additional financial resources, not to exceeds 15 times the total saving generated by the group (up to maximum amount of Rs 50,000), no collateral is required. Funds are lent to the NGOs for a period of 3 years at an interest rate of 8 percent per year including six months grace period. If the NGOs repay the loan to RSRF on time, 75 percent interest grant is providing to cover administrative cost.

2.2.3 Women and Co-operative Societies

Women in Nepal are still unable to make decision, even in their own personal business, due to the lack of information and support. To tackle this problem, a group of women assembled to create women co-operative society limited with the objective to from a special financial institution that would provide easy credit access to women in and around Katmandu valley. Women Co-operative Society is the first women-only banking and credit organization established in March 12, 1995.

It aims to uplift the socio-economic condition of urban and rural women through financial services by mobilizing internal and external saving. This organization mobilizes urban and rural saving and provides credit to women by allowing to lower interest rate compared to men. WCS is involved in providing services in two major activities, banking services from Katmandu office and providing credit to rural poor women under its rural micro-finance program. WCS provides micro-credit for women in rural area where

women form groups and hold the group as collateral for the loan in the micro-finance program.

Micro-credit program is operated through financial assistance from Grameen Trust, Bangladesh and some commercial banks of Nepal. WCS started micro-credit program under the Grameen Banking Model in 1998. It operates its micro-credit program in those areas where traditional banking facilities are not easily available and women are most deprived from the credit system. Up to December 31, 2004, investment amount of WCS is Rs 125,483,000, repayment amount is Rs 92,389,000. And outstanding amount is Rs 33,094,000. Group saving balance is Rs 13,064,000 and repayment rate is 99 percent. WCS has covered 60 VDCs consisting 272 centers. It has 7229 members and 4628 active borrowers. It has already provided scholarship to 139 students.

2.2.4 Performance of Nepalese Micro-finance Institutions

The Nepalese micro-finance sectors has reached one third of estimated demand for micro-finance services and built on external borrowing and client deposits to fund a steadily growing loan port-folio. Despite its high leverage, the sector continues to benefit from the low cost structure, namely on account of high staff productivity and government provisions requiring that commercial banks invest a portion of their deposits in small scale finance. Today the main challenge to future growth stems from poor portfolio.

2.2.4.1 Outreach of Microfinance Institutions

The eight selected MIFs cover a substantial share of the current micro-finance market 700,000 clients reached by the sector, the institutional serve one third of total outreach in Nepal. Since saving are often tied to membership or excess to loan micro-finance serve more saver than borrower.

Following table shows the micro-finance outreach of 8 selected MIFs. These leader micro-finance institutions are as follows;

CCB:	Chhimek Bikas Bank Ltd.
DD Bank:	Deprosc Development Bank Ltd.
Nirdhan:	Nirdhan Utthan Bank Ltd.
SBB:	Swabalambal Bikas Bank Ltd.
PGBB:	Western Region Grameen Bikas Bank Ltd.
NSSC:	Chhimek Samaj Sewa Sanstha.
VYCCU:	VYCCU Saving and Credit Co-operative

Table No. 2

Outreach of Micro-finance Institutions

MFI	Institutional Type	Number of Active Clients/Savers	No of Active Borrowers	Gross Loan Portfolio (USD)
CBB	Private MFDB	11,682	9,043	998,269
DD Bank	Private MFDB	12,640	10,036	1,187,516
Nirdhan	Private MFDB	44,862	32,678	3,734,041
SBB	Private MFDB	34,031	26,322	2,388,121
MGBB	State-owned MFDB	37,198	36,242	3,255,864
PGBB	State-owned MFDB	39,972	36,645	4,611,116
NSSC	FINGO	7,380	5,747	526,876
VYCCU	Co-operative	2,136	1,411	430,326

Source: MIX Market 2004 data as of October 24, 2005. MFDB: Micro-finance Development Bank; FINGO: Financial Intermediary NGO.

Above table shows the co-operatives trend to be much smaller than micro-finance development banks. It indicates outreach with in the sample ranges from 2136 client for VYCCU co-operative to an average 30064 in the case of micro-finance development banks. The sample NGO is the second smallest in outreach but with 7380 clients, it is one of the largest financial intermediary NGOs in Nepal. Micro-finance development banks are similar in size except for younger. The number of active borrower and the overall loan portfolio both increases by seven percent. As a group , private micro-finance development banks grew the most , with their total number of borrower and savers increased by fifteen and nineteen percent respectively. In the case of state owned

institutions, outreach actually declined albeit slightly both in the number of borrower and the number of saver. This drop was mainly due to increasing component from other micro-finance providers especially from private micro-finance development banks.

2.2.4.2 Growth Trends in Outreach of Micro-finance Institutions

Following table shows the growth trends in outreach of micro-finance institutions of Nepal.

Table No. 3

MFI	Institutional Type	No of Active Borrowers			No of Active Savers		
		2003	2004	Growth	2003	2004	Growth
CBB	Private MFDB	5,158	9,043	75.3%	7,327	11,682	59.4%
DD Bank	Private MFDB	7,916	10,036	26.8%	10,362	12,640	22.0%
Nirdhan	Private MFDB	26,457	32,678	19.0%	34,817	44,862	27.3%
SBB	Private MFDB	27,275	26,322	-3.5%	33,948	34,031	0.2%
MGBB	State-owned MFDB	36,274	36,242	-0.1%	37,351	37,198	-0.4%
PGBB	State-owned MFDB	38,941	36,645	-6.0%	40,140	39,972	-0.4%
NSSC	FINGO	3,639	5,747	57.9%	4,512	7,380	63.6%
VYCCU	Co-operative	1,317	1,411	7.1%	1,906	2,136	12.1%
Overall Sample		147,977	158,124	6.9%	170,363	189,901	11.5%

Source: MIX Market data as of October 24, 2005.

Above table shows, the highest growth took place in CBB and NSSC. CBB's number of borrower increased by 75 percent while the number of sever grew by 59 percent. NSSC's growth was somewhat slower but however remarkable 58 percent increase in the number of borrowers and 64 percent rise in the number of savers. NSSC promoted the formation if CBB and these two MIFs continue to work in close coordination with each other. Both are relatively young and able to attain higher growth by operating in more remote geographical areas where competition is less intense.

2.2.4.3 Financial Performance of MIFs

Following table shows the financial performance of Nepalese micro-finance institutions.

Table No. 4

MFI	Institutional Type	Financial Expenses	Loan Provision Expenses	Loss	Operating Expense	Financial Revenues
CBB	Private MFDB	4%	2%		6%	11%
DD Bank	Private MFDB	7%	3%		7%	17%
Nirdhan	Private MFDB	4%	2%		5%	10%
SBB	Private MFDB	4%	4%		7%	21%
MGBB	State-owned MFDB	5%	--		5%	10%
PGBB	State-owned MFDB	4%	2%		7%	12%
NSSC	FINGO	6%	1%		5%	12%
VYCCU	Co-operative	5%	2%		3%	10%

Sources: MIX Market 2004 data as of October 24, 2005. Data are expressed as a percentage of total assests.

Above table shows, the average return on assests is one percent, with three MIFs operating at a slight loss. Institutions that generate higher returns on assets do so in very different ways. SBB relies one higher interest to generate higher financial revenue while, VYCCU co-operative benefits from a lower cost structure, that allows it to generate positive returns because of lower personnel cost. Cooperatives are able to generate positive return on assests while maintain interest rate at very low levels. Revenue and expanses structures are strikingly similar across. MIFs with two exceptions, financial revenue constitute between 11-13 percent of average assests, while expanses ratio ranges from 11-15 percent. The institution with the highest revenue not only charges a higher interest rate but also invests more of it's assests in the loan portfolio. Operating expanses remains the highest costs of MIFs, followed by financial expanses and loan loss provision expanses (LLP).

There are no legal restrictions on interest rate that MIFs charge on their loan. Co-operatives are usually found to charge lower interest rate than other MIFs because they pay their staff below market rate and able to maintain low operating costs.

2.2.4.4 Efficiency and Productively of Nepalese Micro-finance Institutions

Following table shows the efficiency and productively of Nepalese micro-finance institutions.

Table No 5

MFI	Institutional Type	Saver per Staff Member	Borrower per Staff Member	Cost per Borrower (USD)	Operating Expenses Portfolio
CBB	Private MFDB	220	171	18	15.7%
DD Bank	Private MFDB	258	205	9.6	8.3%
Nirdhan	Private MFDB	179	131	14	12.8%
SBB	Private MFDB	218	169	10.1	10.2%
MGBB	State-owned MFDB	148	144	12.1	13.4%
PGBB	State-owned MFDB	171	157	15	12.0%
NSSC	FINGO	172	134	12.8	13.9%
VYCCU	Co-operative	153	101	16.5	5.7%

Sources: MIX Market 2004 data as of October 24, 2005.

Nepalese MIFs are both productive and efficient in managing their resources. Nepalese MIFs serve average 152 borrowers. Private micro-finance development banks are the most productive. Organizational culture distinguishes these institutions from their state-owned ownership, provides staff with significant job security and makes them somewhat complacent. In the case of private institution's jobs are tied to staff performance, hence the drive to attain higher productivity. State-owned MIFs are increasingly realizing the need to improve productivity. VYCCU co-operative is able to achieve higher efficiency at low operating expenses as a result of its lower operating costs and larger loan size.

MIFs of Nepal have been successful in increasing outreach and maintaining healthy level of returns due to extremely low cost structure. But challenges remain. Little known about the portfolio quality indicates that financial performance may be overstated considering that a large portion of demand for micro-finance service is still unmet. There is a significant opportunity for MIFs to further increase the number of client served. As MIFs continue to grow, however it is important that they adhere to best practices and develop a better understanding of their portfolio of risk.

2.3 Review of Related Studies

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

2.3.1 Review of Journal

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

Grameen Bikas Bank grew out of an action research project organized in 1976 by Muhammad Yens professor at the University of Chittagong in Bangladesh. Professor Yunus had developed an NGO and emerged as world renowned figure. Before establishment of Grameen Bikas project in Bangladesh, there was a very serious economic crisis in Bangladesh. In 1995, Professor Yunus made a statement that

Bangladesh had a terrible famine in 1974. “I was teaching economics in Bangladesh university at that time you can guess how difficult it was to teach elegant theories of economics when people were dying of hunger all around you. Those theories appeared like cruel jokes. I became a dropout from formal economics. I wanted to learn economics from the poor in the village next door to the university campus.” (Journal of Economic Literature, Vol. XXXVII, 1999 Dec.)

Yunus, (1997) *A bank for the poor* describes the genesis of a pioneering institution that has encouraged the social and political emancipation of needy women in Bangladesh. He says from the numeral study on the bank that it has increased the economic as well as social well being of its members and pointed to the increasing power of women, to their greater political participation. He adds saying that still much remains to be done to alleviate poverty and end inequality and gender disparity, micro credit in Bangladesh as practiced by the Grameen Bank has provided on simple strategy that works.

