

CHAPTER-I

INTRODUCTION

1.1 Background

The greatest challenge for the human civilization in this globalization age is poverty. Poverty possesses multidimensional disadvantages. It is now globally realized that poverty is one of the main burdens of the 21st century. It involves the lack of human and physical assets and inadequate material means to acquire food and other necessities. It also leads to vulnerability to ill health, economic decline, violence and societal conflict implying a deep condition of disempowerment, even humiliation. However, it is quite difficult to define the meaning of poverty. It is appropriate here to quote words of Adam Smith as “Money makes money, when you have a little, it is often easy to get more, and the great difficulty is to get that little” (as cited in Sharma, 2005, p.87).

Poverty is one of the basic reasons for the barriers of development activity. Without poverty alleviation Nepal cannot achieve its actual success to develop the nation. There are various programs, which are launched to reduce poverty in the country. But all programs are not success to eradicate the poverty of country. Tenth plan also takes only on major objective i.e. poverty alleviation. In Nepal, there are some reasons of not reducing poverty. They are; lack of education, unequal wealth distribution, geo-graphical problem, lack of unity and cooperation, lack of awareness, unnecessary plan program, lack of implication of program, weakness of government administration, poor vision of National politicians, weak supervisions.

In Nepal, micro financing activity takes the country forward and slowly gets success whole country for development from each side. Microfinance can help small businessman, farmer, women and other sector. Today’s nation demand is also depending upon microfinance activities. To get better result and get

success, microfinance is necessary in our country at present situation. The inter-relationship between micro-finance and poverty is often seen as:

Microfinance institutions Provide credit to poor micro-entrepreneur
conduct income generating activities increase living standard poverty
alleviation.

Microfinance is made up of two words i.e. micro and finance. Micro refers to very small and finance is the art and science of managing money. Microfinance means providing very small loan to very poor families so that they can involve in productive activities and grow their small business. "Microfinance is small in value amounts targeted at low income clients. It includes loans, savings, insurance, transfer services and other services (Sharma, 2005, p. 87).

There are mainly three types of sources of microfinance:

-) Formal institutions i.e. Rural based co-operatives.
-) Semiformal institutions i.e. NGOs.
-) Informal institutions i.e. moneylenders and shopkeepers.

If such financial services were provided by formal and semi-formal institution that is called institutional microfinance!

The growing collection of studies conducted throughout Asia, Africa, Latin America and organized around millennium development goals show how microfinance services have positively affected the poor e.g. increasing income, reducing poverty and advancing development goals in education health and women empowerment, micro finance gateway (Impact on Clients).

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

The World Bank and Standard Chartered have joined up to boost microfinance projects in Asia and Africa. Microfinance involve small amount to usually poor

people without collateral, whose needs are not met by traditional banking, often women. Loan size varies, but the average loan issued by Grameen Bank which was funded by Muhammad Yunus, 2006 Nobel Peace Prize winner, in 1983. Large global banks such as Standard Chartered have begun to show increased interest in recent year. City group and INGO have also setup microfinance program (World Bank, n. d.).

In course of institutional development the Grameen Bikash Bank Replicates have emerged as one of the sources of microfinance to the poorest of the poor. The Grameen model introduced by Dr. Prof. Muhammad Yunus and Grameen Bank awarded the Nobel Peace prize for 2008 A.D. As founder of Grameen Bank, Yunus pioneer red micro credit, the innovative banking program that provides poor people-mainly women-with small loans they use to launch business and lift their families out of poverty. In the past thirty years, micro credit has spread to every continent and benefited over 100 Million families. (Yunus ,2008), who was the pioneer gave birth to the concept of micro-credit in 1976 when he disbursed his own money US \$27 to 42 poorest people in Jobra Village, nearby Chittagong University in Bangladesh, where he was teaching Economics. In order to institutionalize the program, he started a Grameen Bank when he was refused assistance from the country's, commercial bank etc. As of August 2008, Grameen Bank has a total of 6.67million borrowers, 97 percent of them are women, and loan recovery rate is 98.95 percent. It finances 100 percent of its outstanding loan from its deposit collection from members and other rural people. The Norwegian Nobel Committee awarded him the Nobel Peace Prize for 2006, divided into two equal parts between Muhammad Yunus and Grameen Bank of Bangladesh for their efforts to create economic and social development from the grass root. Yunus long-term vision is to make the world free of poverty. He opines that poverty is denial of all sort of fundamental right of human beings (Acharya, 2007).

In this situation, Economic growth and job creation can be stimulated as small business development and access to housing finance generates new cycle of accumulation and contributes to higher level of effective demand.

It is said that women cover half sky. But their condition in Nepal is far below satisfactory. Nepalese women are extensively involved on agricultural activities. They are involved in triple type of responsibilities, reproduction, households' chores and employment. However household chores and family care are not considered productive jobs due to limited educational skill, lack of opportunities and family barrier. Majority of women are self-employed in manual agriculture activities in rural areas. Women play vital role in family institution. However, women's legal status has changed with new laws moving towards participation in political and economic sector. A large number of women are being professional i.e. doctor, engineers, lawyer, pilot and scientist. Although, due to the lack of technical and managerial skill, women are out of access to credit market and resources. In this way, they are unable to make significant improvement in their economic condition.

In Nepal, financial services are mostly centered in the urban areas, especially in major town like Kathmandu, Pokhara, Biratnagar, Birgunj, etc. Further, commercial financing institution demand fixed assets as collateral for providing the credit. Most of the rural poor have no assets to pledge as collateral. Thus, they have generally no access to the financial sector. In fact, around 90% of people in developing countries lack access to financial services from formal financial institution. As a result, most of the rural people are enrolling in fruitless job of traditional agriculture and borrowing from local money lenders at an exorbitant rate of interest, ranging from 24% to 60%. In this context, micro finance program is a popular choice or tool for the economic and social upliftment of rural poor.

1.2 Focus of the Study

Provision of sustainable community managed financial services is one of the tools for the empowerment of women and ultimately for poverty reduction. The development of community managed financial system is accorded priority in rural development. Commercial Banking collateral system has no access to

financial market to the poor. In spite of a micro credit program implemented, nominal portion of population have benefited from the program.

The level of women empowerment and poverty in rural and urban areas through the case study of Kaski district is the broad focus of the study. The study is focused on socio- economic aspects of women and it is expected to be helpful for the program. Attempts have been made to analyze the inter-relation of micro finance and poverty reduction.

Micro Finance is a tool which aware the people in every aspects of their life. It is targeted to the poor, especially the women to encourage them to save and mobilize resources. Change in the level of income and life standard of women is another focus of the study.

1.3 Statement of the Problem

Nepal is a least developed country and most of the people live under poverty. The extreme level of poverty, and different geographic circumstances made the delivery of financial services to the poor particularly challenging. Limited income generating opportunities result in low incomes and reduced saving capacity. Women in Nepal are significantly poorer than male, have little access to education and have less control over economic decision. This is due to male-dominated society. They are predominately confined to domestic and agricultural activities and have few economic opportunities. Access to microfinance services has proven to contribute towards poverty alleviation and the empowerment of women. However, this must be in a sustainable and efficient manner, ensuring continued access to financial services over the long term. In this situation micro finance can be the important vehicles for the improvement of economic and social status of women. In this connection this study seeks to explore the answers to the following research questions.

-) What is the saving status of SDC and group members?
-) What is the interest expenses and interest recovery condition of SDC?
-) What are the loan disbursement and recovery condition of SDC?
-) What is the condition of investment and income of group members?

-) What are the conditions of living standards of group members?
-) What are the perceptions and expectations of group members on micro finance program?

1.4 Objectives of the Study

The main objective of the study is to analyze the impact of SDC's micro finance programs on women. The specific objectives are as follows:

-) To find out the saving status of SDC and it's group members.
-) To identify the interest expenses and interest recovery condition of SDC.
-) To describe the loan disbursement and recovery condition of SDC.
-) To analyze the condition of investment and income of group members.
-) To evaluate the conditions of living standards of group members.
-) To highlight the perceptions and expectations of group members on micro finance program.

1.5 Significance of the Study

In Nepalese prospective, majority of people live in villages. They are suffering from malnutrition, lack of schooling and other human necessities. They are unable to start new venture due to lack of financial problem. They have no access to banking system; their economic condition is being poorer and poorer. It is believed that micro finance is a powerful tool to fight against the poverty. Now a day's micro credit is appreciated as an effective tool of poverty alleviation through self-employment following assistance in income. This study has great significance because microfinance program definitely enhance the economic status of rural poor, disadvantaged and deprived women of a society. The main reason behind this study is to analyze the impact of microfinance of women. So, this study is also important to get answer of above problems.

Microfinance concept is very important itself to poor Nepalese people especially for women. For microfinance tools they can directly involve in fund raising program and can develop themselves. Today many developed countries

including India, Bangladesh in microfinance. So, to the best knowledge of the researcher, it will be more significant in Nepalese context. In the light of above statements, the researcher believes that the study will explore a virgin field in Nepalese women's microfinance scenario and add new things to the literature of microfinance sector. This study helps to provide necessary information to the different practices to make better planning, decision making, and policy making, monitoring, controlling, solving various curiosities and overcome the certain limited problems regarding microfinance.

In addition to these, this study has some practice relevance. It attempts to find out the ways of uplifting women's lifestyle in Nepalese society. The increasing participation of the women in economic activities such as saving, taking loan etc. is supposed to enhance their capabilities to change and develop their household and overall economy. Therefore, this study is very usable:

-) To entrepreneurs
-) To decision makers
-) To policy makers
-) To further researchers

SDC is operating in the rural areas and its objective is to find out problem and prospect of SDC in near future. Microfinance help the poor households to meet the basic needs and it protects them against risks.

Micro-credit helps in reducing poverty by providing the poor with credit facility to start a small business. It not only supports the economic condition of the poor people but also has positive impacts on their social life through better standard of living with greater access to education and health facilities and empowerment to participate in decisions of the society.

1.6 Delimitation of the Study

No any research escapes from delimitation. Every research has its own delimitation. So it is also not free from delimitation. This study will be done as a requirement of partial fulfillment of Master's Degree in Management. This study has the delimited as follows:

-) This study is mainly concerned with SDC's group members in Pokhara.
-) The overview of the study has been taken into consideration only those SDC's Programs.
-) The samples are taken from the group members of SDC who are involved in micro-finance program.
-) The study is based on 2064/65 to 2068/69 data.

1.7 Organization of the Study

This study is divided into five chapters: introduction, review of literature, research methodology, presentation and analysis of data, and summary, conclusions and recommendations.

Introduction chapter includes background, focus of the study, statement of the problem, objective of the study, significance of the study, delimitations of the study and organization of the study. Review of the literature consists of conceptual framework about meaning, history, trends, importance, loan, saving, investment, programs of microfinance in Nepal. On the other hand it consists empirical studies of research articles and dissertations. Lastly it includes research gap.

In research methodology chapter the research design, its methodology has been explained. This study mainly focused on primary data as well as secondary data, for the analysis purpose, obtained by the official records, published in journal and magazines, books and booklets published by the organization. In this presentation and analysis of data, presentation and analysis of relevant data will be done by applying various statistical tools. Tables and graphs are also interpreted to accomplish the objective of the study. Final chapter is related to Summary of Findings, Conclusions and Recommendations. At lastly there will be references and appendices in this study.

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CHAPTER–II

LITERATURE REVIEW

2.1 Conceptual Framework

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

Concepts of 3Ss for poverty alleviation are as follows:

S1 = Samuha means groups or organization or community.

S2 = Seep means skills or empowerment.

S3 = Sano punji means microfinance.

2.1.1 Microfinance

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

credit; however, some microfinance organizations also provide insurance and payment services.

Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products (Microfinance Gateway n. d.).

Microfinance activities usually involve:

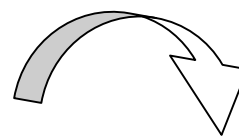
-) Small loans, typically for working capital.
-) Informal appraisal of borrowers and investments.
-) Collateral substitutes, such as group guarantees or compulsory saving.
-) Access to repeat and larger loans, based on repayment performance.
-) Streamlined loan disbursement and monitoring.
-) Secure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

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

This is shown in the following conceptual framework:

Why poor?

-) Lack of productive assets
-) Unemployment
-) Inadequate infrastructures
-) Social/Political constraints
-) Geographical hazards

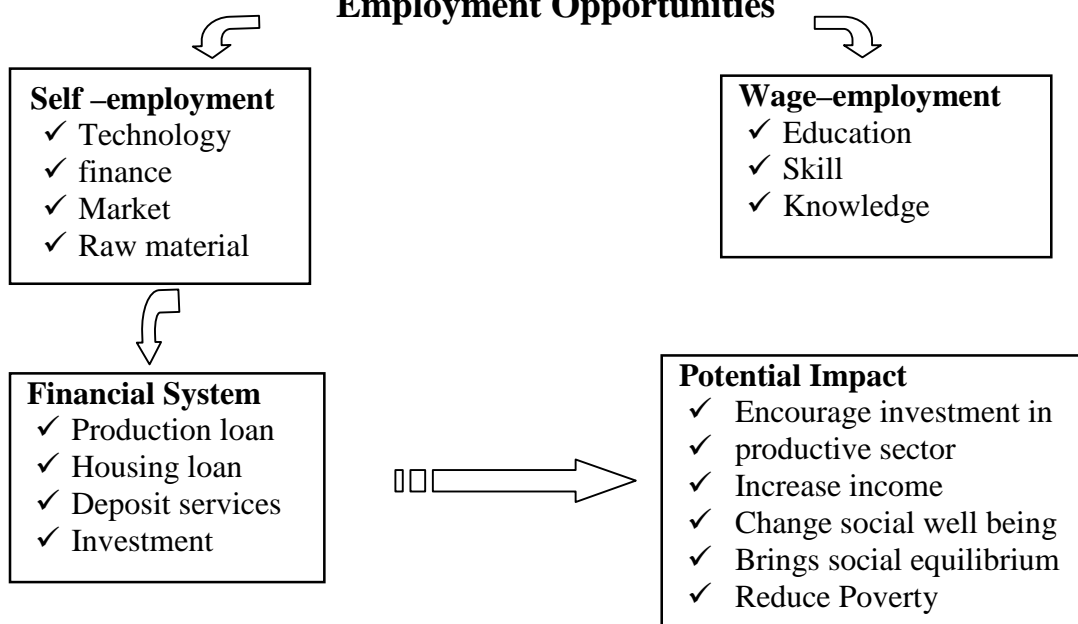


Poverty Reduction Tool

-) Provision of productive assets
-) Employment opportunity
-) Extension of economic activities
-) Access to social & economic resources



Employment Opportunities

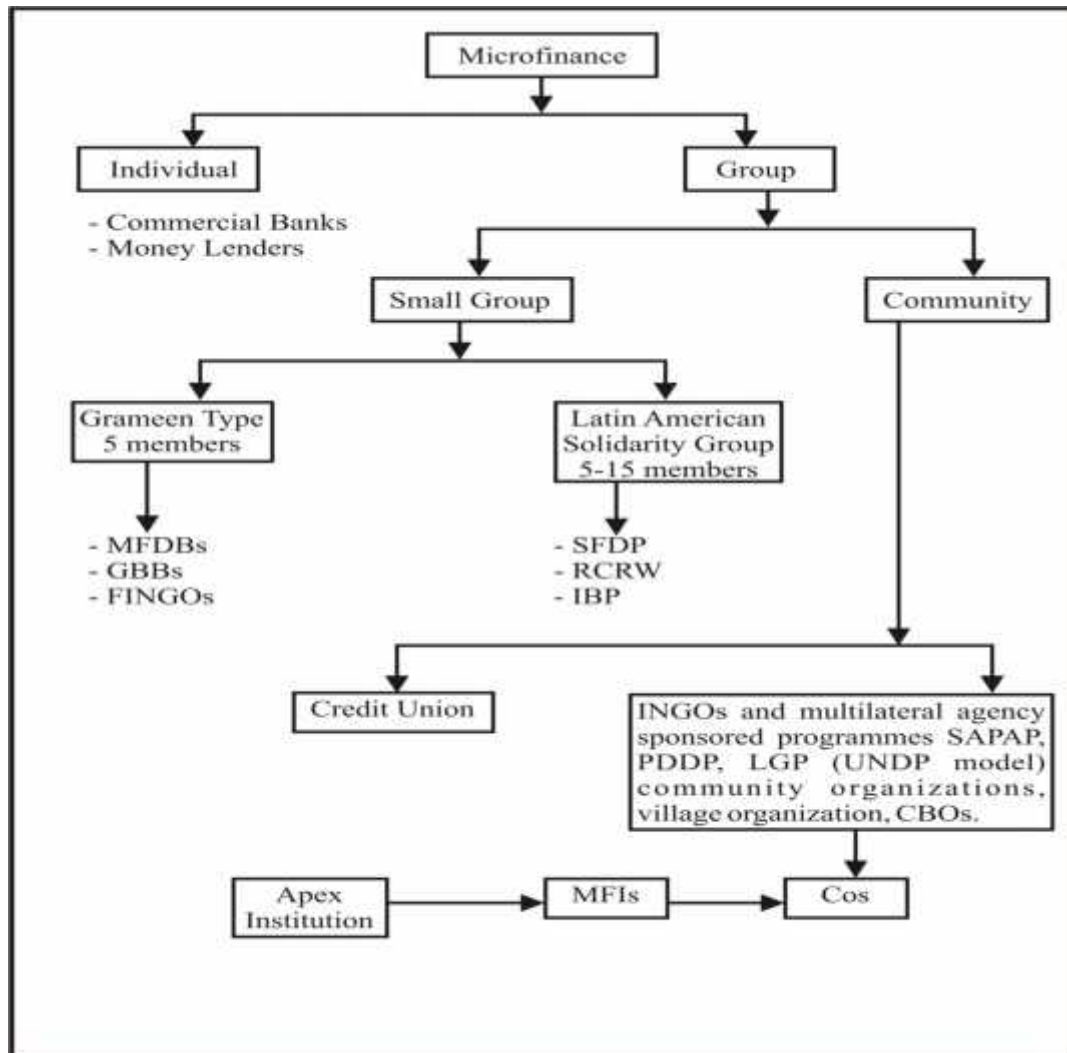


Source: Nepal Rastra Bank, 2003.

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

(hairdressers, rickshaw drivers) and artisans and small producer, such as blacksmiths and seamstress.

The general microfinance model is as follows:



Source: Bashyal, 2008, p. 13.

Micro-credit” remained as important tool to focus the rural poverty. The poverty situation in Nepal is alarming and to reduce this situation to a reasonable level is also a major concern of the govt. plans and programs. The Tenth Plan (2002-2007) has also incorporated micro credit as a major financial tool to overcome its single objective; i.e. poverty reduction. To attain the objective, the Tenth Plan has set out a number of policies and strategies along with various credit programs. For this, the plan has set a target of Rs. 101

billion rural credits to be disbursed during the plan-period of which the MFIs alone will disburse 50 percent.

The current three year Interim development plan 2007-2009 (TYIP) aimed at reducing unemployment, poverty and equality and establishing sustainable peace. In order to achieve these objectives, the government of Nepal (GON) has come up with 6 strategies and has been working for promoting investment in corresponding sectors. The six strategies include:

-) Lay special stress on relief, re-construction and re-integration.
-) Realize employment oriented, poor and broad base economic growth.
-) Increase effectiveness in the promotion of the good governance and delivery of services.
-) Increase investment in the physical infrastructure development.
-) Emphasize social development
-) Follow inclusive approach in development and launch targeted programs.

The interim plan aimed to reducing population under poverty line from 31% to 24% and attains a growth rate of 5.5% within three years. For this, GON is implementing inclusive approach to development that would bring class, community and regions. Which were left out from mainstream development? With the objective of freeing people of various classes, communities and regions unable to join the mainstream of development due to economic, social and cultural reasons, from poverty and backwardness targeted programs have been implemented (Sharma, 2011).

Poverty

The group of people whose income cannot meet their minimum consumption requirement and suffer from malnutrition, starvation, diseases and live in the border of survival is conceptualized as situation of poverty. Also there are literatures that look upon poverty from the social point of view like education,

health and other welfare indicators of the people. However, in most of the cases, it is observed that poverty is conceptualized taking into account of people's income, food intake and its distribution over the population. This may be the reason that minimum income required for survival in the dire situation commonly prevailing in the rural areas of developing countries is more important than fulfilling other requirement.

The concept of poverty includes different kinds of deprivation. In general it is the inability of people to meet economic, social and other standard of well being. The multi dimensionality of poverty is now widely accepted. It covers measure of absolute Poverty such as child and infant mortality rate and relative poverty is defined as the differing standard of each society.

In developing countries, poverty is measured in absolute term. Absolute poor are those who fail to meet the minimum consumption level. In Nepal the population below absolute poverty line is estimated to be 31 percent as per Micro Finance Summit, 2064 BS. It is mainly based on minimum consumption level of 2144 calories Nepal Planning Commission, 2002-2007, (Tenth Plan, Nepal). It is assessed by establishing a 'Poverty line 'on the basis of minimum income required to purchase the predetermined subsistence calorie need (based on the constant market price on 'head count' basis). Although the minimum calorie requirement per day per person has been found different from one country to another based on the poverty literature on the developing countries. To identify the incidence of poverty in a country, the data collected from income or expenditure survey of household or individual entity is mostly taken as the base.

The World Bank defines poverty as the inability of people to attain a minimum standard of living. The world development report further clarifies that the developing countries alone occupies about two- third of population below poverty line. Among them, over 7 hundred million people are ultra poor. From global perspective, 20 percent of the total world population falls under ultra

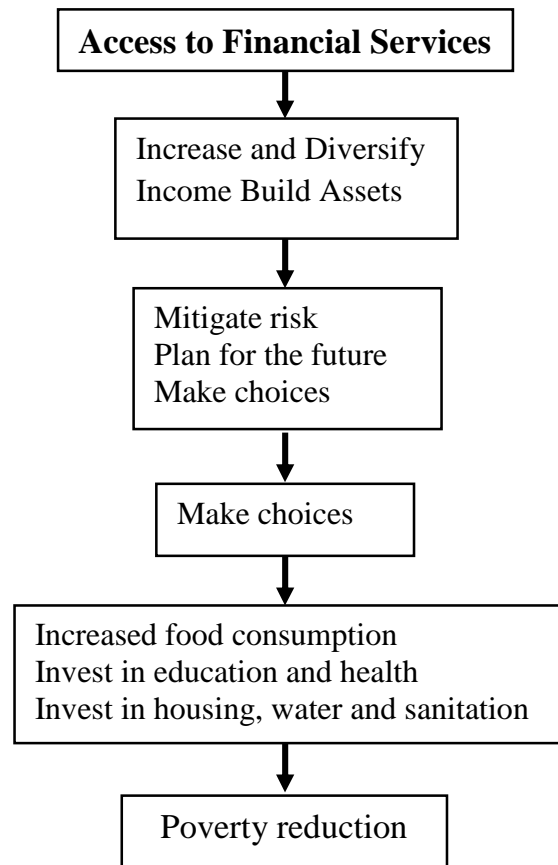
poor, and 100 million people are homeless. Among the total poor of the world, 50 percent live in South Asia (World Bank, 2000).

