

CHAPTER I INTRODUCTION

1.1 Background of the study

Microfinance means providing very poor families with very small loans to help them engage in productive activities or grow their tiny business. Over times, microfinance has come to include a broader range of services (credit, saving, insurance, etc.) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products. Traditionally, one was focused on providing a standardized credit product. The poor, just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of microfinance; our current challenge is to find an efficient and reliable way of providing a richer menu of microfinance products. (<http://www.microfinancegateway.com>)

Assuming on average an annual income of Rs.7696 as the national poverty line as recommended by NLSS 2003/04, around 30.85% population is still found below the poverty line. Likewise according to the same survey, in terms of purchasing power parity which is calculated on the basis of an income of one US dollar a day, 24.1 percent population is found living below this income level. The poverty of the rural areas is more severe than that of the urban areas, 9.55 % of urban and 34.62% of rural people live below the poverty line. (Economic survey, 2006/07).

Poverty incidence is very high in Nepal. Various constraints play a role in making people poor: low economic growth rate, inadequate service delivery, limited coverage of targeted programs, geographical, traditional system of farming, lack of opportunities in the social-economic sector. According to the economy survey 2006/07, 30.85 (Approx. 31%) of people are living below the poverty line. According to NGOs and independent research it has been claimed that it has been underestimated by the government. Because of the prevailing conflict, people have been migrated towards the

city which has increased the internal displacement and the incident of poverty also being gradually increased. But the research has not being done. Now the situation has little been changed from the second Jana Andolan 2062/063 B.S. The revelry party Maoist who moved the people war for 12 years has been established as a strongest party from the Constituent Assembly election 2008.

During the period of the conflict the target programs could not conduct to targeted groups. About 77% people live in the rural areas and the rural areas were extremely suffering from the conflict. All physical infrastructure were been destroyed and the presence of government was negligible. There was no security. People were victimized from both government and revelry. These is the figure faced by the rural economy, with bearing the risk, MFIs have conducted their programs for up lifting the poor are so appreciable. Now the situation has changed. Some hopes are being budding with the change in political climate. Microfinance has established with the mission of addressing upgrading the social-economic conduction of the rural people, especially living in abject poverty. In period of conflict, MFIs has done much more. The special credit goes to microfinance for reducing poverty from 42% to 31%. MFPs were moved from both the government and non-government level. Microfinance which is being defined as a magic bullet for poverty reduction (poudyal: 2007). Microfinance is known as the development tool, it is widely used for achieving the development goals. Microfinance has been used as powerful tool for reduction of abject poverty where poorest of the poor enables to get advantage from existing opportunities. MF has been used as the tools to respect the needs of the poor from which are under serve from existing financial opportunities. Microfinance provided loan for generated self-employment avenues, raises income level, build up self-confidence, empower women and provides opportunities to escape from abject poverty and inequality. The saving and investment of the rural people is limited due to low earning. Rural finance is depending on informal sector people relying on merchant money lenders and traditional co-operatives for their financial needs. About 30-35% is serving from formal services and 60-70% is serving from the informal financial (NRB). In access ness of formal sources of credit is the main cause of exploitation and feeding the perpetual cycle of indebttness and poverty. Microfinance has been recognized as an effective development intervention for three key reasons.

- a. The services provided can be self targeted especially at the poor and poorest of the poor (i.e. save, loan, and groups or community organizations are

particularly attractive to the poorest and less so for wealthier community) members due to the nature of services and program requirements.

- b. These services make a significant contribution to the social economic status of the targeted community particularly because people use the economic benefit.
- c. The institution that delivers these services can develop and achieve significant outreach at low cost. Many are hopeful that microfinance services can be offered on a sustainable basis after a few years initial support (either technical, financial on both) microfinance is more than the provision of credit. It involves other financial services like saving, insurance, emergency fund money transfer of small remittance recognizing the needs of poor rate just on injection of credit. (CECI: 2001)

Microfinance provided the financial services to the deprived groups from the society. It supported to the micro-entrepreneur to create self-employment opportunities and various income generating activities by providing and small size of loan, saving, micro-entrepreneurs, diversified utilization of loan transfer of remittance, insurance those who are under the server of the formal financial institutions. The main philosophy of microfinance to meets the needs of the poorest of poor deprived women, indigenous groups of the society.

Nepal is a least developed country with \$ 270 PCI (WB 2007). But according to CBS report of mid June 2008 gives \$470 PCI in GNI, which has estimated the economic growth of the year will be held 5.56%. Agriculture is the mainstay of the economy. About 80% of population employed in agriculture. It contributed 32.1% in the GDP. According to NLSS 2003/04, 30.85% Population living below the poverty line. Nepal lies on 142nd position in 2007 HDI report where 177 countries were taken in account by World Bank Human Development Report. The condition is being improvable than previous year where it was on 144th position. Nepal has been witness planned development efforts since the last five decades, presently three year interim plan has been implemented with the main objectives to realize change in the life of people by reducing poverty and existing unemployment by establishing sustainable the peace. About 77% of the population of Nepal stays in rural areas. These people do not have enough financial background to improve their productivity. Difficult geographical circumstances make the delivery of financial services to the poor particularly challenging. The poor are hardly access to the financial services thought the formal

financial sector. They performed their financial needs through informal sector: landlord, merchants, goldsmith's pawnbrokers, friends/relatives, traditional saving and credit associations such as Dhikuti, Parma, Dharma vakari, Aama samuha, Youth club. Now formal sector are also much more sensitive for providing microfinance services to the poor. I/NGOs and governments lend different programs with different modalities which have significant role on reducing poverty. There are various causes which make the poor to remain outside from the financial sector services. Ordinary banks they consider poor people are not credit worthy. The operation cost of on many small amounts of loan is high. Banks are centered in large town. But poor centered in rural areas. They have limited economic opportunities, limited saving and limited the condition of the women is miserable. The poverty depth of women is higher than men. They have less control over economic decisions. The main causes of poverty is being unemployed. Due to the lack of reliable employment survey and forecast in Nepal, the estimation of actual status of employment has been complex. According to the population census 2001, economically active population was estimated to be 10.482 million unemployment rates is estimated about 5.1% above the age of 10 years old. NLSS 2003/04 has present 2.9% of the population is unemployed among age of 15 or above. 74.3% was employed remaining 22.8% were economically inactive (economics survey 2006/07). Youth unemployment was found to be 15%. Because of the internal conflict and lack of security new employment opportunities can not be generated. Hence the number of unemployment increased which further increased the number of foreign employment seeker. To stop such trends flighting human capital, microfinance may also be the strong and powerful tool to promote employment in the local level. The research work concern on finding the relation of microfinance and employment.

MF makes possible for the poor people access to the financial services. The risk involved in lending money without collateral is overcome by giving the clients good incentives to repay their loans. Repayments are usually made is small installments and at frequent intervals. Microfinance main provision is to provide broad range of financial services to the poor and low-income households: micro saving, loans, payment or money transfer services and micro insurance. It also includes loans to micro-enterprises. The main objective of microfinance is to help alleviate poverty by providing sustainable access to finance services to poor and low-income household.

Microfinance is an important and relevant financial service to poor. It also included other measures to promote human development: education, health and other minimum infrastructures required, enhance broad financial activities in rural area. Poor can improve socio-economic condition. Microfinance not only the tools of poverty reduction but also increase the income level and self-employment to poor through various types of income generating activities World Bank designs microfinance as “The provision of financial services to low-income clients including the self-employed, it includes both financial and social inter-mediation, it is not simply banking but also is a development tools.” Microfinance can help to increases income build viable business and reduce their vulnerability to external stocks. It can also be a powerful instrument for self-employment by enabling the poor, especially women to become economic agent of change.

Microfinance in Context of Nepal

Microfinance is understood as the financial services rendered to the poor and low income households: Micro-saving, micro-loans, micro-payments, transfer of small remittance and micro-insurance. NRB defines up to Rs. 60,000 as micro credit (MFDB). Same as RSRF recognizes loan up to Rs. 60,000 per borrower to deprived sector as micro-credit and group loan up to Rs. 150,000 on joint liability. While microfinance programs is being acted traditionally by various names and sub names but formal sector micro lending activities was began in 1956 A.D. with the establishment of ‘Rapti cooperative’ in Rapti valley of Chitwan district to provide financial service in rural Nepal. Later in 1963 the cooperative Bank converted in to ADB/N (1968). ADB/N was established to provide financial services to the credit cooperatives. Then several credit co-operative and the ward/village grass roots level along with National level institution i.e. land reform saving corporation.

But microfinance practice formally started in 1974. Since the NRB direction to commercial banks for lending five percent of their total deposit liabilities to ‘small sector’ in order to increase production and employment in rural areas. Small sector refer to agriculture, cottage industries and services. These programmers were renamed later as ‘priority sector’ in 1976. It was the beginning of formal micro credit program. The lending margin was rose up to 7% of total liabilities in 1976. The priority sector credit program was again redefined as Intensive banking program (IBP) in 1981

which was implemented through major commercial banks: RBB, NBL and NABIL Bank (Basyal: 2008:44). The NRB also made successive in lending percentage and it increased to 8% in 1984 and this lending was fixed at 12% by the year 1990. To fulfill priority sector and deprived sector lending requirements commercial bank can also lend ADB/N rural development banks authorized savings and credit cooperatives (SSCS) and FINGOs that have been defined as actual microfinance institutions (MFIs) in Nepal.

Microfinance is formally started with establishment of GBB in regional level which related to the pioneer Mohammad Yunus's Grameen Models since 1992. Besides these some development bank are established under Yunus's model, also these several saving and credit cooperatives and financial intermediary NGOs (FINGOs) are providing MF services in various part of country including three apex lending agencies RMDC, RSRF and Sanakishan Bikas Bank (SKBB) established under different Acts. Ministry of finance regulated the MFIs through the NRB under the NRB Act 2002. MFI, also regulated by Apex financial institution: RMDC, District administrative office, Nepal federation of saving and credit cooperative union, the cooperative board in case of saving and credit cooperatives and federations of NGOs in case of FINGOs and SFINGOs, different types of legislative frame work has been designed to regulated the MFIs. Nepal Rastra Bank Act-1955, Agriculture Development Bank Act -1967, Commercial Bank Act -1974, Finance Company Act-1985, NIDC Act -1989 and Development Bank Act- 1995. There are other Act regulating the MFIs in Nepal e.g. Company Act-1992, Social Welfare Act (1991) Company Act -1997, Financial Intermediary Act-1998, Societies Registration Act-1978 and many other laws are formatted to regulation of the MFIs. Nepal who has about three decades of experience in microfinance these programmers focused toward raising the income level and social standard of the people living in poverty .according to NRB, MFI grouped into seven modalities. Small Farmers Cooperative Model, FINGO Models, Priority Sector And Deprived Sector Credit Model, Saving And Credit Cooperative Model, Project Based Micro-Financing Model, Wholesale Micro-Financing Model. Mrs. Basyal has divided the MF model in to five groups in her book "Microfinance Access to finance for Nepal Rural Poor". They are Government-mandated program, Grameen Model, Apex Microfinance Institutions, Cooperative Model, FINGOs/ INGO Model. Overall the MFP has played a significant role to

address the need of the poor and provide them the financial services those who are out of the services of formal financial institutions. Poor are always excluded from the formal financial institutions. They do not have of essential collateral. Poor define as credit unworthiness because of high operation costs. Loan makes by the commercial bank centered on urban and economically strong group which excluded the poor. Now the situation has changed various modalities of microfinance are in the field of finance to financing the poor who are economically active. Microfinance has done great contribution in rural financing and reduction of the level of poverty. The monetary policy 2007/08 has also given top priority to microfinance which played a significance role on creating self-employment is local level and also supported to moved the micro-enterprises which directly supported people to be employed and improve their income level. Ultimately it support to the goal of poverty reduction.

1.2 Statement the Problem

Unemployment is the main problems of Nepal. Lately, the number of foreign work seeker being increased. In every year, it is being said that about 300 thousand new worker enter in the labor market. According to NPC 2007 reports, the employment creating increases through 3% annual. It is targeted to make 3.5% by the end of 11th plan (interim plan). According to census 2001 unemployment rate was 5.1% on total population of above 10 years. NLSS 2003/04 presents 2.9% are unemployed among the population age of 15 or above and 74.3% are employed 22.8% were economically inactive. Because of the lack of employment opportunities, people are being poor. They are forced to live on low scale of living standard. According to NLSS 2003/04 nominal PCI and cumulative share of income declines and quintiles in nominal terms the bottom 80% of the population earns 47% of total income while the richest twenty percent earn 53% of total income. The poorest quintiles earn just 5%.