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

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

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

2.3.2 Review of Books

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

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

Lindgren.E.H. (2003), *Micro Finance and Women’s Empowerment in Rural Bangladesh*, conforms that “With growing interest in and support for micro-enterprises programs in developing countries, many of which have been directed towards poor

women, controversy mounts over the effectiveness of MF effort, Bangladesh, largely through the effort of Muhammad Yunus, has been a leader in the MF movement”

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

2.3.3 Review of Presentation paper

According to **Rana (2006)**, Chairperson of RMDC; “Micro finance is widely recognized as a strong instrument in the fight against poverty in the South Asia and in other developing countries of the world.” (Annual Report 2004-2005 RMDC Ltd.). In his view, the question “How important micro-finance is for poverty reduction and for peace in the world?” has been strongly answered by the award of the Nobel peace prize 2006 to the micro credit pioneer professor Muhammad Yunus and the Grameen Bank of Bangladesh. This is a great moment for the micro-finance community of the entire world. And he described in his article; Nepal for some years has been implementing policy to reach to the poor masses through various programs but its institutional micro credit out reach to the total poor families. The reasons for this are many but the most prominent of them is the very limited number of quality and capable micro-finance institutions operating in the country. In addition, the past micro-credit programs, largely directed by the government, paid very little attention on the sustainability of the micro-finance systems and on the promotion of the effective micro-finance institutions. In recent years, the newly established micro-finance institutions, owned by the private sector or non government agencies, have shown encouraging results in terms of outreach growth and

institutional as well as financial sustainability. Through creating favorable policy and regulatory environment, a considerable number of private micro-finance organizations can be promoted and developed and this would help minimize the large gap existing between the demand supplies of micro-finance in the country.

Shrestha, (2006) chief executive officer of RMDC, presenting his paper on “*Viability and sustainability of micro-finance Institutions*” presents the meaning of micro-finance in this way.

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

Shrestha focuses on the importance of Micro finance as a powerful instrument of poverty alleviation is as follows:

-) It enables the poor to take advantages of existing opportunities
-) It builds up their assets
-) It generates self- employment
-) It develops micro enterprises
-) It raises their income
-) It builds up their self-confidence and self esteem
-) It improves their purchasing power and thereby consumption
-) It empowers them (specially women) economically and socially
-) It enhances overall economic growth

-) It enhances domestic savings and improves financial market
-) It provides escape route from poverty

In his opinion a successful micro-finance institution carries following features.

-) Clear Vision, Mission, Goal, Objective and Strategy
-) Progressive business plan
-) Active and effective board of directors
-) Commitment and honesty in management and board members
-) Committed honest and dynamic leadership
-) Motivated, honest, diligent and well trained staff
-) Micro-finance friendly organizational culture
-) Strong discipline among board members and staff
-) Business culture and professionalism in organization
-) Well established system: Loan operation, accounting book keeping, reporting, MIS (Timely and accurate), auditing

Koirala, (2004) chief secretary of HMG presents the paper “*Poverty alleviation and the role of co-operatives*” present the role of micro-finance is as follows: Realizing the limitations, shortcomings and weaknesses of the formal financial structure, HMG encouraged the development of micro-credit institutions to contribute to the goal of poverty reduction through improved financial saving mobilization and credit extension in micro level. One of the strategies on Nepal’s financial sector reform is to gradually formalize the informal rural financial markets besides strengthening micro credits to improve production and employment opportunities in the rural areas. Micro finance according to the World Bank (World Development Bank Report 2000/2001), is “the provision of financial services to low-income clients including self-employed. It includes

both financial intermediation and social intermediation. It is not simply banking, it is a development tool". It is also defined as the provision of saving, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve living standards. The objectives of micro-financial services are to ensure the availability of these services to the doorsteps of the poor and low-income household. It is an important financial service to uplift the level of income of low income households. Micro-finance framework, if properly designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

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

-) Services: small scale financial service loans with no physical collateral/guarantee, saving insurance, leasing, remittances, etc. accessible to poor.
-) Providers are informal sources (such as money lenders and shopkeepers), semiformal institutions (such as non-government organizations) and formal institutions (such as development banks, rural banks and co-operatives);
-) Modality adopted is typically non-traditional guarantee collateral with gradual increasing loan sizes and characterized by quick and simple procedures; and
-) Cost of financial service to be borne, preferably, by clients to ensure long term sustainability.

2.3.4 Review of Articles

In the article “*Micro finance Against Poverty; the Nepalese Scenario*” **Sharma (2003)** has expressed the role of micro-finance as follows: Micro-finance is the financial service such as deposits, loan, payment service, money transfer and insurance to poor and low income households and their micro-enterprises”. Studies in Nepal and elsewhere have clearly indicated micro-finance as one of the most powerful tools for alleviating poverty. Micro-finance institutions (MFI) in Nepal are serving primarily the micro-enterprises. Accesses of micro-entrepreneurs to micro-finance services provide them with an important tool for improving their efficiency, productivity, and welfare while reducing risk. In other words, MFI is both formal and informal, providing financial services which helps in creating job opportunities to the micro-entrepreneurs, both wage and self-employment and thereby generating income among the poor.

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

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

In his article entitled, *Micro-finance for Achieving Millennium Development Goals in Nepal*, **Dhakal (2004)**, highlights that financials services would assist to improve incomes and build assets of poor populace. He stresses that the poor needs sound financial services and specialized activity with a long term commitment Dhakal points out that direct link exists between micro-finance and Millennium Development Goals (MDG). Hence, Dhakal mentions that micro-finance instructions can fulfill the objectives

of MDG. Further, he highlights that strong management and efficient operations are required in micro-finance institutions to reach the million of people targeted financial services in Nepal. Finally, Dhakal concludes the article by stating that micro-finance activity could not be considered as the substitution of investment in education, health or infrastructure.

2.3.5 Review from Different Website

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

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

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

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

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

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

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

Micro-finance has evolved as an economic development approach intended to benefit low income groups. The term refers to the provision of financial services to low income clients, including the self employed. Financial services generally include saving and credit, and some microfinance organizations also provide insurance and payment services.

Microfinance activities usually involve

-) Small loans, typically for working capital
-) Informal appraisal of borrowers and investments
-) Access to repeat larger loans based on debt capacity and repayment performance
-) Streamlined loan disbursement and monitoring

-) Secure savings products

Micro-finance clients are typically self-employed, low-income entrepreneurs in both urban and rural areas. Clients are often traders, street vendors, service providers (hairdressers, tricycle operators), small restaurant operators, artisans, and small cottage industries. Usually their activities provide a stable a source of cash flow and income (often from more than one activity).

2.3.6 Review of Related Thesis

Thapa, (2006), conducted dissertation of Master level on "*Micro-finance Programs and Economic upliftment of women.*" This dissertation has analyzed the impact of Micro-finance in uplifting the economic condition of women and gives conclusion as follows:

-) Involvement in the micro-finance program has empowered women in varying degree; it has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities.
-) The program puts its focus on group activities and poor generation.
-) Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.
-) Awareness of health care, including women and children's health, family planning sanitation and reduction in smoking, alcohol consumption.
-) Women's mobility has increased due to their participation in monthly meetings.

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

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

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

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

Poudyal, (2005) who conducted research on the topic "*Micro-finance and its impact on Economic Upliftment of Women*" by taking main objectives as:

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

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

Her study gives following conclusions:

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

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

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

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

Lekhak, (2005) conducted research for MBS on the topic "*Micro-finance in Nepal A case study of SFCL Anandavan, Rupandehi*" with the objective to know the facing changes of society after Small Farmers Co-operatives Ltd. He concluded that SFCL particularly emphasize democratic norms, empowerment of backward people, and access to potentialities and local resources to the development of their settlement territory by them. Integrated development approach improving saving, credit, social and

community development activities are major outcome of the SFCL. It is observed that awareness towards development; sanitation, literacy attainment, community and social development were major contribution of Small Farmers Credit Ltd.

Lekhak has researched in good manner that I agree with him but he has used only descriptive model. There is no any kind of analytical statistical tools and test to find conclusion. But statistical tools and test has played a vital role to find actual facts. So, this research will bridge to this gap.

Joshi, (2004) who conducted research for M.A. degree on the topic "*Impact of Grameen Bikas Bank on Income Generation of Rural Women in Butwal*" by taking main objectives as follows:

-) To analyze the impact of GBB on income generation of rural women in the study area.
-) To examine the change in socio-economic condition of the rural people especially women before and after participating in GBB.
-) To analyze the impact and effectiveness of GBB program to promote non-farm activities in study area.
-) To suggest measures for more effective implementation of the GBB program.

Her study gives following conclusions:

-) The majority of women in Nepal who are illiterate and have no other skill and means of generating income are engaged in agriculture activities. So, before borrowing 42.85 percent of the total borrowers were engaged in agriculture activities. But after borrowing only 20 percent of the total members were engaged in non-agricultural activities. This proves that the

rural women, also, if encouraged, can show their entrepreneurial skill and change their activities from traditional to non traditional activities.

-) After the GBB intervention consumption pattern has significantly improved which shows that the living standard of rural poor is improving.
-) Education status of the rural poor women is improving which has a direct impact on the living standard, employment and income generating activities of those women and her family.
-) Before borrowing there were 80 percent of the total members that had income less than Rs. 2,000 per month but after borrowing 28 percent of borrowers had income in this group. This shows that their income level has increased after borrowing. Before borrowing there was not a single member having income more than Rs. 4500 per month while it has increased to 12 percent of the members after borrowing.
-) Grameen Bikas Bank has helped the rural poor women in the study area to generate income and uplift poor women's economic condition through the bank credit.

Being the major objectives to undertake an overview on income generation of rural women, Joshi has used only the programs of Grameen Bikash Bank although there are other financial institutions working in the field of micro-finance. She is silent about the new types of occupation. So, this research will bridge to this gap also.

Lamichhane, (2004) who has conducted research for MA (Sociology) on “*Small Farmer Credit Ltd. Program and its Affect on Socio-economy Area*” this objective mainly:

-) To find out the SFCL success position for poverty reduction.

-) Changing nature of society after SFCL.
-) Self sufficient position of SFCL from its internal resources.

He gives conclusion in this way mainly:

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

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

Lamsal, (2000) conducted dissertation of M. A. (Economics) on "*Impact of micro-finance Program for Women's Poverty Reduction*" (A case study of chartare youth club of Baglung district Nepal). The dissertation has analyzed the impact of micro-finance program for women's poverty reduction and he gives conclusion as follows:

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

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

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

Lamsal has completed his research task in very good manner. He has explained about impact of micro-finance program for poverty reduction of women but his research is silent about the real situation of Nepalese women. He explains only about the poverty

reduction but there is no use of statical tools for finding the poverty reduction rate. This is not empirical and hypothetically tested. So, these researches will another place to impact of micro-finance on economic upliftment of poor rural women.

Ghimire, (2006) who conducted research on “*Small Farmers Development Program’s role in Nepalese Rural Development and its Institutional Develop*” for MPA faculty by taking those objectives main follows:

-) To find out the position of SFDP in rural area for its development.
-) To find out the position of women employment by the SFDP.
-) To find out poverty reduction through SFDP.

He gives conclusion on the base of those points mainly.

-) This program changes the society because it helps poor people to change socio-eco condition of them through micro-credit.
-) In Nepal about 25 million American dollars spent in those fields by different organization.
-) For rural people this help to reduce poverty, improve there life style, improve society from education field as well as developing other activities.

There is no alternative of this program. Now people are successful to manage this program themselves. So, institutional activity of SFDP increases day by day.

Most of researchers, who conducted their thesis on Micro Finance, gave conclusion as follows:

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

-) MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt.
-) It enables the poor to take advantage of existing opportunities
-) It builds up their assets
-) It generates self employment
-) It develops micro enterprise
-) It raises their income
-) It builds up their self confidence and self esteem
-) It improves their purchasing power and there by consumption
-) It enhances domestic savings and improves financial market
-) It enhances overall economic growth
-) It provides escape route from poverty
-) Manuals for operation (Savings and loan, accounting, administrative, financial, PGT/ refresher)
-) Effective monitoring and follow up system
-) Effective communication and coordination system

In this way different research papers who related to this research paper gives the conclusion that only micro-finance becomes successful to alleviate the poverty of the country.