It shows that South Asian countries are very much affected by the poverty. Among 1220.3 million people about 47 percent of rural population and 36 percent of urban population are poor in South Asia. In South and East Asia, where two thirds of the developing world's population live, the GNP growth averaged not more than 7 percent a year during the 1980's and 1990's. One-third population (or 1.3 billion people) of this region fall in absolute poverty.

In ADB's view, "Poverty is a deprivation of essential assets and opportunities to which every human is entitled" The essential asset may not be available to the poor due to diverse nature of poverty and lack of political will, inadequate governance, and inappropriate public policies and programs. In this context, ADB perceives sustainable economic growth and social development as the key component for reduction poverty (Asian Development Bank [ADB], 1999).

From the following figure it is clear about relationship between poverty and financial services.

Relationship between Poverty and Financial Services



Source: Dhakal, 2004, p. 34

Poverty Alleviation Program in Nepal

In order to alleviate the poverty, a poverty alleviation program named Tribhuvan Village Development Program and Rapti Village Development project were launched in 1952. The program was halted after the introduction of Panchayat system in 1961. Thereafter the government launched several programs for the purpose of poverty alleviation. Mainly, they are Land Reform Act 1964, back to the Village Campaign, New Education System Plan, and peace zone policy etc. All these efforts for poverty alleviation have been made after realizing the increase in poverty. Trickle down approach has been the dominant strategy followed in most of the previous plans. This strategy is mainly based on tackling the problems of poverty through the programs of overall development taken up in rural as well as urban areas. Several measures

have been considered to improve agriculture and industrial production and promote infrastructure facilities however, growth oriented approach showed significant impact on poverty alleviation and to reduce inequality (Gyawali, 1994).

It is realized that growth is necessary but not a sufficient condition of poverty alleviation. Because of the failure of trickle down approach, the policy makers were compelled to realize the need for a new approach, namely targeted program for the reduction of the incidence of poverty. With the initiation of the Eight Plan, poverty alleviation has been taken as one of the three major objectives. This plan has followed several strategies to attack on poverty. It has basically focused on targeted credit program, employment and enabling approach for poverty alleviation .The past efforts to alleviate poverty were not very effective for a sustainable development and slogan of rural development simply remained on paper. Therefore, poverty alleviation has been set as the sole objective in the Ninth Plan (1998-2003) (Nepal Planning Commission, 1996).

In the approach of target group oriented program, many targeted credit programs came into existence. They were in the form of government organizations, non-governmental organization (NGOs), International Non-governmental organization (INGOs) and so on. Such types of programs are also called focused program. It especially focuses in poor people and backward ethnic group of the rural areas. The main targeted programs include production credit for rural women (PCRW), intensive banking program (IBP), the food for work, nutrition supplement program, rural development bank, center for self help development, saving and credit cooperatives (SCC),small farmer development program (SEDP) etc.

After the political change of 1990, the democratic government has also accepted poverty alleviation program as the biggest challenge, and has included it in the major development activities. In this regards, saving and credit cooperative (SCC) has been considered as one of the principal programs

through which the low income people would be able to channelize their marginal saving into productive and income generating activities .In this type, people join in organization for initiating saving and credit activities in their own community. The major aim of this organization is to improve the socio-economic condition of the rural people through mobilizing domestic resources effectively. Under this type, CBO generates all financial resource through internal saving mobilization, and do not expect outside resources till they acquire proven capability to manage such resources. However government and private banks can provide wholesale lending facilities to these organizations. In the book entitled "The Micro Finance Revolution: Sustainable finance for the poor" Marguerite S. Robinson distinguished economically active poor and extreme poor as: People living in extreme poverty exist below the minimum subsistence level; they include those who are unemployed or severely unemployed, as well as those who work is so poorly remunerated that their purchasing power does not permit the minimum caloric intake required to overcome malnutrition. Also included are the people who live in regions severely deprived of resources; those who for reasons of environment, ethnic identity, optics gender, and the like have little or no employment opportunities and who have no earning assets or household members to support them; and those who are escaping from natural or human made catastrophes (Marguerite, 1994).

Micro Finance

Plainly speaking, micro finance stands for the financial services provided to the deprived group of people and small entrepreneur to help them in the income generating activities. It mainly consists of small scale entrepreneur, compulsory saving and small size loan under flexible and simple terms and condition.

The concept of micro finance institutions (MFIs) is used as a common concept for all the institution. Including credit unit, non-government organization (NGOs) and commercial bank are providing financial services to the low

income people. In addition to financial intermediation, many MFIs provide social intermediation services such as group formation, development of self confidence, and training in financial literacy and management capabilities among members of a group," (Leadgerwood, 1999) 'micro finance handbook Sustainable banking with the poor, 'the World Bank USA households and other enterprises, which are usually considered non bankable .

According to ADB "Micro finance could be defined as a provision of broad range of financial services such as deposits, loans, money transfer and insurance to small enterprises and households" (Nepal Rastra Bank, 2060).

To sum up, microfinance comprises formal and informal institution, small and large that provides small size finance services (saving, credit and micro insurance) to the poor. It is an important tool to fight against the poverty. Its services are delivered to poor and deprived people, who have no access to the financial services from the commercial financial institutions. Micro finance aims to build up the capacity of the poor segment of the community by providing them education, skill, technical services along with financial services. The services, thus, offered rely on the principle of group solidarity, mutual trust and group. It emphasizes on guarantee rather than of collateral and economic well-being of its members.

Nepal has given high priority to alleviate poverty through planned efforts. Policies and programs have been initiated for improving the standard of living of the people, and reducing the gap between rich and poor. Mitigating poverty problem has, thus, become a major challenge. A member of development organizations have adopted M.F. program for reducing the poverty.

2.1.2 Trends of Microfinance in Nepal

Microfinance is growing for several reasons, they are as follows:

-) Microfinance has promise of reaching the poor. Its activities can support income generation for enterprises operated by low-income households.

-) It has promise of financial sustainability. Its activities can help to make financially self sufficient, subsidy free, often locally managed institutions.
-) It has potential build on traditional system such as rotating saving and credit associations. They provide the same service in similar ways, but with greater flexibility at more affordable price to microfinance enterprises and on more sustainable basis.
-) The contribution of microfinance to strengthening and expanding existing formal financial system such as saving and loan cooperatives, credit union networks, commercial banks etc.
-) There is increasing number of well-documented innovative success stories in setting savers as rural microfinance in women.
-) The availability of better financial products as a result of experimentation and innovation. These experimentation and innovation have shown that living standard of women is growing at range.

2.1.3 Importance of Microfinance for Women

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

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

Nepal's gender empowerment measure is only half of the global average and after Pakistan, the second lowest in south Asia. Agricultural feminization in

Nepal is caused by de facto rather than de jury reason as the number of female-headed households in rural areas is increasing mainly because of male out-migration and male employed in other sectors (Bashyal, 2008). The important impact of microfinance for women is:

-) Microfinance has increased the women's role on making decisions on purchasing of both the small amount of household consumption items.
-) Increases income of clients has empowered them on running their daily household needs.
-) Microfinance empowered them on deciding the marriage of their daughters.

In social sector, awareness development is found one of the major outcomes of this program. In this respect, many MFIs members started to join in literacy center, schooling to their children including daughters, participating in the village level election so far they are daughters, participating in the village level elections so far they are elected in ward members, VDC chairman and vice chairman. In addition, they are actively involved in community development activities such as construction of village community hall, road and bridge and drinking water system. By this, MFIs have been imputing the momentum for poverty reduction endeavor.

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

Sharma (2007) indicates the different approaches to women from microfinance. These are:

-) Women's involvement in decision-making will be improved and affects their lives and their future.

-) Self-confidence for women will increase.
-) Women's participation in income generating activities is assumed to strengthen women's bargaining position.
-) It will help women to earn independent and contributes the household economy and social and political participation.
-) Women are more likely than man to invest increased income in the household and family well-being.
-) Microfinance program seems to be highly effective in uplifting the women's economic and social condition.
-) It will help to reduce domestic violence and family relationships appeared to have improved.

Microfinance has the provision of saving, credit and other financial services and product of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise income levels and improve living standards. The objective of micro financial services is to ensure the availability of these services to the doorsteps of the poor and low-income households. Microfinance framework, if properly designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

How Micro finance Work?

The most common Micro finance product is a Micro credit loan usually less than \$100. These types' loans are enough for hard working micro entrepreneurs to start or expand small business such as weaving baskets, raising chickens, or buying wholesale product to sell in the market income from this business provides better food, housing, health care and education for entire families, and most important, additional income and provides hope for a better future. Additional the poor, like all of us need a secure place to save their, many and access to insurance for their homes, business and health MFIs are now involving to help meet these needs, empowering the world's poor to improve their own lives. The global repayment rate for Micro credit loans is higher than

95%, which allows MFIs to re-lend this fund to even more clients. By giving the world's poor a hand up, not a hand out, Microfinance can help break the cycle of poverty in as little as a single generation, the traditional Banking system requires that a borrower have collateral to receive a loan. The world's poorest people have no such collateral. Further traditional banks are not interested in issuing small loans \$50 to \$150 as the interest benefits don't exceed the transaction costs that said, how has microfinance been so successful? Micro finance institutions exist in many forms –Credit unions, commercial Banks and most often, Non Governmental organizations (NGOs). Many micro finance institutions use social collateral in the form of poor groups to ensure loan repayment. Borrowers take about loans of group typically is penalized and sometime burned altogether forms taking further loans, this peer pressure encourage borrowers to be varying selective about their poor group member and to repay loans in full and on time, resulting in the higher than 95% repayment rates industry wide. Micro credit loans are usually shorter typically 6 months to 1 year with payments plus interest, due weekly payments help the borrowers stay current and not become overwhelmed by large payments.

Clearly the transaction intense nature of weekly payments collections, often in rural areas, more expansively than running a bank Branch that provides large loans to economically secure borrowers in the Metropolitan area. As a result MFIs must charge interest rates might sound high the average global rate is about 35 percent annually to cover their costs.

2.1.4 Microfinance In terms of Saving, Investment and Loan Distribution

Microfinance is targeted to poor and low-income people. It includes loan, saving, insurance, transfer services and other financial services. Providers of microfinance include non-government organizations (NGOs), self-help groups, cooperatives, credit union, commercial bank, insurance and credit card companies and other points of sale.(Sharma, 2005) The poor already save in

ways that we may not consider as “normal” saving-investing in assets, for example, that can be easily exchanged to cash in the future. After all, they face the same series of sudden demands for cash we all face: illness, school fees, needs to expand the dwelling, burial, and weddings. It is hard to cutoff one leg of a goat that represents a family’s savings mechanism when the sudden need for a small amount of cash arises, or, if poor women has loaned her “saved” funds to a family member in order to keep them safe from theft, there may not be already available when the women need them. The poor need savings services that are both safe and liquid. These savings services must be adapted to meet the Poor's particular demand and their cash flow cycle. Thus, to maximize the savings propensity of the poor, institutions must provide flexible opportunities- both in terms of amounts deposited and the frequency of pay ins and pay outs. This represents important challenges for the microfinance industry that has not yet made a concerted attempt to profitably capture tiny deposits (Micro finance Gateway, n. d.).

Saving and investment are two parts of same coin. If people save they are encourage investing also. Women in the rural village area are interested to invest in gold and other small profitable sector. They cannot invest in large area because their saving is low. The main objective to save is that either to invest or to provide service to poor people. So from the microfinance activities some women are saving and other poor women are getting benefit from loan services at low rate.

Yunus proved that loans to the poor without physical collateral are possible. He also showed that micro credit is a strong instrument to alleviate poverty in the developing countries. Loan clients are the most valuable agents in MFI operation. Income of MFI depends on loan client’s willingness to receive financial services on continuous basis. For efficiency MFI requires that their entire client borrow and make disciplined transaction (Sharma, 2006). Mobilization and recovery of loan should be impartial. Loan can be in the form of individual loan, group loan etc. Individual loan should be mobilized on the

collateral of real assets where as in group loan also more emphasis is given on group guarantee (Baral, 2004).

Development of Microfinance

Nepal's economy, among the other things, is characterized by low per capita income, high population growth, low economic growth rate, concentration of prosperity in urban areas followed by massive rural poverty. Thus, microfinance program could help rural poor, who have barrier to collateral but intention to work. Microfinance programs are targeted at poor and rural based and directed at income generating climate.

The Concept of Microfinance existed in its traditional form in Nepal as dhikuri and guthiyar. After the restoration of democracy in 1990, due to liberal policy of government, many MF institutions have come in existence. In Nepal, agriculture based on co-operative was initiated in 1990's as a first step of microfinance. Earlier in 1975, micro finance program was operated by ADB/N under the Small Farmers Development Program (SFDP) as a pilot test basis. The success of the program in Nuwakot district prompted ADB/N to expand formal rural MF program.

After studying pros and cons of microfinance program, government of Nepal began to rethink the delivery mechanism of microfinance. It was in the form replication of Bangladesh Grameen model of micro finance delivery in 1992 which setup two Grameen Bikash Bank by government. It also created situation to encourage participation in the microfinance by private sector. Subsequently Nirdhan, CSD, Chhimek and other organizations came in existence.

RMDC was also established to support microfinance institutions by providing wholesale credit, initiating training and other necessary support to the MFI's. A number of co-operatives involved in providing the microfinance services. Five rural development banks came into existence in each development region, as a result of government policy, retail microfinance institutions grew like mushroom. Bank, saving and co-operative, NGO had received licensed from

Nepal Rasta bank (NRB 2008). Nepal Rasta Bank, the Central Bank played the role of both promoter as well as facilitator of MF programs. A number of MF focus programs have been launched at present. Around 50 organizations are running as partner organization of rural Microfinance development center.

2.1.5 Microfinance Models

The government along with all the public and private sector financial institutions contributes to the development of microfinance industry (MFI), each playing a significant role in its development. However, their roles have to respond to emerging requirements.

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

a. Rural Credit Union Model

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

b. Cooperative Model

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

c. Grameen Bank Model

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

d. Village Banking Model

This model can be described as an informal bank for non-collateral loan to members in a community and the community will be responsible in handling the credit directly to individuals. It's a typical VB consists of 40–50 women. It begins with literacy class of six months where savings credit operation process is taught.

e. Self-reliant Village Banking Model

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

f. Banking with the Poor Model

Banking with the Poor (BWTP) model, this came into existence at the first regional workshop in Manila in 1991. This model gives emphasis on domestic financial development by linking between self-help groups of the poor and commercial financial institutions with NGOs performing a range of intermediary functions.

2.2 Microfinance Programs in Nepal

The three largest banking institutional of the country NBL, RBB and ADB/N has initiated several innovative microfinance programs since 1974/75. The Small Farmers Development Program (SFDP), the Intensive Banking Program

(IBP), the Production Credit for Rural Women (PCRW) Program, the Cottage and Small Industries (CSI) project, the Educated Unemployed Credit Program, the Lead Bank Scheme, the Micro-credit Project for Women, the Priority Sector Credit, and the Deprived Sector Credit Program, the Rural Self-reliance Fund etc. are the different microfinance credit programs developed to the alleviation of the poverty in rural Nepal. The different microfinance program will be separately dealt in the following paragraph.

2.2.1 Priority Sector Credit Program (PSCP)

The two Nepalese commercial banks, NBL and RBB were directed by NRB to invest 5 percent of their deposit liabilities in the “Small Sector” in 1974 which was redefined as the ‘Priority Sector’ in 1976 and the lending target was raised to 7 percent. The objective of NRB was to direct some portion of the financial resources of commercial banks towards the socioeconomic uplift life of small farmers and entrepreneurs in the priority sector credit program, at this initial stage had to face several constraints and barriers. NBL, RBB and the Nepal Arab Bank Ltd. are financing their priority sector credit under the Intensive Banking Program and the remaining 10 commercial banks are financing the priority sector under their separate individual credit program. Since 1990, all the commercial banks are directed to finance at least 12 percent of their total loans and advances under the priority sector program out of which 3 percent is required to be financed in the deprived sector failing this mandatory requirement, the commercial banks are penalized for the shortfall amount.

2.2.2 Small Farmer Development Program

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

The group is comprised of 5-50 members. It provides them credit and other supports to start income generating activities.

2.2.3 Intensive Banking Program (IBP)

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

2.2.4 Production Credit for Rural Women

It is the first women-focused credit program in Nepal. NBL, RBB and ADB/N were three participating banking institutions. Initially it was started in 5 districts and by the end of 1998; it had covered 67 districts of the kingdom. PCRW was implemented in IBP and SFDP branches. Govt.'s Women Development Section (WDS) staff identifies the target groups and motivates them to form a group of 4 to 10 poor women. They also assist group member to select the viable project. They recommended the newly formed groups to IBP and SFDP offices. Both the staff of banks and WDS monitors and supervises the credit projects.

The recovery performance of PCRW is not satisfactory. Its recovery was found 64 percent in 1995/1996. The operating cost was around 27 percent whereas PCRW loan was distributed at 14 to 15 percent. If we combine even the costs

of social intermediation, the operating cost would be much higher and the program would be unviable and unsustainable at the present circumstances.

The impact evaluation study conducted by the Women Development Division of the ministry of Local Development has revealed that PCRW has greatly contributed for the socio-economic upliftment of the rural poor women of the project area in the following ways:

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

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

The impact evaluation study has further highlighted the following problems in the implementation of PCRW.

-) Inadequacy of trained bank and WDS staffs in the project.
-) Inadequate supply of rural and agricultural support services to borrowers.
-) Little efforts to make the program cost effective and financially viable.
-) Lack of appropriate technology and raw materials.

-) Inadequate opportunities i.e. skill development training and marketing of product and services.
-) Opportunity for free movement of trained bank and WDS staff out of program.
-) Improper coordination between bank and WDS staffs to implement the program.

2.2.5 Micro Credit Project for Women

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

The main objectives of MCPW are followings:

-) Improvement of the socio economic status and condition of women.
-) Provision of financial and non-financial services to women in integrated way.
-) Provision of necessary institutional supports to NGOs.
-) Institutionalization of NGOs as financial intermediaries.
-) Development of NGOs as cooperative associations.
-) ADB/N has funded the project. It provides 80% of the total loan able funds. The project design involves following stages:
 -) Social mobilization of women.
 -) Skill development training to borrowers.
 -) Financial and non-financial services to NGOs.
 -) Transformation of NGOs in suitable financial intermediaries.

2.2.6 Grameen Banking Replication Program

There are five Grameen Bikas Banks (GBBs) in five-development region, which were established between 1992 and 1996. These banks have been replicating the Grameen Banking Model of Bangladesh which is an innovative outreach model. It is a unique model implemented separately by both the government and the local NGOs in Nepal. Nirdhan, Swabalamban Bikash Bank (SBB), Chhimek Bikash Bank and Deprose Development Bank are the NGO-promoted microfinance development banks. Transformation of NGOs into development banks is the recent development in the Nepalese microfinance sector as in other developing countries. These banks charter to the credit needs of the poor women in rural areas. The poor women had limited access to institutional credit services at their doorstep. Under this banking system a rural women with less than 0.6 hectare of land in the hills can participate in a group, which is comprised of five women.

2.2.7 Rural Self-Reliance Fund (RSRF)

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

2.2.8 Cooperative Societies and NGOs

Cooperative societies in Nepal have a history of more than 42 years. Most of the credit cooperatives funds are missing managed and effective. Though the history of cooperatives goes back to 1,953 with opening of cooperative department, the savings and credit cooperatives (SCCs) have become more active. The total number of cooperatives registered under this union is 404 comprising 63,585 members collecting total savings of Rs 732.7 million with

Rs 83.3 million shares capital up to mid-July 2004 (Bashyal, 2008). So, it seems that mostly women are involved in cooperative societies.

2.2.9 Banking with the Poor

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

2.2.10 Rural Microfinance Development Center (RMDC)

The RMDC is an apex MFI established in 2000 under the company Act 1995 with an authorized capital of Rs 160 million issued and paid up capital Rs 80 million. To implement this project the RMDC, the apex development banking institution, has already been established with the equity participation of NRB, all commercial banks and few other financial institutions an NGO. RMDC will operate as the wholesale financial institution and will on lend ADB/N funded loan to all the Grameen Bank Replicates, SCCs and financial intermediary NGOs who fulfill its eligibility conditional ties for funding. As of 17th October 2006, RMDC has approved loan amounting to Rs 1,589.08 million for 47 MFIs, and disbursed Rs 1,165.7 million to 44 institutions. Among the 47 partner MFIs, 6 are microfinance development banks, 2 development banks, 24 financial-intermediary NGOs and 15 saving and credit cooperatives. On 16th September 2006, the outstanding loan with RMDC was Rs 691.5 million. RMDC has maintained 100 percent loan recovery rate from the very beginning of its operation. Altogether the partner-MFIs of RMDC are providing microfinance services to about 400,000 women of the poor households.

2.2.11 Sana Kisan Bikas Bank (SKBB)

Sana Kisan Bikas Bank is a specialized wholesale microfinance development bank established in 2002 with the aim of promoting and strengthening the gross-roots level Small Farmer Cooperative Ltd. (SFCLs) in particular a similar other MFIs in general. Mostly women are involved in SKBB, so this bank is

effective for women's upliftment. GTZ-RUFIN has been supporting SKBB or its capacity development programs. In Fiscal year 2004/05 the numbers of institutions associated with bank were 114, which increased to 131 during fiscal year 2005/06.

2.2.12 Other Rural and Poverty Focused Micro Credit Programs

There are few other rural microfinance programs, which are being implemented current fiscal year. They are the following:

-) Third Livestock Development Project.
-) Poverty Community Groundwater Sector Project.
-) Hills Leasehold Forestry and Forage Development Project.
-) Community Shallow Tube Well Irrigation Project Nepal.

2.3 Review of Related Studies

Although a lot of research has been done on microfinance, this financial impact of microfinance on women is new topic for MBS faculty. There are a lot of papers and views related to microfinance activities which were presented in different seminars and functions. Several research work has been conducted on microfinance practice in Nepal in case of women and relevance literature have been collected through different books, dissertation, papers, journals, articles and electronic devices.

2.3.1 Review of Books and Articles

This part includes the major related studies which are taken from articles, journals, electronic devices etc.

ADB (1999) organized a regional workshop program on bank's microfinance development strategy, in Philippines. A paper was presented by working group three on 'Reaching the Poorest'. This paper describes that many MFIs have been successful in reaching the poor. Substantial challenges remain for reaching more o the poorest with MF services. The challenges are great for areas such as resource poor, low population density, and are remote as

marginal. So there remains a need for new cost-effective methods of reaching the poorest. The requirements are:

-) Conducting policy for removal of interest rate restrictions.
-) Enabling financial infrastructure that will allow MFIs to raise resource for the poorest.
-) Development of pro-poor innovations.
-) Building of MFI capacities to reach the poor.