Most of the people of Nepal dwell in rural areas. About three fourth of them are dwelling in the rural and rest in urban. Those people who dwell in rural areas are extremely poor the incidence of poverty is high. Women and deprived indigenous groups are illiterate. These groups are victimized from poverty. Their main occupation is self-employment in agriculture. They cannot improve their productivity due to the in access of financial services. Nowadays, the important of microfinance

has been increase. It is widely accepted as the tools of poverty reduction which also supported to developed entrepreneurship. It is known as induce phenomena of development. S.P Mathum has enlightened small enterprises as Nurseries for the future entrepreneurs, Small industries earner are mostly good entrepreneurs. They are economical and highly skilled themselves or employed skilled person the basic object is to provided sound foundation for sustained economic growth for increasing opportunities for gainful employment and improving living standard and working condition for the masses. Providing microfinance services employment can create in the rural areas by supporting in micro enterprises through establishing the refinery complex of local product which also support to create the off-farm employment.

The outreach of microfinance services in Nepal is very limited. Credit mobilization and continuous repayment of credit face problem. Mobilization of saving is also the problem due to geographical location and lack of infrastructure. Well known people are still unknown about the microfinance. How the different models of MF being effective in the process of employment creating? The clear notion should not be avoided that microfinance ultimate goals is to meet the need of poor through creating the economic opportunities i.e. reduction of poverty through creating the employment opportunities.

1.3 Objective of the Study

The study concerned on briefing the situation of microfinance activities that running over all the country. It investigated the different modalities of microfinance that practices in Nepal. The main concerns on the inquiry of Royal Saving and Cooperative's micro finance programs in the option of employment creation.

It will observe the effectiveness of microfinance programs in creating the economic opportunities and employment in local level.

-) Does the microfinance really support to improve the livelihood of the poor?
-) Does it really respect the needs of the poor?
-) Does it respect the needs of ultra-poor?
-) Does the microfinance support to increase the income level?
-) Does the microfinance support to create employment in rural areas?

1.4 Specific Objectives:

Poverty is not only the issues of least developed countries. It is a global issue where huge amount of investment is poured for reduction of poverty. Microfinance is one of the program designs to hunt the poverty through generating economic opportunities in the local level. Microfinance supports the pro-poor, women and deprived indigenously backward groups to generated income. It provides micro-saving, small credit, insurance and transfer services including various capabilities building programs (Skills development training). Microfinance major achievement is considered as enhancing income of the poor, enhancing their decision making capacities, fostering self-employment, uplifting empowerment level of poor and overall term increasing productivity in the economy. However some specific objective can be set as follows.

- a. To access the role of microfinance in employment generation.
- b. To sketch the trends of microfinance activities in Syangja district.

1.5 Significance of the Study.

Most of the research on microfinance has been done under the poverty and women empowerment aspect. However researcher left the strong aspect of employment generation, where the research work is going to concern. Without being economically strong neither the poverty can reduce nor did they empower. The aspect should not be left which is going to be observed. It is much more interesting and also newness in the field of research. It would support for the on coming research to extended and research on the holistic approach. Although lack of proper employment measurement in the national level it is being difficult however it gives a new test of ideas those who stay in policy making level.

1.6 Limitation of Study

Nothing is out of limitation, everything has its own limitation and boundaries and present study also has some limitation. Lack of research experience is the major

limitation. This study is simply presented to fulfill a partial requirement of M.A. degree in economics. So, it is not a comprehensive study and it focused to analysis certain aspects of microfinance some limitation can be enlisted as follows:

-) These study basically concern on Syangja district with specific reference to Royal Saving and Cooperative so the study can not show the holistic picture of microfinance of whole districts. Only 34 VDCs are under taken with few clients that involved in microfinance programs.
-) The study is fully based on the student financial resources and it is to be conducted and submitted with in time content.
-) Studies and references are extremely limited.
-) Relevant data and information are collected from field survey, NRB, RMDC, CMF and Royal Saving and Cooperative Syangja, GBB Butwal, Cooperative Division Office, Syangja.

CHAPTER- II

LITERATURE REVIEW

This chapter concern on the past event that has be done in the research problem. Literature review is an important topic of the research dissertation. It supported to the researcher to define the problem and choose the appropriate methodology and also give the guide lines for collecting information. The main another objective of literature review is to avoid the repetition of research. Microfinance is defined as development tools. This is a vehicles to rendered services for poorest of the poor in saving, credit, remittance transfer, rural insurance for developing self-employment opportunities and various income generation activities. Microfinance now a days, it is a very burning issues and effective tools to provide services to the deprived groups who are under serve from the formal financial activities various economist has define the microfinance in their own ways, which will review on following topics.

2.1 Conceptual frame work:

Microfinance has evolved as an economic development approach intended to benefit low income women and men. The term refers to the provision of financial services to low income client including the self – employment. Financial services generally included saving and credit however some microfinance organization also provide insurance and payment services. In addition to financial intermediation many MF is provide social intermediation services such as group formation, development of self–confidence and training in financial literacy and management capabilities among member of a group. Thus the definition of micro finance often included both financial intermediation and social intermediation. Microfinance is nit simply banking it is a development tools.

Microfinance activities usually involve:

-) Small loans, typically for working capital.
-) Informal appraisal of borrower and investment.
-) Collateral substitutes such as group guarantees or compulsory saving.
-) Access to respect the larger loans based on repayment performance.
-) Stream lined loan disbursement and monitoring.

) Secure saving produces.

Although some microfinance provides enterprise development service such as skills training and marketing and social services such as literacy training and health care, there are not generally included in definition (Ledgerwood, 1999).

She has included the various forms of microfinance services in her book saving, credit, remittance and skills development, small scale enterprises are included but still some gaps are there health care, literacy which are been excluded.

Microfinance as small scale financial services primary credit and saving provided to people who farm or fish who operate small enterprises or micro enterprises where goods are produced refined, repaired or sold, who provide services who work for wages commission: who gain income for renting out small amount of land, vehicles, draft animals or machinery and tools and other individuals and groups at the local level of developing countries both rural and urban". (Robinson, 2001)

Robinson also forgets to include the small scale insurance literacy health remittance, which make it uncomplicated.

Microfinance would be defined as provisions of board range of financial services deposit, loan money transfer and small insurance of small enterprises and households Micro finance mainly is an approach to lead financial services to poorest of the poor. (ADB/ M, 1998)

2.1.1. Review of Nepalese Specific Literature:

Micro finance is termed as the financial services rendered to deprived group of the people and small entrepreneurs in saving credit, remittance, rural insurance etc. to help them in developing self employment opportunities and various income generating activities, small size loan, group saving, small scale entrepreneurs diversified utilization and flexible terms conditions on credit are the determining chapter of its definition. According to NRB report micro finance programmer are seems as pro poor and rural based since three decades. It has implemented micro finance development programmers including priority and deprived sector credit programs and donor supported various micro – credit programs were lunched during

the period. Micro finance has been particularly recognized as an effective development intervention for basic three reasons:

-) The services provided through micro- finance can be targeted especially at the poor and poorest of the poor.
-) These services can make a significant contribution to the socio- economic status of the targeted community and
-) The institutions that deliver these services can develop with in few years into sustainable organization with steady growing out reach.

Difficult topography, remoteness, heterogeneous groups and culture etc. have hindered for the successful delivery of microfinance in Nepal. Principally micro finance institution pursue the income generating activities to promote the interest of the poor by providing basic services and contribute in upgrading their economic and social standard. The Microfinance Department glimpse has defined microfinance as the tool of development. It is an alternative vehicle to meet the needs of poorest of the poor who are economically active and under served from the formal financial facility. Poor and deprived groups are out of server from the traditional financial programs. Micro finance programs has special feature of group based lending methodology that makes it able in addressing the true need and constraints of poor. MF is a powerful tool for alleviation poverty through access to the poor to financial servicing for operation their small enterprises (Farming and Non-farming) (NRB/MFD, 2007).

Microfinance has been one of the new effective tools for poverty reduction over the past years through the creation of sound MFIs and system poor people can safely deposit money and accumulate fund for investment or emergencies as well as access to loans for productive purpose lending to higher incomes. Additionally microfinance produces women empowerment, social inclusion and conflict transformation (MF submits Nepal, 2008).

Government has given top priority in three year interim plan (200 7/10) on the topic agriculture, rural credit and microfinance. It envisaged mobilizing all the banks and financial institutions involved in rural credit under a single coordinated system with ADB playing the lead role in providing agriculture credit. It also intended commercial banks, development bank envisaged women and unemployed youth, dalit, janajati and

deprived group. Besides these mobilization of rural self reliance fund (RSRF) with added long run capital provision was expected to enable the deprived people access to microfinance, extending credit coverage to the maximum in rural area through microfinance institution by reforming institutional structure. Lack of institutional set up instrument related to insurance of deposit agriculture crop, extension in livestock insurance, rural solar system and micro-insurance also stand as challenges. In this plan to help the development of agriculture and rural sector by enhancing access to credit through microfinance institutions and diversification of microfinance institution so established as objective. Various policies are provision to meets the objectives: where NRB will lead the revolution of microfinance where the MF and Ag in rural sector developed as tools of poverty alleviation by targeted programs. The credit program by ADB/N and other financial instruction will be encouraged to secreted to rural area and microfinance poverty alleviation funds role and its program will be received and stream lined, RSRF will developed as National MF fund, same as cooperative bank will be developed, NGO, and Pvt. sector is also encourages for extending the MF programs and also committed to issued national MF policy to strengthening the MF sector (NPC, 2007).

2.1.2. Review of Non-Nepalese Literature

Microfinance as one of a range of innovative financial arrangement designed to attract the poor as either borrower or saver.

Microfinance can be related to the chronic poor and to the transitory poor in different ways. The condition of poverty has been interpreted conventionally as one of lack of access by poor in different ways. The condition of poverty has been interpreted conditionally as one of lack of access by poor handholds to the assets necessary for a higher standard of income or welfare whether assets are through of as human (access to education), natural (access to land) or financial (access to credit)

(Weiss & Elvira, 2007).

Micro finance as a Mechanism for poverty reduction is simple it access to credit can be improved, it is argued the poor can finance productive activities that will allow income growth, provided there are no other binding constrains this is a route out of poverty for the non destitute chronic poor for the transitory poor who are vulnerable

to fluctuations in income that bring them close to or blow the poverty line, micro finance provides the possibilities of credit at times of need and in some schemes the opportunity of regular saving by a household itself that can be drawn on. The avoidance of sharp devices in family expenditures by drawing on such credit or saving allows consumption smoothing in practices this distinction between the needs of the chronic and transitory poor for credit for promotional (that is income creating) and protection (consumption smoothening) proposes respectively is over simplified since the chronic poor will also have short term need that have to be met, whether it is due to income shortfalls or expected expenditure like medical bills or social event like weddings or funerals. In fact it is one of the most interesting generalization to emerge from the micro finance and poverty literature that the poorest of the chronic poor will borrow essentially for protectional purposes given both the low and irregular nature of their income for promotional measure (that is for investment in the future) will therefore be only a very limited beneficiary of micro finance scheme (Hulme and Moskey, 1996: 132).

“Microfinance emerged from the small and medium enterprises promotion field from the late 1970s to the very late 1980s when major donors discussed small and medium enterprise developments helping small business grow and gain a greater share of the market. The 90s could be labeled the decade of micro finance. The birthrate of new microfinance projects since the beginning of this decade had been phenomena. NGOs in microfinance draft summary for at the Asia regional conference on sustainable banking with the poor. Dr. Thomas views show the vision of the time on the MF behavior during the period of 80s and 90s. Where as it was the great achievement to decelerated 90s as the decade of microfinance. It proved that microfinance is the young topic of about decade. Now it has been scar rates all over the world and develops as the strong tools for the poverty alleviation (Dr. Ditcher, 1997).