In current approach, essentials of micro-finance is targeted to the poor, group approach, no tangible collateral, doorstep service, small loan size, frequent repayment, sustainable interest rates, simple procedure of operation, free choice of economic activities by clients ,disciplined clients, effective pre-group training .

Micro-finance is an emerging issue to overcome the poverty. Basic ingredients of overcoming poverty are packed inside each poor person. There are several organizations working in the area of micro-finance. All of those took the single mission to reduce poverty and poured a lot of money. Bangladesh is the pioneer in this field. Several researches were undertaken to find out the impact of micro-finance. However some researches were done in Nepal in this field but those were not empirical and hypothetically tested research. Those did not present the clear picture of the impact of micro-finance on the status of rural women. The study was aimed at exploring the impact, prospects of micro-finance in Nepal and making broad recommendations to make program effective. This study has also made an effort to raise general awareness among the institutions who were working for poor.

Lastly, the same articles, reports, books, web-sites, journals, participated programs show that the micro-finance credit programs have emphasized on the all round development of the targeted groups, especially women. It is a Bangladeshi model. It is important in poverty reduction and alleviation, peace and other sector like social.

CHAPTER THREE

RESEARCH METHODOLOGY

Research methodology is the way to systematically solve the research problem. It includes the various steps that are adopted by the researcher to solve the problem along

with the logic behind them. The research methodology applicable differs from problem to his methodology for his problem.

3.1 Research Design

Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximum information with minimum expenditure of effort, time and money. Such a plan of study or blue print for study is called a research design.

According to **Kerlinger**, “Research design helps the investigator to obtain answers to the questions of research and also helps him to control the experimental, extraneous and error variance of the particular research problem under study.”

This study is mainly based on micro-finance program and a case study of Palpa district on economic upliftment of women. It intends to find out economic impact and social benefit in specific study area. A descriptive research design applied to analyze and interpret the quantitative and qualitative data collected from the concerned field. Loan investment and repayment process and situation are concentrated to micro-finance program. Primary and secondary data are used from the study of rural poor women and staffs of different micro-finance institution.

3.2 Nature of the Data

This study is based on the primary as well as secondary data. This study is mainly based on primary data, which was collected from the field survey using structured questionnaire, check list from focus group discussion and the observation method. The structured questionnaire and check list for focused group discussion are presented in Annex 1 respectively. The related secondary data is obtained from secondary sources e.g. books, pamphlets, articles, reports, web-sites, journals, annual reports, economic survey and difference sources.

3.3 Population and Sampling

Since population consist of large group. It is difficult to collect data from each individual with in the population. Hence rather then collecting information from each member, a sub-group is chosen, is believed to be representative of the population and the sub-group is termed as sample.

Four institutions are popular in micro-finance programs in Palpa. Two of them were launched by co-operatives and rests two are launched by development banks.

Rara Saving and Credit Co-operative cover 2669 population, which have 342 members and 19 MIFs Center. Another Co-oprative (Darkness Eradicate Saving and Credit Co-operative) covers 1348 population, 229 members with 16 MIFs Centre. Two Development Banks like Western Rural Development and Nirdhan Utthan Development Bank are launched this program from their branch office. Nirdhan Utthan has only one branch cover 1826 population of 233 members by 24 centers. Another popular bank western development bank has three branch cover 3642 population of 421 members by 27 Center on Tansen, 2311 population with 332 members of 24 center on Harthok and Rampur branch cover 1867 population of 289 members with 18 micro-finance centre.

For this study, population consists of all members who were concerned with this program. Due to the constraints, all members could not be incorporated in this study,

Hence a judgmental sampling is taken into account.

3.4 Sample Technique

From the list of rural poor women of Palpa who participate in the micro-finance program of different MIFs. Structure questionnaire and check list for focus group discussion were used to collect the primary data from the study area, key informants and

target population were interviewed in the study area. Random sampling method was used to fill up the questionnaires. From the list of sample, 63 of members were drawn from all micro-finance centers by applying random sampling with out replacement. All the respondents were women.

Technique of data collection

-) Interview of women members
-) Group discussion
-) Interview and discussion with staffs

3.5 Process of Data Collection

The primary data were collected by questionnaire methods. Members of women group leader, concerned line agency staffs interviewed separately and the required data were collected from secondary data. To collect necessary information, the researcher had also discussed with professionals and used observation method. Inter discussion quantitative as well as qualitative method has also been implied to obtain desirable result.

3.6 Data Analysis Tools

The data collected using different technique are given due attention to process and present them in suitable formats so that it can be analyzed using various analytical tools. Raw data are edited, coded, classified, tabulated and presented in graphical charts so that they are amenable to analyze. To touch the objective, statistical tools, trend analysis, ratio, percentage as well as graph, diagram, pie-chart, figure, table will be used.

CHAPTER – FOUR

DATA ANALYSIS OF RESPONDENTS

This chapter is aimed to display and evaluate the collected data regarding the objectives. The main component of micro-finance program for women is to provide loan

for women especially in income generation and enhance living standard as well as to encourage them for compulsory saving and voluntary saving.

4.1 Micro-finance Programs in Palpa District and Study Sample

Table no - 9.

S.N	Micro-finance Institutions	Institutional Types	Cover Population	No of Member	No of MFI Center	Study Sample Size
1	Palpa Rara Saving & Credit Co-operative, Tansen	Co-operative	2,669	342	19	9
2	Nirdhan Utthan Bank, Aryabhanjang	Pvt. MFDB	1,826	233	24	12
3	Western Development Bank) Tansen Branch) Harthok Branch) Rampur Branch	State-owned MFDB	3,642 2,311 1,867	421 332 289	27 24 18	13 11 10
4	Darkness Eradicate Saving & Credit Co-operative, Rampur	Co-opreative	1,348	229	16	8

Source: Field Survey and Sample Size; 2008

Above table no 9 present the coverage of MFIPs in Palpa District till the study period. There are mainly four institutions to launch this program. Among them two are co-operative, one is private sector development bank and another is state owned development bank launch this programs through its three branches but other intuitions have only one branch at palpa. Palpa Rara Saving and Credit Co-operative cover 2,669 populations with 342 members; through 19 centers for the study 9 respondents have taken from this institution as a sample. Similarly the study have taken 12 respondents from Nirdhan Utthan Bank, 34 from different three branches of Western Development Bnk and

16 respondents had been taken for the study which represent all members of this programs at Palpa District.

4.1 Cast, Age and Marital Status of Women Members

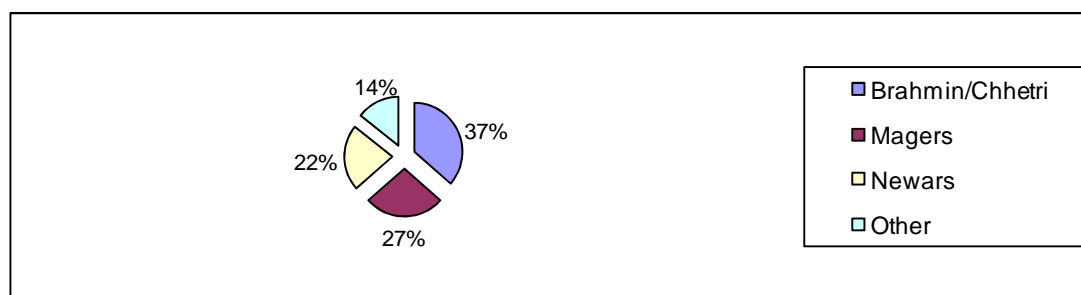
4.1.1 Cast Distribution of Respondents

Table No -10

Caste	Total Member	Percentage
Brahmin and Chhetri	23	36.5
Magers	17	26.98
Newars	14	22.23
Other	9	14.29
Total	63	100

Source: Field Survey, 2008

Figure No 1.



Above table and figure shows that in the study area majority of members belongs to Brahmin and Chhetri. 36.5 percent of member comes from Brahmin and Chhetri. 26.98 percent are Magers, 22.23 percentages from Newars and rest 14.29 percentage are from other cast. Thus the Palpa district is multi ethnic world comprising prominently four ethnic groups.

4.1.2 Age Group of the Respondents

Table No - 11

Age Group	No of Respondents	Percentage
20-30	10	15.87
30-40	17	26.98
40-50	20	31.74
50-60	13	20.63
60-70	3	4.78
Total	63	100

Source: Field Survey, 2008

The youngest among the members surveyed was 20 years old while the oldest was 67 years old. We find very little women who had 60 years over were only 4.78%. Table shows that more than half percentage of the women members are between 30 to 50 years who have heavy financial load for their survival and other social responsibilities such as giving education, marriage of their children.

4.1.3 Marital Status of Respondents

Table No- 12

Marital Status	No of Respondents	Percentage
Married	54	85.71
Unmarried	4	6.34
Widowed	2	3.17
Separated Divorced	3	4.78
Total	63	100

Sources: Field Survey, 2008

Figure No. 2

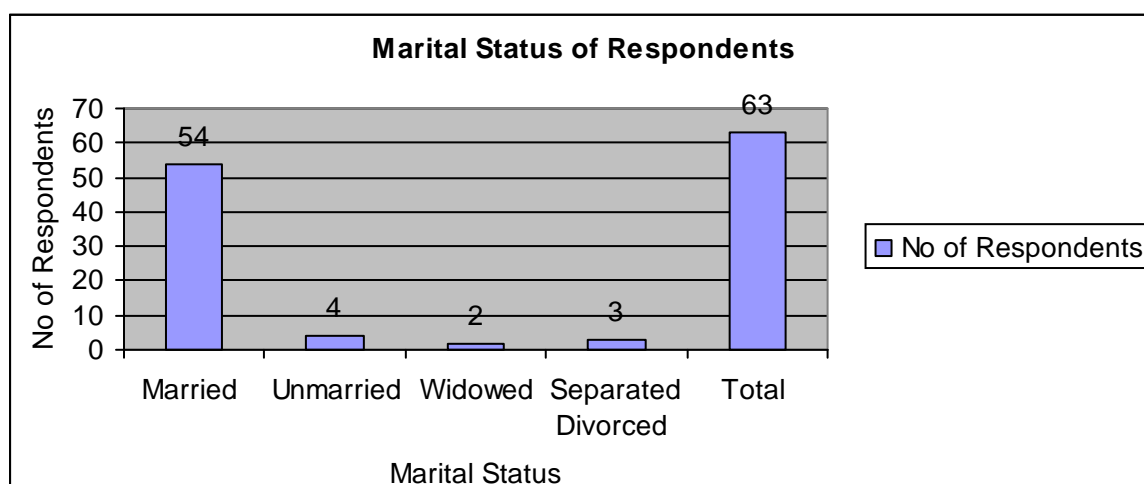


Table No 12 and figure No 2 shows, that majority 85.71 percentage of the member surveyed were married. Unmarried are only 4 women which represent 6.34% on all respondents. Only 3.17 percentages are widowed and 4.78 percentages are separated divorced. This data means that 8 percentages of the members surveyed are heads of household.

4.2 Family Size, Family Head and Education Attainment of the Respondents.

4.2.1 Family Size of the Respondents

Table No - 13

No of Family Member	No of Family	Percentage
1-4 Members	45	71.43
5-8 Members	15	23.80
9-12 Members	3	4.77
Total	63	100

Sources: Field Survey, 2008

Table No 13 shows the increasing preference towards nuclear family. 71.43 percentages of the member served belongs to small sized households with 1-4 members. However, 23.80 percentages come from medium sized households with 5-8 members and negligible percentage (4.77) had large sized family member with 9-12 persons. The increasing trend of migration of youngster to the city area is the main reason of small sized family in study rural area.