The requirements can be fulfilled by:

ADB must enhance its own in-house capacity in MF by, i.e. recruiting specialists, conducting training for staff, and creating specialized unit for MF. A conducive policy, environment in building and enabling financial infrastructure for reaching the poorest.

ADB should provide technical assistance for developing effective targeting methodologies for reaching the poorest, women, and disadvantaged groups in society.

ADB could serve as financier and initiate the establishment of one or more special funds that could be used for equity participation in MFIs technical assistance and research.

Baumann (2001) published a research article on topic 'Microfinance and Poverty Alleviation in South Africa'. This paper stressed that microfinance starts from an observation that the poor lack access to financial services, credit and saving facilities. South African govt. has begun to emphasize the importance of saving as part of the nation's overall economic health. Finance minister, Trani Manuel, gave speech emphasizing the importance of saving facilities for low-income households not only for its own sake, but to increase the national savings rate. Collective savings and credit movements use group savings autonomous grassroots savings groups. The 'outputs' of active women's savings and credit collectives in poor communities include: social assets, leverage, reduced vulnerability saving and credit in the basic element in

the development strategy, women who are interested in taking part are drawn into the training process and shown how such crises credit funds work in other communities.

The conclusion drawn by this report is that MFI's expert contribution seems to consist not in assessing multi-faced goals, and the costs and the benefits thereof, but in demonstrating their own arithmetical competence. It is more an expression of frustration at the stage of discourse on microfinance and poverty alleviation in South Africa today. The technical finance skills employed by orthodox practitioners are highly valuable, and many alternative initiatives suffer for lack of them. Unless and until NGO put aside their fears, rivalries, and isolationism, they will probably fail to influence government policy effectively. They must do so not for themselves, but for the poorest of the poor whom they seek to serve. The poor simply cannot wait as long as it will take the formal sector, in the form of emergent small business to absorb them and their activities into the main stream economy. Govt. must acknowledge programs that use microfinance as a means to mobilize poor households and communities to create, reclaim, and harness social assets as part of a part of appropriate livelihood strategies. The microcredit orthodoxy in South Africa must be explored, critiqued, and challenged.

A study was done by Robyn Cornford of The Foundation for Development Cooperation on 'Microcredit', 'Microfinance' or 'Access to financial services' what pacific people need? It describes Gregory's comparison is useful as it highlights an interesting way of analyzing differences in the country context when considering the provision of financial services. The population size and density, infrastructure, economic activity and socio cultural norms may differ markedly. What links most pacific countries too many Asian countries is a common set of indices indicating low levels of human development. The indices may be a common bond: low level of human development, access to financial services, culturally specific approach to providing financial services, best practice and sound practice etc.

The conclusion drawn by report is that the provision for financial services to poor people has evolved from credit to microcredit to microfinance. Saving is important in microfinance. The true innovations in the provision of financial products and services to poor clients usually occur when those products and services meet the needs of poor clients as determined by careful market analysis. Financial needs of poor people cannot be implied; they are not a homogenous group. We argue that access to financial services is valuable to all people not just the poor.

A report was presented by United Nations Capital Development Fund (UNCDF) (2004) which is based on case studies in Haiti, Kenya, Malawi and Nigeria. The topic of report is Microfinance Program Impact Assessment 2003. This report describes that microfinance is a cost effective means of contributing to development and poverty alleviation, because any dollar invested is used more than one time. Microfinance takes consideration effort on financial planning and enables poor people to expand and increase outreach to the poor through internally generated funds. The objective of program impact assessment is to examine whether UNCDF's programs have had the desired impact on microfinance clients, institutions and the enabling environment.

The findings of the report are that UNCDF is making an important contribution to the growth of microfinance in a number of countries around the world. In terms of poverty reduction and client impact, UNCDF has been particularly successful in increasing outreach, with microfinance services expanding roughly 80-85% in the case study countries since the inception of the UNCDF/UNDP microfinance programs. The selected partners have successfully targeted largely poor and very poor population and appear to be increasing women's access to financial services. Program loans are one of the main ways clients overcome food, security, pay for medical and lifecycle express and address emergencies.

The study also suggested that the Nepal Rastra Bank should comments the micro finance institutions on the different areas as follows: Funds received by

micro finance should not be used or invested in other operation; prior approval from NRB must be taken to add the new operation area, Accounts are to be audited by an approved certified auditor, Institutions are advised to conduct social awareness program, Loan classification and loss provisions should be updated and to prepare annual action plan. The conclusion drawn by this article is that the Nepalese MFIs aren't being able to reach the poorest due to inability of proper identification of the poor and lack of commitment and clear vision of their action. Expanding microfinance programs along with restructuring the whole financial system is essential so as to ensure financial system to better serve the rural economy. The time frame to reach or grant based on clients serving to reach financial self-sufficiency will be shorter for MFIs serving the economically active poor.

A research paper on Microfinance, Informal finance and Empowerment of the Poor: Lessons form a case study of the SHG-bank linkage program in a backward district in India by Sunil (2004) discuss the process of access to finance, primarily credit, and the resultant empowerment of the rural poor, especially women, facilitated by the SHG-ban linkage program in India. This case study argues uncertainties, credit demands and usage pattern of the poor could differ from general theoretical assumptions. The perceived positive link between credit empowerment of women and the wider empowerment of the poor becomes weak and unpredictable.

The main objective of this research paper are to identify the process of credit empowerment of women, to identify the intra-household debt pattern of the household and to identify whether the emerging debt patterns correspond with the declared and documented pathways of empowerment of the poor through microfinance, especially micro-credit. From the study it is found that local moneylenders prefer to lend money to women rather than men, men took fewer loans than women. Women maintain a wider, more diversified loan portfolio than men. There has been a clear shift in credit liability towards women. The average annual interest rate hovered at around 24% for SHGs, 30% for local

moneylenders and 18% for institutional credit. This study observed that SHGs are emerging as a potential source of credit for women, participation in the SHG has enhanced their financial credibility in the local money market and they are, therefore able to contact more credit from sources other than the SHGs.

A research article published by Sharma (2004), on 'The Journal of Nepalese Business Studies' about 'Microfinance: A Powerful Tool for Social Transformation, Its challenges, and Principles'. This research article attempts to explore the role and importance of microfinance in reducing poverty by generating the income of the poor. Microfinance has been emphasized for poverty reduction in developing countries through executing dual articles such as collection of domestic saving and investment of small loan. This article try to find out the answers of different claiming by institutions such as- Are these institutions really delivering microfinance services to the poorest of the poor? Are they really sustainable in the long run? Are they financially efficient?

Baral (2004) published a research article in 'Baniyja Sansar' on 'Microfinance: Good Portfolio and Management of Delinquency'. He has made some important improvements in the field of microfinance. Quality portfolio he refers to the loan recovered in time within or on the due date, loan recovery rate is a measure of quality of loan. Financial institutions analyze the present financial condition while approving the loan, statistics of many countries shows that the loan recovery rate of microcredit is higher than that of commercial bank and finance company loan. In microfinance, the term delinquency is used to imply the situation when over due loan remains unpaid. In context of Nepal, high loan recovery rate indicates that microfinance institution do not have to face much more problem relating to delinquency. He identified two kinds of irregularities both MFIs and borrowers.

On the part of MFIs the irregularities were commonly found on selection of target area, identification of target group, irregularities in formation of group, mobilization of loan on the basis of securities and emphasis on investment and

recovery of loan. Similarly following irregularities has been found from the side of borrowers such as misuse of loan, loan non-repayment of due installment, and repayment of loan from different sources.

He has suggested and argued that target groups are not properly identified in remote areas borrowers may not be able to repay the loan in time due to the same source of the family. It is easily said that microcredit is out of the access of the ultra-poor. NGO have not taken the use of loan for the very purpose into consideration. The considered institution doesn't create care about even through loan is misused. It has been also found that micro entrepreneur has shown the enterprise already in existence as a new one and decamped with the loan at cheaper interest rate and invested at higher rate to other borrowers. Borrowers could not repay the due installment of loan because of the same income source of different borrowers. Microcredit programs have protected the borrowers from the costly interest rate of indigenous bankers, but it has added more burden of loan. He suggested the target area should be selected according to priority of district development plan, an effective monitoring mechanism should be developed, loan should not be provided only on the basis of securities both group and real assets. The concerned project and institution should not consider only the target of investment and recovery of loan.

Shrestha (2007) published an article in an 'Agriculture Credit' journal on a topic 'Microfinance: A Tool to Fight with Poverty'. This paper briefly reviews the targeted programs and initiatives undertaken for creating conducive environment for institutional credit system in the rural areas particularly microfinance.

From the research paper it is found that poverty decline is sharper in the thousands with lesser number of children, households with bigger land holding, and also in the households with educated household heads, collateral based lending practice of commercial banks and development banks deprived the poor people from institutional sources of credit. Such institutions for women are productive credit for rural women and, microcredit program for women,

rural development banks and other grameen bank replicates etc. Outreach and disbursement of credit by microfinance activities have shown that substantial amount of saving could be generated from rural saving and credit schemes. Proportion of household taking loan increased substantially particularly in the rural areas.

Sharma (2007) published an article on 'The Journal of Nepalese Business Studies' about 'Microfinance and Women Empowerment'. The studies paper examines effect of women's participation in group-based microcredit programs on a large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The data were taken from a special survey carried out in hill and terai in 2004-2006 of Nepal. In this paper, analysis were done on women's involvement in decision making, changes in self-confidence, women's status in gender equity, changes in social and political participation, changes in control over income, changes in awareness of social issues and problems, and family relationships and domestic violence. From the study the result was taken out those similar changes in making decision was noticed in both hills and terai. There is a significant change in self-confidence of women after the program. By ecologically belt hills showed relatively higher proportion of men's involvement in cooking as compared to terai, but in childcare, fetching water, washing clothes, cleaning house and utensils, men's involvement is relatively higher in terai belt than the men in hills. It also shows that there is a significant change in social and political participation of women after the program. MFI program has substantial impact on terai women's income control as compared to hills. Terai shows a relatively greater change in family relationship and domestic violence.

Collins (2008) published an article on investigating the Financial Lives of the Poor about financial diaries method. In this research article a case study of a 50 year old single women, Mambongo is shown. She lives with her three children and one grandchild in a crowded flat, in South Africa. Her main source of income is a small business cooking sheep intestines. Govt. also sponsored some

grant. Her primary financial concern is making ends meet on a daily basis, and making sure her family enjoys a good Christmas in a year. How does Mambongo manage her money and try to meet these financial goals? The financial diaries, a data collection method answer such questions by tracking household's cash flows over the course of a year. With its rich set of data, the financial diaries aims to help policymakers, the financial industry and donor agencies understand financial management practices of the poor so they can strategize, on how to increase financial access for these household. The success or failure of financial management: this can only be assessed by observing a buildup of savings or how quickly a loan is paid off over time.

Rakhal (2009) has conducted the study on micro finance regulation in Nepal. Mr. Rakhal has focuses on financial development in Nepal, micro finance policy and regulatory mechanism. The Research also contents different kinds of micro finance services are increasing in Nepal with the growing number of financial institutions as micro finance providers, targeted groups will be eventually and effectively reached. In case of Nepal the institutions working for micro finance services are grameen Bikash Bank and replicator, small farmer's development Banks, financial intermediary, nongovernmental organization, small farmers cooperative, deprived sector/directed lending, saving and credit cooperative project based micro financing, microfinance development bank and whole sale micro financing. He also found that In Nepal; cooperative act 1992, Intermediary society's act 1998 and Banks and Financial act 2006 are the regulatory provisions for micro finance available. Beside its Government and Nepal Rastra Bank are responsible for institutional arrangement, legal frame work, support services provision, regulation and supervision of the activity sustainability of the micro finance institutions.

2.3.2 Review of Thesis/Dissertations

Khadka (1998) conducted research for MBA degree on the topic 'Micro-credit Project for Women in Nepal: A Case study of Pokhara Sub-metropolitan'. The basic objective of this study is to find out the sectoral nature of investments,

nature of loan and to suggest the appropriate measure. From the study he found that the out of total MCPW loan the share of group loan is 58.4 percent and the share of individual loan is 40.6 percent. He has used secondary source of data mostly in his study as well as little bit primary data also. The share of MCPW loan to Brahmin is the highest; i.e. 40.5 percent. Whereas lowest is Damai/Kami /Sarki is 9.0 percent. There is 12.5 percent net change in employment level with introduction of this program. The monthly level of income of the beneficiaries has change by 102.5 percent. The average change in the monthly income is RS 1,385.18 after this program. The average change in employment level is 1.11 people after MCPW program.

Acharya (2000) has done research work entitled "Role of Grameen Bikash Bank in alleviation of Poverty", A case study of Jhumka VDC of Sunsari. The main objective of his study was to explore role of Grameen Bikash Bank in Poverty alleviation and specifically he conducted his research on the basis of services provided by Purbanchal Grameen Bikash Bank to Jhumka VDC of Sunsari. Where he collect data from secondary sources to analyze and conclude. In his study, there were done institutional analysis i.e. analysis of Grameen Bikash Bank was done through various financial tools. He concluded that Grameen Bikash Bank has significant role in eradication poverty and it is itself doing in well and progress manner in financial services rendering.

Ojha (2002), who did research for MBA degree on the topic 'Microfinance in Practice: Loan Recovery Approach to the Program Assessment of Microcredit Product for Women in Pokhara'. The basic objective of this study is to examine the performance in terms of loan recovery of microcredit financial projects. The other objectives are; to overview the state of outreach, training activities, savings and its mobilization; to examine the state of loan disbursement, repayment outstanding and overdue; to access the overall performance of participating women; to analyze the state of loan recovery in terms of loan repayment. to show the relationship between investment and income; to recommend appropriate suggestions. From this study he found that

the loan disbursement and outstanding is related to its repayment in due time. The performance of participating women is quite satisfactory. The sampled women have repaid in time, create savings and disbursed loan from the savings. Investment caused to increase in income and hence the capability of loan recovery and repayment becomes higher. Some of the group members were found of less difference and equal income status, but some of them were found a highly effective aspect of the program and there by loan disbursement and training program were considered to be less effective aspects than savings. NGO's program help to identify targeted women training program is an essentially required to participant women more skilled. He concluded that the MCPW, if managed effectively, reaches to the targeted women, educated and trained the women entrepreneur and also if made regular supervision and initiated them the agricultural production. Productive and business activities, self-employment, income earnings, savings and investment could be raised. This becomes the cause of uplifting vulnerable and poor women to higher social and economic status.

Lekhak (2004) did research for MBS degree on the topic 'Microfinance in Nepal and The Case Study of SFCL Anandavan, Rupendahi, ADB/N'. The main objective of this study is to do case study of SFCL Anandavan, Rupendahi, ADB/N. The other specific objectives are; to study the financial sustainability and viability of SFCL; to know the facing change of society after SFCL; to know the major problem of SFCL Ananadavan. From the research study following results finds out women empowerment participation in SFCL increased. After SFCL people participation in literacy program helped to improve the literacy position of village. SFCL also seems successful to convince the people about the importance of group saving and impact of forest conservation. SFCL also gives the different types of training to small farmers which help to make more efficiency to small farmers. There was politicization and financial undisciplined in some cases. There was lack of inspection from government side. The position of share capital is not so bad. SFCL also is able

to get profit from its activities. The position of saving is increasing ways every year. Borrowed loan position of SFCL is decreasing ways.

Pathak (2006) has conducted research for MBS degree on the topic 'Microfinance in Nepal and its Effect in ADB/N under Small Farmers Cooperative Limited (SFCL), Shankarnagar Rupendehi'. The objectives of study are; to find out the advantages, limitations, and conclusions of microfinancing; to know the changes in society brought by SFCL after its implementation; to know how development of the country is positive through microfinance activities; to study the financial sustainability and viability of SFCL; to know about the role of SFCL shankarnagar in women empowerment; to know about the major problems of SFCL/Shankarnagar Rupendehi. From the study he found that the small Farmer's participation in SFCL after handover is increasing. The position of share is increasing positively. So it is good sign for SFCL. It helps to increase internal sources. Profit of SFCL increases every year. Position of deposits through members is in increasing way. It is also seen that borrowed bank loan is decreasing. Loan and advance to total deposit ratio is flexible during study period. Loan loss ratio is normal just to meet legal provision. Toilet facility, drinking water facility, use of store, bank saving, group saving and forest conservation all are in increased ratio. Women education rate is increase by 96.55% after SFCL activities. Women are aware on their rights and capacity to women empowerment in increase in the Shankarnagar VDC Rupendehi.

Acharya (2007) did research for MBS degree on the topic, 'Impact of Microfinance: A Case Study of Microcredit program for Women in Bhadaure Tamagi VDC, Kaski'. The main objective of the study is to explore the role of microcredit program for women of Bhadaure Tamagi VDC Kaski. Other specific objectives of this study are; to analyze the position of existing credit; to analyze the relationship in between investment and income; to measure the perception of users group towards the program; to assess the effect of microcredit program on living standard of the people; to assess the financial

sustainability of the program. From this research study she found that the overall impact of microcredit program for women's earning beneficiaries and living standard is positive. It has positive impact on clothing and sheltering facility after the intervention of the program. The condition of loan recovery has a positive impact up on the regularity of loan payment. Among the sample women, 4% could not repay both the principal and interest, 28% could repay only interest and not principal and 18% could repay only principal and not interest regular. Since all the respondents of the program have taken loan at least one time from the program. Out of the total investment of microcredit program, the highest proportion of investment is made on poultry farming (35.95%), and the lowest is made on goat keeping (18.21%). The main sectors of taking loan were poultry farming, buffalo keeping, retail business and goat keeping

Aryal (2007) has done research for MBS degree on the topic 'Microfinance under Rural Development program: A case study of Khilung Deurali VDC Syangja'. The basic objective of the study is to examine the effective activities and effectiveness of rural development program and is to carry out the detail study of rural development program in khilung Deurali VDC o Syangaja. The other specific objectivities are; to know the activities operated under rural development program; to analyze the mode of loan disbursement, repayment, outstanding and overdue; to analyze the state of saving, deposit and its mobilization interms of loan disbursement; to find out the problems faced by the women in obtaining the loan. From this study he found and concludes that the program has made positive impact of the women living standard by generating employment and increasing productivity. Most of the women's income is sufficient for one year living or less. The performance of the project in terms of achievement of loan disbursement and recovery has been found very well in study period. So the repayment of loan was very satisfactory in the following years. It was 100 percent successful. The identification encouragement and training of local leadership saving and its mobilization, loan disbursement and its recovery should be a basic objective in any program.

In this way different papers which are related to this research paper gives the conclusion that only microfinance success to reduce the poverty alleviation of country especially for women.

Poudel (2007) has done a research on “Microcredit in Lekhnath Municipality: A Case Study of Paschimanchal Grameen Bikas Bank (PGBB)”. The main objective of this study is to assess microcredit phenomenon of Paschimanchal Grameen Bikas Bank in Lekhnath Municipality. Other specific objectives of this study were; to identify the sectors and types of investment on microcredit; to study the role of microcredit in employment generation; to study the state of microcredit in terms of distribution, repayment and investment sustainability; to study the fruitfulness of microcredit in terms of income generation pursuing poverty alleviation; to study the bank’s performance on target group identification and accessibility of microcredit to the target group. From the study he found that the investments were mainly of three types i.e. investment of loan to support existing business/ occupation, expenditure. Out of 97 new employment, the highest contribution in new employment generation was from small business and lowest was from animal keeping sector. The highest amount of loan was borrowed for the purpose of small business. It is also seemed that investment of the bank loan to the members who have existing business/ occupation is not fruitful for poverty alleviation. It is also proved that the performance of bank to identify target group is also poor.

Thapa (2008) Impact of micro finance on women: “A case study of putalibazar Municipality, Syanja under grameen Bikash bank”. The general objective of the study is to assess the impact of microfinance on women in Putalibazaar Municipality, Syangja. Other specific objectives are :To analyze saving and its mobilization pattern of women, To explore mode of loan, loan disbursement and repayment practice, To analyze the relationship between investment and income, and in between loan disbursement and recovery, To assess the impact on the poorest of the poor women’s financial . In his study primary as well as secondary data has been used to collect data. Whereas primary data source he

has collected data by questionnaire, direct interviewing, field visiting and case study. He has concluded that it is organizing different fund rising programs such as saving, loan disbursement etc with in participating women in program. In the GBB program saving and its mobilization and skill enhancement are the main instruments to raise the economic growth and human resource development. Women are also interested and motivated to save more with GBB programs. With saving they are encouraged to mobilize that save in terms of loan. GBB is slowly meeting the required criterion of loan repayment with increasing trend in recovery and still the amount of outstanding remained to the required criterion. Interest recovery from loan investment is satisfactory and it is in increasing trend with certain fall in FY 2064/65. It shows that women believe in loan and interested to invest that loan in profitable sector. The study shows that the program has made positive impact on the women living standard by generating employment and increasing productivity. The most important and effective program is to the basis to uplift the economic condition of rural women. Most of the sampled women are under farmer's category and the major source of income of women is agriculture.

Tripathee (2011) on his studies “Micro finance mobilization for poverty reduction through District development committee- case study of Kalika VDC, Kaski” has main objectives of the study is to analyze weather the utilization of micro finance through district development committee Kaski uplift the socio-economic status of poor people through participation, particularly women, dalit and disadvantaged groups in order to empowerment of poverty reduction or not and to evaluate the rising standard of the poor people’s involvement in sustainable manner and the other specific objectives are to analyze whether micro finance mobilization helps to reduce the poverty or not, to assess the efficiency and capacity of poor people involvement in micro financial activities in order to utilize the scare resources without collateral, to measure the socio economic status of poor people after mobilization of micro finance, to suggest the micro finance facilitator for the effective utilization of micro finance for the poverty reduction. Mr. Tripathee has concluded that micro finance is found an main instruments to raise the economic growth and human resources

development, in some extent micro finance can solve the financial problem of people, more fooding program, increment in living standard and small business in somehow found satisfactory.

Baniya (2011) has done research in “Impact of micro credit program for the upliftment of women-a case study of Kahun, V.D.C ”The main objective is to find impact of micro-credit program in Kahun Village development Committee and specific objectives are to find out the socio-demographic characteristics of micro-credit users, identify the position of existing credit of the Kahun VDC, explore the relationship between loan investment and income after micro credit users and their purpose, measure the socio-economic impacts o f micro finance for the upliftment of women and to assess the perception of users group towards the program. Sample taken from population and questionnaire were distributed to the sample respondents, personal visit, focus group discussions and unstructured interview with the micro finance institutions staff were conducted by Mrs. Baniya to collect data. She has found and concluded that micro finance tool can contribute much for the upliftment of rural women. It has increase the purchasing power of women which seems to moving forward in this world of latest technology, it increases in living standard of family and increasing literacy rate, it increases awareness among the people on the education of their children, increases speaking and leading ability on women and altogether improvement in the socio-economic empowerment is also gained.