Grameen Bank of Bangladesh is known world wide for its innovative credit delivery to the rural poor and had abstracted its impact cost and sustainability. To these issues another says that it has noticeable impact on participant's economics and social well being and the poverty reduction in village level to become cost effective, Grameen Bank should not only expand its outreach but also need to diversify its loan there by imposing sound macro economics policies from government replication of Grameen's

financial model is possible with necessary modification as long as it is conscience driven and its operations are transparent. There vision shows only establishing of the microfinance is not the great issues to transparent its service delivery and self reliance and sustainability are also arrival together whose are subject of observation (Khandkar, 1996).

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

2.2 Dissertation Review:

Microfinance as the provision of financial services to under served and poor segment of the population (Pokherel, 1999). The main objective of the thesis is given below below.

- To analysis the impact of SHBP / CSHD on income of generation of deprived women and their family.
- To examine the change in economic condition of the deprived women and their family before and after intervention of SHBP / CSHD.
- To evaluate the role of SHBP / CSHD in poverty alleviation and rural development programs.
- To draw a fruitful conclusion from the studies area and concrete suggestion together with necessary recommendation are drawn for more effective implication of SHBP / CSHD.

To meet the objectives researcher have used primary as well as secondary information. Random sampling is greater in used for selecting samples where as information seem to be grabbed through structural questionnaire method. Researcher generalized the information by using the mathematical tools.

Researchers have found that microfinance programs is developed as strategic tool to bring changes in the quality of life of disadvantaged and poverty stricken people.

With the initiation CSHD the changed have been found.

- a. CSHD beneficiaries are economically and socially under privileged poor families of different caste.
- b. Borrower spend loan for the small trade:
- c. Positive responses have been seen with CSHD initiation.
- d. Reach to low cost deprived indigenous people and targeted women.
- e. CSHD increase the level of self-employment and improve the standard of living:

In the part of recommendation: He had suggested for best practices of the microfinance system the supply of the amount of loan should be decentralized, participatory decision making should be implemented, inclusiveness in recruitment of employer, employer should be well paid, employer should be well trained. But he failed to shows various aspect of MF: employment; Education; leadership: Decision making capacity of women, empowerment, insurance, saving and mobilization of saving these aspect are hide form the discussion. He has done a great contribution in the field of research in MF.

Microfinance as the mean provision of Micro credit, micro saving: Micro insurance and micro money transfer facilities to the largest part of economy lying outside the regulatory framework of the government” (Ojha, 2002)

He point out the following points as objectives.

-) To analysis the change brought in the level of income awareness and skill of the community in the program areas after micro finance interventions.
-) To measure the effect of microfinance activities in women empowerment and capacity building and to measure the impact of program in reducing gender disparity.
-) To analysis the management and organizational capabilities of co-operative that leads to sustainability of the programs.

It has qualitative study as well as quantitative for collecting the information: secondary and primary both methods of data collection are under in practices as well as field survey rapport building process had been commonly used for gathering the

information. It has tried to make research quantitative rather than qualitative. After the implementation of microfinance programs families who involved in MFPs had new employment opportunities. 90% of families had secondary means of employment other than agriculture which they were not doing traditionally. The prominent form of employment was petty trading. He present that with the implementation of MFP gender aspect awareness skills, empowerment of women and capability building, positively improved compared to before implication of the MFPs. The study shows the problem of transparency and the sustainability of MFIs.

2.4 Conceptual frame work on Employment:

The concept of economic activity for measurement of the economically active population defined in term of production goods and services as set forth by the UN system of National Accounts (SNA 1993). According to international labor office ILO guidelines economically active persons are persons engaged or intent to engage in production of good and services included within the boundary of production of the system.

Employment is defined in the resolution adopted by 13th international conference of labor statisticians (ICLS) as persons above a specified age who performed any work at all in the reference period for pay or profit or were temporally absent from a job for such reasons as illness, maternity or parental leave holiday or industrial dispute. For the measurement of employment ratio concept of employment population ratio had been designed. The EPR is the proportion of a country's working age population that is employed for most of the countries the working age population is defined as persons aged are seem and older although these may varied from country to country.

Employment

The employed comprise all people above a specified age who during a specified brief period either one week or one day were in the following categories.

a. Paid employment

) "At work" person who during the reference period performed some work for wage or salary in cash or kind.

- J) “With a job but not a work” Person who have already worked in their present job were temporally not at work during the reference and had a formal attachment to their job. This formal job attachment should be determined in the light of normal circumstances, according to one or more then one criteria.
- i) The continued receipt of wage and salary.
 - ii) As assurance of return to work following the end of the contingency or an agreement as to the date of return.
 - iii) The elapsed duration of absence from the job which wherever relevant, may be that duration for which worker can receive compensation benefits with out obligations to accept other jobs.
- b. Self-employment:**
- i) 'At work': person who during the reference period performed some work for profit or family gain in cash or in kind.
 - ii) 'With an enterprise but not at work': person with and enterprise which may be a business enterprise a farm or a service under taking who temporally not at work during the reference period for specific reason.

Employment whose shows the actual figure of the economic which is also known as the determinant of growth, if the demand of employees is high indicated the economy doing well nor the condition is thinkable key indicator of labor market 2006 has demonstrated that employment elasticity's which measure the employment intensity of economy growth can provided important information about labor market and countries over all macro economic performance. In their basic use employment elasticity serve as a useful way to examine how growth in economic out put and growth in employment evolve together other time, they can also provide insight how employment generation varies for different population subsets in a country and assist in defecting and analyzing structural economic changes over time. Taken together with other indicator such as economic growth rates labor force growth, poverty rate hours of works and wages, employment elasticity comprise important insight in labor market. These show that employment creation is important to uplift the economy on the other hand creating employment means management of resources that available whatever the resources now the concern on human resources (KLIM, 2006).

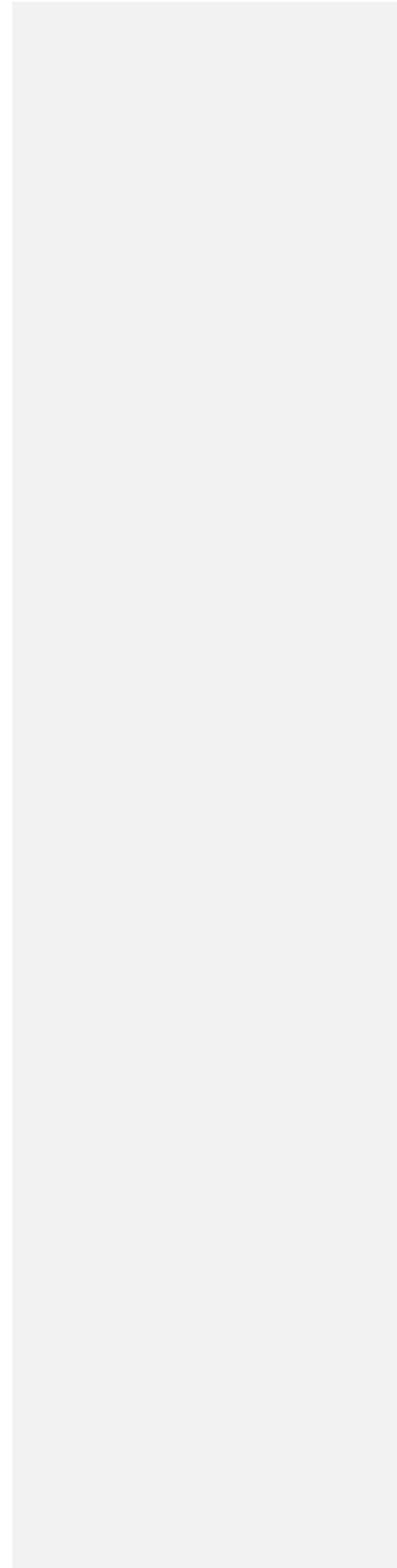
John Black the other Economist defines employment as:

- i) The state of being paid to work for some body else.
- ii) The number of person employed in this sense this includes both full time and part time workers.
- iii) The state of being gainfully occupied: This included self employment as well as working for somebody wishing to employment is a state in which everybody wishing to be so is gainfully employed in this sense (Black, 2002).

2.3 Board Concept and Interlink Between Microfinance and Employment

There is no universal definition of microfinance. It varies by country to country and takes different forms depending on a particular economy level and structure of development. Variation on loan sizes, types of the services that provided to client, out reach and delivery methodologies: formation of client etc is established according to norms of appropriate countries. However microfinance term designed to cater to the poor and underserved segment of the population by providing small scale financial services saving, transfer of remittance, small scale insurance and also included the programmes for skill development (training, literacy, health technology transformation). Micro finance has emerged as a mechanism to support a small scale entrepreneurship in complement to the banking sector. In most case small business that require modest amount of external finance lack of collateral and credit history and are considered non bankable by mainstream financial sector. Lack of information about the business also constitutes a major different for banks to lend small enterprises are usually self financed and used funds generated eternally from business operation and or borrowed from friends family and partners. From the informal ways they have to pay high amount of interest to respect such economically active poor microfinance have been evolved poor whose incomes seems irregular these make their life unsecured and the consumption is not smooth, to smoothen the consumption and secured their future through small – scale saving, credit with out collateral, insurance and transfer of remittance in commonly known as microfinance which is supported to micro enterprises and self employment skim, also the strong tools of development and poverty alleviation programs by involving in self employing activities. In hands boo of microfinance of Joanna Ledger wood she has point out the objective of microfinance as below.

-) To reduce poverty.
-) To empower women or other disadvantaged population groups.
-) To create employment.
-) To help existing business grow or diversify their activities.
-) To encourage the development of new business.



CHAPTER-III

RESEARCH METHODOLOGY

Syangja District is under taken for achieving the objective of the research work. 34 Royal Saving and Cooperative have conducted the microfinance programs from 2060 B.S. under these MFI 873 groups are involve in MFP. Especially it concerns to the women, poor and indigenious groups from the backwarded societies. It main motive is to make them economical strong and improve their livelihood. In the end of April 2008 it has invested Rs.7, 40, 06.4 through different groups where as the repayment is cent percent and Rs. 21778.14 is out standing.

3.1. Research Design

This study is mainly based on the micro study of microfinance program taking the aspect of employment. It seeks to identify the impact of MFP on employment creation process by RSC. A descriptive research design in implemented to analysis the quantitative and qualitative data collected from the field survey. Primary data is highly mobilized that obtained from field survey. Secondary sources are also used to complete the research work.

3.2 Source of Data

To verify the various objectives data play vital role. Data make result more reliable validity and believable tentative statement does not have any weight with the actual qualitative information make the result more reliable. The data were collected by both primary as well as secondary sources.

a. Primary Data

Primary data was collected through field survey through structural closed questionnaire methods. Interview, group discussion, PRA methods were highly used during the field survey.

b. Secondary Data

All information can not obtain from the field survey, for holistic knowledge secondary sources were undertaken. Secondary information was taken through books, pamphlet, website, bankers, I/NGOs, journal dictionaries, year books, atlas, gazette and other relevant sources of information

3.3 Population and sampling

The population of the research is defined those groups who involved in the MFPs of RSC. The total number of the groups that involve in the MFPs at the end of April 2008 was recorded 873. There were 199 centres under 6 brunches. These programmers has occupies 34 V.D.Cs and two municipalities of the Syangja. Now the story has been changed, it has merge in a Development Bank namely Mukti Nath Bikash Bank in the beginning of 2065, it has changed name as Mukti Nath Bikash Bank.

3.4 Sample Technique:

Whole group cannot be undertaken due to various constraints so that 10% of the population was under taken in account by random sampling method. Different group were taken through the different six branches from various centre.

3.4 Process of Data Collection:

The primary data were collected by structures closed questionnaire which was protested according to the objectives. Borrowers group leaders, center leaders are interviewed separately and required data were collected. To collected necessary information the researcher also discussed with professionals which was very much useful to present report. Necessary Tabulation of data is made for proper analysis of the result that collected from the fields.

3.5 Data Analysis

Data collected during the field study are analyzed by descriptive method for the better evaluation and interpretation various quantitative statistical tools like percentages, bar diagram, are highly used on the research report.