4.2.2 Family Head of the Respondents

Table No. 14

S. N.	Category	Frequency	Percentage
1.	Herself	15	23.80
2.	Husband	37	58.73
3.	Others	11	17.47
Total		63	100

Sources: Field Survey, 2008

Table 14 shows that, the majority of households are mostly male headed, clearly showing the patriarchic family system, which is often blamed for the lower efficiency of the family as a production unit and the main cause of repression of women within a family and society as a whole. Of the total 63 respondents covered in the study 54 women member (85.71%) were belonged to male headed household and others remaining 14.29 percent are female headed. Lower percentage of female headed household reflects the dominant position of male member of family over the female member. Most of the sample members belonged to the house headed by the male members, means major and important decision in the family is taken by the male members, no matter how serious it is towards women of their concerns.

4.2.3 Education Attainment of the Respondents.

Table No. 15

Educational level	No of Respondents	Percentage
No Education/illiterate	10	15.87

Joined Adult Literacy Class	13	20.63
Primary School	19	30.15
High School	16	25.40
University Level	5	7.95
Total	63	100

Sources: Field Survey, 2008

Table No 15 shows the pitiable educational condition of the women even in the periphery of Palpa district. 15.87 percentages of the members surveyed had no formal education. 20.63 percentages of these without formal education had joined adult literacy classes. Only 7.95 percentages reached the University level. It indicates sheer negligence of concerned authority to educate women in Palpa district which is developing district of modern Nepal.

4.3 Land Holding Sizes of the Respondents

Table No. 16

Size of Land	No of Respondents	
	Cultivate	Non- Cultivate
Landless	3	3
Below 1 ropani	17	18
1-5 ropani	23	16
10-15 ropani	11	19
15-20 ropani	7	14
20-25 ropani	4	8
25 ropani above	1	3

Sources: Field Survey, 2008

Table 16 shows the land holding size of the members surveyed. Around 37 percent of women member surveyed held cultivate land only 1-5 ropanies. Maximum women have the land between 1-15 ropani in which some land is uncultivated. People who have cultivated land more then 25 ropani are only one but uncultivated lands have 3

respondents. They can not be cultivate those land so that land was became wastage land which represent many of the people have smile size of land. This data reveals the scatter ness of land among many, which really hampers the commercial purpose of production. Due to this investment rate is high but production rate is low. Economics of scale do not exist in such environment. Size of land holding depicts the economic status of household as well as women themselves to some extent.

4.4 Purpose Join in Micro-finance Programs.

Table No. 17

Purpose of Loan	No of Respondent	Percentage
To earn more	29	46.03
To have company with friends	10	15.87
To be self dependents	24	38.10
Total	63	100

Sources: Field Survey, 2008

Table No 17 shows, the main purpose of join in Micro-finance programs. Normally they join for three purpose, many of them (46.03 %) join for to earn more and increase their life standard. 15.87 percentage of them were join for company with friends, they wanted to do some things. Rest 38.10 percentages were joining for self dependent. They wanted to run own micro-enterprise. This program helps for fulfillment of their purpose although they were different.

4.5 Main Occupational Status of the Respondents

4.5.1 Main Occupation of the Respondents before this Program

Table No. 18

Occupation	Total	Percent
Wage Laborer	19	30

Selling Wine	15	24
Farming/ Housing	14	22
Spinning	12	19
Weaving Machine	2	3
Mill	1	3
Total	63	100

Sources: Field Survey, 2008

30 percent of the members surveyed claimed that their main occupation was that of wage laborer (24 percent) identified himself or herself as wine seller. Almost fifth (19 percent) identified them as spinner. The field survey shows that the occupations are very much influenced by caste/ethnic group. Mostly Mager women have adopted wine selling. Newar women-spinning and Brahmin/Chhetri women-Farming as their occupation. A small percentage (5 percent) identified them as Micro entrepreneur engaged in mill and making cloth.

4.5.2 Main Occupation of the Respondents after this Program.

Table No. 19

Change in Occupation after MFP	Total	Percent
Farming	5	7.94
Wage Laborer	12	19.05
Spinning	8	12.70
Selling Wine	15	23.81
Livestock/Poultry Raising	8	12.70
Selling milk	5	7.94
Shop	8	12.70
Weaving Machine	1	1.59
Mill	1	1.59
Total	63	100

Sources: Field Survey, 2008

Above table shows the slightly changes in the occupation after the introduction of Micro-finance programs in the surveyed area. Raising poultry-livestock come into existence as the occupation of 12.70 percent women. 12.70 percent have started retail

shop of different types. The occupation like selling wine spiring is still continued and being the main occupation of almost 50 percent of the surveyed women.

4.6 Loan Status of the Respondents.

4.6.1 Main Purpose of the Taking Loan

Table No. 20

S. No	Main Purpose of Loan	No of Respondents	Percentage
1.	Household needs	4	6.34
2.	Children education	7	11.11
3.	Feast and Festivals	1	1.59
4.	Agricultural	29	46.03
5.	Business	20	31.75
6.	Health	2	3.18
Total		63	100

Sources: Field Survey, 2008

Figure No 3

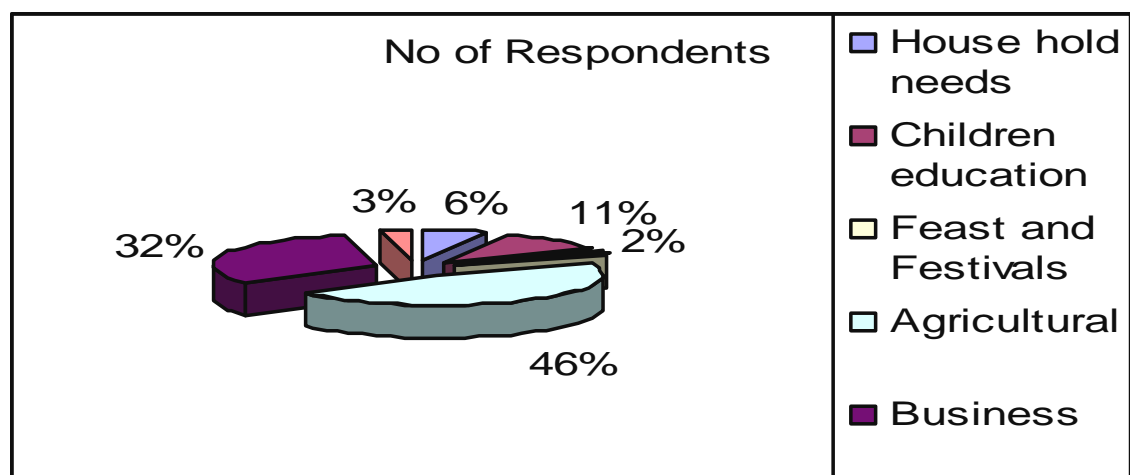


Table No 20 and Figure 3 show the mentioned purpose of taking loan from the Micro-finance. Maximum no of respondent (46.03) percentages were taking loan for the purpose of Agriculture. Very little respondents were taking loan to celebrate feast and festivals which is not the productive work. Very small amount of loan was provided for this purpose. 6.34 percentages were taking for the fulfillment of their house hold needs.

11.11 percentages respondents were taking loan for their children good education. In this way different person takes loan for the fulfillment of their own needs and wants. MIFs institutions help to fulfill in their income generating works.

4.6.2 Status of Loan uses in Specific Objectives.

Table No. 21

Use of Loan in Specific Purpose	No of Respondents	Percentage
Spend	52	82.54
No Spend	11	17.46
Total	63	100

Sources: Field Survey; 2008

Table No 21 shows, 82.54 percent of loan are used in specific purpose which increased business in this area whereas 17.46 percent of loan is not spent in specific purpose for which the loan has been taken, it indicates that the number are not skilled, trained and capable enough to utilize their resources due to which it is misused.

4.6.3 Loan Amount and Frequency of Loan Taken

Table No. 22

Loan amount borrowed till fifth phase of investment (in Rs)	Frequency of borrowing the loan	Percentage
2000	1	0.79
5000	50	39.68
8000	2	1.59
9000	1	0.79
10000	32	25.4
12000	1	0.79
15000	21	16.67
18000	10	7.94
20000	8	6.35
Total		100

Source: Field Survey; 2008

Table 22 shows the scenario of the loan amount borrowed, frequency of loan taken and its percentage. Majority (39.68%) of the member surveyed have taken the loan amount of Rs 5000 for the first time. But this seems to be too low for any kind of

investment and get encouraging result. Rs. 10000 has been taken for 32 times, Rs. 15000 for 21 times and Rs. 18000 for 10 times. This indicates that the borrowers are concerned about the loan amount according to their ability of earning.

4.7 Earning Status of the Respondents.

4.7.1 Monthly Earning before and After Joining the MFP

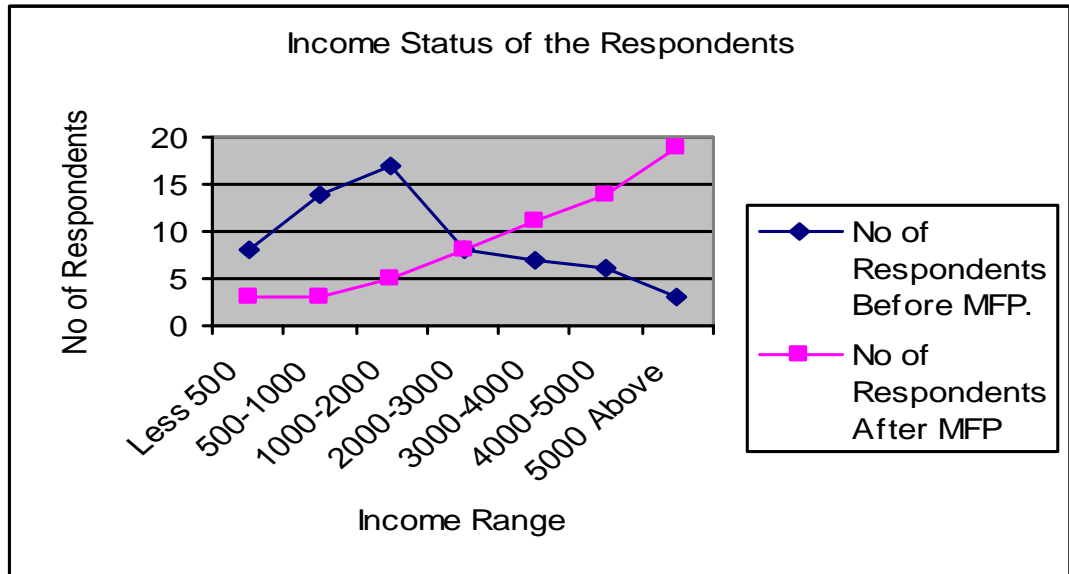
Table No - 23

S.N.	Income in Rs.	No of Respondents		Change (After-Before)
		Before MFP.	After MFP	
1.	Less 500	8	3	-5
2.	500-1000	14	3	-11
3.	1000-2000	17	5	-12
4.	2000-3000	8	8	0
5.	3000-4000	7	11	4
6	4000-5000	6	14	8
7	5000 Above	3	19	16
Total		63	63	

Source: Field Survey, 2008

Above table can show by figure

Figure No 4



Above figure shows the income status of the respondents before and after MFP. Before micro-finance programs there were 8 person out of 63 had income less than Rs. 500 but, after programs this number is only 3. In this way, no of respondent who earn between Rs 1000-2000 were 17 but this is reduce by 12 numbers. This clearly shows that the families are poor in terms of income. Agriculture production is not sufficient to feed their family year-round, whereas well-off household had surplus agriculture production. This survey shows the respondent who earn less than Rs 3000 were decreasing but the no of respondent who earn more than Rs 3000 were increase. Before micro-finance programs only 3 respondents earn above Rs 5000 but now this number is reached to 19. Monthly income increase due to joining in the program. MIFs savings and credit services provided an opportunity for their members to undertake different enterprises, including micro enterprises. This helped the members to generate self-employment and increase their incomes, thereby contributing towards reducing their poverty to same extent.