2.4 Research Gap

Research is searching something new again and again to add some new knowledge, in past research and findings. Different scholars and researchers have done research work relating to micro finance in different sector. It is found these past research mainly focused on analysis of micro finance service providers like Grameen Bikash Bank, Agriculture Development Bank, other micro finance providers and programs. Therefore, this study is differ than others and trying to analyze the impact of microfinance program of SDC on women.

CHAPTER-III

RESEARCH METHODOLOGY

The main objective of the study is to analyze impact of micro finance on women in under Shreejana development center Kaski, Pokhara. This study aims to recommend necessary suggestions to achieve the targeted objectives. In line with this appropriate methods have been followed. This chapter has been divided into six sections: research design, study area, population and sample, nature and source of data, data collection techniques, data analysis.

3.1 Research Design

To conduct the present study analytical and descriptive approach has been adopted. Analytical approach has been utilized mainly to analyze the relationship between income, investment and other variables. Descriptive approach has been used mainly for conceptualization of the research objectives and research problem of the study.

3.2 Study Area

This study area is confined within SDC, Pokhara. The sample is selected from groups of Women. The study covers only five years of data. The study is analyzed on the basis of the performance of participating people from micro enterprise groups.

3.3 Population and Sample

The whole group member of SDC within Pokhara is considered as the population. There are 3105 members in Pokhara of SDC. Out of it only 111 no of women have been selected as sample for this study. Center is selected purposively. Convenience sampling procedure is used in selection of participants.

Table no: 3.1 Name Lists of Sample Women Center of SDC of Pokhara

S.N	Name of Center	Population No.	Sample No.
1.	Jagriti Development Center	25	19
2.	Machhapuchhre Development Center	30	16
3.	Navin Development Center	32	24
4.	Saraswoti Development Center	26	21
5.	Srijansil Development Center	24	16
6.	Sagarmatha Development Center	23	15
	Total	160	111

Source: Field Survey 2012

3.4 Nature and Source of Data

This study is mainly based on primary data. These data are quantitative in nature. Financial statements of SDC of 2064/65 to 068/69 BS are also used for analysis. Various study reports, books, dissertations and articles are also used for introduction chapter and literature review.

3.5 Data Collection Techniques

Primary data were collected from questionnaire survey. Financial statements were collected from the office of SDC, Pokhara. Others books, thesis, articles, study reports etc were collected from library and website.

3.6 Data Processing and Analysis

The available data have been edited, classified and tabulated in appropriate form. Processing of data have been done by the computer using Microsoft excel. Data are presented in tables and figures. These are analyzed by using percentage, mean, and standard deviation and co-efficient of variation (C.V.).

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction to the Study Area

Kaski is one of the tourism and industrial district of Nepal. There are two municipalities i.e. Pokhara and Lekhnath. Like other municipalities of the country, this district is also famous for microfinance activities especially under different NGO and INGOs. Various fund raising programs especially for farmer are launched in this area.

Shreejana Development Centre (Shreejana Youth Club) was formally started in 1980 A.D. and registered in Kaski District Administration office in 1984 July 24 under the NGO act 1977. Shreejana Development Centre is a nonprofit making organization and is committed to holistic social development. Different activities carried out by the organization have contributed to social development. The organization has also extended its area of service to the conflicted affected community after considering the gravity of current volatile situation of Nepal. Education, sport, health, environment conservation were main program at its early days. Their continuity and specialization in micro finance is a general feature at present. Scholarship for school children, commencement and establishment of shreejana deaf school, and establishment of Janapriya Multiple Campus are some of the major achievements of education department of the organization. Blood donation, school and college level cultural, speech and debate contest fall under its regular activities. Awareness on drug abuse, plantation and different activities carried out in different times in partnership with various organizations has been successful to leave a nice impact in the society. The organization is also affiliated to civil society development forum Nepal. Networking of civil society for peace, civil monitoring committee for good governance and corruption free administration

are also the important activities of organization. The micro finance program has been in actively organized after acquiring license to work as financial intermediaries from Nepal Rastra Bank. SDC started microfinance program from 2051 BS but was licensed by NRB in 2059-05-06 BS.

Currently, micro finance program have covered Kaski, Lamjung, Tanahun and Gorkha. Including 14 VDCs. It has 10 branches and 851 centers which include 3882 groups and 17044 women are benefited by this program. The vision of this organization is an establishment of prosperous society. The organization has defined following mission to achieve above-mentioned vision.

-) Providing poor people with opportunity to their multidimensional development.
-) Work for social and economical upliftment of poorest of the poor and disadvantaged.
-) Utilize available resources by maintaining healthy balance in environment.

Along this, the major objectives of this Shreejana Development Centre are as follows:

-) Raising awareness.
-) Establishment of clean and healthy environment.
-) Improving existing bad rituals and pitfalls.
-) Conservation of cultural and environmental entities.
-) Providing service as financial intermediaries.
-) Preservation of traditional culture.
-) Disadvantaged and women will be inspired to be active and involved in community development.
-) Support person and institution involve in development activities.
-) Promote self employment opportunities.

Management of Saving and Credit for Women

Saving facilities will help household risk management the most when women are safe and accessible to the depositors, and when the poor can deposit small amounts on a frequent basis. Credit is only one kind of financial service. Credit has gained wide acceptance as a key strategy for poverty alleviation and women empowerment (Mimosa, 1999). Loan can be disbursed with collateral and sometimes without collateral also.

Concept of Group and Center

Beneficiaries are organized into group. There is certain number of members in a group. Group includes one group leader, one secretary and other few members and functions at the center level only. One group leader elects in a group. Group is the idea in SDC for loan demand processing, saving, weekly or monthly installment, and to some extent for community development activities. Group functions directly under the supervision and control of SDC office. Overall banking services are delivered through this center.

Credit With and Without Collateral Securities

SDC are in operation one each in all development regions to provide credit without collateral to deprived rural people especially for women in-group for their income generation activities. Credit is disbursed from SDC on the basis of Collateral also.

Loan Demand and Processing of Loan

As the whole process of loan demands and collection is based on group and collateral accountability, the group decides the amount of the loan required to members either in case of collateral base on in case of without collateral. Maximum loan disbursed from SDC is Rs 60,000. There is rule of 2+2+1 in SDC i.e. two member can get loan on first week, another two member on third week and chairman gets loan on lastly i.e. in fifth week. The loan of Rs. 60,000 can get in the following way.

First Year	Rs 20,000.00
Second Year	Rs. 30,000.00
Third Year	Rs 40,000.00
Fourth Year	Rs 50,000.00
Fifth Year	Rs 60,000.00

Saving of Members

There is no compulsory saving in SDC members. SDC member have to collect Rs 1 in central fund. The type of savings is:

Group Saving

This saving is common for all women who are involved in SDC activities. They can save small amount of money in group. This will help to raise their saving activities. They save some money in every week. There is no compulsory to save for women in this saving program.

The Center Fund

In this centre fund saving program, women have to save certain fixed money as centre fund collection. This is a kind of compulsory saving. This is not big money. Generally women save Rs 100 as centre fund collection in every week.

Fine Fund

This is the money which is collect from punishment. They pay fine if they are late to pay loan amount in time.

4.2 Saving Activities

Saving is the excess of income over expenses, for the development of entrepreneurship saving is necessary. It is also necessary for further investment. It is motivational reward for investors. The effectiveness of SDC can also be analyzed on the basis of saving of the members generated by investment.

Increase in income dependent on investment and saving depends on increased income. Considering this SDC Pokhara organize women in three kinds of saving. They are group fund saving, individual saving and centre fund saving. Group saving is the compulsory saving in which 5% of credit amount. There is compulsory saving of Rs 1per week in centre fund saving. Up to Ashad of 2069 there were altogether 3,815 accountholders of this branch. Here in the SDC individual saving indicates to saving made by women in their individual account as per there wants in monthly basis. It is not compulsory to save in individual saving and they can withdraw it as per need.

4.2.1 Saving by Group Member

The state of saving by women in different saving programs is presented in table

Table 4.1 Saving Collection by SDC from Group Members

Fiscal Year	Total		Group Saving		Centre Fund Saving		Individual Saving	
	Rs	%	Rs	%	Rs	%	Rs	%
2064/65	1,734,464	12.86	334,966	11.51	1,193,645	15.54	205,853	7.13
2065/66	2,471,511	18.32	454,478	15.61	1,501,443	19.54	515,590	17.82
2066/67	2,876,568	21.34	564,456	19.39	1,637,545	21.32	674,567	23.32
2067/68	2,876,401	21.33	567,776	19.51	1,648,768	21.46	659,857	22.81
2068/69	3,527,232	26.15	989,169	33.98	1,701,331	22.14	836,732	28.92
Total	13,486,176	100.00	2,910,845	100.00	7,682,732	100.00	2,892,59	100.00
%	100		21.58		56.97		21.45	

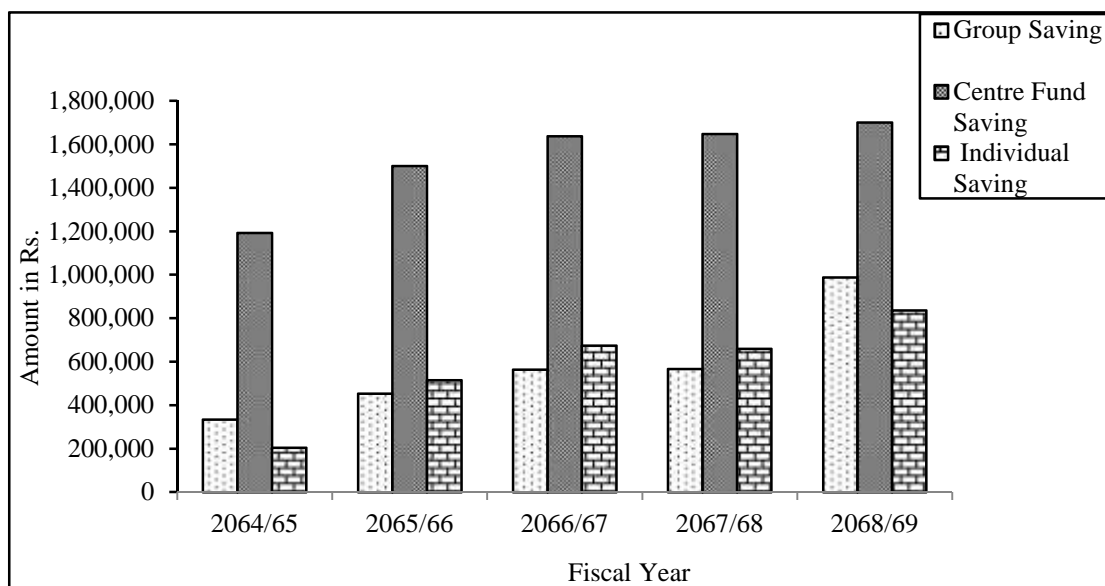
Source: SDC, 2012

The above table shows the saving of members of SDC, Pokhara in different saving programs in last five fiscal years. There were different saving amounts in different saving programs. The overall saving from different saving programs was Rs 13,486,176. The total saving of group saving, centre fund saving, and individual saving was Rs 2,910,845, Rs 7,682,732, and Rs 2,892,599 respectively. Overall percentage in group saving, centre fund saving and individual saving was 21.58%, 56.97% and 21.45% respectively. So, there was about 57% of saving in center fund saving and there was about 22% of

saving in group fund saving and individual saving. The saving pattern was increasing last five years except in 2067/68.

The above saving programs can be presented in the following Figure 4.1 also

Fig. 4.1 Saving Collection by SDC from Group Members



4.2.2 Interest Expenses on Savings

Women collect money to get some extra amount on their money that is interest. SDC collects some small money from women. For this they will get interest and that interest is expenses for SDC. SDC use to provide different interest according to nature of savings.

The interest expenses in different saving programs are presented in table 4.2.

Table 4.2 Interest Expenses on Different Saving Programs

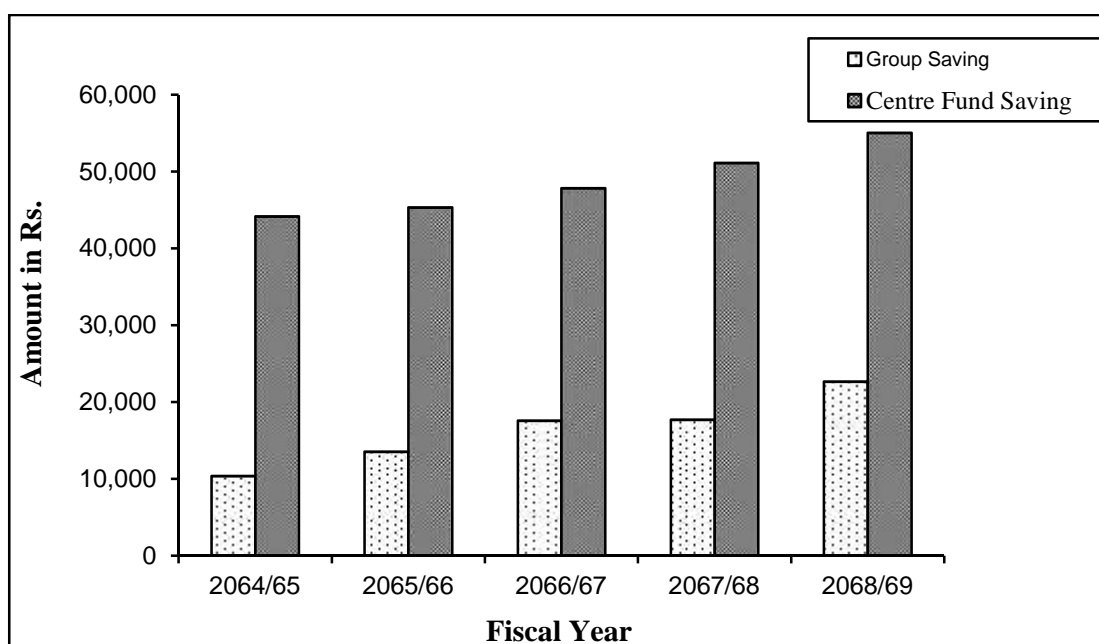
Fiscal Year	Total		Group Saving		Centre Fund Saving		Individual Saving	
	Rs	%	Rs	%	Rs	%	Rs	%
2064/65	61,035	14.47	10,384	12.69	44,165	18.14	6,486	6.72
2065/66	75,835	17.98	13,544	16.55	45,343	18.62	16,948	17.56
2066/67	86,287	20.46	17,556	21.45	47,815	19.64	20,916	21.68
2067/68	91,254	21.63	17,714	21.64	51,104	20.99	22,436	23.26
2068/69	107,389	25.46	22,645	27.67	55,040	22.61	29,704	30.78
Total (Rs)	421,800	100.0	81,843	100.0	243,467	100.0	96,490	100.0
Total %	00.100		19.40		57.72		22.88	

Source: SDC, 2012.

Table 4.2 shows the interest expenses on saving of SDC group members in last five fiscal years. The overall total interest expenses on different saving programs were Rs 421,800. There was greatest interest expenses on center fund saving was 57.72% and smallest interest expenses on group saving was 19.40% in overall. The interest expenses were increased in last five year. It shows the saving habit of the respondents was increased after entering the program.

The interest expenses on different saving programs can be shown in figure 4.2.

Fig. 4.2 Interest Expenses on Different Saving Programs



4.2.3 Women in Saving Activities

In the SDC there is different type of saving program among them group fund saving and center fund saving is compulsory. Center fund saving is compulsory made by SDC staff at the time of providing loan to their client that is 5% of loan amount but group saving is made always as per meeting. There is also other savings like personal and future saving among these two types of saving personal saving can be made according to personal choice but future saving is made for fixed time and with fixed amount and so just after the maturity of time it can be withdraw but personal can be withdraw as per need of women. So just considering voluntary savings number of women making saving can be presented as below table 4.3

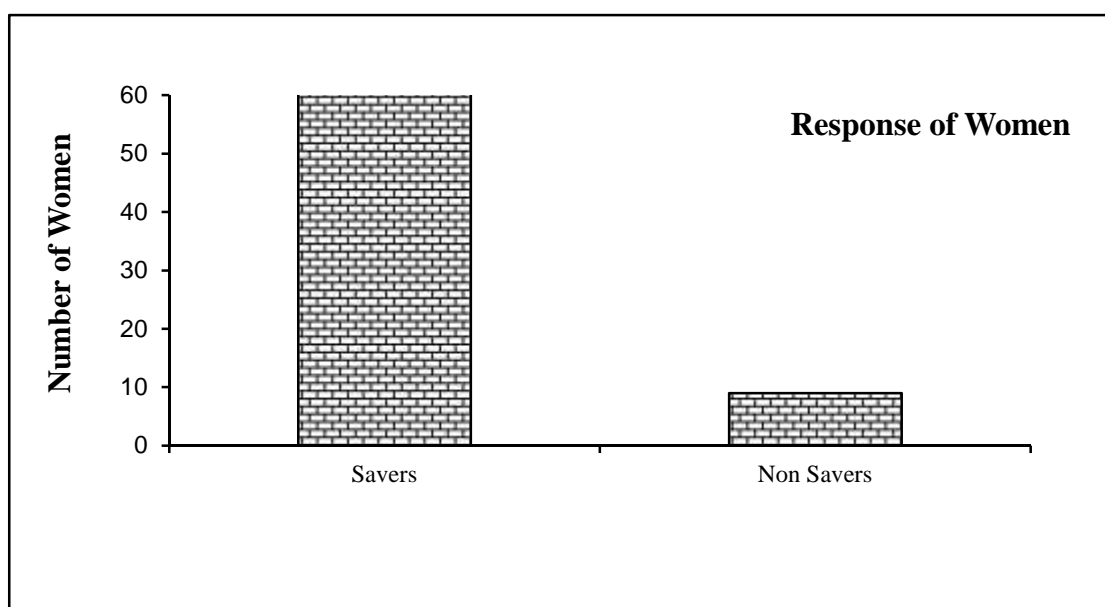
Table 4.3 Women in Saving Activities

Women activities	Numbers	%
Savers	102	91.89
Non Savers	9	8.11
Total	111	100

Source: Field survey, 2012.

Table 4.3 shows that the women involving in saving activities or not. It was found that all women are not making saving. Just 9 numbers of women are not making saving but others 102 number of sampled women are taking advantage of making saving which can be presented in figure 4.3 in meaningful way.

Fig. 4.3 Women in Saving Activities



4.2.4 Monthly Personal and Future Savings

The monthly regular saving and future saving of sample women after entering SDC program except centre fund saving and group saving is presented in following table.

Table 4.4 Monthly Personal and Future Saving of Sample Women

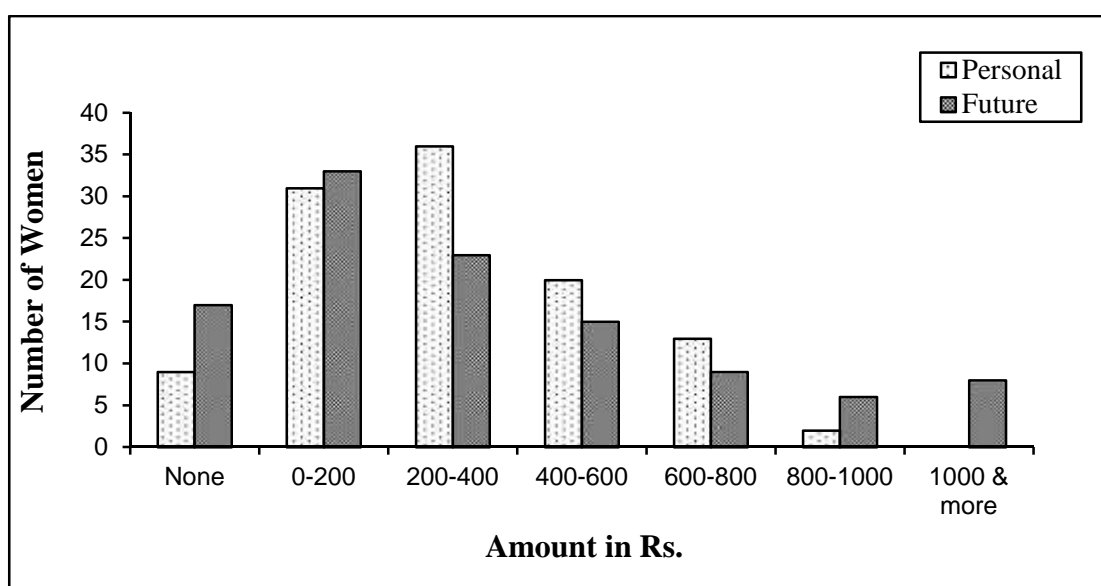
Rs	Personal Savings		Future Savings	
	Numbers	%	Numbers	%
No Saving	9	8.10	17	15.31
Before Rs 200	31	27.93	33	29.73
200-400	36	32.43	23	20.72
400-600	20	18.02	15	13.51
600-800	13	11.72	9	8.11
800-1000	2	1.80	6	5.41
1000 and more	Nil	0.00	8	7.21
Total	111	100.00	111	100.00

Source: Field Survey, 2012.

Table 4.4 shows the two different savings pattern of sample women in both number and amount after intervention in SDC programs. It also shows percentage change in their saving. Here in SDC Future Saving is done for future purpose like fixed deposit in commercial bank just here it is different that saving can be made on their choice on regularly basis after entering in this saving they have to save fixed amount on monthly basis which they cannot withdraw before maturity period but personal saving can be made on their own choice and they can withdraw on needs. The table indicates that 9 no .of women not making personal saving but 17 no .of women are making future saving .where as highest number of women are making saving before Rs 200 in future saving and less number of women are making saving between Rs 800 and Rs 1000 for future purpose also no women are making personal saving above Rs 1000 but in total 102 numbers of women are making saving on personal saving. The highest number of women is making saving between Rs 200-400 it may be because that saving can be withdraw at the time they needed.

Table 4.4 can be presented in following graphical figure which makes us clear, meaningful and understandable of above data.

Fig. 4.4 Monthly Personal and Future Saving of Sample Women



4.2.5 Interest Recovery

Recovery is important part of investment. It is worthless of investment without recovery. The state of interest recovery situation of loan disbursement by SDC is presented in table 4.5.