CHAPTER-IV

HISTORY OF MICROFINANCE

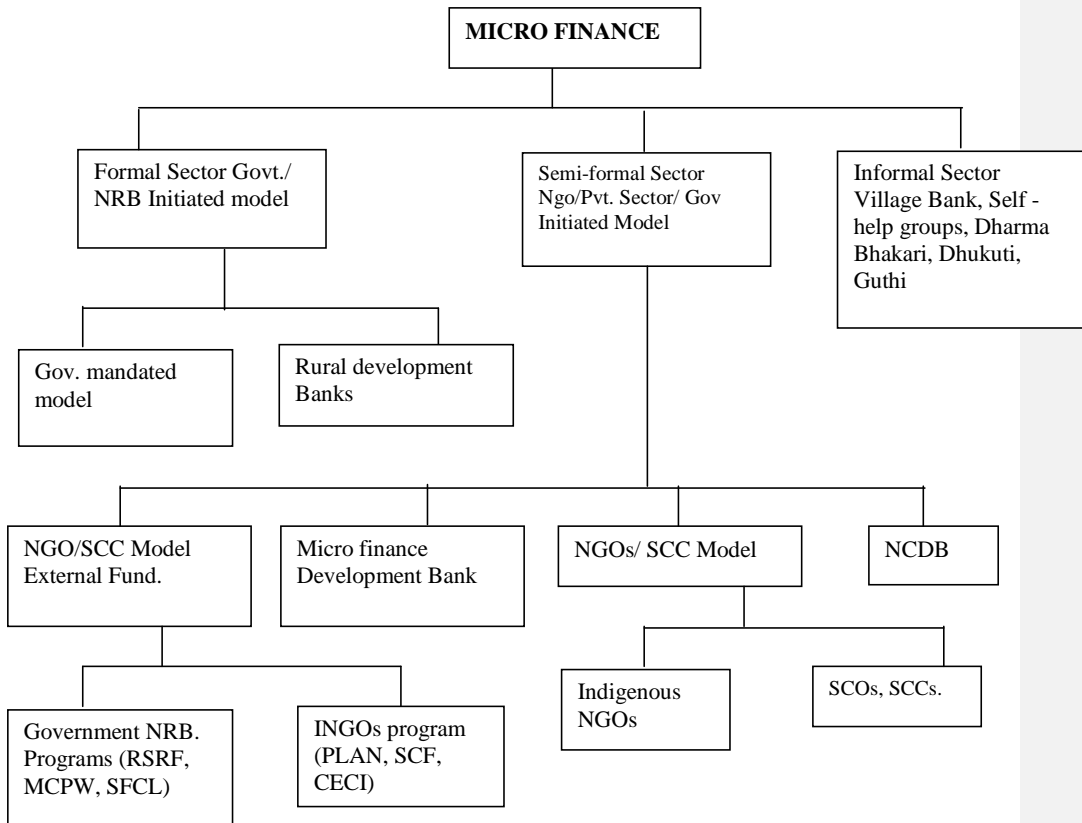
4.1 Evolution of Microfinance and different model that practices in Nepal.

Both formal and informal MFIs are providing financial services to generate income through creating employment opportunities for low income families. Nepal has three decades of experience in microfinance. The formal sector micro lending was begin in 1956 with the establishment of credit co-operative in the Rapti valley of Chitwan district to provided financial services for those people who are affected by the flood. Later in 1963 cooperative bank was established to provide financial services to credit cooperatives. That was converted to ADB/N on 1968. Formally microfinance service was started in 1974 with NRB direction to commercial banks for lending 5% of their total deposit liabilities to 'small sector' in order to increase production and employment in rural areas. The 'small sector' was renamed later as priority sector credit (PSC) in 1976 which is the beginning of formal micro credit program raising the lending percentage to 7% of total deposit liabilities. The PSC was redefined as intensive banking program (IBP) in 1981. It was the main concern of government for implementing micro credit program through major commercial banks of the country viz. the RRB, NBL and NABIL. The NRB also made successive change in lending percentage and it increased to 8% in 1984 and this lending was fixed at 12% by the year 1990.

Micro and small enterprises supported to enhancing employment. Production and income and improve livelihood of deprived and poor people. The micro-enterprises have been classified into 3 sectors, as agriculture, small scale industry and services sector. The deprived sector includes men/women form low income household and landless poor, indigenous groups. Micro credit, micro saving, transfer payment services and micro insurance are defined as micro finance services. NRB (MFD) has defines the loan up to Rs.60,000 as micro credit, RSRF recognizes the loan up to 60,000 per borrower an micro credit (to deprived sector) and a group loan up to Rs. 150,000 given to the member on joint liability for project loans.

Financial sector modalities

Nepalese micro finance sector can be classified as formal semi formal and informal sectors. Formal sector model is initiated by government/ NRB. The initiative so far includes the establishment of RMDC and implementation of the program as Jagriti (WEP) Bisheshwor with the poor, intensive Banking program (IBP), SFDP and PCRW, The Semi-Formal Model Initiated by NGOs, Cooperatives and MFBs. The informal sector also rendering microfinance services to the rural people: Village banks, self-help groups etc. These are promoted and developed by cooperative INGOs and local people. This can show by the figure. (NRB: 2000).



Besides these classification microfinance program can be divided into various modalities according to the function which known as functional classification. Deprived vs. private sector modality (SACCOS, FINGOS), gender based modality (PCRW MCPW, GBBs), project based modalities (RMP, PAPWT, TLDP, MCPW), wholesale lending base modality (RSRF, RMDC), community/deprived sector based model (SACCOs and FINGOs). Nepal which have experiences in microfinance exclusively recognized as a poverty-reduction program. It focused towards raising the income level and social standard of the people living in abject poverty particularly women. It has been established as strong tools to reduce poverty in 10th periodic plan. According to NRB the different model that practices in Nepal pointed below.

a. Grameen Model

With sole responsibility for financing the rural poor government of Nepal has established Grameen Bikas Bank(GBBs) in 5 development regions between 1992 to1996, operating on the Bangladesh Grameen model is to engage the targeted rural poor with the appropriate credit delivery mechanism on a group liability basis. These banks are the larges MF operator in Nepal. Training as an entry point of banking has name introduced as a new specialized banking system by GBBS. NRB had the major share ranging from 55-70% in GBBS. NRB is in the offing to divert it share of all GBBS to the Pvt. Sector. As a result, NRB has been successful in diverting its share in three of five GBBS. Besides the government owned 5 GBBS, 4 MFIs based on GB model, established as a development bank are operating in the private Sector. GBBS has expanded it services to 61 districts up to mid January 2008. Swabalamban, Chhimek, Deprosc and Nirdhan Uttan banks Replicas of GBB model. They have disbursed loan of Rs. 25605 million to 87136 groups under 430098 women through 15824 centers and have successfully spread their heterogeneous income generating activities to 61 districts of country.

b. Small Farmers Co-Operative Model (SFCLs):

ADB/N initiated a newly developed financing concept on co-operatives known by small farmer co-operative limited (SFCL) which is in fact a convergent from a 3 decade old small farmers program in the country. To meet the whole sale requirement

of SFCL for on landing to small farmer ADB/N has established small farmer development Bank (SFDB-2002). Its main objective to transformation of SFDP into SFCL to ensure the viability and sustainability of MFIs who would be managed and administered by member themselves.

c. FINGO Model

This model is latest it development in MF in terms of financial intermediary process. It is believe more than 10,000 unregistered NGOs are operating in field of MF in social and community based development activities. After promulgation of financial intermediary act 1998 a broader scope has been created for the NGOs to function as financial intermediaries for mobilizing saving and promoting credit activities within the group. In this model NGO disburse loans for MF group basis short term periodic basis i.e. weekly fortnightly and monthly.

d. Priority Sector And Deprived Sector Credit Model:

Priority sector lending model was introduced in 1974 through mandatory credit requirement as put forward by the NRB in agriculture, cottage industry and services sector. PSCP and deprived sector credit program (DSCP) was renamed later as intensive Banking program (IBP) in 1981 while DSCP was introduced in 1991 by NRB. Both programs have provision of direct and indirect financing. Under the direct financing mechanism, commercial banks provide loans to the benefiting directly as result lending while under indirect financing through MFIs, co-operative FINGOs and MFDBSs

c. Saving And Credit Cooperatives (SACCOs) Method:

The cooperative model of financing emerged in Nepal as early as the 50's. This is member based organization, registered with the objective of self-help development among the members. As of mid April 2006 around 8045 cooperative have been registered with the department of co-operative of which 2912 are saving and credit co-operative have providing MF services to their clients to the tune of Rs. 30,000 per clients. The repayment performance with RSRF is 100%. Financing from the RSRF is

popular among SACCOs and FINGOs at the present juncture could be an alternative vehicle for MF services delivery to the rural targeted people.

f. Project Based Micro Financing Model:

These were six major donor-funded project based micro credit program some of them one still in inactive stage.

- i. Production Credit for Rural Women (PCRW).
- ii. Micro Credit Project for Women (MCPW)
- iii. Poverty Alleviation Project in Western Terai (PAPWT)
- iv. Third Livestock Development Project (TLDP)
- v. Community Ground Water Irrigation Sector Project (CGISP)
- vi. Rural Micro Finance Project (RMFP)

g. Wholesale Micro financing Model:

Wholesale micro financing in Nepal was introduced in 90's with the establishment of RSRF in 1991 Later another MFI called RMDC under RMP come into existence in 2000 to cater the wholesale needs of MFIs for on lending purposes as well as for institutional capacity building of MFIs and capacity building clients of POs. Concurrently SKBB was established as wholesale lender in 2002 same as NCDB in 2003.

These all programs may not be considered as models but these are common operational modalities being practiced as microfinance in Nepal.

4.2 ISSUES AND CHALLENGES

Microfinance is a magic bullet for poverty alleviation. It is no doubt which supported to empowerment of the poor through access to assets. Although microfinance is the new intervention in Nepal after 1990s, it is increasing; moving towards maturity but this sector is still facing challenges. The challenges faced by the microfinance programs are given below.

-) A varied topography, varied developments stages, varied ethnic composition create a challenge for successful deliver services.
-) Lack of National Microfinance policy binding the MFIs to the set norms and practices to reach the poor.
-) Lack of competitive apex microfinance institution to supply capital and supervise compelling to concentrate on poorest of poor.
-) Lack of coordination between MFIs.
-) Lack of appropriate model for diversified geographical and economic setting.
-) Lack of skilled man power for credit mobilization.
-) Lack of credit information among the poorest group.
-) Lack of training and research

These problem make the microfinance a limited out reach business which does not ever been maturity. In the other hand the challenges faced by this sector is that those extreme poverty are not yet ready to participate in the program because these people have no credit absorbing capacity.

MFIs are still far from the rural poor. It is said that they charged high interest rate in loan and pay low interest in saving. There is the problem of sustainability. Lack of core capital to meet the operation cost interest rate issues are the subject that are standing as resistance in development of MFPs. Where those clients who absorbed the credit are illiterate they do not have any marketing experiences to supply their product to the market. Lack of entrepreneurship is the resistance who make the programs failure and the loan rust. For the proper mobilization of the loan some MFIs has to give training for developed their skill which supported them to proper mobilization of the loan and developed their entrepreneurship, same as mobilize the market groups. Most of the MFPs or models are implemented through banks or donors support are not need based but rather supply driven so these programs cease to operate after the withdrawal of donors support or completion of projects due to lack of savings mobilization. Saving mobilization must be made an integral part of microfinance program for long term viability and sustainability. The MFIs cannot sustainability by the support of donor or domestic support. It can achieve sustainability only when the operating income from loans is sufficient to cover all operating cost. Financial viability allows MFIs to maintain its operation without any subsidy or grant and allows the institution to continue as a sound organization.