The correlation and regression between loan amount borrowed (X) and increased in income per month (Y) can be derived as:

Correlation

We have,

Total loan amount borrowed ($\sum X$) = Rs. 633,000

[Total loan amount borrowed is the summation of loan amount borrowed by 63 borrowers during the fifth phase of lending, which is shown in ANNEX 1.]

Total Number of borrowers (N) = 63

$$\bar{X} = \frac{\sum X}{N} = \frac{\text{Rs. } 633,000}{63} = \text{Rs. } 10047.62$$

: - The average loan amount borrowed is Rs. 10047.62

Similarly,

Total increase in income per month ($\sum Y$) = Rs. 2,28,950

[Total increase in income per month is the income received before and after joining the micro-finance program, which is shown in ANNEX 1.]

$$\bar{Y} = \frac{\sum Y}{N} = \frac{\text{Rs. } 2,28,950}{63} = 3634.13$$

We know that,

Correlation between X and Y

$$\begin{aligned} r_{xy} &= \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} \\ &= \frac{\text{Rs } 429670146}{\sqrt{1140301265} \sqrt{192711558}} \\ &= \frac{\text{Rs. } 429670146}{468774261} \\ &= 0.917 \end{aligned}$$

Where,

$$x = X - \bar{X}$$

$$y = Y Z Y^z$$

$$xy \quad X429670146$$

$$x^2 \quad X1140301265$$

$$y^2 \quad X192711558$$

∴ The obtained value of r is 0.917

Decision:

The value of correlation coefficient lies between -1 to +1

- a) If $r = 1$, there is perfect positive relationship.
- b) If $r = -1$, there is perfect negative relationship.
- c) If $r = 0$, there is no correlation at all.

Since the value of r is 0.917. It can be interpreted that there is perfect positive relationship between the loan amount borrowed and increased in income per month i.e. the loan is helping to uplift women economically.

Regression.

The regression analysis is used as statistical tool for determining the nature of relationship that exists between increase in income per month (Y), which is dependent variable, and the investment amount (X) that is independent variable.

The regression equation of Y on X is expressed as:

$$Y = a + bx$$

Where, a = Autonomous increase in Y

b = Slope of the line (which determines the change in Y per unit change in X)

We can find the value of 'a' and 'b' by using the following regression formula as;

$$Y = Xna \Gamma b \quad X$$

$$XY \quad Xa \quad X \Gamma b \quad X^2$$

Substitution the value in the formula

We get,

$$\text{Rs. } 228,950 = 63a + \text{Rs. } 633,000b \dots\dots\dots (\text{eq1})$$

$$\text{Rs. } 2817470000 = \text{Rs. } 633,000a + \text{Rs } 7481000000b \dots\dots\dots (\text{eq2})$$

Solving the above equation 1 and 2, we find:

$$a = 3170$$

$$b = 0.0462$$

Interpretation

We can see how the dependent variable (Y) i.e. increase in income per month is dependent on loan amount or independent variable (X).

1. Suppose loan amount (investment) $X = 0$

$$\text{Then } Y = a = 3170$$

This shows that even if there is no loan flow, autonomous function exists which refers to a constant value. It further implies that though loan amount has its vital role to generate income but social and other economic factors too play some role to generate the total income.

2. Suppose, loan amount (investment) $X = \text{Rs } 100$

$$\begin{aligned} \text{Then, } Y &= a + bx \\ &= a + 0.062 \times 100 \\ &= a + 6.2 \end{aligned}$$

This illustrates that if Rs. 100 is invested in the form of loan that Rs 6.20 will be generated as income per month.

4.7.2 Women's Control over Earning

Table No. 24

Caste	Perfect Control	Joint Control	Total Member
-------	-----------------	---------------	--------------

Brahmin/Chhetri	8	15	23
Magers	5	12	17
Newars	2	12	14
Other	4	5	9
Total	19	44	63

Sources: Field Survey; 2008

Above table show the control power of women over the income. Only few women can use their earning on own decision. Other 69.84 percentages have joint control on earning. They use that amount on their combine decision. Due to traditional social structure, women are not independent of their earning. Joint agreement is common still in nepalese society. This is because women take loan to fulfill their family requirement.

We can use both quantitative and descriptive tools to see whether the control of power on earning has been affected by caste or ethnicity. Among quantitative tools chi-square test is used to get the solution.

Step Ist

Null Hypothesis (H₀) = The control power over earning is independent on cast/ethnicity.

Step IInd

Alternative Hypothesis (H₁) = The control power over earning is not independent on cast/ethnicity.

Computation of expected frequencies E under H₀ and χ^2

Observe	Expected (E_{ij})	$E = \frac{RT \times CT}{N}$	$(O - E)^2$	$\frac{(O - E)^2}{E}$
8	E ₁₁	$23 \times 19 / 63 = 6.94$	1.06	0.16
15	E ₁₂	$23 \times 44 / 63 = 16.06$	-1.06	0.07

5	E ₂₁	17x19/63 = 5.13	-0.13	0.00
12	E ₂₂	17x44/63 = 11.87	0.13	0.00
2	E ₃₁	14x19/63 = 4.22	-2.22	1.17
12	E ₃₂	14x44/63 = 9.78	2.22	0.51
4	E ₄₁	9x19/63 = 2.71	1.29	0.61
5	E ₄₂	9x44/63 = 6.29	-1.29	0.26
			$\chi^2 = \frac{\sum \frac{f_{OZE}^2}{E}}{E} = 2.78$	

4th Stage

Degree of freedom (d.f.) = (r-1) x (c-1)

$$= (4-1) \times (2-1)$$

$$= 3 \times 1$$

$$= 3$$

5th Stage

Tabulated value of χ^2 at 5 % level of significance for 3 degree of freedom is 7.82

6th Stage

Since the calculate value of χ^2 is less than its tabulated value. So, null hypothesis is accepted i.e. Caste and ethnicity does not pay any role in control over their earning.

4.8 Saving Status of the Respondents

4.8.1 Monthly Trend of Saving of Respondents

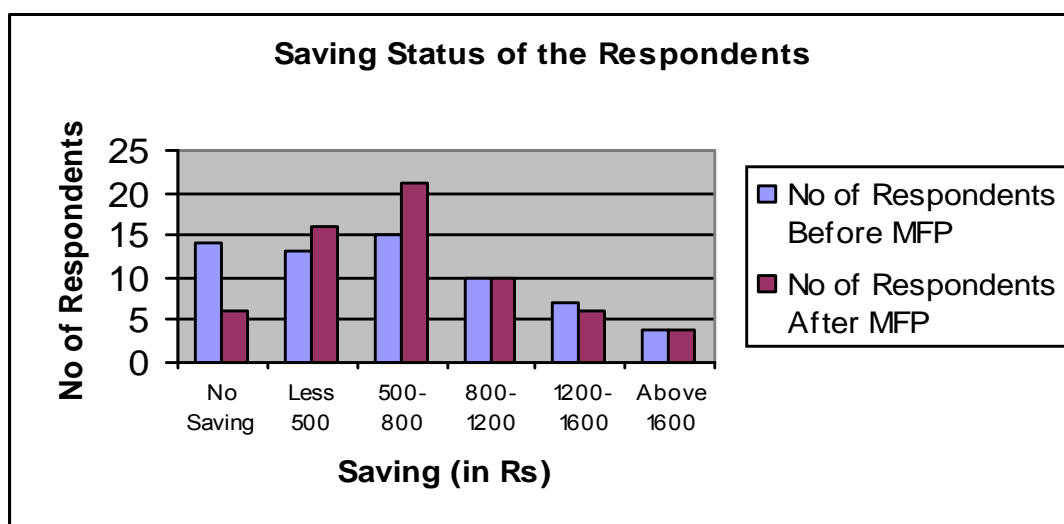
Table No - 25

Saving	Amount	No of Respondents	Changes	Row	Total
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(Rs)	Before MFP	After MFP	(After-Before)	(RT)
No Saving	14	6	-8	20
Less 500	13	16	-3	29
500-800	15	21	6	36
800-1200	10	10	0	20
1200-1600	7	6	-1	13
Above 1600	4	4	0	8
Total	63	63		

Sources: Field Survey; 2008

Figure No 5



Above figure, shows the saving status of the respondents. Before MIFs, there were few people who used to do income generating works. Most of them were, hadn't get any work and any kind of income. So, they can't save money. This kind of people was 14 but after MIFs, people run different income generating works. They can earn some money and can save a little. The person who can't save is reducing by 8. In this way, no of people who can save is in increasing rate. Before micro-finance who saves Rs 500-800 per month is only 15 but after the number reached to 21. Although, no of people who save more than Rs 1600 are constants on only four people. It is clearly say that, after MIFs people can get more income and numbers of savers are also growing up.

Above table and figure present the truth that the saving amount is increasing after the MIFP intervention. It can be proved from statics tool. Whether the numbers of respondents who have positive change in saving pattern are affected by micro finance programs. Among quantities tools chi-squares test is used to get solution.

1st stage

Null hypothesis (H₀) = No of savers are increase due to micro-finance programs.

2nd stage

Alternative hypothesis (H₁) = No of savers are not increase due to micro-finance programs.

3rd stage

Test statistic under H₀ is

$$\chi^2 = \frac{\sum \frac{(O - E)^2}{E}}$$

Where O = Observe Frequency

$$E = \text{Expected Frequency} = \frac{RT \times CT}{N}$$

RT = Row Total

CT = Column Total

N = Total Number of Observation

Calculation of χ^2

O	$E = \frac{RT \times CT}{N}$	(O - E)	(O - E) ²	$\frac{(O - E)^2}{E}$
14	9	5	25	2.78

6	9	-3	9	1.00
13	12	1	1	0.08
16	12	4	16	1.33
15	18	-3	9	0.50
21	18	3	9	0.50
10	11	-1	0.25	0.02
10	11	-1	0.25	0.02
7	6	2	2.25	0.41
6	6	1	0.25	0.05
4	3	1	1	0.33
4	3	1	1	0.33
$\chi^2 = \frac{(OZE)^2}{E} = 7.36$				

4th Stage

Degree of freedom (d.f.) = (r-1) x(c-1)

$$= (6-1) \times (2-1)$$

$$= 5 \times 1$$

$$= 5$$

5th Stage

Tabulated value of χ^2 at 5 % level of significance for 5 degree of freedom is 7.82

6th Stage

Since the calculate value of χ^2 is less than its tabulated value. So, null hypothesis is accepted i.e. no of savers are increase due to micro-finance programs. They can save large amount also after the micro-finance programs.

4.8.2 Saving is used for the Purpose.

Table No 26

S. No	Category	No of Respondents	Percentages
1	Household Needs	9	14.28

2	Children education	13	20.63
3	Feast and festivals	7	11.12
4.	Pay back the loan	11	17.46
5.	Health expanses	13	20.63
6.	Capital formation	10	15.88
Total		63	100

Sources: Field Survey; 2008

Table No 26 shows that, 14.28 percent respondent using saving for purchase of household. Very little no of people use their saving to celebrate feast and festivals, which is not income generating works. 20.63 percentage respondents were using their saving for the purpose of children education and health expanses. This helps to increase the life expectancy and literacy level of the family.