Table 4.5 Interest Recovery Situation

Fiscal Years	Micro Business Loan		Micro 'Seasonal' & 'Emergency' Loan	
	Amount	%	Amount	%
2064/65	2,413,655	14.45	176,812	17.09
2065/66	2,642,523	15.82	181,585	17.56
2066/67	3,110,545	18.63	186,651	18.05
2067/68	3,856,257	23.09	203,483	19.68
2068/69	4,677,086	28.01	285,709	27.62
Total	16,700,066	100.00	1,034,240	100.00

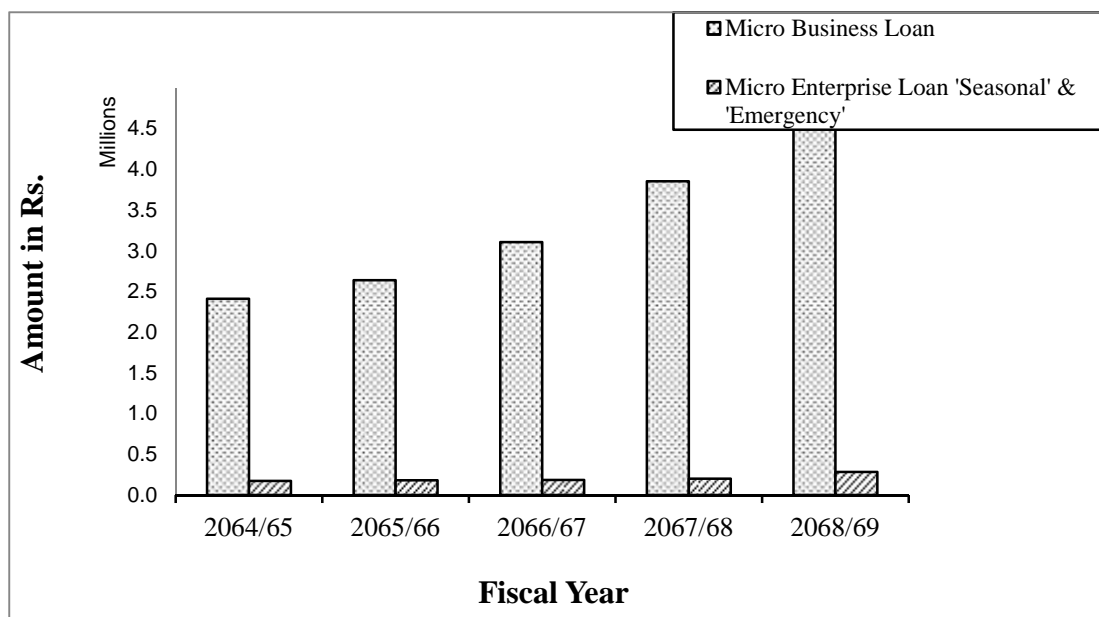
Source: SDC, 2012.

The above table shows the interest recovery in different fiscal years from micro business loan and from micro enterprise loan 'Seasonal' and 'Emergency' both. The trend of interest recovery in both heading has been on the rise and reached

the maximum in the latest year i.e. Rs 4,677,086 and Rs 285,709 in micro business loan and micro enterprise loan 'Seasonal' and 'Emergency' respectively. So, interest recovery situation was relatively favorable.

Table 4.5 of interest recovery situation can also be shown in figure. The graphical presentation is given below

Fig. 4.5 Interest Recovery Situation



4.3 Lending Activities

Loan disbursement repayment, outstanding etc are related to lending activities of SDC women's. Loan disbursement to the targeted women is significant for reaching aspect of the livelihood upliftment. The implementing SDC selects an appropriate enterprise to the targeted women according to their choice and recommend them for loan on the basis of group decision. The responsibility of operating business and repayment of loan with interest lies on the borrowers of SDC. However the capacity of loan repayment depends on the performance of women and the income earning from the programs of SDC.

The main loan activities of SDC are micro business and micro enterprise. Micro business loan is for small business activities which don't need collateral. But in micro enterprise loan collateral is needed sometimes. Both of these activities consist of retail business, agriculture, industry, foreign employment, bio-gas, buffalo keeping, goat keeping, poultry farming etc. According to

survey of SDC, Pokhara about 91 % of loan is recovery on time but about 9 % is difficult to recover on time due to different problems. From the report of SDC, Pokhara there are 123 number of weak loan, 7 number of doubtful loan and 1 number of bad loans. There are altogether 874 loan numbers. Bad loan is such a loan which is not paid by members in groups of SDC.

4.3.1 Loan Disbursement of SDC

SDC distributes loan on different programs such as micro business loan, micro enterprise loan 'Seasonal' and 'Emergency'. The state of loan disbursement by SDC, Pokhara in fiscal years 2064/65 to 2068/69 is presented in table 4.6.

Table 4.6 Loan Disbursement of SDC

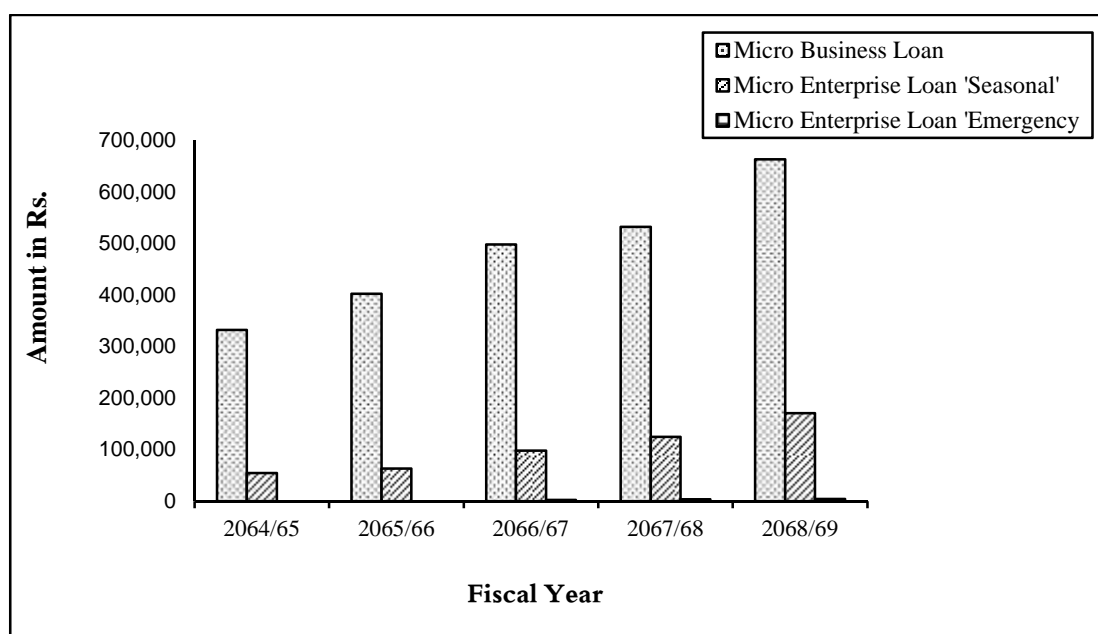
Fiscal Years	Total		Micro Business Loan		Micro Enterprise Loan Seasonal		Micro Enterprise Loan Emergency	
	Rs	%	Rs	%	Rs	%	Rs	%
2064/65	38,755,600	13.12	33,266,000	13.69	5,489,600	10.71	-	
2065/66	46,579,900	15.77	40,265,900	16.57	6,314,000	12.32	-	
2066/67	59,953,500	20.30	49,856,800	20.51	9,846,700	19.21	250,000	22.83
2067/68	66,138,600	22.39	53,255,600	21.91	12,498,000	24.39	385,000	35.16
2068/69	83,942,500	28.42	66,383,000	27.32	17,099,500	33.37	460,000	42.01
Total	295,370,100	100	243,027,300	100	51,247,800	100	1,095,000	100
Total %			82.28		17.35		0.37	

Source: SDC, 2012.

The upper table shows the distribution of loan to the women of SDC, Pokhara in last five years. There are three kinds of loan. The overall total loan distribution in last five years was Rs 295,370,100. In fiscal years 2064/65 and 2065/66 there was no micro enterprise loan 'Emergency'. The loan distribution on each program was increasing in last five years. Thus, the study shows that the habit of the respondents was increasing to bring loan to invest their business after intervention in SDC program.

Following figure 4.6 also clear about loan disbursement by SDC, Pokhara in different fiscal years in different heading.

Fig. 4.6 Loan Disbursement in Different Program



4.3.2 Loan Recovery and Outstanding

Loan recovery on time from different heading is one of the important parts of the lender. But according to SDC report overall recovery is shown. So the state of loan recovery and outstanding is presented in table 4.7

Table 4.7 Loan Recovery and Outstanding

Fiscal Years	Recovery		Outstanding	
	Rs	%	Rs	%
2064/65	28,894,532	9.71	1,756,546	11.02
2065/66	44,804,214	15.06	2,061,786	12.94
2066/67	56,523,872	19.00	3,687,243	23.14
2067/68	78,854,856	26.50	3,464,581	21.74
2068/69	88,448,083	29.73	4,965,583	31.16
Total	297,525,557	100.00	15,935,739	100.00

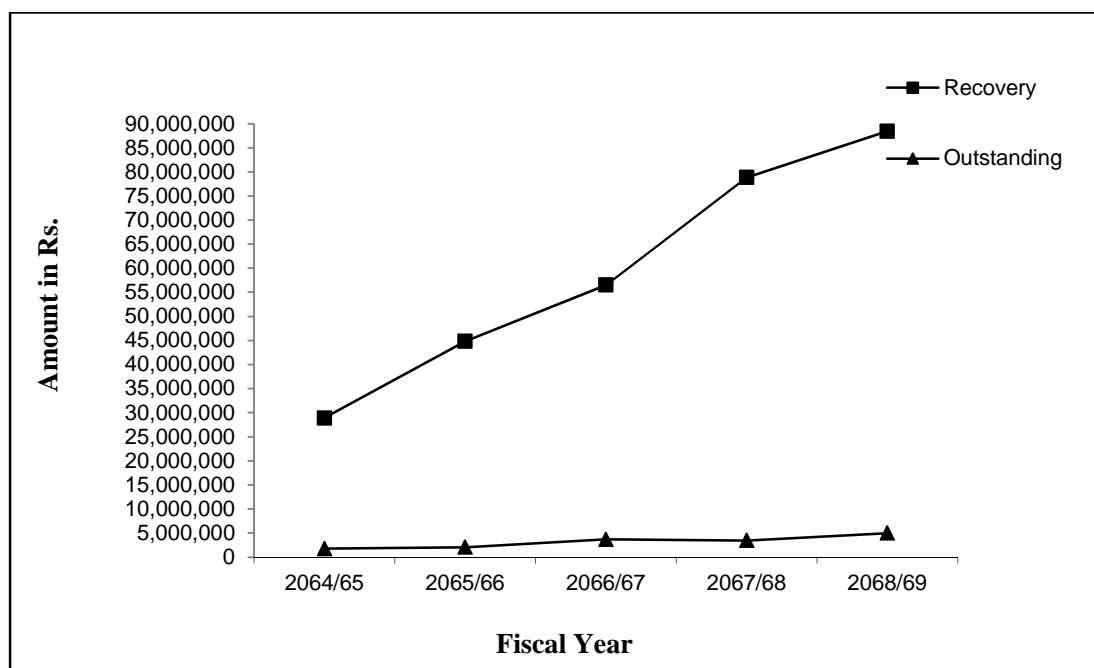
Source: SDC, 2012.

The above table shows the amount and percentage of loan recovered by SDC, Pokhara from groups of women in different fiscal years. It also shows the outstanding loan of SDC in different fiscal years. The total loan recovery in last five year was Rs 297,525,557. The trend of loan recover has been on the rise

and has reached that maximum in the latest year i.e. Rs 88,448,083. The outstanding loan has also recorded an increased trend except FY 2067/68.

The table 4.7 can also be presented by figure to make clear about the recovery and outstanding loan of SDC.

Fig 4.7 Trend of Loan Recovery and Outstanding



4.3.3 Number of Women Taking Loan

Most of the women were not financially sufficient. So, they were taking loan to run their livelihood and also to earn some money. They previously before entering the program use to take loan from friends and rich person of their area. Following table presents the numbers of women taking loan before and after involvement in SDC activities.

Table 4.8 Number of Women Taking Loan

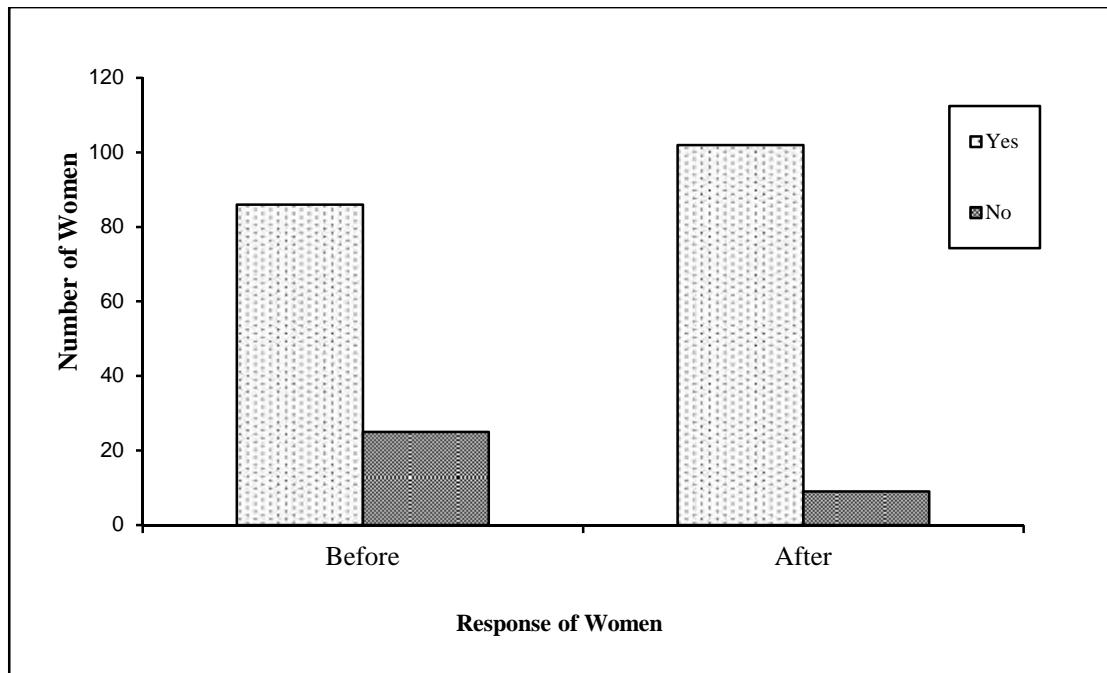
Description	Before		After		% Increase/ Decrease
	%	Number	Number	%	
Yes	77.48	86	102	91.89	14.41
No	22.52	25	9	8.11	(14.41)
Total	100.00	111	111	100.00	

Source: Field Survey, 2012.

Table 4.8 shows the comparative picture of loan taking before and after involvement of SDC program. Out of 111 sample women, 86 women were taking loan but after entering of the program 102 women were taking loan. In overall, there was 14.41 percent increase in women's number of taking loan.

The above table 4.8 can be shown in following graphical figure which makes us clear, meaningful, understandable of above data.

Fig. 4.8 Number of Women Taking Loan



4.3.4 Sectors of Loan Utilization

There are various sectors of taking loan by women from SDC programs. The following table presents the number and percent of women involved in various sectors of SDC while taking loan.

Table 4.9 Sectors of Loan Utilization

Sectors	Before		After		%Increase / Decrease
	Number	%	Numbers	%	
Poultry and Animal	24	27.91	33	32.35	58.3
Live Stock	26	23.30	17	16.67	(56.13)
Retail Shop	7	14.8	11	10.79	65.2
Agriculture	3	49.3	6	5.88	39.2
Hotel and Restaurant	0	00.0	8	7.84	84.7
Service Business	0	00.0	4	3.92	92.3
Education	13	12.15	16	15.69	0.57.
House hold	12	95.13	4	3.92	(03.10)
Others	1	16.1	3	2.94	78.1
Total	86	00.100	102	.100	

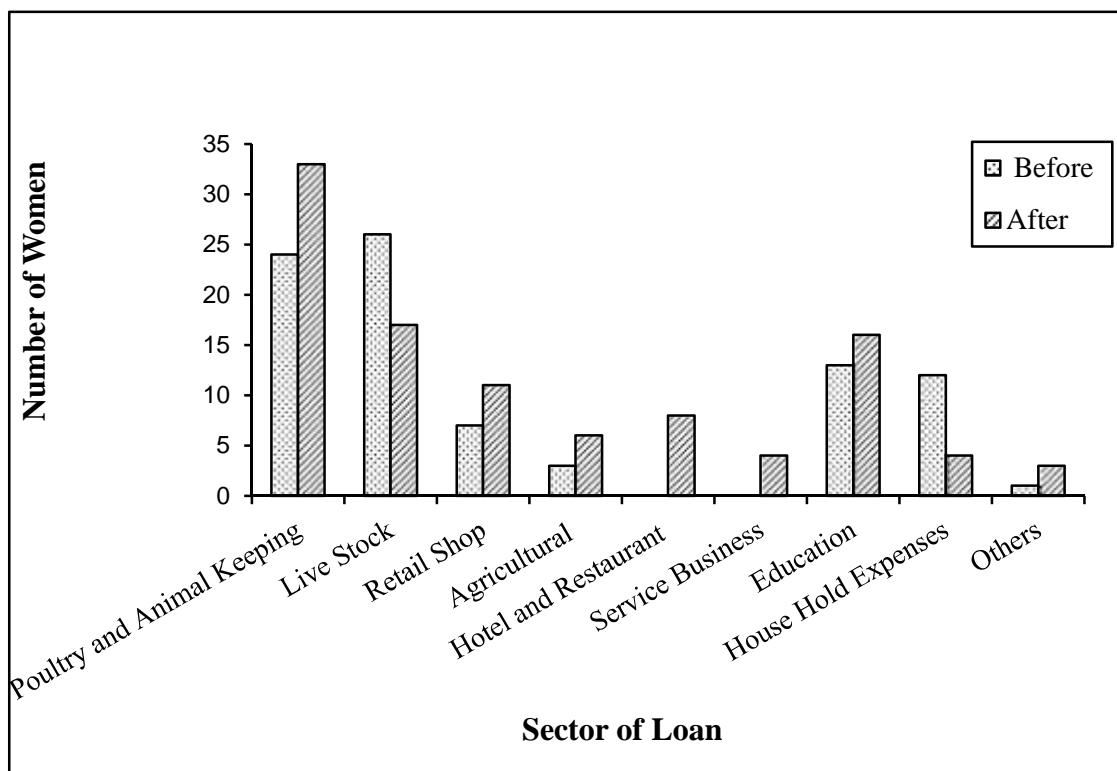
Source: Field Survey, 2012.

Table 4.9 shows that the sample women involved in different types of economic activities before and after entering into SDC programs. Out of total borrowers of sample survey, about one-half were involved in agriculture (i.e. animal keeping & poultry farming, live stock) and rest in other different programs. After launching the program women who were utilized loan in livestock and house hold expenses has been decreased by 13.56% and 10.03% respectively which is maximum changed resulted by SDC Intervention and utilized loan in rest sectors has been increased. There were no women utilized loans in hotel & restaurant and others before entering the program. In this table other refers to loan utilization except in above mention topic or it includes activities like wages and other personal door sales in market etc. In table it shows that some women are engaged in service business after entering in program. Providing service likes tailoring and cyber, they are running their own business. Before entering SDC women and not making investment in services business but after 4 women are making investment on Service business. Among the loan utilize after entering in SDC women are investing their loan amount in hotel and restaurant business where there is high profit

range due to alcoholic items but before no women are investing in Hotel and restaurant. After implementing SDC program women are highly investing in poultry and animal keeping and lowest investment are making in others. Although after intervention of SDC more numbers of other women are utilizing their loan. After intervention lowest increased is in education by 0.57%.

Table 4.9 can be presented by figure to make clear about women's borrowing in different sectors.

Fig. 4.9 Sector of Loan Utilization



4.3.5 Pattern of Paying Loan

Sample of women were taken who are involved in borrowing of loan for repayment pattern. The following table 4.10 presents the women's response on repayment of loan which was taken by women before and after entering into SDC programs.

Table 4.10 Pattern of Paying Loan

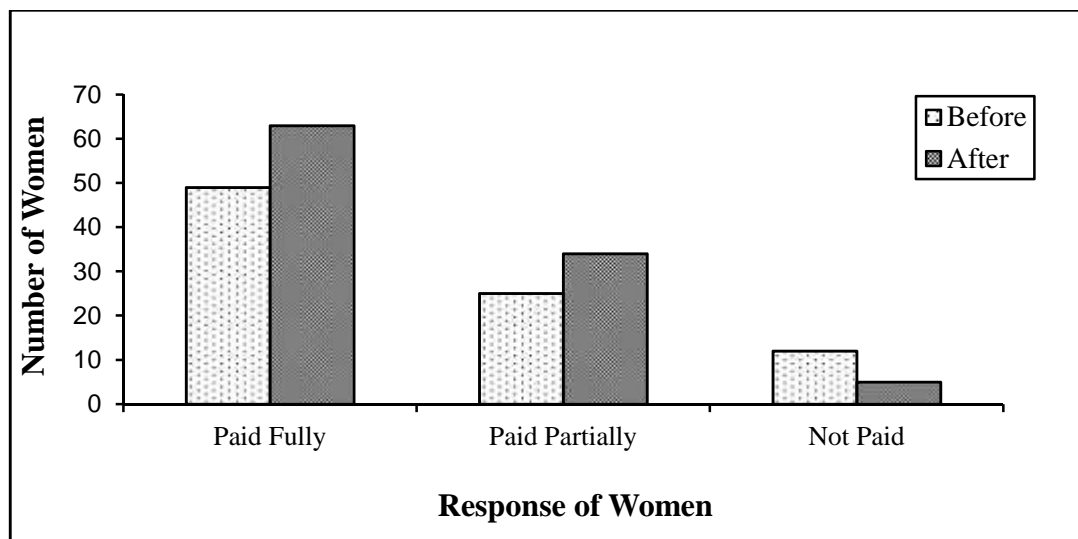
Description	Before		After		%Increase/ Decrease
	Numbers	%	Numbers	%	
Fully Paid	49	56.98	63	61.76	4.78
Installment Paid	25	29.07	34	33.33	4.26
Not Paid	12	13.95	5	4.91	(9.04)
Total	86	100.00	102	100.0	

Source: Field Survey, 2012.

Table 4.10 shows that the response of women on repayment of taken loan before and after entering in to SDC program. In overall, there were 9.04 % of women decreases in not paying loan.

The graphical presentation of table 4.10 is given below to make clear, meaningful and understandable of above data.

Fig. 4.10 Pattern of Paying Loan



4.3.5 Condition of Business which is running from Loan

Women are doing business from the loan which was taken from SDC. They were also doing business from loan prior to entering SDC. So, following table 4.11 presents the condition of business which was running by them from loan.