CHAPTER- V
INTRODUCTION OF ROYAL SAVING AND CO-OPERATIVE

Syangja lies in western development region of Nepal. It is surrounded by Palpa, Gulmi, Parbat, Kaski and Tanahun districts. It has occupied 1164 Sq. km. about 0.79% area of total Nepal. Politically it has divided into three electoral sectors, 15 illaks, 2 municipalities and 60 V.D.Cs. According to census 2001 AD, 317320 are the total population of this district, 45.26% were male and 54.74% were female. Total house hold no. was 64,746. Household's size was 4.9 and the population growth rate was reported to be 0.78% where the density of the population per km was 273. According to Syangja District Development Committee the literacy rate of this district 66.7% where male are 77.9% and female are 57.7% littered. Syangja is well known in the field of Education. but the financial development not so progressive. People use to fulfill their financial needs through their friends, relatives and neighborhoods. Most of the youth join in the army (Indian, UK and Nepalese) because majority of them t are from Gurung and Magar whose interest is to involve in the army. The development of the financial sector was started with the establishment of the ADB\N then RBB, NBB in the different period of the time. According to the districts profile 2006 following financial institution are working effectively in this district.

Table no.5.1 Financial Institution of Syangja.

S. No.	Name	Established	Branch	Branch Centre
1.	Nepal Banijaya Bank Limited	1937	2	Syangja, Walling
2.	Agriculture Development Bank	1968	4	Syangja, Walling, Galayaing
3.	Rastriya Banijaya Bank		1	Syangja
4.	I/NGO's/ Financial Institution		38	All over the district
5.	Muktinath Bikash Bank	2006	1	Center office Syangja
6	Local Development Fund	1998		23 V.D.C
7.	Grameen Bikas Bank	1990	3	Syangja, Walling, Galeyaying

Source: District Profile, 2006.

38 I/NGOs financial institutions are taking actively participation in the financial sector. Co-operative division office, Syangja has reported 112 co-operative are in function. It has reported the following structure of co-operative that existence in the Syangja district.

Table No. 5.2 Types of Co-Operatives

S. No.	Type of Co-operative	Number
1.	Consumer co-operative	4
2.	Dairy co-operative	41
3.	Saving and credit	25
4.	Multipurpose co-operative	25
5.	Other co-operative	9
	Total	112

Source: co-operative Division office, syangja; 2008

Besides these Different Development Bank have extended their branches in Syangja districts. Nirdhan, Deprosce Development Bank, GBB, Chhimek Bikas Bank has also extended their financial services among the clients. RSC started its MFP from 2003. Now it has become the strong partner of the MF services provider in Syangja.

Royal Saving and Co-operative, Syangja

Royal saving and cooperatives is one of the renowned cooperatives in Syangja. It has provided different types of financial facilities including microfinance programmers. The poor deprived people of rural areas. The RSC has been merged in to Mukti Nath Development Bank, in 2008 (2065/1/1) by evaluating the whole liabilities. Why RSC changed in to MDB a question has raised? The co-operative do not have right to extend its service out of the districts, according to the co-operative act. To enlarge the service in Kaski and Tanahun now RSC has converted to MBB who's provided the modern banking facilities including the microfinance programmers. MBB was established on 2063/10/19. It has provided different banking facilities from Syangja, walling, Galeyang and Pokhara. Same as it has the 6 braches in action that provided

the microfinance services all of the 34 VDC of Syangja. Syangja, Biruwa Aurchale, Walling, Seti Dhovan, Phedhikhola, Chapakot are the branch offices which observes 199 centers where 875 groups are actively participation in MFPs. RSC has run its microfinance programs under 36 VDC including two VDC of Kaski district. Here 2 VDC Thiulibidh and Christi are excluded, only 34 VDC of Syangja including 2 municipality walling and Putali Bazaar are under taken. The VDCs are Jagatbhangang, Chhangchhangdhi, Tindobate, Pelakot, Thum Pokhara, Shresekot, Majakot, Shiwalaya, Aladhi, Bahakot, Arjun Chaurpari, Seti Dhovan, Ranghbang, Pauwaugaude, Dathum, Thulibidhi, Rapakot, Kolma, Chapakota, Kuwakot, Biruwa Aurchale, Kichanash, Pelkachaur, Manakamana, Chinnebash, Banethok Dhauradi, Chilaunebash, Bangsing, Bichari Chautari, Phedi Khola, Bhat khola.

RSC has different types of saving accounts: Group saving, individuals save, educational, wedding and pension save, welfare saving, and feast saving. It is also providing the credit to the deprived poor women who are evolving in the group saving programs, without collateral. It has also defined some criteria to involve in the programs which are given below.

Who can involve in the group of RSC?

- People should be Nepali of 16 years having citizenship of Nepal. Married women or unmarried women over 35 year old can involve in group. They should be mentally sound.
- Permanent residence of same geographical location of working sector of bank can involve in group. They should be well known neighbor of each other.
- 5 people are needed to form a group and should not be the member of other microfinance banks.
- One member from each house can involve in group.
- Soulfully all members should be united; their economic status and interest should be same with positive confidence among the member.
- Deprived group, Dalit having low income, those who have not sufficient income to consumer over the year, heaving six Anna in municipality, 20 ropani in hilly region can involve in group.
- Economically active, want to improve the economic status, honest, virtue, economy and foresighted person are welcome to involve in the group.
- The person who wants to involve in MFPs should have to get agreement from the head of households.

RSC provided the loan of Rs.20000 in first phases under group liability. This credit is provided without any collateral, clients should have to save Rs. 15 in 14 days. Group meeting is held according to the demand of the centre with in 14 days or 28 days. They have to donate regular Re.1 per day and should be collected in the meeting day. The RSC would provide the high amount of loan up to Rs. 40000 to Rs. 60000 according to the needs of clients on group liabilities bases. It charges 18% to 25% interest according to the remoteness of geographical location. Periphery has been charged the high interest and core still disagrees with low interest rate. Periphery is being exploited in many cases. 5 clients can form a group. Five groups and more than five groups up to 15 formed a centre where every group has their own leader and a centre selected democratically a chair person. The meeting of the centre moved in every 15 days under the chairmanship of the chair person.

Royal saving and co-operative has run its microfinance in 34 VDC of Syangja by 199 centers through the six branches which are pointed out as below.

- **Phedhi Khola Branch:**

This branch observes 22 centers where 85 groups of 432 clients are involved in MFPS and one centre in trial. These centres also observed the two VDC of Kaski which is excluded from the observation.

- **Chapakot Branch:**

The rural branch Chapakot, observe the 24 centers, 97 groups that involve in MFPS. 463 is the total number of the clients that involve in the MFP.

- **Syangja Branch:**

It is the head office of RSC which observe 56 centers where 1254 clients are taking parts in MFPS actively.

- **Walling Branch**

It is the greatest branch which observes 57 centers about 1400 clients are involve in MFPS under these branch.

- **Seti dhovan Branch:**

It observes 22 centres of 92 groups that formed by 448 clients.

- **Biruwa Aurchale Branch:**

This branch is far and remote which observe 18 centres of 61 groups where 320 clients are involve in MFPS.

CHAPTER -VI DATA ANALYSIS AND FINDINGS

The goal of microfinance is to uplift of deprived poor women and indigenous group of the society, make them socially and economically strong. MFPs supported them to utilize their skills and optimum allocation of resources that available in the local level. It also supports to create the employment in the rural areas which support to utilize the leisure time of the people. Those people who moved to small enterprises, they can extend the enterprises and business by increasing the number of employer which will be observed by case study.

6.1 GENERAL INFORMATION

The general data demonstrated socio-economic condition of the clients that involve in the microfinance program of the RSC. The clients should be married female to involve in the MFP bearing 20 Ropani land in the hilly region outside the municipality and 6Anna in the municipality. It has replicated the grameen model of the microfinance. 87 clients of the different groups are under taken in the observation by randomly sampling method whose general information portrays on the following topics.

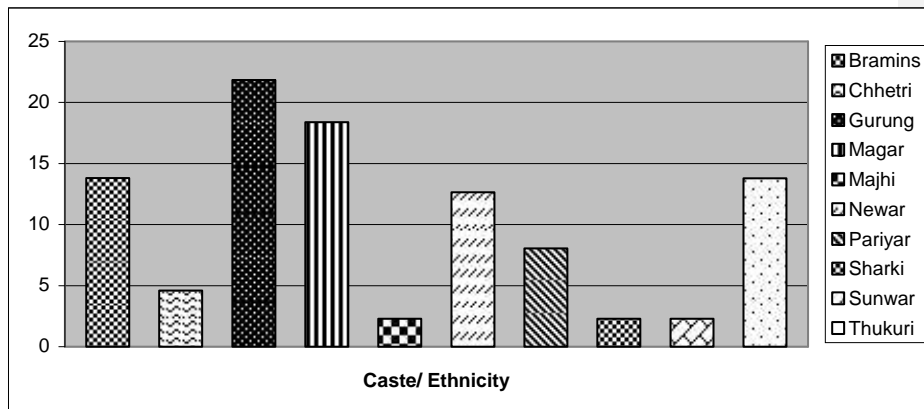
6.1.1 Ethnic Composition of the Clients

Table: 6.1 Ethnic Composition of the Clients

Ethnic Group	Number	Percentage
Bramins	12	13.8
Chhetri	4	4.596
Gurung	19	21.831
Magar	16	18.384
Majhi	2	2.298
Newar	11	12.64
Pariyar	7	8.043
Sharki	2	2.298
Sunwar	2	2.298
Thakuri	12	13.78
Total	87	100

Source: field survey, 2008.

Figure 6.1 Ethnic Compositions of the Clients.



Source; field survey, 2008

The field survey report shows that the number of Gurung ethnic group cover the high share in the MFPs of RSC same as Magar participation is also hopeful. Sunuwar, Majhi and Sharki (indigenous deprived groups) have least involvement in the MFPs. What are the causes that push these deprived groups behind the MFPs? During the survey it is being found lack of confidence of client and illiteracy are the major cause besides these the limitation factor is the land, high operation cost and lack of advertisement are the causes to held the deprived behind.

6.1.2 Education attainment of the Clients

Table 6.2 below shows the literacy rate of the respondents that involve in the MFPs whose portray in the graphical form in figure no. 6.2, nearly 50% of the clients are illiterate or simple literate. The table shows the higher percentage of Brahmin, chhetri and Thakuri attaining 9-10 class was 32%, 28.26% of janajati are illiterate 38.4 of Dalit are illiterate 23% are founded attained 9-10 class both dalit and janajati has high percentage of illiteracy.

Educational status

Table No. 6.2: Educational status.

Education level	Illiterate	Literate	1-5	6-8	9-10	Above 10	Total
Ethnicity							
B/C/T*	5	7	2	2	9	3	28
%	17.85	25	7.15	7.14	32	10.71	100
Janajati	13	8	3	2	14	6	46
%	28.16	17.39	6.52	4.34	30.41	13.4	
Dalit	5	5	0	0	3	0	13
%	38.40	38.40	0	0	23.7	0	
Total	23	20	5	4	26	9	87
%	26.43	22.98	5.74	4.59	29.88	10.34	100

Source: Field Survey, 2008

* -Brahmin, Chhetri and Thakuri

Figure No. 6.2

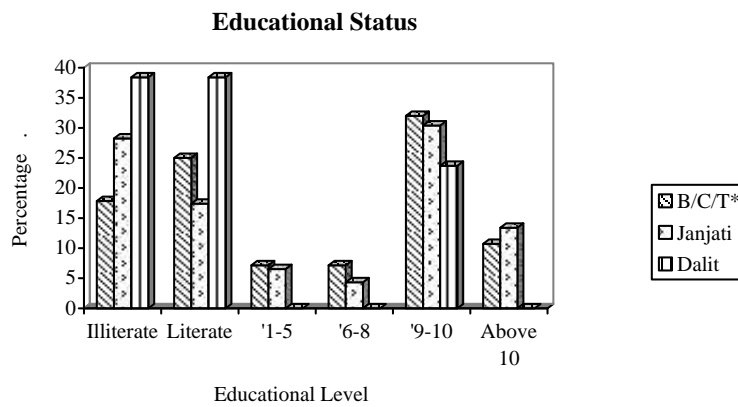


Figure No. 6.2

Source: Field Survey: 2008

Figure 6.2 and Table 6.2 Provide level of education for caste/ ethnic groups among the clients. Nearly fifty percent are simply illiterate or simply literate, the highest percentage of the clients in aggregate 29.88% attaining 9-10. (Completing the lower secondary level), few least percentage completed the S.L.C.

6.1.3 6.1.3—Age Composition of the clients

The tables 6.3 portray that out of total sampled credit groups, the highest percentage of the respondents was from the age group of 30-40 years and 60 and above are participated least in the program. Regarding the Ethnic composition of clients fifty percentages were Janajati and near one third are Brahmin/Chhetri/Thakuri and remaining few percentage are Dalit which Demonstrated as below.