4.9 Awareness Status of the Respondents.

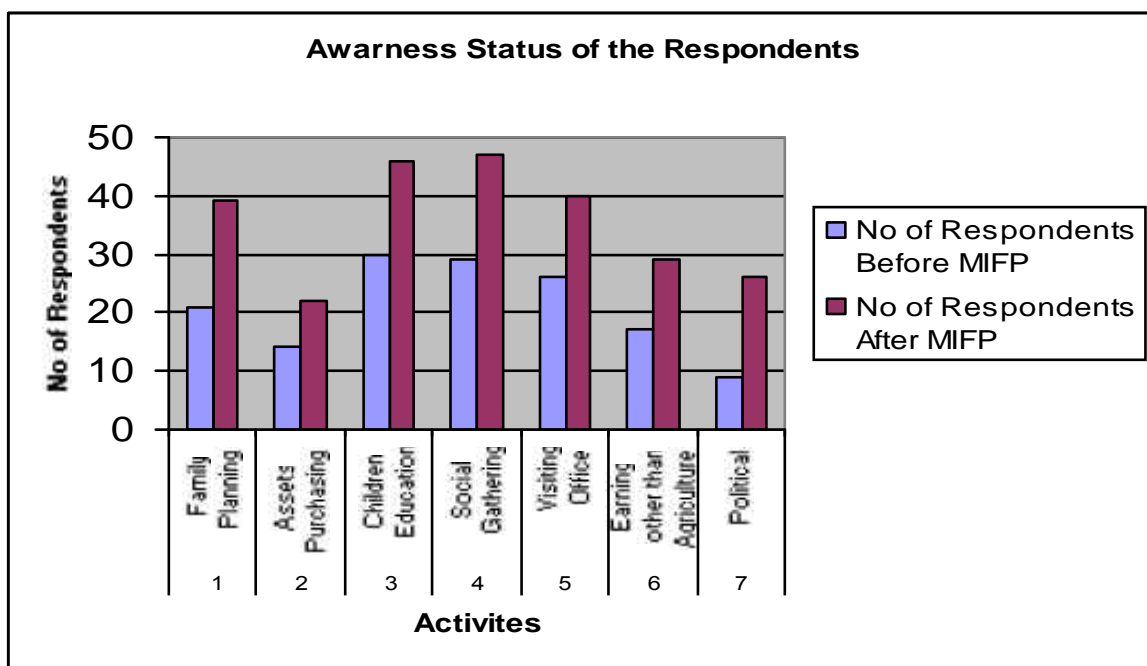
4.9.1 Involvement on different Activities

Table No 27.

S. N.	Involvement Activities	No of Respondents		Changes (After-Before)
		Before MIFP	After MIFP	
1.	Family Planning	21	3	18
2.	Assets Purchasing	14	2	8
3.	Children Education	30	4	16
4.	Social Gathering	29	4	18
5.	Visiting Office	26	4	14
6.	Earning other than Agriculture	17	9	12
7.	Political	9	26	17

Sources: Field Survey; 2008

Figure No 6



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

4.10 Effect of Training to the Respondents.

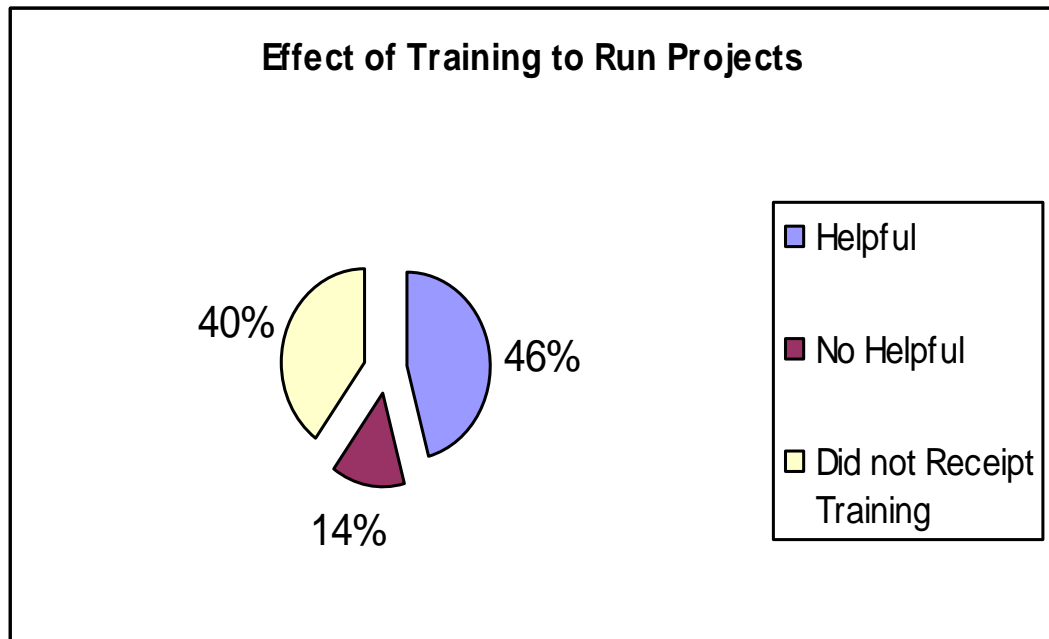
4.10.1 Effect of Training to Run the Projects.

Table No 28

S. No	Category	No of Respondents	Percentage
1.	Helpful	29	46.03
2.	No Helpful	9	14.28
3.	Did not Receipt Training	25	39.69
Total		63	100

Sources: Field Survey; 2008

Figure No 7



The data of the Table-28 and Figure shows, 46 percent found that the training they received was helpful to run the project. They had already started projects. But, 14 percent said the training is not useful in the sense that the training package is improperly designed. 40 percent of respondents had not received the training yet. The figure clearly reveals that the training is useful to run the project but the nature of training should be demand-led rather than supply-fed.

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

4.11 Status of life Standard of the Family Member.

4.11.1 Status of Health Condition of the Respondents

Table No. 29

S.N.	Category	Before MIFP	After MIFP
1.	Traditional treatment	28	16
2.	Relatively better off	35	47
Total		63	63

Source: Field Survey; 2008

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

4.11.2 Change in Clothing Pattern of the Respondent

Table No. 30

S.N.	Category	Before borrowing	After borrowing
1	Traditional	27	12
2	Relatively better off	36	51
Total		63	63

Source: Field survey, 2008

Above table represents the true picture of the consumption which has increased after the MFP intervention. It can be proved from statistical tool also. Whether the

number of respondents who have perceived positive change in consumption pattern is significant or not has been tested with Z-test as follows.

In the usual notation, we have

$$N_1 = 63 = N_2$$

$$P_1 = \text{Sample proportion of relatively better off members before borrowing} = 36/63 = 0.63$$

$$P_2 = \text{Sample proportion of relatively better off members after borrowing} = 50/63 = 0.88$$

Now, setting the hypothesis;

I Stage: Null hypothesis $H_0: P_1 = P_2$, i.e., there is no significant difference between the proportion of the buyers before and after borrowing.

II Stage: Alternative hypothesis $H_1: P_1 < P_2$, i.e., there is significant difference between the proportion of relatively better off members before and after borrowing. (Left tailed test)

III Stage: Computation of test statistics

Since, $n = 63$ we use Z-test

$$\text{Formula Z} = \frac{P_1 - P_2}{\sqrt{PQ \left(\frac{1}{N_1} + \frac{1}{N_2} \right)}}$$

IV Stage: Level of significance: 5 percent i.e. $\alpha = 0.05$

$$\text{Where, Population } P = \frac{N_1 P_1 + N_2 P_2}{N_1 + N_2}$$

$$= \frac{63 \times 0.63 + 63 \times 0.88}{63 + 63}$$

$$= 0.76$$

$$\text{and, } Q = 1 - P = 1 - 0.76 = 0.24$$

$$\text{Now, } Z = \frac{0.63 - 0.88}{\sqrt{0.76 \times 0.24 \left(\frac{1}{63} - \frac{1}{63} \right)}} = 3.29$$

Now, $|Z| = 3.29$

V Stage: The tabulated value of Z at 5% level of significance for left tailed test is 1.645.

VI Stage: (Decision) since computed value of Z i.e., 3.29 is greater than the tabulated value, null hypothesis is rejected or alternative hypothesis is accepted and we can conclude that the intervention of the MFI is significant in increasing the consumption pattern of family members.

4.11.3 Status of Pure Drinking Water of the Respondent.

Table No. 30

S.N.	Category of water	Before MIFP	After MIFP
1	Well water	22	17
2	Steam water	23	15
3	Pipe water	18	31
Total		63	63

Source: Field Survey; 2008

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

Micro finance programs are very much effective programs to improve the social life of rural people who were living unsanitary lives. Before launching program people were living and using unsanitary living substances. They used different source of water

for their daily use which was not pure and good enough for their health. Hence, it caused different disease and made difficult to run their life smoothly. These problems not only increase the health problems but also affected to their life standard badly. Knowingly or unknowingly people were becoming victim of these problems because they had no sources and options to improve their drinking water. But micro finance programs became the perfect helper to solve these problems and uplift their life standard. This program provide them knowledge and idea to make pure drinking water and awareness towards their health.

4.11.4 Change in Food Consumption of the Respondents

Table No. 31

S.N	Category	Before borrowing	After Borrowing
1	Traditional	31	13
2	Relatively better off	32	50
Total		63	63

Source: Field survey, 2008

Above table, it represents the picture that the living standard has increased after the micro-finance project intervention. It can be proved from statistical tool also. Weather the number of respondents who have perceived positive change in food practice is significant or not has been tested with Z-test as follows.

In the usual national, we have

$$N_1 = 63 = N_2$$

$$P_1 = \text{Sample proportion of relatively better off members before borrowing} = 32/63 \\ = 0.508$$

$$P_2 = \text{Sample proportion of relatively better off members after borrowing} = 50/63 \\ = 0.974$$

Now, setting the hypothesis;

I Stage: Null hypothesis $H_0: P_1 = P_2$, i.e., there is no significant difference between the proportion of the borrower before and after borrowing.

II Stage: Alternative hypothesis $H_1: P_1 < P_2$, i.e., there is significant difference between the proportion of relatively better off members before and after borrowing. (Left tailed test)

III Stage: Computation of test statistics

Since, $n = 63$ we use Z-test

$$\text{Formula Z} = \frac{P_1 - P_2}{\sqrt{PQ \left(\frac{1}{N_1} + \frac{1}{N_2} \right)}}$$

IV Stage: Level of significance: 5 percent i.e. $\alpha = 0.05$

$$\begin{aligned} \text{Where, Population} &= \frac{N_1 P_1 + N_2 P_2}{N_1 + N_2} \\ &= \frac{63 \times 0.508 + 63 \times 0.974}{63 + 63} \\ &= 0.651 \end{aligned}$$

and, $Q = 1 - P = 1 - 0.651 = 0.349$

$$\text{Now, Z} = \frac{0.508 - 0.974}{\sqrt{0.651 \times 0.349 \left(\frac{1}{63} + \frac{1}{63} \right)}} = -3.368$$

Now, $|Z| = 3.368$

V Stage: The tabulated value of Z at 5% level of significance for left tailed test is 1.645.