Table 4.11 Condition of Business Running From Loan

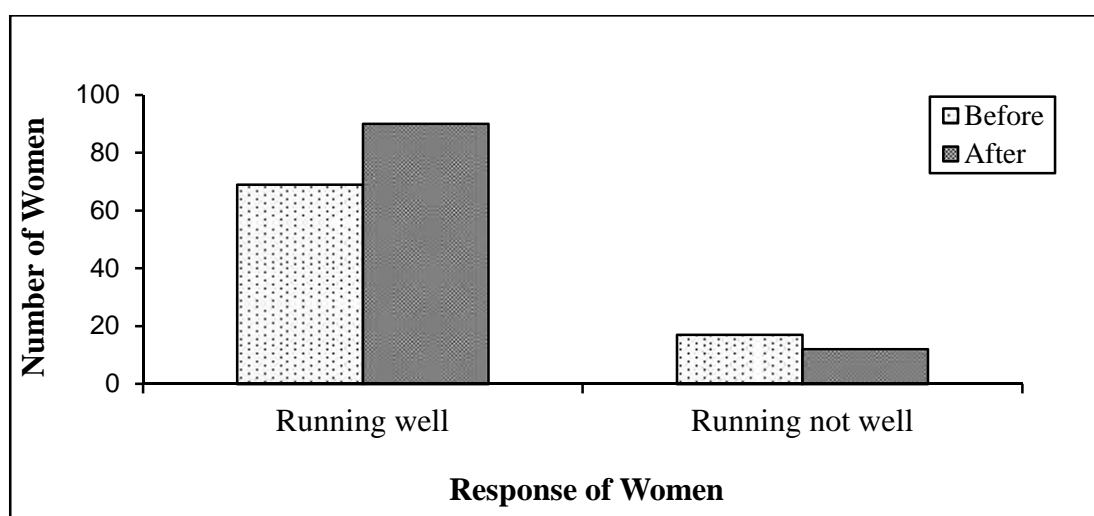
Before		Description	After		%Increase/ Decrease
%	Numbers		Numbers	%	
80.23	69	Running well	90	88.24	8.01
19.77	17	Running not well	12	11.76	(8.01)
100.00	86	Total	102	100.00	

Source: Field Survey, 2012.

The above table shows the condition of business which is running well or not before and after entering into SDC and doing by borrowing loan. The study recorded that there was about 8% change in number of women who has been running their business well after entering the program

The above table 4.11 can be shown in graphical figure 4.11 which makes us clear, meaningful and understandable of above data.

Fig. 4.11 Condition of Business Running From Loan



4.4 Investment and Income

Investment is using fund to raise more funds. The fund which is generated from investment is income. So, money is invested in the form of loan at certain percentage of interest. Loan is recovered with interest after certain period of time. Fund without investment is useless. This fund investment is playing greater role to increase the livelihood of SDC program women.

4.4.1 Income from Investment

Income and investment are interrelated. Without investment there is no income and without income there is no investment. Following table shows the response of women getting income from loan investment of SDC and before SDC programs. Table 4.12 also makes clear about number of women and percentage of women getting income from investment.

Table 4.12 Income from Investment

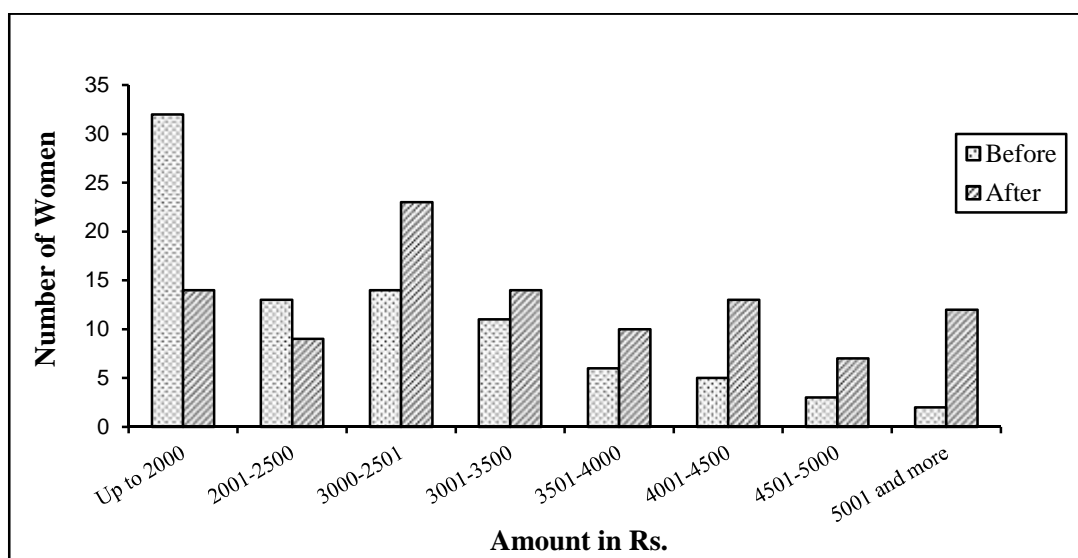
Income Per Month (Rs.)	Before		After		%Increase /Decrease
	Number	%	Number	%	
Up to 2000	32	37.21	14	13.73	(23.77)
2001-2500	13	15.12	9	8.82	(4.72)
2501-3000	14	16.28	23	22.55	9.62
3001-3500	11	12.79	14	13.73	2.27
3501-4000	6	6.98	10	9.80	1.47
4001-4500	5	5.81	13	12.75	5.46
4501-5000	3	3.49	7	6.86	2.69
5001 and more	2	2.32	12	11.76	9.68
Total	86	100.00	102	100.00	

Source: Field Survey, 2012

Above table 4.12 shows that there is a remarkable change in income of the respondents after entering the program. Prior to the entering the program there was about 37% of the respondents earning up to Rs. 2000 and only about 2% of them earned more than Rs. 5000. But after intervention to the program, earning power of more amount of the respondents has been increased. It was found during our discussion that the member having entrepreneurship skills earned more. Some of the members are engaged in hotel business. During the field survey, it was found that there was good income in hotel business due to the high demand for alcohol and non-vegetable dishes. An attractive profit margin existed in the sale of such items.

Table 4.12 can be presented in graphical figure which is given below.

Fig 4.12 Income from Investment



4.4.2 Amount Invested by Respondents

Loan taken by women was invested in different sectors before and after entering into SDC programs. The following table presents that the respondents were invested their taken loan.

Table 4.13 Amount Invested by Respondents

Investment Rs.	Before		After		%Increase/ Decrease
	Numbers	%	Numbers	%	
Less than 10,000	22	25.58	18	17.65	(7.93)
10,000-20,000	18	20.93	21	20.59	(0.34)
20,000-30,000	16	18.60	17	16.67	(1.93)
30,000-40,000	11	12.79	18	17.64	4.85
40,000-50,000	12	13.96	17	16.67	2.71
50,000-60,000	7	8.14	9	8.82	0.68
60,000 & more	0	0.00	2	1.96	1.96
Total	86	100.0	102	100.00	

Source: Field Survey, 2012

Mean Investment of respondents

Investment	Before	After	Result
Mean income	24,302	27,941	Increased
C.V	26.63 %	19.89%	Decreased

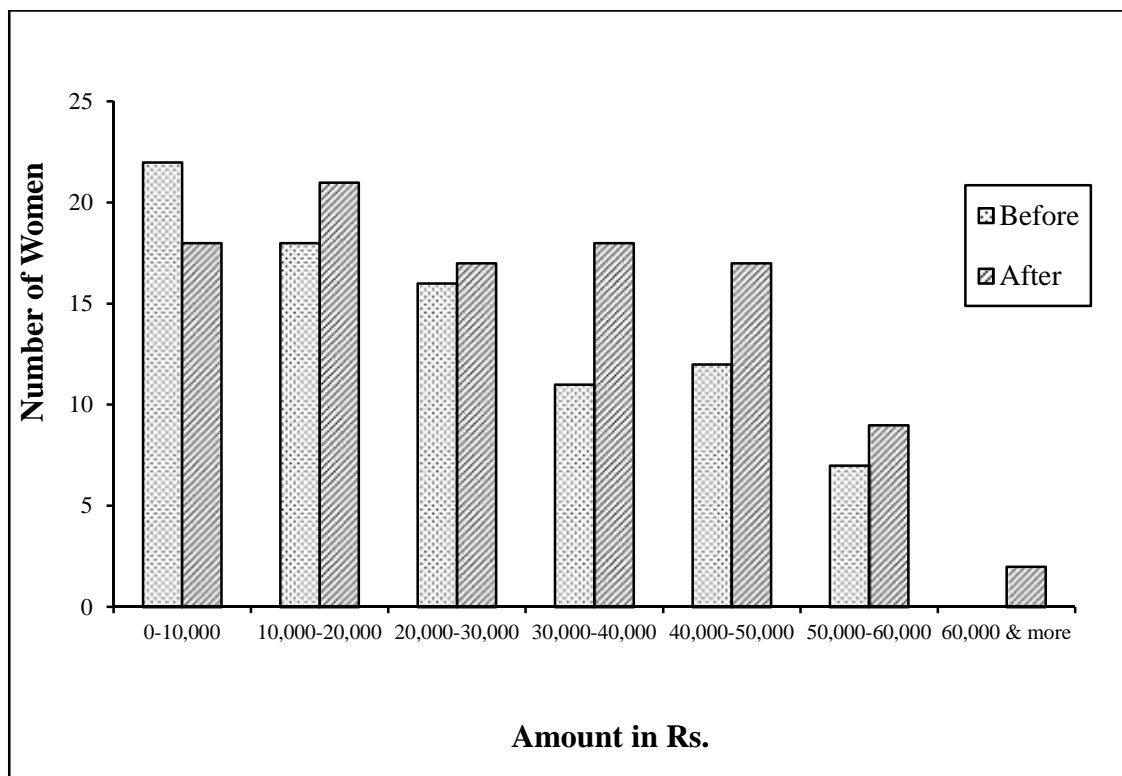
Source: Appendix-II.

Table 4.13 shows the amount invested by the respondents in different sectors before and after involvement in SDC programs. Mean investment by the respondents in different sectors after entering the program is increased to Rs 27,941 from Rs 24,302 and C.V. is decreased to 19.89% from 26.63%. This gives positive result to us.

The highest number of women i.e. 22 were investing amount between Rs 0 to 10,000 before entering into SDC programs and 18 women were investing same amount after involving in SDC program. There was increased in number of women who investing high loan amount after entering the program. This is because women can earn more money after entering the program.

Table 4.13 can be shown in graphical figure 4.13 which makes us clear, meaningful and understandable of above data.

Fig. 4.13 Amount Invested by Respondents



4.4.3 Monthly Income of the Women

Income of women was varying in SDC, Pokhara. Some women were rich and some were poor. The following table presents the monthly income of the women before and after involvement in SDC programs.

Table 4.14 Monthly Incomes of Women

Income Range in Rs.	Before		After		% Increase/
	Numbers	%	Numbers	%	
Less than 5,000	41	35.65	33	31.69	(3.96)
5,000-10,000	33	27.72	29	25.74	(1.98)
10,000-15,000	19	16.83	24	20.79	3.96
15,000-20,000	11	11.88	15	12.87	0.99
20,000 & more	7	7.92	10	8.91	0.99
Total	111	100.00	111	100.00	

Source: Field Survey, 2012.

Monthly Mean Income of Women

	Before	After	Result
Mean income	8,446	9,770	Increased
C.V	20.48 %	17.71%	Decreased

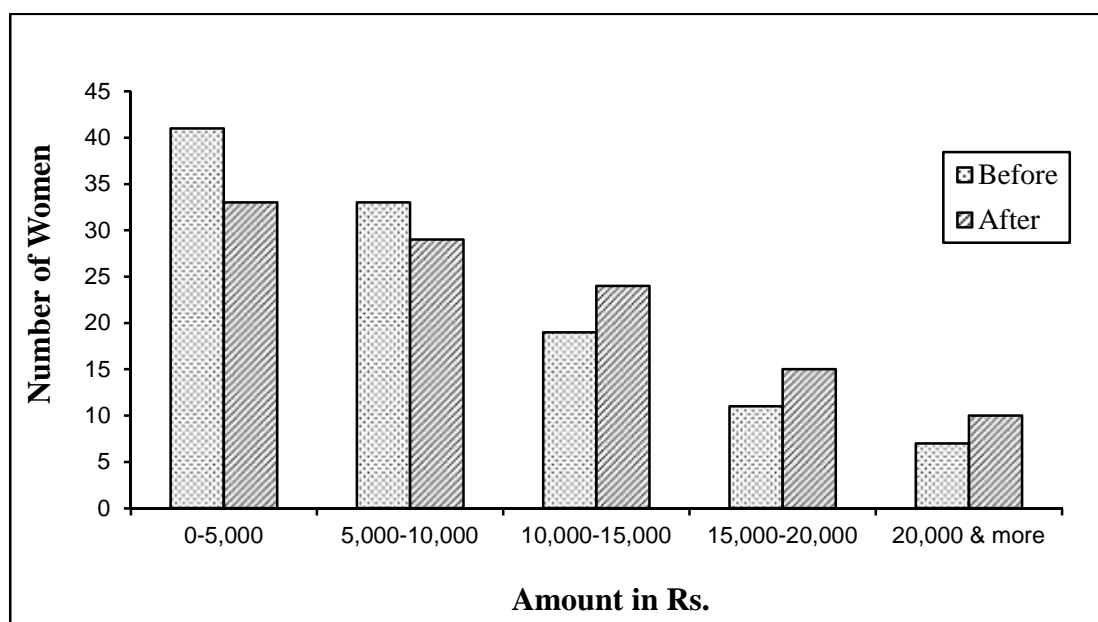
Source: Appendix- III

Table 4.14 shows the monthly income of women in different range before and after entering SDC programs. From the above table shows the positive impact. Mean income of the respondents after entering the program is increased to Rs 9,770 and C.V. is decreased to 17.71% which gives positive result to us.

Around one-third women were earning between Rs 0 to 5000 before and after the program. The highest income i.e. Rs 20,000 & more were earning by 7 & 10 women before and after the program respectively. There was increase in numbers and percentage of women which were earning high income after entering the program. During the field survey, it was found that there was good income in hotel and restaurant because they used to sell meat items and alcohol which was in high demand and high profit margin.

Table 4.14 can be presented in graphical figure which is as follows.

Fig. 4.14 Monthly Income of Women



4.4.4 Investment of Loan Amount on Targeted Objective

There are found that just 86 women before and 102 women after entering the program are taking loan .but it is not sure that all the women have invested taken amount in the same targeted area where they have to invest it or they have promise to invest at the time of loan taking. It seems that all women have not invested their loan amount on target. If they have invested accordingly target it may be fruitful. Following table 4.15 presents the real figure of investment of loan amount accordingly its targeted area.

Table 4.15 Number of Women Investing on Target Objective

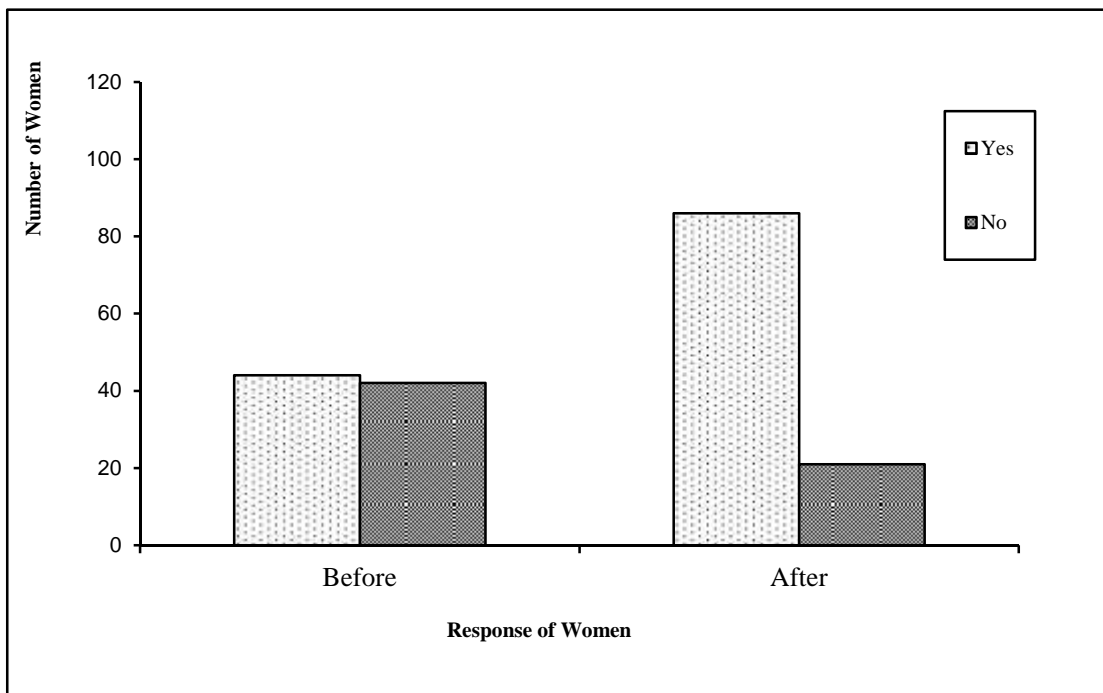
Description	Before		After		% Increase /Decrease
	Numbers	%	Numbers	%	
Yes	44	51.16	81	79.41	28.25
No	42	48.84	21	20.59	(23.72)
Total	86	100	102	100	

Source: Field Survey, 2012

Table 4.15 shows the number and percentage of women's investment trend on the targeted objective area wise. More than fifty percent of women taking loan has invested their loan on targeted area but after entering in the SDC it increases about 28.25% and reaches more than 79% where more number of women has taken loan from the program. There is increment in investment on the targeted objective by about 28.25 percentages.

The above table 4.15 can be shown in following graphical figure which makes us clear, meaningful and understandable of above data.

Fig. 4.15 Number of Women Investing on Target Objective



4.4.5 Problems on Receiving Loan

As all know there is a truth that nothing is perfect in this world so at receiving or paying loan there always some problems lie. Among the sample women it was found that there is some problems in taking loan from SDC. Among them 94 number of women said that there is problem on receiving loan and just 8 numbers of women conclude that they have not any problem on receiving loan among 102 number of loan taken women. For detail table 4.16 can be presented with the cause of problems on receiving loan.

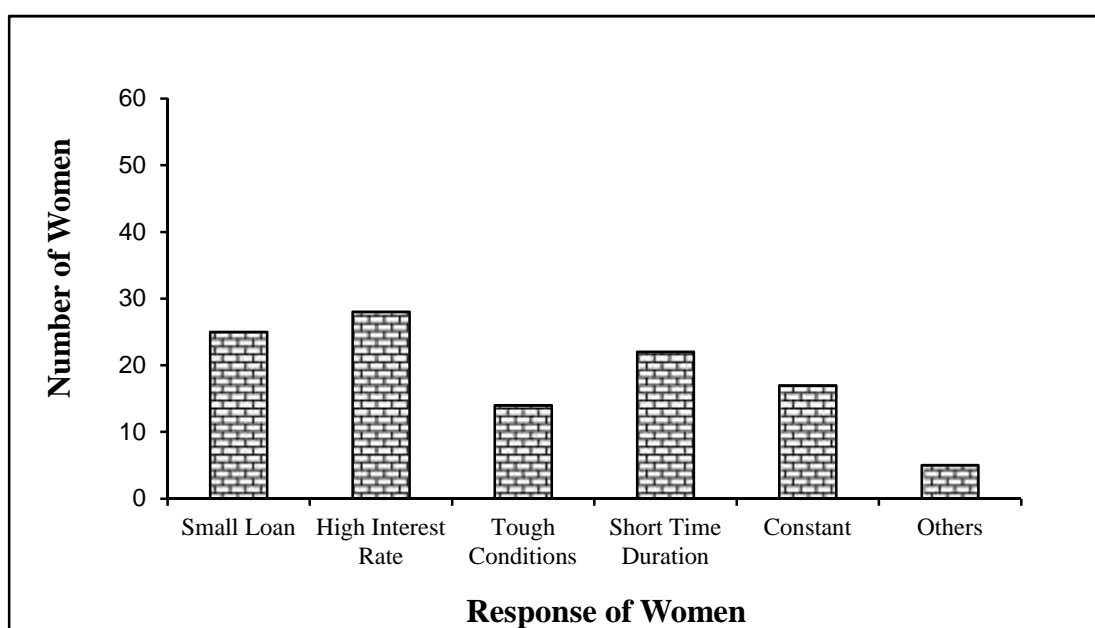
Table 4.16 Problems on Receiving Loan

Description	Number	%
Small Loan Amount	25	22.53
High Interest Rate	28	25.22
Tough Conditions	14	12.61
Short Time Duration	22	19.82
Others	5	4.50
Constant/None	17	15.32
Total	111	100.00

Source: Field Survey, 2012

Table 4.16 presents the numbers of women facing problems on receiving loan. Here maximum number of women had said that due to high interest than in other financial institutions they got problems on receiving loan and small numbers of women said that they have any other problem on receiving loan. Other problem like not receiving loan on time because if they have to take loan they have to inform before a one meeting, some time due to insufficient amount with staff of SDC it takes time to provide loan. Also 17 numbers of women did not answer whether they had any problem on receiving loan or not. The above table 4.16 can be shown in following graphical figure which makes us clear, meaningful and understandable of above data.

Fig. 4.16 Problems on Receiving Loan



4.4.6 Problems on paying loan

Problems lie in every step of life and in every attempt done for survive. Among the sample women some have not any problem but must of have problem on paying loan. Among 102 loan taken women 98 of them has said they has got problem on paying loan. However 13 numbers of women has not practiced taking loan so they did not have any comment at survey. Following table 4.17 can presented the different cause due which creates problems to pay loan on time.

Table 4.17 Problems on Paying Loan

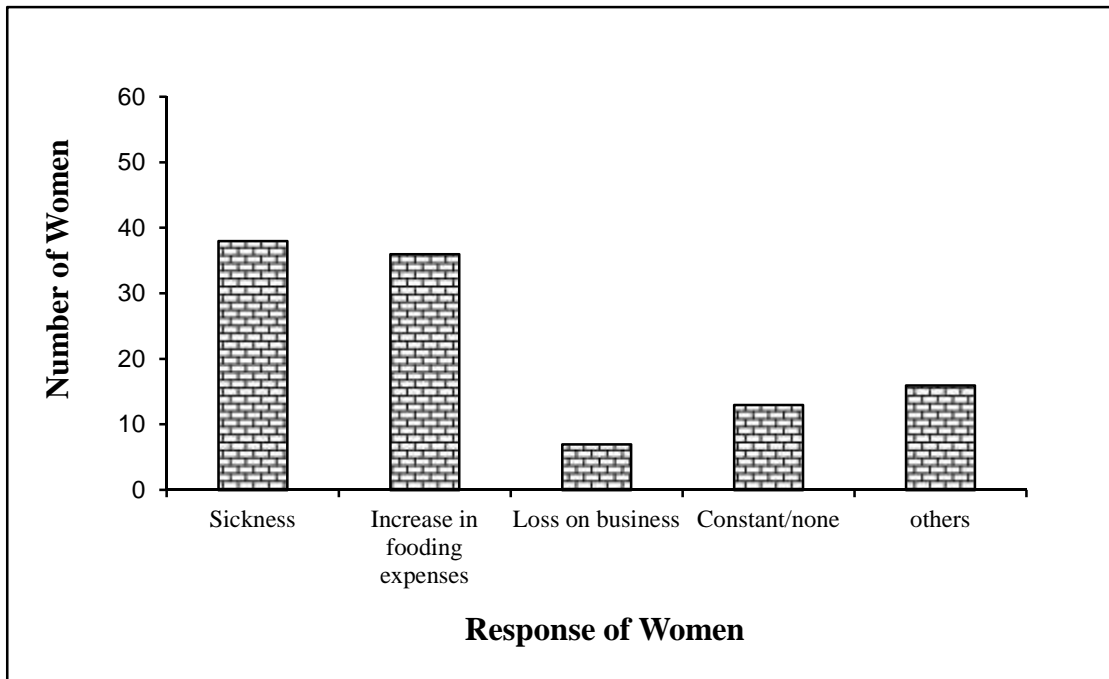
Description	Number	%
Sickness	38	34.23
Increase in Fooding	36	32.43
Loss on Business	08	7.21
Constant/None	13	11.71
Others	16	14.42
Total	111	100.00

Source: Field Survey, 2012.