Table 6.3 :

Formatted: Centered

Age composition of the clients.

Age Ethnicity Groups	16-20	20-30	30-40	40-50	50-60	Above 60	Total
B/C/T Brahmin chhetri Thakuri	1	10	9	2	5	1	28
%	3.57	35.71	32.14	7.14	17.05	3.57	
Janajati	1	13	14	8	5	5	46
%	2.17	28.26	30.34	17.39	10.86	10.86	
Dalit	0	2	5	4	2	0	
%	0	15.38	38.46	30.76	15.38	0	13
Total	2	25	28	14	12	6	87
Total	2.29	28.73	32.18	16.07	13.79	6.89	

Source: Field Survey 2008

6.1.4 Family size of the clients

Table No. 6.4 : Family sizes of the clients, composition

Formatted: Centered

Formatted: Font: Bold

Formatted: Font: Bold

No. of family member Ethnicity	Below 4	4 - 6	7-10	Above 10	Total
Brahmin chhetri Thakuri B/T/C	3	18	3	4	28
%	10.71	64.28	10.71	14.28	32.18

Janajati	2	31	9	4	48
%	9.34	64.58	18.75	8.33	55.17
Dalit	5	3	5	0	13
%	38.46	23.07	38.46	0	14.94
Total	10	52	17	8	87
%	11.29	59.77	19.54	9.19	100

Source: Field Survey 2008

The field survey report according to table 6.4 shows more than 2/3 household are nuclear family bearing less than 6 members in the family. According to ethnic composition B/C. Households Nuclear is much more excited where as the percentage of joint family is been unsettled. Where as the Dalit's members of households seem -above 10 is seem to be nil.

6.2 ECONOMIC INFORMATION OF THE CLIENTS:

6.2.1 Land Owning Composition of the Clients:

Field survey shows the female does not have excess on land. They speak their husband and senior does not interest to give land in the name of women. It is a serious cases of patriarchal societies that giving less value towards women. These show the real figure and the position of the women in the societies. Their voices are same how husbands gives a husband gives land for us? It shows the women has does not have excess on every economic activities same as they are excluded in household decision making process even they are excluded in reproductive care which was found in the field survey.

Table 6.5 shows the households land holding composition: Where 65.57 percentage of households bearing less than 5 Ropani land and only 8.07 percentage hold above 10 Ropani land whose shows inequality of land distribution. Where as, according to ethnic composition 69.52 of Janajati holds below five Ropani and few percentage of clients hold above 10 Ropani. Same as Brahmin groups who occupies 17.8% of land above 10 Ropani but Dalit does not excess of these amount. It shows over all 65.57% of house hold hold below 5 Ropani.

Table No. 6.5 : Land holding of the HHs. of AHS in Ropani

Amount of Land Ethnicity	0-5	5-10	Above 10	Total
Brahmin-Cheetri Thakuri B/C/T	15	8	5	28
%	53.57	28.57	17.85	
Janajati	32	12	2	46
%	69.52	26.08	4.34	
Dalit	10	3	0	13
%	76.92	23.07	0	
Total	57	23	7	87
%	65.57	26.43	8.07	

Source: Field Survey, 2008

6.2.2 Average Monthly Income Composition Of the Clients:

Of the total clients surveyed the average income of the households seems to be increased with the intervention if MFP. Before practicing the MFPs there were large number of clients having the low internal of income (1000-4000) per month. Where as with the intervention of the MFPs It decline 29.87% which is progressively increase to 17.23% After the MFP. According to Ethnicity groups Janajatis have large share of income of internal 10-15 thousands.

Table 6.6: Average Monthly Income of the clients, (Before MFPs)

Income '000'	Average Monthly Income Before Microfinance Programs						Total
	1-4	4-6	8	8-10	10-15	Above 15	
Brahmin, Chhetri	6	8	5	3	5	1	28

Formatted: Font: Bold

Formatted: Do not check spelling or grammar

Formatted: Centered

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Centered, Indent: Left: 1", Line spacing: single, Tab stops: Not at 0.69"

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

<u>Thakuri</u> B/C/T							
%	21.42	28.57	17.85	10.71	17.85	3.57	
Jana-jati	13	1	5	9	16	2	46
%	28.26	2.17	10.86	19.56	34.78	4.34	
<u>Dalit</u>	<u>7</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>13</u>
<u>%</u>	<u>53.84</u>	<u>30.76</u>	<u>7.69</u>	<u>0</u>	<u>0</u>	<u>7.69</u>	
Total	26	13	11	12	21	4	87
%	29.87	14.83	12.63	13.78	24.12	4.49	100

~~(After the Intervention of MFPS)~~

Formatted: Font: Bold

Formatted: Font: Bold

<u>After the Intervention of Microfinance Programs</u>							
B/C/T	3	4	7	8	2	4	28
%	10.71	14.28	25	28.57	7.14	14.28	
Jana <u>jatiesjati</u>	8	5	8	2	14	9	46
%	17.39	10.86	17.39	4.34	30.43	19.56	
Dalit	5	3	3	0	0	2	13
%	38.46	23.07	23.07	<u>-0</u>	<u>0-</u>	15.38	
Total	16	12	18	10	16	15	87
%	18.39	13.79	20.68	11.49	18.39	17.24	100

Sources: Field survey, 2008

~~Where as-~~ The report shows Dalit has the large percentage than the other group in above 15 thousand same as Dalit_s-remain on low internal of income 1-4 thousand. After the intervention of MFPS, ~~t~~ The figure of above 15 thousand- ~~After the intervention of MKPSis progressively. The figure of above 15 thousands is progressively~~ increase in all ethnic groups the presence of 1-4 thousand of income in all ethnic groups has been reduces.

~~The aggregate form of income tribution portray below as bar diagram in figure no 6.3.~~

6.2.3 Employment And Occupation Of the Clients

It was hard to ~~distinguished~~distinguish the occupation of the people. They have both agriculture and non-agricultural occupation which is traditional ~~passon~~patron not much more commercialization. ~~.....~~ Mass of clients involves in the agriculture the member are some where in the golf countries for the employments some are in the army and few are else in government services in the country. The below es- ~~Demonstration table, demonstrated~~ the occupational status of the clients before and after the MFPs.

————Table 6.7 ~~portayed~~portrayed the employment status to clients before and after the MFPs. 36.78% of clients are involved in Agriculture where 5.7% of clients are only involved in agriculture where only 5.74 percent ~~age~~ are wage earner. But with the intervention of MFP the ~~senerios~~scenario has been changed where the agricultural sector have been progressively increases to 62.36%. The wayer earner ~~has been~~has been decreases same as the other occupation. ~~a~~Across the ethnic group ~~s~~s. Janajati ~~and~~and Brahmin/ Chhetri / Thakuri has run Tiny business ~~comperatively~~comparatively larger than Dalit. Where as Dalit utilized their loan on agriculture. ~~(Life sotek~~Livestock, fruit, vegetables) which can observed from the figure and the table as below.

Formatted: Centered

Table no 6.7

Formatted: Font: Bold

Occupation and Employment of the clients

Before Microfinance Programs							
Occupation Ethnicity group	Fruit & Vegetable	Life-live sStock	Retail studies	Social services	Wage centre	Other	Total
BCT	6	6	8	2	5	1	28
%	21.42	21.42	28.57	7.14	17.85	3.57	
JanaJati	9	20	7	3	5	2	46
%	19.56	43.47	15.21	6.52	10.86	4.34	
Dalit	3	6	0	1	1	2	13
%	23.07	46.15		7.69	7.69	15.38	
Total	18	32	15	6	16	5	87
	20.68	36.78	17.28	6.89	12.64	5.74	

After Microfinance Programs							
BCT	7	13	5	2	0	1	28
%	25	46.42	17.85	7.14	-	3.57	
Janajati	9	18	12	4	2	1	46
%	19.56	39.13	26.68	8.69	4.34	2.17	
Dalit	3	5	2	1	0	2	13
%	23.07	38.46	15.38	7.69		15.38	
Total	19	36	19	7	2	4	87
%	21.83	41.36	21.83	8.04	2.24	4.59	

Source: field survey 2008

6.2.5 Loan Borrowed

a. Purpose of loan Borrowed:

Formatted: Font: Bold

Most of the clients has borrowed loan for the purpose of agriculture and grocery. The table No. 6.8 shows the different scenarios of loan borrows by the clients.

Formatted: Centered

Table No 6.8 : Purpose of loan Borrowed

S.N.	Purpose of loan	No. of clients	percentages
1	Buffalo husbandry	14	16.09
2	Goat keeping	9	10.34
3	Fruit & vegetable	19	21.83
4	Pig keeping	7	8.04
5	Poultry	6	6.89
6	Retail business	19	10.34
7	Hotel	4	4.59
8	Tailoring	3	3.4
9	Other	6	6.89
Total		87	100

Source: Field Survey, 2008

Most of the clients offer the loan for the live stock development for fruit and vegetable plantation, same as retail business (Grocery Propose) also seems to be progressive

b. **Loan Amount Borrowed**

Table 6.9 : Loan Amount Borrowed

Loan types '000'	< 3	3-4	4-5	5-8	8-10	10>	Total
Ethnicity Group							
B/C/T	0	5	7	0	13	4	28
%	0	18	25	0	46.42	14.28	
Janajati	0	2	18	5	11	10	46
%	0	4.34	39.1	10.56	23.91	21.73	
Dalit	2	1	5	0	4	0	13
%	15.38	7.69	38.46	0	30.76	0	
Total	2	8	30	5	28	14	87
	2.2	9.19	34.38	5.74	32.18	16.09	

Source: Field survey 2008

Table 6.9 shows the ~~Disbused~~Disbursed loan amount along the clients with different amount where 15.38 percentage of Dalit ~~absorve~~absorbed below three thousand of loan. It shows 38.46% of Dalit ~~absorved~~absorbed 4.5 thousand of ~~loan~~loans. The Janajati absorptive capacities of loan seems to higher among the ~~Ethimie~~Ethnic group 21.73% of Janajati has borrowed more than ten thousand ~~saøme~~ as Brahmin/Chhetri/Thakuri has only 14.28% but the Dalit seems to the ~~nill~~nil. But the loan amount of 8-10 thousand seems to be high in Brahmin Dalit and Janajati respectively. But below three thousand Dalit participation is high but other ~~trival~~trivial are sad in theses group which ~~pportrayed~~portrayed in below figure 6.3

Figure No. 6.3.