VI Stage: (Decision) since computed value of Z i.e., 3.368 is greater than the tabulated value, null hypothesis is rejected or alternative hypothesis is accepted and we can conclude that the intervention of the MFI is significant in increasing the numbers of members of members who take the relatively better off food.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Credit plays vital role in development process. Agriculture being backbone of Nepalese economy where 38 percent of GDP of the economy still contributed by the agriculture sector. Women contribution to the agriculture sector is accounted as 60.5 percent as against only 39.5 percent by male. Conceptually, agriculture sectors denotes to the production unit mainly in rural and sub-rural region. Thus, agriculture is rural phenomena. In Nepal more than 70 percent population resides in rural sector. Development of rural sector is inevitable for development of the country. As already been mentioned that credit plays vital role in development efforts, availability of credit to rural population is very much necessary. Rural populations have poor access to loan from big financial institution. Therefore; emergence of MFIs providing credit to them especially women is imperative. Thus, women play vital role in the economy of Nepal. Generally, the domestic chores as well as agriculture work done by women is not considered in the national income estimation. Women access to economic resources and control over it is less. The difference between average income ratio between male and female is 1:0.39.

Despite the fact that women work as high as 11 hours a day on an average, their income is very low. Majority of women are forced to work at low wage in unsafe working conditions. Most of women work in rural area and in the informal sector so they are working without remuneration. Because of the maternity role to be played by women, they have dual workload and it has affected their employment outside domestic affairs.

The traditional outlook of the society towards women did not improve as expected neither expected improvement in legal framework has introduced in the gender discrimination. However, Nepal committed firmly to implement the Convention on Elimination of all types of Discrimination against Women (CEDAW), Beijing declaration and its review document including other documents related to international human rights. The constitution of Nepal also secured 33 percent seat in every sector for the women.

The implementation of MF program, focusing on women as a target group has produced substantial impact on economic empowerment of women through their economic self-sufficiency. The credit program with the objective of providing loan to women easily and priority to women in loan disbursement has motivated them to come forward in the society.

Different micro-finance institution has been implementing micro finance program in Palpa District. They have been providing micro-credit on different production activities on which rural women are involved. For example livestock raising, agriculture, production and retail shop/ petty trade. Mainly four institutions are active at Palpa district. One is Rara Saving and credit co-operative having 2669 population, 342 members with 16 centers. 2 Development Bank, one is Western Development Bank has launch this program through 3 branches. Rampur Branch having 1867 population of 289 members through 18 centers. Another branch located at Harthok having 2311 population with 332 members of 24 centers, 3rd branch of Tansen have 3642 population of 421 members by 27 centers. Another Development bank Nirdhan Utthan covers 1826 population of 233 members by 24 centers. We chose only 63 members among them sample for only 63 members among them as sample for only research which represent all members of this programs at Palpa district in all aspect

The main findings of the study may be summarized as –

-) Most of the women beneficiaries of the micro-finance program are relatively poor. Women having no income of their own. So the program seems target group oriented.
-) The women beneficiaries of the micro-finance program have improved their earning and equally stimulated their living standard.

- J Repayment rate of the program is 80 percent in Palpa district. Though the loan has not seemed to be utilized on the said purpose but they have been paying on time from other sources. The death of animal kept, lack of appropriate market knowledge, lack of sufficient supervision due to low number of staff are the main reason of not having 100 percent payment rate.
- J As becoming the member of the MF program they have become more active mentally as well as physically. They have widened their consumption as they have to gather twice in a month to repay and for saving. They have to get chance to discuss on their improvement and failure of their investment activities.
- J The derived value of correlation coefficient $r = 0.917$ proves that the micro-finance is really helping women to uplift their economic condition.
- J From regression analysis it can be said that loan amount is one of the significant elements and if Rs. 100 is invested then Rs.6.20 income per month will be generated.
- J The result derived from chi-square test reveals that caste and ethnicity does not affect the control over their earnings. Women do not have their own control on their earnings. Joint control exists widely in Palpa district.
- J The result derived from chi-square test reveals the numbers of savers are increase due to micro-finance programs. They can save large amount also after the micro-finance programs.
- J The result derived from Z test reveals that the intervention of the MFI is significant in increasing the consumption pattern of family members. They started to use quality cloths which add their personality also.

- J) The result derived from chi-square test on consumption Patton specially food. We can conclude that the intervention of the MFI is significant in increasing the numbers of members who take the relatively better off food which, make their healthy and strong.

5.2 Conclusion

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

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

attention towards the loan delinquency management and control to poor human resources development efforts are perceived as the operational challenges.

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

Following conclusion have been based on the study:

-) Involvement in the micro-finance programs has empowered women in varying degree. It has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities. The program with its focus on group activities and income generation has helped to enhance the self-confidence and increased right to spend, thus increasing the access to resource.
-) For most of the women, despite the effort of local NGO, MDBK the nature of their work appears to have not changed. So in spite of the increase in monthly income their average working hours have remained unchanged as they are still stuck on the traditional farming activities. The positive change of majority women members in clothing and consumption pattern indicates the positive impact of the project in the study area.
-) Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.

- J Awareness of healthcare, including women and children's health, family planning, sanitation and reduction in smoking, alcohol consumption, etc., have increased. At monthly group meeting, women discuss health issues which they follow in their day-to-day lives.
- J Community people are supportive of co-operative's activities. Most of the community people know about co-operative and their services. Males of the community provide support to women members to enable them to participate in co-operative's activities by helping them in households chores, reminding them of meeting dates and joining hand in community development activities.
- J The availability of loan from co-operatives has helped in reducing the interest rate charged by moneylenders from 60 percent to 36 percent. Competition in the financial market has helped to improve the quality of services and it reduces the interest rate but it is still too high.
- J Members have become more aware of gender equality (participant of the Focus Group Discussion said that man and women are equal in social aspects, it is wrong to wait for the birth of a son and increase family size), human rights and women rights issues. They know that violence; both physical and mental against women should not be tolerated. They have also become aware of their voting rights and right to parental property.
- J Women's mobility has increased due to their participation in monthly meetings, trainings, meetings with outsiders, unlike in the past when they had not joined the co-operatives.
- J Saving groups is an important part of the program. Besides the income generating projects group members are taking credit from within the group at the time of

emergency. So group saving has become their good source of money otherwise they would have to go to the moneylender and it is accumulating the source of future use. They all left that it has culminated a good habit of saving weather the source of saving is from project income or any other sources.

-) In respect to financial intermediation, it can be concluded that, although the subject is new in Nepal, it is the right war to fulfill the financial needs of rural poor. Reaching to the poor through financial intermediaries is found to be cost effective and targeting can be done correctly.
-) MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So, that they should not be victimized by excess burden of debt.
-) Getting loan in small amount of Rs.3000 to Rs.5000 cannot give optimistic results. The borrowers use loan for their daily requirement and keep for repayment. Economic upliftment through such findings is impossible. In order to have optimum utilization of loan, group investment should be done like small cottage industries, factories, enterprise on the group consent. So that amount of loan taken will not be seed for consumption purposes rather it is inversed for productive purpose.
-) Effective follow-up, supervision and monitoring are essential to utilize loan in actual purpose. Otherwise many of the borrowers have to pay back loan by selling their property.

5.3 Recommendations

Moving towards women empowerment, it requires a new away of thinking in which the women and men give way to a new philosophy that regards all people as essential agents of change. With equity and equality, women and men together can

participate in building more just, secured and sustainable societies. To end this some recommendations are as follows.

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

) There is a provision of compulsory insurance of livestock under the MF program. As most of the loan in study area is used in livestock husbandry. In case of death 80% refund is provided and in the case of infertile animal 40% is refunded. All the members who were supposed to get refund complained that the process is too long and it took long period of time. So there is the need of smooth implementation of insurance provision as well as the provision of insurance to the livestock sufferings from disease too. Thus the process of insurance claim should be made easy and fast.

) If the income level of the respondent is seen in the study area, we find some women who have a clearly higher level of annual income of their family and there remains some possibility of leaving the poorest of poor untouched by the program. So there

should be proper identification and selection of the target group by the MFIs to insure that the really poor, backward communities are not left behind.

- J The position of the program staff should be permanent, so that they could perform their responsibility with confidence and concentration. Given the fixed orientation nature of work of the program allowance should be raised.
- J To supervise the use of loan and to provide effective skill to advice on the proper management of the loan, field staffs should be trained regularly. So that the clients of the programs received technical as well as managerial guidance to manage micro-finance program.
- J Literacy program is an integral part of rural micro-finance program. Curriculum is amended toward economic orientation rather than conventional one.
- J Volumetric and physical expansions of transaction are being encouraged rather than productive lending. Potential market based activities be encouraged rather than replication of the same activities.
- J Rural financing program makes women active and emotional but lack of skill and knowledge of economically productive activities pull back their enthusiasm. Training from non-formal education to market led economic activities should be imparted in order to boost up their economic productive ability. Training should include exploration of market potentiality, identification of native talent and transfer of skill and capability.
- J Women are more likely to take part in multiple activities simultaneously to support their families and to improve understanding of women's skills while formulating program.

-) Participation of women in the program is ever increasing, which makes them overloaded. Time and drudgery reducing program be integrated. Gender sensitization training imparted from the initiation.
-) There is a gender division of labor at the household level and women lack access to control of resources. Learn about the relationship of the household level information like- Who does what? Who control what? Identify and implement strategies for change within the family and community.
-) Women are looked upon as an object. Women should be treated as a subject and not an object. Involve them from the need assessment to the program, planning, implementation and evaluation.
-) Training and technical assistance, unless designed properly through systematic training, need analysis, does not necessarily improve the performance of MFIs.
-) SCCOs should diversify their financial products as per the needs of their members for which they should conduct market research.
-) Improve the existing legal and judicial processes for enforcing financial contracts.

ANNEX – I

ECONOMIC IMPACT OF MICRO-FINANCETO UPLIFTMENT OF WOMEN: A CASE STUDY OF MICRO-FINANCE PROGRAMS OF PALPA DISTRICT

Individual Questionnaire

Questionnaire No:-.....

Date:-2065/..../...

Respondent's Name:-.....

Group Name:-.....

Name of MIFs.....

Address:-.....

1. Personal Profile

1.1 Age

1.2 Cast of

1.3 Your marital status (Tick)

a) Married

b) Unmarried

1.4 What is your education level? (Tick & write)

a)class of schooling.

b) SLC

c) Campus.....level

d) Literate

e) Illiterate

2. Family information

2.1 Your current family member (Tick)

Children: - 0-14 years Female Male

Adult: - 15-64 years Female Male

Older: - 65 and above Female Male

2.2 Members who earn from (Tick)

a) Government services b) Business

b) Private firm/industries d) on own farm

e) Other (specify):-.....

2.3 Who is the head of your family? (Tick)

a) Self b) Others (relation)

3. Economic Background

3.1 Do you have land of your own? (Tick)

a) Yes b) No

If Yes, Size of Land (in Ropani) a) Cultivate b) Non Cultivate

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

a) Agriculture b) Live Stocks c) Poultry d) Government Sectors

e) Business f) Private Industry/Firm g) Spinning

h) Selling Milk i) Weaving Machine

j) Others.....

3.3 What is your main occupation after joining micro finance program? (Tick)

a) Agriculture b) Live Stocks c) Poultry d) Government Sectors

e) Business f) Private Industry/Firm g) Spinning

h) Selling Milk i) Weaving Machine

j) Others.....

3.4 How much was your average monthly income before joining micro-finance program?

Rs.....

3.5 How much your average monthly income after joining micro-finance program?

RS.....

4. Participation in Micro-finance

4.1 How did you know about the MF Program?

.....

4.2 What is your position in the group?

.....

4.4 How did you feel to enter in the group? (Tick)

a) Very difficult b) Difficult c) Normal

d) Easy e) Very easy d)others:-

.....