As Shown in table that must of women problem on paying loan is due to sickness and expenses made on fooding. Here business run by them seems to be satisfactory but just the 8 numbers of women said they are not able to pay loan amount due to loss on business which refers that the women investing their loan as per target are in satisfied. Although women has other problems on paying loan such problems like expenses on children education, initial stage of business, festival, expenses made on purchasing house hold durable goods and etc.

Table 4.17 can be shown in following graphical figure which makes us clear, meaningful and understandable of above data.

Fig. 4.17 Problems on paying Loan



4.5 Conditions of Living Standards

Condition of SDC whole women of living standard by sampled. Measurement of living standard was not easy. In this study researcher observed and asked about the different aspects that represent their living standard, consumption pattern of food items before and after the intervention of SDC. Similarly their home appliance Radio, TV, (color, black and white), furniture, carpet, cooking fuel (fire wood /gas), schooling of their children (private or public), their clothing pattern, nutrition their family has having, health awareness, quality of house living etc determine the living standard of people. How much they used to buy in a year? Similarly physical structure of their house also determine their living standard what kind of materials has been using while making house such as reed, zinc, muddy or cemented. Mostly under the study taken by sampled women it was found that:

Table 4.18 Conditions of Living Standards

Description	Before		After		Change		
	Numbers	%	Numbers	%	Numbers	%	
Food(Calorie)							
Low calorie	82	73.87	54	48.65	-28	(25.22)	
High Calorie	29	26.13	57	51.35	28	25.22	
Total	111	100.00	111	100.00			
Housing(Roof)							
Khar	8	7.21	0	0	-8	(7.21)	
Zinc	50	45.04	22	19.82	-28	(25.22)	
Cemented	53	47.75	89	80.18	36	32.43	
Total	111	100.00	111	100.00			
House Hold assets							
T.V. and Computer	yes	42	37.48	87	78.38	45	40.54
	No	69	62.16	24	21.62	-45	(40.54)
Total		111	100.00	111	100.00		
Rice Cooker & L.P Gas	yes	56	50.45	94	84.68	38	34.23
	No	55	49.55	17	15.32	-38	(34.23)
Total		111	100.00	111	100.00		
Mobile and Refrigerator	yes	48	43.24	89	80.18	41	36.94
	No	63	56.76	22	19.82	-41	(36.94)
Total		111	100.00	111	100.00		
School							
Public		87	78.38	53	47.75	-34	(30.63)
Private		24	21.62	58	52.25	34	30.63
Total		111	100.00	111	100.00		

Source: Field Survey, 2012.

Economists say that poverty can be measured by observing living standard of people. In this research some of those aspects were observed. Food is the most common and fundamental activity of human being. Because of the low income out of 111 respondent 82 were consuming low calorie food items and 29 consumed calorie food items. But during 5-8 year period their low calorie food was added with some extra calorie diet e.g. meat, egg, milk etc. The low calorie groups reduced from 82 to 54 persons.

Similarly, out of 111 respondents, 8, 50 and 53 have reed, zinc and cemented roof house respectively before entering the program. But after 0, 22 and 89 have reed, zinc and cemented house. Therefore, the cemented houses are increased by 32.43% after intervention the program.

There only 42 respondents have TV/Computer in the beginning of year. Later 87 used such items. Similarly Items like Mobile/ Refrigerator having in beginning is 63 after entering in program it has been increased to 89. It is also found that 94 numbers of respondents use Rice Cooker/ LP Gas for cooking purpose after entering in SDC Program before entering into program it is just 56 in numbers. Most of them were unable to buy necessary clothes for their children at the beginning. After the period of 5-8 years 40 members were able to buy three and more pair of clothes in a year to their children.

The most significant difference after the entering SDC program was that the most of the members' children used to go private school. Out of 111 respondents 21.62% and 52.25% family's children go to public school before and after respectively. It was remarkable change due to intervention of SDC. Parents were more aware about their children future regarding quality education.

In short there was significant improvement in living stander of respondents after intervention the program.

4.6 Perception and Expectations

Perception and expectations includes:

4.6.1 Category of Women

There is different level of Women in every society. Some are very rich, some are very poor and some are medium range. In this research study the category of women are categorized on the basis of women's' response, field observation, asking questionnaire, observing their economic condition etc. Women who have few source of income and few monthly are categorized as very poor women. Women who have little land to cultivate crops and monthly income of

around Rs 1,000 are categorized as poor women. Women which have monthly income around Rs 5,000 are categorized as rich women. Women who have sufficient land, more sources of income, monthly net income of more than Rs 15000 are categorized as very rich women. The field survey shows the following level of the respondents in Pokhara. But from survey the numbers of women which are very rich were not found. Following table presents the status of women in field survey.

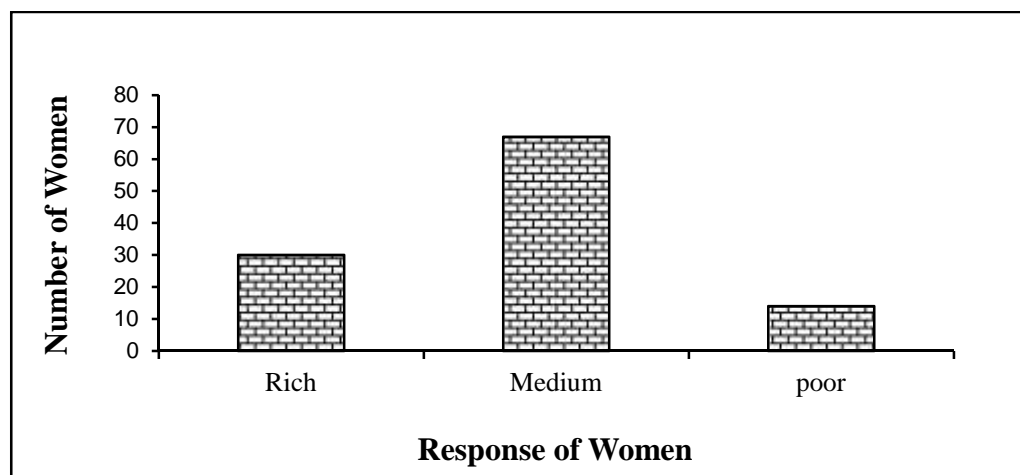
Table 4.19 Category of Women

Description	Number	%
Rich	30	27.03
Medium	67	60.36
Poor	14	12.61
Total	111	100.00

Source: Field Survey, 2012

Table 4.19 shows the number and percent of women which have different economic status. Out of 111 respondents there were 14 women poor, 67 women Medium and 30 women rich. But no women were found who said that they are very rich in sample survey. In the survey more than 60% of women found to be medium level and lowest part of women found poor. So, more than 27 percent of the respondents found that they are on category of rich women. Table 4.19 can be shown in the following figure 4.18.

Fig. 4.18 Category of Women



4.6.2 Expectations for the Upliftment of Poor Women

There are some programs which are needed to uplift the livelihood of poor women. There are different perceptions of women about different programs which are needed for them. Following table 4.20 presents the different facilities needed for poor women

Table 4.20 Expectations for the Upliftment of Poor Women

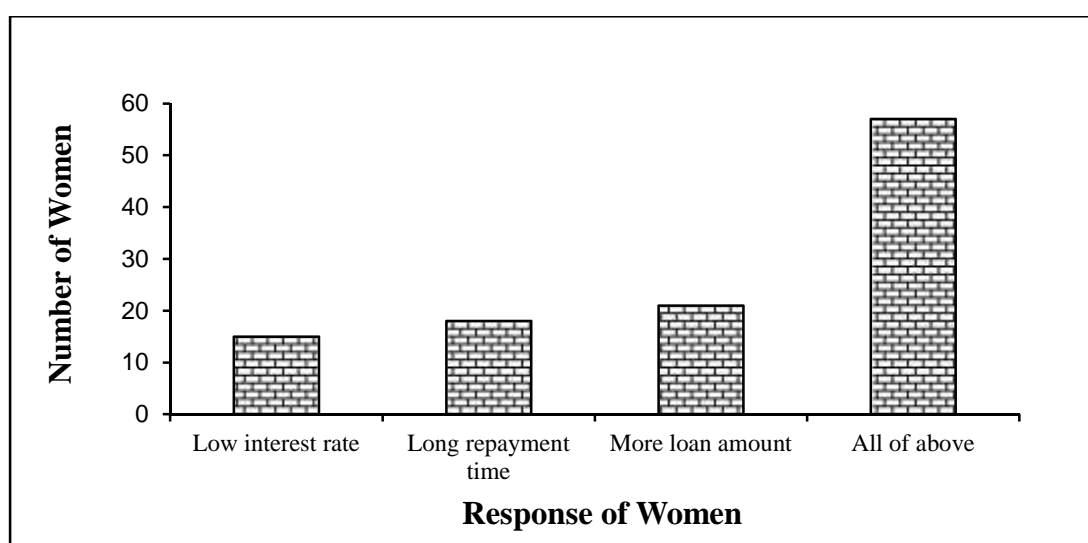
Description	Number	%
Decrease in Interest Rate	15	13.51
Increase in Loan Term	18	16.22
Increase in Loan Amount	21	18.92
All of Above	57	51.35
Total	111	100.00

Source: Field Survey, 2012.

Table 4.20 shows the number and percentage of women's perception which have needed different facilities from the bank to run their livelihood. More than fifty percent of the respondents recorded to prefer low interest rate, long repayment time and more loan amount for their livelihood uplift.

Table 4.20 can be shown in following graphical figure which makes us clear, meaningful and understandable of above data.

Fig. 4.19 Expectations for the Upliftment of Poor Women



4.6.3 Respondents Profile and Satisfaction

From the profile of respondent it has been found that the program has been benefited to all the borrowers. For the purpose of study, respondents profile and satisfaction, perception of the sample women towards the program with respect to education level, age structure, ethnic group, priority sector, confidence of women etc are shown. For this purpose table 4.21 can be presented as

Table: 4. 21 Respondents Profile and Satisfaction

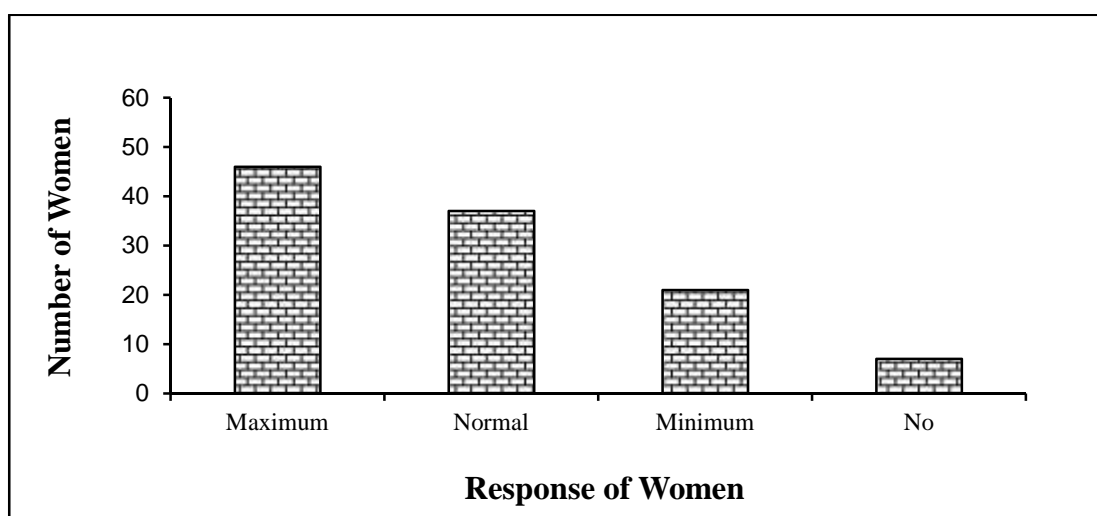
Satisfaction	Numbers	%
Maximum	46	41.44
Normal	37	33.33
Minimum	21	18.92
No	7	6.31
Total	111	100.00

Source: Field survey, 2012.

Table 4.21 shows the profile of respondents towards program in number and percentage. In the table more women are getting maximum satisfaction from the program and just 7 numbers of are found unsatisfied by the SDC programs.

Table 4.21 can be presented in the figure 4.20.

Fig. 4.20 Respondents Profile and Satisfaction



4.6.4 Education Level and Satisfaction

Education is most important thing all over the world. Therefore it is lamp of the world. Without education no one can get brightness in the world. Education level of sampled women between their satisfactions is analyzed here in the table 4.21. Sample women are categorized into different education level with different satisfaction level. Following table presents the education level and satisfaction of sample women.

Table 4.22 Educational Level and Satisfaction

Satisfaction		Educational Level				Total
		Illiterate	Literate	Up to SLC	Higher Level	
Maximum	Numbers	3	14	17	12	46
	%	21.42	35.90	44.73	60.00	
Normal	Numbers	2	12	13	4	31
	%	14.28	30.77	34.21	20.00	
Minimum	Numbers	3	9	6	3	21
	%	21.42	23.07	15.79	15.00	
No	Numbers	6	4	2	1	13
	%	42.88	10.26	5.27	5.00	
Total	Numbers	14	39	38	20	111
	%	12.61	35.13	34.23	18.03	

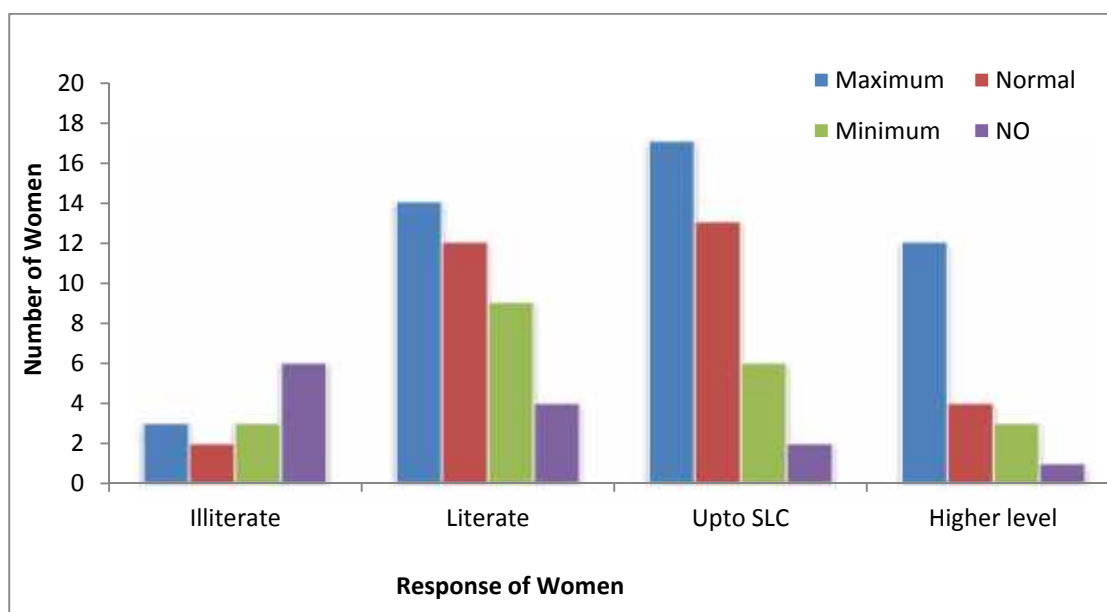
Source: Field Survey, 2012.

Table 4.22 shows that education level and satisfaction towards the program of the respondents. In totality about 87% respondents were literate.

From the response of the sample women it seems that Higher the education level higher degree of satisfaction from the program has been experience by the sampled women and vice-versa. Respondent's educational level resulted passive result on satisfaction. Lowest portion of women were illiterate than literate. Highest numbers of women are literate and up to SLC level women were also similar numbers. In table it shows that maximum numbers of women getting maximum satisfaction but literate women are getting more satisfaction than illiterate.

Table 4.22 can be presented in the following figure 4.21.

Fig. 4.21 Education Level and Satisfaction



4.6.5 Age Structure and Satisfaction

In the research study it has been found that the age structure of women was in between 20 to 62 years and all were married. It has been presented in the following table.

Table 4.23 Age Structure and Satisfaction

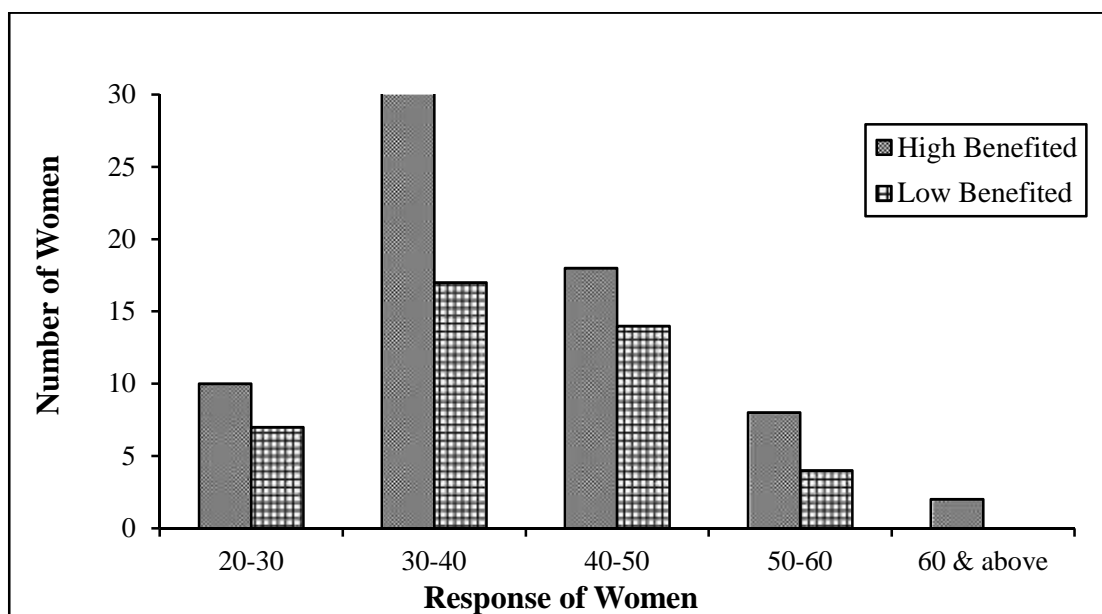
Age Structure	Perception toward the Program		Total	
	Highly Benefited	Low Benefited	Number	%
20-30	10 (58.82%)	7 (41.18%)	17	15.32
30-40	31 (64.58%)	17 (35.42%)	48	43.24
40-50	18 (65.63%)	14 (34.37%)	32	28.83
50-60	8 (66.67%)	4 (33.33%)	12	10.81
60 & above	2 (100%)	-	2	1.80
Total	69 (62.16%)	42 (37.84%)	111	00.100

Source: Field Survey, 2012.

Table 4.23 shows that age structure and satisfaction towards the program of the respondents. Higher the age structure higher degree of satisfaction from the program has been recorded and vice-versa. Here there the due to experience cause they are able to be benefited.

Table 4.23 can be shown in the following figure also:

Fig. 4.22 Age Structure and Satisfaction



4.6.6 Ethnic Group and Satisfaction

Generally, the respondents were divided in three ethnic groups on field survey according to their cast status. The following table presents the ethnic group of women and their perception toward benefit.

Table 4.24 Response on Ethnic Group and Satisfaction

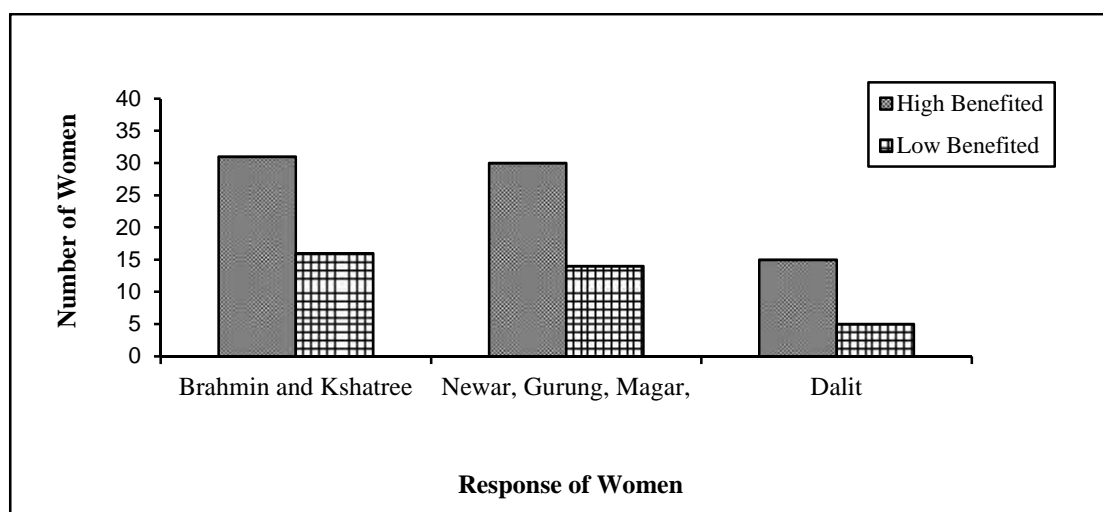
Ethnic	Perception toward the Program		Total	
	High Benefited	Low Benefited	Numbe	%
Brahmin and Kshatree	28 (59.57%)	19 (40.43%)	47	34.42
Newar, Gurung, Magar,	27 (61.36%)	17 (38.64%)	44	64.39
Dalit	14 (70.00%)	6 (30.00%)	20	18.02
Total	69 (62.16%)	42 (37.84%)	111	100.0

Source: Field Survey, 2012.

Table 4.24 shows that 47 participating women were involved from Brahmin and Kshatree, 44 from Newar, Gurung, Magar, Rai, etc. and 20 from Dalit. So, that we can easily say that SDC program is able to convince different ethnic group women too successfully.