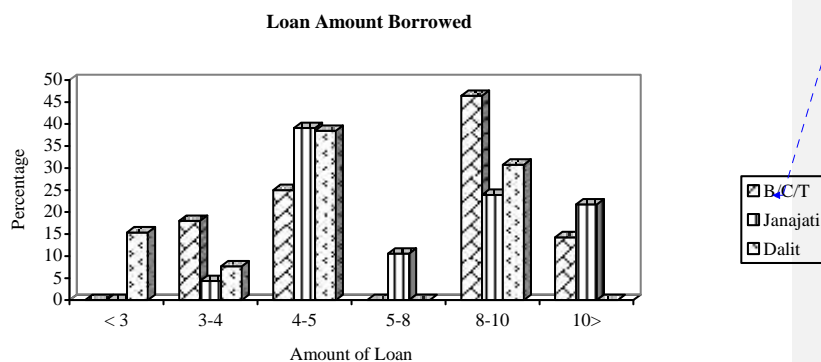


Figure no. 6.3

C. Number of Times of Borrowing

Table No. 6.1110: Number of Times of Borrowing

Number of Borrowing Ethnic group	One	Two	Three	More than 3	Total
B/C/T	7	8	11	2	28
Janajati	25	28.57	37.28	7.14	46
%	30.43	39.13	28.26	2.17	
Dalit	14	18	13	1	46
%	46.15	30.76	23.0	0	
Total	27	30	27	3	87
%	31.0	34.48	31.03	3.44	100

Source: Field Survey, 2008

Number of Times Borrowing

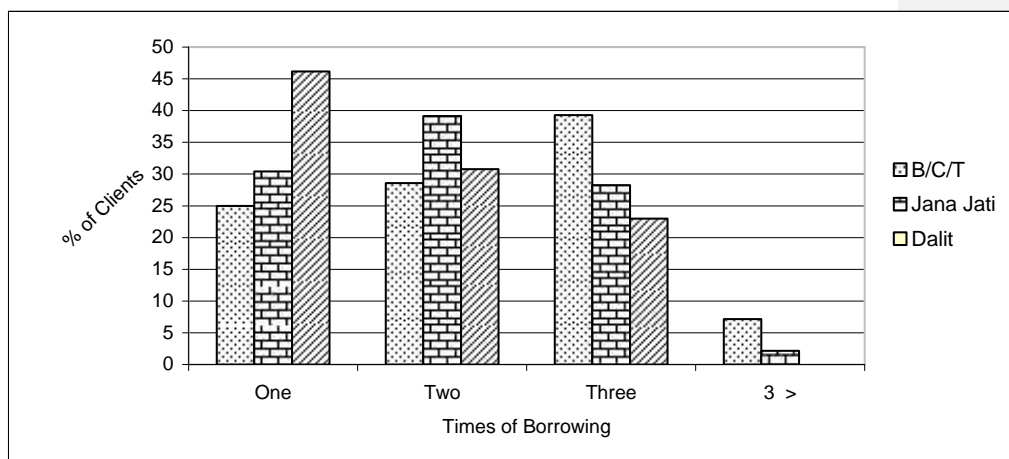


Figure No. 6.4

Figure no. 6.4 demonstrated the different Number-percent of borrower among the different ethnic groups: that involved -in MFPS. The higher share of clients had borrowed two times loan from the MFPS and the borrower of three and one times is similar and seems-less clients has borrowed more than three times. According to ethnic group B/C/T has taken loan more than other group. These shows their absorptive capacity is high than other. Without repayment new loan would not be disbursed i.e. to take the new loan clients have to pay them-their installment in times (should have to compete).

6.3

Formatted: Font: Bold

6.3 Performance of Loan In Income Generating Activities.

Formatted: Bullets and Numbering

Most of the clients those who borrowed cover cost except-accepts few Dalit. 90.97% of clients cover the cost. 54.02% of clients get loss profit -where as 2.29% are getting loss. According to the ethnic group 92.85% of B/C/T getting profit where 7.14% covering the cost of loan. The Jana-JJati status is little bit slow 28.26% get profit where as 71.39% cover the cost in the cases of Dalit 15.38% got less who can not cover the cost of loan.

Table no. 6.11: Performance Of Loan In Income Generating Activities.

<u>Performance</u>	<u>Profitable</u>		<u>Cover Cost</u>		<u>Loss</u>		<u>Total</u>
	<u>2</u>	<u>92.85</u>	<u>2</u>	<u>7.14</u>	-	-	
<u>Ethnicity</u>							
<u>Ethnicity</u>							
<u>B/C/T</u>							
<u>B/C/T</u>	<u>26</u>	<u>92.85</u>	<u>2</u>	<u>7.14</u>	<u>0</u>	<u>0</u>	<u>28</u>
<u>Janaja Jana Jti</u>	13	28.26	33	71.39	-0	-0	46
Dalit	8	61.38	3	23.07	2	15.38	13
<u>total</u>	47	54.02	38	43.67	2	2.29	87

Source: Field Survey, 2008.

6.4 Analysis of Employment

6.4 Analysis of Employment

Employment opportunity is taken as the measuring rod of economic development. The study shows that the people of Syangja district who live near the headquarter employed in non-agriculture sector but the people who dwells in periphery dependent on agriculture. Now a day the trend is little bit changed. People of the rural and urban area both enjoyed in foreign employment to earn. Foreign employment which support to migrate internally in the countries i.e. the major cities the major cities are facing problem of huge density of population. It brought the different managerial problem. The rural economy is facing a problem of lack of labor and the urban have excess labor. The characteristics of employment can be divided in to three categories.

- o Full employment
- o Seasonal employment / under employment
- o Unemployment

Full employment means optimum utilization of the resource where demand and the supply of the resources are equal. There is no gap between demand and supply. But the rural and urban economy both facing seasonal employment and under employment problem. Rural people's main occupation is agriculture which is not still professionalized and used to employ only six months in the farm and spends the

remaining times with out any job. But the people of urban are facing both unemployment and under employment. They does not have any land to cultivate and they do not have money to invest is not the problem but where to invest is the problem.

Here RSC has played a crucial role to active clients those who want to self-reliance by providing loan on the productive sector. It supported to create the opportunities and generate the income.

RSC give Rs. 5000 in the beginning in rural and Rs. 10000 in urban areas those who involves in the compulsory saving programs. It increases the amount of loan up to 40000 according to the absorptive capacity of the client. This loan really supported to utilize the leisure times, generated the income and improved living standard of the people. RSC supported to generate income and create the employment in the locale level. The clients claimed that the MFP supported to utilize their times. They use to cultivated the field and increase their livestock. It was found with the intervention of the MFP the positive thinking also improved over the clients.

6.5 Case Study

Maya Shahi-34 is an active client of centre 22 of Bahakot VDC-7 of Syangja Branch. She has 6 members in her family member: son, daughter husband, father and mother in law. Her life was hard to move before involving in the MFPs. She had to depend on wage labor to settle her family she had completed the nine year of school period. Now her dark days were gone?

She involved in MFPs of RSC in 2005 to be self-reliance and improved the economic condition of the family. In the beginning she took the loan amount of Rs.5000 for the purpose of business. She invests the money in the Grocery. She took the loan second phase of loan Rs.100, 00 in same years. She increases the amount of loan in 2006 up to Rs.15000 for the poultry purpose. Now here absorbing capacity reach up to Rs.40, 0,00 which she demand in 2008 for the purpose of vegetable plantation and for Grocery. Now she have plentiful of capital, she kept 3 pigs, goats, grocery, poultry, vegetable garden, buffaloes, from these business she used to save Rs.110,000 annually. She admitted her child in boarding school. Now her wages labor days are gone. Always the day shine with new rays in her life. MFPs act as a magical bullet in her life.

Now Maya suggested her friend and company to involve in MFPs to make future secure and smooth the consumption. She suggest that the margins of interest should be reduces by MFI, to supported the poor women. She also extended that if MFPs gives the training for mobilization of loan the MFP would be more effective.

Box: 2

Durga Nyaupani -30 is an active client from the centre No. 26 of walling branch. She joins in MFP of RSC in 2063. Really she has done so many struggles in her life. Actually she is not the permanent resident of walling. Her home land is Tulsi Bangjang VDC -4 (Syangja district) where she was a Head teacher in Wahaki Primary School. She is the graduate client. Because of prevalence of conflict her chairmanship of white color does not stay longer. She has to be displaced as internal refugee. She went to Butwal where she continuous the some profession with her family. It was so head to life their, with suggestion of well wisher they returned back to walling in 2060 B.S. She started to teach at the Bhu. Pu. Shanik School at Bayatari. It was extremely hard. The salary was low. Once she has got chance to involve in women development program in the district. It encourages her to do something for her and the society.

Durga's story not ends yet, once she heard the rumor the real RSC gives loan for women with out collateral. She went to RSC with her company Diya Wagle (other Successful client). At the beginning RSC informed that they do not have any programs of lending loan for women and asked her to left contact number. A week later they called back and gave a training of leadership and group formation and gave her the loan on group liability bases.

Now, Durga feeling is little bit relief. Some people are presence to hear the problem of women. In the beginning she took loan of Rs.10000 which she uses for business as a wholesaler. She went to Butwal and brought the cosmetic items and sold to the retailer in walling. She made Rs. 26000 from 10000 it made her more excited. Next time she took the loan of 15000 and continuous her business where she earned Rs. 30000. Last phase she took out loan Rs. 25000 in 2008 and hopped to earn Rs. 40000.

In this way she left the job of white color or the job of dissatisfaction. Now she is being quite satisfied. Some how, if MFPs brought the new types of creative training, likes designing, handicraft, painting which can included the modern generation. The MFPs would be further delighted was here suggestion on the question. She told decision make process is quite improved who empower her and collegians. It also supported in schooling children, changed the clothing and consumption patron.

Box 3

Sangita Nepal -29 is the successful client of Phedhikhola of Syangja. She has an electronic shop. She gives the house wearing services. She has husband, a son and a daughter in her family. These shops serve her and her family. Mrs. Nepal is also the chief of the centre-1 of Phedhikhola. She told that it was very hard to get loan before involving in MFPs. she has to pay high interest to the merchant now she got relief from the MFPs. At the beginning she had hire a labor for extended the services, now with the involvement she had increase the number of labor by two. She took loan of amount RS. 10000 in 2006, in the beginning. She made income of 20,000. In the second phase she took loan of Rs. 20,000. She hopes to generate double income from the loan.

In the question, she told that further effectiveness of MFPs loan should be delivery as the period of demand. Client has to stand for 15 days to get loan from the day of demand. She suggested to the MFP provider to improve the lengthy process of lending loan. She has emphasis to involve all the women in MFP and make their future consumption smooth and secure the uncertainty future. She highlighted that MFPs really changed the life, changed the consumption and supported to schooling the child. She also shares a problem of place to get monthly meeting of groups.

CHAPTER – VII
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

SUMMARY:

Microfinance program has been designed to uplift the poorest of the poor from the society those who are deprived, socially backward, economically weak and from the indigenous groups. From the field survey it shows majority of clients are illiterate they are not qualified and skilled. Most of them depend on agriculture or small grocery in front of the house. Really they are under employed. They do not have sufficient work to do. Most of the clients answer to involved in the programs to enhance their economical status and better education for their children. The field survey shows with the intervention of MFPs client are much more conscious, their working hour increase which supported to increase the income level. Clients left of few have pay their installment in time and the repayment rate is seems to be cent percent. The programs really empower the clients and also played a crucial role on decision making process. MFPs also support to smooth the consumption. The cent percent client involving in the MFPs have demand a creative and skilled training which supports them to generated income: Cutting, sewing, Pickle making, chalk making, about handicraft, dolls and decorating material, painting , beauty parlor are the listed trainings that the clients demand to strengthen their economic status. The finding and out comes of MFPs are listed below:

- J MFP has provided the banking services to those who are under served from the traditional banking services.
- J It has supported to respect the needs of the poor small clients of small loan.
- J Due to the MFPs women and indigenous groups of deprived sector are greatly benefited.
- J MFP developed as a magical tool to poverty reduction.
- J MFP has supported to increase the income level of the poor. On the other hand it helped to utilize the skills and optimum mobilization of resources that present in local level.
- J MFP initiative to empower the women and take engage in the community development activities.

- J The consumption and clothing pattern has also changed with the involvement in MFPs
- J MFP has done a great task of creating the employment by providing loan in rural areas.
- J Because of its intervention the working hour of the people has been extended. It has supported people to commercialize their occupation and get the economic benefit from their.
- J It is also helpful to develop entrepreneur skills in the local level. It support to developed the micro enterprises.

Conclusions:

Microfinance experience is not longer than 3 decade. It dates back to 1974 NRB intervention. Now a day it is commonly defined as the tools for poverty reduction. Due to the intervention of MFP, it has improved the livelihood of the clients. It has brought the changes in consumption, education of children, clothing and some how consumer durables. The MFP also credited for empowering the women and increased the self-confidence and decision making power with influenced family status. On the other hand due to MFP the social participation of the client is increased. Due to access to credit not only gave women opportunity to contribute to the family business. It also increased the family business and assets that increases their prestige and influence with in the household. Micro loans have enabled clients to start non-farm activities like petty trade.