5. Loan received, use and repay

5.1 First loan received date 20.....//

5.2 Loan amount a) First:-.....b) Second:-.....c) Third:-.....d) Fourth:-

.....

5.3 Have you taken loan from the group? (Tick) a) Yes b) No

If Yes:

a) When? b) How much? c) Interest rate?

5.4 Have you received loan from other institution too, (Tick) a) Yes b) No

If Yes:

A) When? b) How much? c) What is Interest rate?

d) From which institutions?

5.5 Who decided utilization of the loan? (Tick)

- a) Self b) Family head c) Common decision

5.6 Did you spend some portion of the loan in the following items? (Tick)

- a) To purchase food for family. b) To purchase clothes.
c) To pay other loans of borrowings. d) To health expenses
d) To celebrate feasts and festivals e) others

5.7 How much is your average monthly income before and after joining the program. (Rs.)

- a) Before..... b) After.....

5.8 Why did you join this program? (Tick)

- a) To earn more income and to improve family condition.
b) To have company with friends.
c) To be self-dependent.

5.9 What is the purpose of taking the loan and how much is it?

Loan's term	Purpose	Amount

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

- a) Spent b) Not spent

If not, then where you spend it? (Tick)

- a) Kept in cash b) Other family needs c) Other specify.....

5.11 How do you pay back the loan? (Tick)

- a) Partially b) At once c) Not paid yet

5.12s Have you ever faced difficulties to pay back the loan and interest?

a) Yes b) No

If yes, what are the difficulties? How did you solve it?

.....

5.13 Do you have any saving? (Tick)

a) Yes b) No

5.14 For what purpose is the saving used? (Tick)

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

5.15 Average monthly saving before and after joining this program

a) Before (in Rs) b) After (in Rs)

5.16. A. How many children did you use to send school before joining the group?

a) Boys b) Girls

B. How many children are studying now?

a) Boys b) Girls

6 Family Status:

6.1 Did you change consumption pattern (quality of food) after joining the program? (Tick)

a) Yes b) No

If yes, then mention,

a) Increased b) Decreased c) Constant

6.2 Did you change consumption pattern (clothing) after joining the program?

- a) Yes b) No

If yes, then mention,

- a) Increased b) Decreased c) Constant

6.3 How do your family members and relatives deal with you after joining the group? (Tick)

- a) Appreciate b) Criticize c) Others.....

6.4 Did you change condition of pure drinking water after joining MFP.

- a) Increase b) Decrease c) Constant

6.5 Did you feel change on health condition after joining MFP.

- a) Increase b) Decrease c) Constant

6.6 After joining the micro-finance program, relation with husband has

- a) Increase b) Decrease c) Constant

6.7 In your opinion, what are the main benefits of joining MF group?

.....

6.8 What are the obstacles to make MF program more effective?

.....

7. Trainings

7.1 Have you taken any training from micro finance program?

- a) Yes b) No

7.2 How helpful has the training you received from MFI been in your enterprise operation? (Tick)

- a) Very helpful b) Helpful c) Not helpful

d) Others.....

7.3 Has the training increased your skill? (Tick)

A) Very much increased b) Normally increased d)Not increased

7.4 After receiving the training, has your confidence on income generating activities increased?

a) Yes b) No

7.5 Do you think your employment opportunity in labor market has increased due to training you received from MFI? (Tick)

a) Increased b) Decreased
c) Constant d) don't know

7.6 What do you suggest to make more effective micro-finance?

a).....
b).....

Thank You

ANNEX – II

Correlation between x and y = r_{xy}

Let, loan amount borrowed = X

Increase income per month = Y

SN	X	X ²	Y	Y ²	XY
1.	2,000	4000000	250	62500	500000
2	2,000	4000000	300	90000	600000
3	2,000	4000000	480	230400	960000
4	2,000	4000000	500	250000	1000000
5	2,000	4000000	800	640000	1600000

6	5,000	25000000	850	722500	4250000
7	5,000	25000000	970	940900	4850000
8	5,000	25000000	1,000	1000000	5000000
9	5,000	25000000	1,400	1960000	7000000
10	5,000	25000000	18,00	3240000	9000000
11	5,000	25000000	1,750	3062500	8750000
12	5,000	25000000	1,900	3610000	9500000
13	5,000	25000000	2,200	4840000	11000000
14	8,000	64000000	2,400	5760000	19200000
15	8,000	64000000	2,100	4410000	16800000
16	8,000	64000000	2,800	7840000	22400000
17	8,000	64000000	2,750	7562500	22000000
18	8,000	64000000	2,500	6250000	20000000
19	8,000	64000000	2,800	7840000	22400000
20	9,000	81000000	2,900	8410000	26100000
21	9,000	81000000	3,000	9000000	27000000
22	9,000	81000000	3,150	9922500	28350000
23	9,000	81000000	3,300	10890000	29700000
24	9,000	81000000	3,750	14062500	33750000
25	9,000	81000000	3,600	12960000	32400000
26	9,000	81000000	3,800	14440000	34200000
27	9,000	81000000	3,350	11222500	30150000
28	9,000	81000000	3,250	10562500	29250000
29	10,000	100000000	3,900	15210000	39000000
30	10,000	100000000	3,750	14062500	37500000
31	10,000	100000000	3,800	14440000	38000000
32	10,000	100000000	4,200	17640000	42000000
33	10,000	100000000	4,000	16000000	40000000
34	10,000	100000000	4,950	24502500	49500000
35	10,000	100000000	4,750	22562500	47500000
36	10,000	100000000	4,600	21160000	46000000
37	10,000	100000000	4,200	17640000	42000000
38	10,000	100000000	4,800	23040000	48000000
39	12,000	144000000	4,950	24502500	59400000
40	12,000	144000000	4,350	18922500	52200000
41	12,000	144000000	4,650	21622500	55800000
42	12,000	144000000	4,900	24010000	58800000
43	12,000	144000000	4,700	22090000	56400000
44	12,000	144000000	4,250	18062500	51000000
45	12,000	144000000	4,250	18062500	51000000
46	12,000	144000000	5,250	27562500	63000000
47	12,000	144000000	5,250	27562500	63000000
48	12,000	144000000	5,250	27562500	63000000
49	12000	144000000	5,600	31360000	67200000
50	12,000	144000000	6,480	41990400	77760000
51	15,000	225000000	6,900	47610000	103500000
52	15,000	225000000	5,320	28302400	79800000

53	15,000	225000000	5,900	34810000	88500000
54	15,000	225000000	5,450	29702500	81750000
55	15,000	225000000	5,650	31922500	84750000
56	15,000	225000000	5,000	25000000	75000000
57	15,000	225000000	5,700	32490000	85500000
58	15,000	225000000	5,100	26010000	76500000
59	18,000	324000000	6,400	40960000	115200000
60	18,000	324000000	5,750	33062500	103500000
61	18,000	324000000	5,200	27040000	93600000
62	18,000	324000000	6,500	42250000	117000000
63	18,000	324000000	5,950	35402500	107100000
	$X =$ 633000	$X^2 =$ 7481000000	$Y = 228,950$	$Y^2 = 228950$	$XY =$ 2817470000

$x X(X Z \bar{X})$	$y X(Y Z \bar{Y})$	xy	X²	Y²
-8,047.62	-3416.67	27496062	64764187.7	11673634
-8,047.62	-3366.67	27093681	64764187.7	11334467
-8,047.62	-3186.67	25645109	64764187.7	10154866
-8,047.62	-3166.67	25484157	64764187.7	10027799
-8,047.62	-2866.67	23069871	64764187.7	8217796.9
-5,047.62	-2816.67	14217480	25478467.7	7933629.9
-5,047.62	-2696.67	13611765	25478467.7	7272029.1
-5,047.62	-2666.67	13460337	25478467.7	7111128.9
-5,047.62	-2266.67	11441289	25478467.7	5137792.9
-5,047.62	-1866.67	9422240.8	25478467.7	3484456.9
-5,047.62	-1916.67	9674621.8	25478467.7	3673623.9
-5,047.62	-1766.67	8917478.8	25478467.7	3121122.9
-5,047.62	-1466.67	7403192.8	25478467.7	2151120.9
-2,047.62	-1266.67	2593658.8	4192747.66	1604452.9
-2,047.62	-1566.67	3207944.8	4192747.66	2454454.9
-2,047.62	-866.67	1774610.8	4192747.66	751116.89
-2,047.62	-916.67	1876991.8	4192747.66	840283.89
-2,047.62	-1166.67	2388896.8	4192747.66	1361118.9
-2,047.62	-866.67	1774610.8	4192747.66	751116.89
-1,047.62	-766.67	803178.83	1097507.66	587782.89
-1,047.62	-666.67	698416.83	1097507.66	444448.89
-1,047.62	-516.67	541273.83	1097507.66	266947.89
-1,047.62	-366.67	384130.83	1097507.66	134446.89
-1,047.62	83.33	-87298.17	1097507.66	6943.8889
-1,047.62	-66.67	69844.825	1097507.66	4444.8889
-1,047.62	133.33	-139679.2	1097507.66	17776.889

-1,047.62	-316.67	331749.83	1097507.66	100279.89
-1,047.62	-416.67	436511.83	1097507.66	173613.89
-47.62	233.33	-11111.17	2267.6644	54442.889
-47.62	83.33	-3968.175	2267.6644	6943.8889
-47.62	133.33	-6349.175	2267.6644	17776.889
-47.62	533.33	-25397.17	2267.6644	284440.89
-47.62	333.33	-15873.17	2267.6644	111108.89
-47.62	1283.33	-61112.17	2267.6644	1646935.9
-47.62	1083.33	-51588.17	2267.6644	1173603.9
-47.62	933.33	-44445.17	2267.6644	871104.89
-47.62	533.33	-25397.17	2267.6644	284440.89
-47.62	1133.33	-53969.17	2267.6644	1284436.9
1,952.38	1283.33	2505547.8	3811787.66	1646935.9
1,952.38	683.33	1334119.8	3811787.66	466939.89
1,952.38	983.33	1919833.8	3811787.66	966937.89
1,952.38	1233.33	2407928.8	3811787.66	1521102.9
1,952.38	1033.33	2017452.8	3811787.66	1067770.9
1,952.38	583.33	1138881.8	3811787.66	340273.89
1,952.38	583.33	1138881.8	3811787.66	340273.89
1,952.38	1583.33	3091261.8	3811787.66	2506933.9
1,952.38	1583.33	3091261.8	3811787.66	2506933.9
1,952.38	1583.33	3091261.8	3811787.66	2506933.9
1,952.38	1933.33	3774594.8	3811787.66	3737764.9
1,952.38	2813.33	5492689.2	3811787.66	7914825.7
4,952.38	3233.33	16012679	24526067.7	10454423
4,952.38	1653.33	8187918.4	24526067.7	2733500.1
4,952.38	2233.33	11060299	24526067.7	4987762.9
4,952.38	1783.33	8831727.8	24526067.7	3180265.9
4,952.38	1983.33	9822203.8	24526067.7	3933597.9
4,952.38	1333.33	6603156.8	24526067.7	1777768.9
4,952.38	2033.33	10069823	24526067.7	4134430.9
4,952.38	1433.33	7098394.8	24526067.7	2054434.9
7,952.38	2733.33	21736479	63240347.7	7471092.9
7,952.38	2083.33	16567432	63240347.7	4340263.9
7,952.38	1533.33	12193623	63240347.7	2351100.9
7,952.38	2833.33	22531717	63240347.7	8027758.9
7,952.38	2283.33	18157908	63240347.7	5213595.9
		$\sum xy$ 433169994	$\sum X^2$ 1120857143	$\sum Y^2$ 192711558

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