Poverty is a multi dimensional concept. WB defines poverty as “The inability to attain a minimal standard of living.” So against the poverty all program approaches integrated and intervened jointly e.g. income generating programs, health sanitation, learning, critical issues, gender equity, leadership and empowerment side by side then only the poverty core can be split out. MFPs that supported to developed the positive attitude to words the micro entrepreneurship which is the notion for the development micro-entrepreneurship (industry) which played as forward linkage for economy. It also strengthens the stagnated economy. This shows only MFP is not the bullet of poverty reduction also the tool of creating the employment opportunities in the local level. A lot of resources are wastage with out any utilization in the local level to lack

of skills and knowledge we can optimums utilizes such wastage in a small investment which may fulfilled MFP; Different herbal plants are being wastages; timber are rotten in jungle; bamboo are wastage in the bush; grain are rotten for win. These are due to the lack of knowledge, skills and capital. To utilize these resources in proper field MFI can be a good option. Field study survey shows that RSC has done a lot in the field of the MFP. It has scattered it services far to the remote village of Syangja. Chapakot and Biruwa Aurchale are the remote branches where the employer really struggle. They replied that it is hard to continuous the Job because the remoteness, the settlement is not gather it scattered whole the hills. It was too difficult to collect the saving safely because of fear of being robbery. Although their bravery is hints able to follow. Those bravery who are men continuing the programs in the periphery, all the best for them for the brightness of their mission. During the field study it shows that the clients of the hinter land near to walling and Syangja has the great demand of the training for income generating activities. But with extended the radius the attitudes of training is being low (in periphery). It was commenting that lack of market 'what can we do with the product?' Topological and infrastructure is also being resistance in development of MFP.

Recommendations:

Every project has it shinning and the dark sides. RSC had done great in the field of MFPS, still has some weakness. The clients involve in MFP recommended the time of installment repayment is very short. Production from the investment need at least three months but they have to pay the installment with in 15 days. It is hard to pay them in 15 days. Many clients comment on interest. The MFP provider charged the high interest rate on the clients and give few on their saving. Their view is to shorten the gap (margin) of saving and lending interest rate. The clients, who run the wholesale business they offer large amount of loan. It cannot fulfill from the MFP. Same as the clients offer a loan for the educational purpose. Some how the clients has high expectation they are expecting training for income generating who supported them to earn money. Clients recommended increase the number of the livestock of cannot give income at a time to pay installment. They have to add the assets at the households. They cannot gain money hand in hand is the another problem. To make the RSC's MFP more effectiveness follow improvement are recommended.

- It was comment that change in the personnel in short times brought the problem which pulled down the confidence level of MFP providers. It shows less responsibility of the personnel which should be improved and keep in top priority of improvement.
- How RSC can collect the saving safely? It should send at least two personnel in the field who make them safe from simple robbery. Local residual should given top priority as the personnel of same sector. Local clients can also be taken from the protection of robbery. On the other hand the saving should be properly mobilized which build the confidence levels of the client toward the banking.
- The clients highly comment on the interest rate. They pointed the difference of lending and saving percent is high. If the gap can be reduced the client can be benefited and can get the proper price of their sweats.
- Clients demand for training seems extremely great. They demand the Creative trainings for income generating which gave money hand in hand.
- Clients also objected that RSC has stand the clients for 15 day to get the loan and have to pass the lengthy process to get loan which should be improved and should provided the loan at the period of demand in the field.
- Client demanded the education loan which should be implementing by the RSC.
- RSC can also bring the programs of micro-insurance for crops, livestock, and vegetable fruits. These services can make the programs more effective.
- Some of the clients show dissatisfaction on personnel of MFP provider. Their comment was that they do not give time to hear their problem. Banker should hear the problem and should give much more time.
- In the process of field study it was observed that MFP is being the lengthy process of register. Most of the records are under the lead of pen. i.e. to improve these problems electronic equipment should be implementing in use. It would reduce the work load of the personnel and support to reduce the operational cost which supports to sustainable the MFP.
- There is still some dissatisfaction from personnel too. The salary level was very much low. They have to work full times and do not have any facilities besides the salary. They have to spend from their pocket in the work of office. they do not get any return for over time duty. They have to play with risk in

the field. Lack of security the collected money may hunt by robber. It is a burning issue which the bank should address and make the personnel excited in their task.

- RSC should increase the facilities for those great personnel who work in the periphery for the success of the MFP.

Bibliography

- ADB/ M. (1998). *Microfinance, an interim action plan*. ADB Manila.
- Adhikari, I. (2003). *Microfinance lends Support to Rural Economic*. The Rising Nepal (june 24).
- Bashyal R. (2008) *Microfinance Access to finance for Nepal's Rural Poor*. Kathmandu, Nepal: IIDS.
- Black, J. (2002). *A Dictionary of Economics* (2nd ed.), Oxford University Press.
- CBS. (2003). *Nepal Living Standard Survey*. Kathmandu Nepal : MOF. Nepal.
- CBS. (2004). *Statistical Pocket Book*. Kathmandu Nepal.
- CECI. (1999). *Empowering Women through Microfinance Intervention the Stories of thirty Nepali Women*. CMF (occasional paper No.5).
- CECI. (2001). *An overview of the micro finance of Nepal, IFAD western uplands Development Programs: Kathmandu, Nepal*
- Dahal, M.K. (2004). *Nepalese Economy:Towards Building Strong Economic Nation-State*. CEDECON at TU, Kirtipur with collaboration with New Hira Books Enterprises.
- DEPROSE. (1999). *Microfinance of MFI and its program in Nepal a report for CECI* .
- Elizabeth, R. & Maria, O. (2007). *The world of Microfinance*. World Bank, Washington D.C.
- Grosh, M.& Poul, G. (2000). *Designing household Survey Questionnaires for Developing Countries less from 15 Years of Living Standards Measurement Study* World Bank.Washington, D.C.
- Gulli, H. (1998). *Microfinance and Poverty: Questioning the Conventional Wisdom*. Inter-American Development Bank ,Washington D.C.
- HARD. (2007). *Socio-Economic Development Panorama Volume- I*. Kathmandu Nepal, Nov-December 2007: HARD Mepal.
- HMG MOA. (1992/93). *A Study an Agriculture and Employment* (Case Study of Rupendhi). Kathmandu: HMG MOA Department of Agriculture Economic Analysis Division.
- Hulme, D. & Mosely, P. (1996). *Finance Against Poverty*. London: Routledge.
- IFAD. (2000). *Policy on Rural finance* June. Kathmandu Nepal.
- ILO. (2006). *Key Indicator Of Labor Market*, 4th ed. ILO Geneva.

- Independent Evaluation Group (IEG). (2008). *Financing micro small and medium Enterprises 'An independent Evaluation of IFCS experience with financial intermediaries in frontier countries: International finance cooperation.*
- Khandker, H. & Sadidur R. (1996). *Grameen Bank Impact Cost and Sustainability.* Asian development Review Vol.14.No.1: ADB,Manila.
- Khatre, T. and Kutwal, B. (1992). *Internal workshop on mountain off-farm Employment.* Kathmandu.
- Ledgerwood, J. (1997). *Nepal Critical Issues in Microfinance Circumstances.* CECI Nepal.
- Ledgerwood, J. (1999). *Microfinance handbook: An international perspective.* World Bank, Washington, DC.
- Mathie, A. (1995). *How Microfinance Provider target the poor,*Canada : The Cody international institute.
- Mathum, S.P. (1978). *Economics of small-scale industries.* Delhi: Sundeep Prakashan.
- MFD NRB and CECI: (2008). *Microfinancing towards empowerment of disadvantaged Group in Nepal, Innovation and Practices.* CECI Kathmandu Nepal: Shakarya project.
- MOF. (2006). *Economic Survey.* Dharmapath, Kathmandu: Gorkhaparta Sansthan.
- Morguerite &. Robinson. (2001). *The Microfinance Revolution,* World Bank Washington, D.C.
- Narayan, D. & Glinskaya E. (2007). *Ending Poverty in Asia: Ideas that work.* World Bank, Washington D.C.
- NRB Ex-personnel Organization. (2005). *Economic collection* (5th ed. & 4th ed.).Kathmandu: Banker club.
- NRB Microfinance Department. (2007). *Some Glimpses of Microfinance Activities.* Baluwatar, Kathmandu.
- NRB. (2005/06), *Nepal Rastra Bank Economic Report.,* CORD Statistics Division, Baluwatar, Kathmandu, Nepal.
- NRB. (2007). *Monetary Policy 2007/08:* NRB Baluwatar, Kathmandu.
- NRB. (2008). *Macro Economic Indicator of Nepal.* Kathmandu NRB Research Department.
- NRB. (2008). *53rd Anniversary Specialissues.* Baluwatar Kathmandu, Nepal: , Janasamparka Mahashaka.

- Ojha, K. (2005). *Microfinance Program... A Practical Study* unpublished M.A. Economic thesis: Tribhuvan University.
- Pokherel, P.C. (1999). *Impact of MF and Deprived class (A Case Study of Self-help Banking programs)* Unpublished Master degree thesis: Tribhuvan University
- RMDC. (2007). *Annual Report*. Kathmandu Nepal.
- RSC. (2003). *Boucher A brief introduction of RSC* (2004). RSC syangja, Nepal.
- Sen, A. (1982). *Poverty and Famines: An essay on entitlement and deprivation*. London: Oxford University Press.
- Sharma, N., Uprety T.&Simkhada Navraj. (2002). *Review of Microfinance services in hills of Nepal*. CMF, Nepal.
- Syangja DDC. (2004). *District profile of Syangja*. Syangja.
- Syangja District Development Committee. (2006). *Syangja district preview*. Syangja DDC.
- Tiwari, I. P. (1998). *Employment creation and Income generation in rural region: Kathmandu*.
- Weiss, M.& Elvira: (1997). *NGOs microfinance draft summary for at the Asia regional conference on sustainable banking with the poor*. ADB Manila.
- World Bank. (2006). *Microfinance in South Asia: Toward financial inclusion for the Poor*. World Bank, Washington D.C.
- Yunus, M. (1994). *we can create poverty free World in our life time*. Grameen Bank, Bangladesh. .

Web pages

- http://www.microfinance_info.Com
- <http://www.muhammadyunus.org>
- http://www.grameen_Info.org
- <http://www.microfinanceinfo.com/history of microfinance>.
- <http://www.cmfneapl.com>
- <http://www.cgap.org/about/tag 05.html>
- <http://www.microfinancegateway.Com>
- <http://www.ceciasia.org>.

3.3 What is your main occupation before MFP and after MFP?

Agriculture Household Activities Other Job

3.4 Average monthly income before MFP and after MFP?

Before MFP Rs After MFP Rs

4. Concerns the objective No. 1

4.1 When do you involve in MFP? 20.....B.S

4.2 Why do you involve in MFP?

To earn money and improve the family economic condition to give company to the friend to be self dependent other

specific.....

4.3 Do you achieve any economic/ non economic benefit from the MFP? yes

No

4.4 If you got non-economic benefit, what type of benefit do you get?

.....

4.5 How do you take loan from MFP? Individual Group liabilities

4.6 How much loan for what purpose do you take?

S.N	Amount of Loan	Time of Loan taken	Purpose of Loan	Time of Repayment

4.7 Do you spend Loan in particular purpose? Yes No

4.8 If not, where do you have used it? Keep in cash households needs other

4.9 Does the Loan supported to utilize your leisure time? Yes No

4.10 How many time do your work per week before MFPs and after MFPs

Before Hours Per week After per Hours week

4.11 Does the loan to increase your income? Yes No.

4.12. If yes, how much income generated from how much loan?

S.N.	Loan	Time	Income

4.13 What is main occupation before MFP, Does of it being change after MFPs?

Occupation	Before MFP	After MFP
Self-employed Ag.		

Non-farm employed enterprises		
Students		
Casual Worker		
Salaries worker		
Domestic worker		
Unemployed / looking for job		
Un willing to work retired		
Not able to work (Handicapped)		

4.14 Do you hire labour? Yes No If Yes, How many labour do you hire before and after MFP? Before After

5. Concerns the objective: No. 2.

5.1. Did you pay the loan in time? Paid totally partially Not at all

5.2. Do you have to keep collateral for the loan? Yes No.

5.3. What is the percent of interest rate charge by the banker? % per year

5.4. Are you satisfied from the interest rate? Yes If No, how much rate should be initial %

5.5. Does your consumption trend changed by involving in the micro finance programmes? Yes No.

5.6. Does your clothing style being changed other involving in the programme? Yes No.

5.7. Does the MFPs supported to pay the school fee in time for your children? Yes No.

5.8. What types of impact does the programmes bring change you life? (Decision making process)

5.9. Are you satisfied from MFP provider? Yes No.

5.10. If No what improvement should be done?

5.11. Do you have any suggestion for the services provider?

5.12. What should be done for the better result from the MFP?

Thank you