The data is presented in following figure 4.23 also.

Fig. 4.23 Ethnic Group and Satisfaction



4.6.7 Priority Sector after Improvement in Economic Condition

Every people have their own interests and future plan. Like this, these SDC women also have their own future plan to give priority in different sectors after improvement in their economic condition which is presented in the following table 4.25.

Table 4.25 Priority Sector Areas

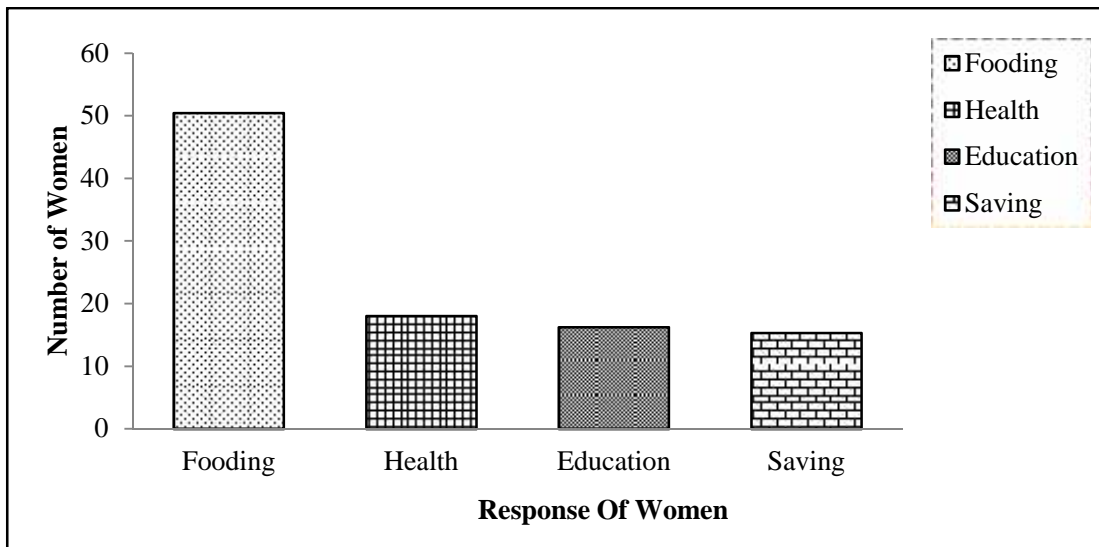
Sector	Number of Women	%
Fooding	56	50.45
Health	20	18.02
Education	18	16.22
Saving	17	15.31
Total	111	100.00

Source: Field Survey, 2012.

Table 4.25 shows the priority sector of participatory women. Main priority sector of women were fooding i.e. about 50% and rest of the other sectors below 20%. There 15.31% of women prefer to saving after increment of their income that is lowest among all.

Above table can be shown in following figure 4.24 also.

Fig. 4.24 Priority Sector Areas



4.6.8 Confidentiality about Entrepreneurship

In the research study it has been found that some participating women have maximum confidentiality, some has minimum and some has no confidentiality of becoming successful entrepreneur in future. This status is presented in the following table 4.26.

Table 4.26 Confidentiality about Entrepreneurship

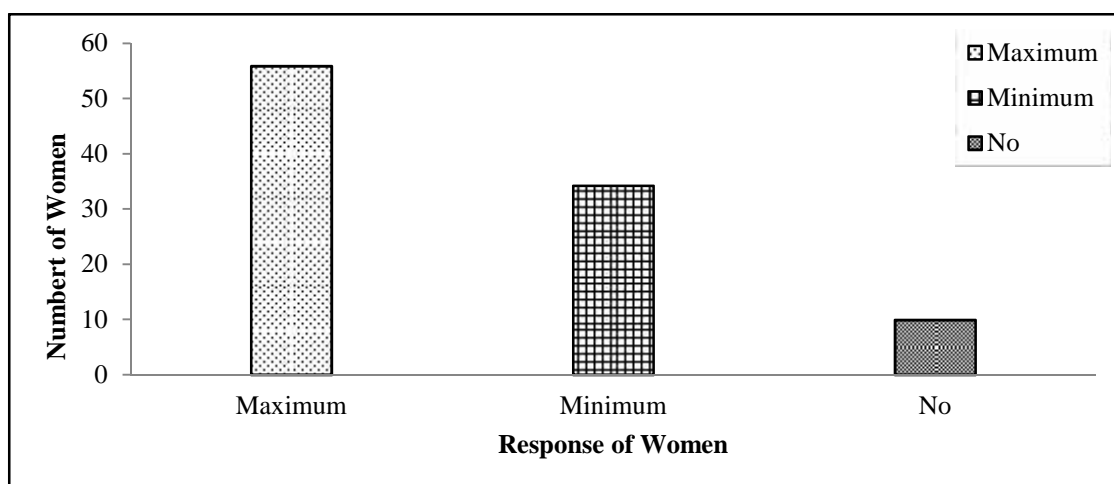
Description	Number of Women	%
Maximum	62	55.86
Minimum	38	34.23
No	11	9.91
Total	111	100.00

Source: Field Survey, 2012.

Table 4.26 shows that more than half of the respondents recorded high degree of confidence in becoming entrepreneur in the future. About 10% of the respondent's shows confident that they will never become entrepreneur. There about 56% of respondents perceived they maximum level of confidences becoming entrepreneur in future.

Table 4.26 can be shown in following figure 4.25.

Fig. 4.25 Confidentiality about Entrepreneurship



4.6.9 Continuation Business

Where people see more profit in future, then they will be motivated to continue their business in coming future. Like this some sample women of SDC program were motivated to continue their business in future and some are not interested in those activities. Following table 4.27 shows the women's response in continuing their business in future.

Table 4.27 Continuation Business

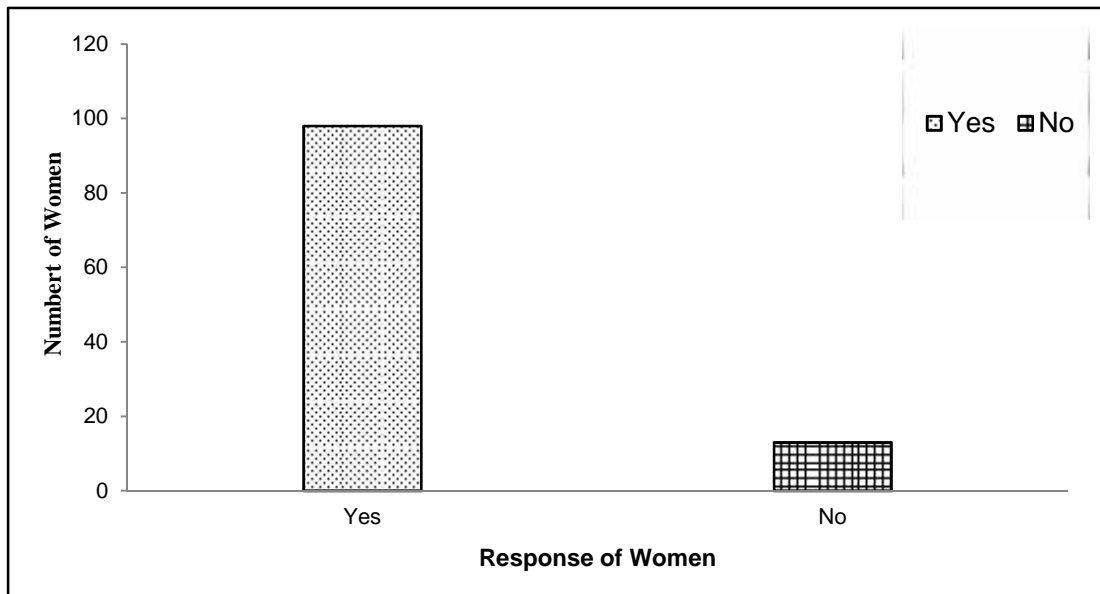
Description	Number of Women	%
Yes	98	88.29
No	13	11.71
Total	111	100.00

Source: Field Survey, 2012.

Table 4.27 reveals about the women's response of continuing business in future. In this research survey, out of 111 sample women, 98 women have intension of continuing their business in future which was about 88 percent. So, this field survey shows that maximum number of women was interested to continue their business in future also.

Table 4.27 can be presented in the following figure 4.26

Fig. 4.26 Continuation Business



4.7 Major Findings of the Study

The major findings of the overall study of SDC could be addressed as follows:

-) SDC has been facilitating the women in areas of Livestock, farming, poultry farming, retail business, small industry, Agriculture, Small hotel and restaurant, Cyber, tailoring etc.
-) The SDC organize four different saving program i.e. group saving, centre fund saving, Future Saving and individual saving. The saving amounts have been increasing last five years. Out of different saving program, there was about 57% of saving in center fund saving and about 22% of saving in group saving and individual saving. But total saving has decreased in FY 2067/68. Future saving is just started new program of SDC.
-) The saving money was not idle. It was invested in different areas. But the SDC has to pay some interest expenses to women who save money. The total interest expenses in last five years on different saving programs were Rs 421,800. The interest expense has been increasing in last five years. Out of total expenses, there was more than 57% in center fund saving and rest in group saving and individual saving.

-) Loan disbursement headings are micro business, micro enterprise Seasonal and micro enterprise 'Emergency'. The overall loan disbursement in different headings in last five year was Rs295, 370,100 and highest was in micro business was around 82.28% of total loan disbursed. Loan was not disbursed in micro enterprise loan 'Emergency' in FY 2064/65 and 2065/66. Loan disbursed rate was increased in last five years.
-) Loan recovery has been an increasing trend in last five years. The highest loan outstanding was in FY 2068/69.
-) Interest recovery situation of loan disbursed has been increasing in last five years both in micro business loan and micro enterprise loan 'Seasonal' and 'Emergency'.
-) Highest numbers of women were taking loan for live stock and lowest number for tailoring or in service business. Like this more women were taking loan ranging between Rs 10,000 to 20,000. Similarly, maximum number of women had monthly income ranging Rs 0 to 5,000.
-) Almost the entire implementing program has initiated the groups of women for saving as on initial creation. Saving is the source of capital, investment and supply of credit. Similarly, rise in productive activities and income causes to create saving. The saving is the most effective component in the process of supplying credit for investment. In an overall situation the saving deposit was significant.
-) The overall performance of implementing SDC program signify that the record of household survey, target group identification, group formulation, women participation, loan disbursement, repayment, outstanding and saving and its mobilization shows a good achievement of women development program.
-) The women's status of increasing income from investment is higher after entering SDC program. Also repayment pattern of disbursed loan shows a significant increase after the program.
-) Most of the sample women were involved in different kinds of saving program such as regular and optional saving. The number of women

which are saving more amounts is increased after entering into SDC program resulting decrease in women which are saving fewer amounts.

- J More women were involved in live stock saving small money. Other sectors to generate saving were farming, poultry farming, trade, commerce and retail shop, small industry, small hotel and restaurant, Cyber, tailoring, wage etc. Lower percentage of women was saving from wages. The number of sample women and percentage of saving from farming, trade, commerce and retail shop, small agriculture oriented industry, small hotel and restaurant, Service Business and Others has been increased after entering SDC program.
- J The women taking loan on one purpose have not investing loan on same topic due to different reason but after entering into SDC it was increases and more women are investing loan amount on same topic where they want at first or loan taking time.
- J The sample women who have taken loan after entering SDC program was 91.89% but before there were 77.48 %. So, there has been decreased in number and percentage of women who have taken loan after entering the program.
- J There was 14.14% increased in sectors of taking loan after entering SDC program. More women were taking loan for live stock purpose and fewer women for Service Business and Others.
- J There were problems on receiving loan. Whether Loan taking women are increasing they have problems in taking loan. It was found that many of women have problems on high interest rate and as well in small amount of loan, short duration, tough conditions and others respectively.
- J Most of women are paying loan on time but they have problem on paying loan due to different reason. Although Loan repayment rate of women is satisfactory. Repayment rate of paying fully loan was increased by 7.26% after entering SDC program whereas women were decrease in case of not payment by 9.04%. Full payment may be the cause of timely installment plus group pressure. Because here loan is to be paid on installment at time which is strict rules of SDC.

-) The condition of business which was running by taking loan was found running well before and after SDC program. It was increased by 5.95% after the intervention of the program.
-) Women who earning more amounts was increased after intervention SDC program. The earning up to Rs 2,000 was decrease by 23.77% and earning more than Rs 5,000 was increased by 9.68%. So, women are earning well after entering SDC.
-) More women were invested loan between Rs 0 to 10,000 and Rs 10,000 to 20,000 in number before and after intervention. There was increased in number of women who were investing big loan amount after entering SDC programs except in Rs 0 to Rs 30,000.
-) Women were earning more after entering SDC program. The number and percentage of women who are earning high amount were in increase after entering SDC programs but in case of low amount earning women were in decrease. That refers to positive result of SDC program.
-) Fourteen numbers i.e. 12.61% of women found poor and 30 sample women i.e. 27.03% found rich. But no women found who are very rich or very poor.
-) More than 50% of the respondents said that they prefer decrease interest rate, big loan amount and long duration of time to uplift their livelihood from the poor.
-) More than 70% of respondents profile is maximum and normally passive towards the program. Just few numbers are unsatisfied from the program.
-) Most of the participating women were married and the age structure of sample women were in range of 20 to 62 years.
-) The participants were from different ethnic groups. In research study recorded that 42.34% were from Brahmin and Kshatree class, 39.64% from Magar, Newar, Gurung, Rai etc. class and 18.02% from Dalit class (Sarki, Damai and Kami).

-) Literate and well educated women were found more than illiterate. There were high numbers of women who are highly benefited from SDC in case of education level. Education has proved as a successful tool to become successful business women.
-) After improving their economic condition, more than 50 percent of women prefer fooding as priority sector then other sector were health, education and saving.
-) More than half of the respondents recorded high degree of confidence in becoming the entrepreneur in the future. About 10% of the respondent's response never becomes entrepreneur.
-) There was significant improvement in living standard of respondents. There has been increased in using high calorie food, zinc and cemented roof houses, TV/Computer/Refrigerator/Rice cooker/Mobile/LP Gas, and sending children to private school after intervention the program.
-) Most of women response to continuing their business in future.

CHAPTER-V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

.SDC was established in 1980 AD in Pokhara as head office. The general objective of the study is to analyze impact of micro finance on women under case study of SDC Pokhara branch. This study is very significant to entrepreneurs, decision makers, policy makers, further researchers and other parties. This study focuses on activities of saving, loan disbursement and its recovery as well as impact of micro finance on women. Saving is the basis of investment and loan disbursement. SDC is actively involved in saving programs of women. SDC prefer on saving because in the real market a poor mainly use to make their unnecessary expenses so by minimizing that unnecessary expenses they can save in the SDC and after some period they can get it in big amount which can be invested for another future purpose. Women are also interested and motivated to save more with the program. With saving they are encouraged to mobilize that save in terms of loan. This will help to solve the financial problem of women in society to some extent. SDC Pokhara is a women participating microfinance institution. So, it is organizing different fund raising programs such as saving, loan disbursement etc with in participating women. In the SDC program saving and its mobilization and skill enhancement are the main instruments to raise the economic growth and human resource development.

Under the literature reviews, the theoretical and research reviews have been done. In theoretical reviews, the origin and activities lunched by the NGOs and INGOs in the rural areas has been reliant. The other programs lunched by that organization and several books related to poverty reduction, rural development and microfinance have also been reliant is shown. Another part of the chapter is research review. The study is related to several articles, newspapers and thesis. Analytical research design has been used in this study. This study is based on primary and secondary data.

On the basis of discussions stated in chapter four i.e. presentations and analysis of data, the summary of findings of the study is presented in conclusions. Loan

disbursement and on time payment is an essential part of the program. SDC can slowly meet the required criterion of loan repayment with increasing trend in recovery and still the amount of outstanding remained to the required criterion. Loan is disbursed in different sectors and SDC is still focusing more on loan disbursement to poor women. The objective for analyzing SDC is to find out the saving status of SDC and its group members, to identify the interest expenses and interest recovery condition of SDC, describe the loan disbursement and recovery condition of SDC, analyze the condition of investment and income of group members, evaluate the conditions of living standards of group members and to highlight the perceptions and expectations of group members on micro finance program.

Just the data given provided by SDC Pokhara and answer given by sampled women is basis of findings and conclusions of the study.

5.2 Conclusions

The main sectors of saving by women are live stock, farming, poultry farming, retail business, small industry, small hotel and restaurant, Agriculture, service providing business and others etc.

-) Mainly women are involved in regular individual saving and optional future saving. The highest amount of saving is in center fund saving and lowest is in individual saving in the last five years except future saving. Thus future saving is saving that SDC is recently practicing and would replace center fund saving. SDC had made rules that a women having future saving must not made center fund saving at the time of taking loan.
-) Utilization of save money by women has been increasing after entering the program. Utilization of save money in productive sector is effective way to raise livelihood of poor women.
-) The loan disbursement rate of SDC to women has adopted an increasing trend. The highest amount of loan disbursement is in micro business loan and lowest amount in micro enterprise loan 'Emergency'. The increasing loan disbursement rate shows that women are interested to take loan and invest that money on productive sector to earn more.

-) Recovery of lending fund on time has adopted an increasing trend after entering the programs but there is a decrease in women who are not refund on time.
-) The interest expenses on saving have been increasing in the last five years. This shows positive impact.
-) Interest recovery from loan investment is satisfactory and it is in increasing trend. It shows that women believe in loan and interested to invest that loan in profitable sector.
-) Majority of the respondents are involved in agriculture. The status of loan investment and income of women is found satisfactory and they are earning slowly higher with intervention of the program. Instead of this, business which is running by taking loan is found as running satisfactory. Some of them have high confidentiality of standing themselves as a successful entrepreneur in future. Majority of the respondents believe that intervention in the program initiates to increase their living standard.
-) Maximum number of sample women is taking loan. The percentage of women who are taking loan is about ninety two. The percentage of women taking loan has been increasing after entering the program. So, now more women believe in loan.
-) Women are not changing more in sectors of lending area. More women are taking loan for agriculture purpose.
-) Majority of women are seemed to pay loan fully. The numbers of women who have been paying more increased to sixty three from forty nine. So, more loan repayment rate is satisfactory after entering the program.
-) Women have been running their business well after entering SDC. So, program of SDC is more effective than in the previous period.
-) Women who are earning more are increasing after entering SDC. So, the percentage of women who are earning more from investment is increasing comparing to women who are earning less. It shows SDC programs are effective and satisfactory to make their life better.
-) Interest recovery on loan of SDC is satisfactory in the last five years. Women are paying interest on time. This regular interest payment is due to improvement in earning and lifestyle after entering SDC program.
-) The number and percentage of women was increasing to invest more amounts in their business.

-) Monthly income of women has been increasing after entering the program. So, they are earning sound from their investment. Due to this SDC is improving their life standard.
-) More women had passive profile towards the program. The category of poor women is substantially higher. So, emphasis on poor women is still necessary.
-) Most of the poor women prefer decrease in interest rate, increase in time duration for loan and increase in loan amount to improve their living standard.
-) Most of the women are educated and they are highly benefited from the program.
-) Most of the women are found in middle age. More than 62 % are highly benefited from the program.
-) The sample women are mixed in ethnic class. Majority of the women in these ethnic groups are benefited from the program.
-) More than half of women prefer fooding facilities after improving their economic condition. So, fooding program is necessary for women.
-) About fifty six percent of women have maximum confidentiality of being successful entrepreneur among participating women. So, it is find out that they are more benefited from the program.
-) Living standard of women increased more from the program. So, they improving their calorie food, house structure, house appliance TV/Computer/Rice cooker/LP Gas/Mobile and Refrigerator and sending children to private school.
-) About eighty nine percent of women will continue their business in future also. This shows the program is effective for them. Also program is empowering women effectively.
-) Participants in the program are from different ethnic groups. Most of the respondents prefer decrease in interest rate, increment in time duration for the loan, and increase in loan amount to increase their living standard more. The respondents prefer more fooding program after improving their economic condition.

The overall study shows that the program has made positive impact on the women living standard by generating employment and increasing productivity. The most important and effective program is to the basis to uplift the economic condition of poor women. Most of the respondents are under farmer's category

and the major source of income of women is agriculture. They have made the habit of saving by reducing their unnecessary expenses. That is future investment or a formation of capital. By not making unnecessary expenses anyone can get the bright future in future, So SDC is teaching their client about these saving theme.

5.3 Recommendations

The study has found that SDC is an effective measure of empowering women, raising their social and economic status, developing micro enterprises and alleviating poverty. On the basis of the findings of the study and conclusion, the following recommendations are forwarded.

Government is the apex body for monitoring and supervision of financial institutions. Role of government should be important for the development of micro finance. There is no doubt that the SDC supports to uplift the poor. Some members got new life due to SDC. But some correction should be made to be more effective. So, some attainable suggestions are as follows:

-) The SDC cannot build the physical infrastructure. For any business development infrastructure is a must, so, government should create infrastructure such as veterinary hospital, transportation, irrigation, training program, market guarantee for products and agriculture specialists.
-) There are various microfinance institutions without any coordination. So, NRB should furnish a policy for the better coordination in regards to service and coverage of MFIs.
-) Monitoring and supervision should be effective and efficient. Some peoples are getting the loan from different MFIs. In this situation there is high chance of that they may be defaulter. In this context, clear rules and regulation should be formulated.
-) SDC program should be reach to the poorest of poor women.
-) SDC should establish the program of exchange of skillful member of same territory. They possess the different skill like expertise in cash crops, pig husbandry, poultry farming, beautician, others etc.
-) SDC has to convince their clients why the rate of interest is higher than commercial bank. As far as possible deduction is required in interest rate and time duration can be increased.

-) Loan should be granted to single women also, if she has willingness and skill to do something.
-) If the borrowers did not repay the loan in due time, they should be motivated to repay on time by adopting different mechanism.
-) Only the literacy is not sufficient to the member. So, to some extent managerial skill and accounting skill should be developed. This helps the client from the mismanagement of resource.
-) Field visits showed that the landlord and businesswoman also got the loans who were not the targeted groups. Actually such misuse should be prohibited.
-) The social program indicating the role and power of women should be conducted. Later males also should give the equal importance to female.
-) Loan amount have to be increased. Due to rising of price in market, that amount is not enough for starting enterprise.
-) To focus on individual saving and other saving too. This could result more saving by SDC members and decreases unnecessary expenses.
-) To provide loan to targeted group and to implement some flexible rule for loan.
-) To facilitate their member on investing activities and inspect as per need, provide some business related training which can achieve better result and increase income they are earning today
-) Need to encourage other who is not gaining through this program. To make some mechanism to increase them also.
-) To support them through different ways, try to meet their expectation which is reliable and reasonable. Otherwise convince women why their expectation cannot be met.
-) There should be coordination among the operators of MF program to ensure its effectiveness.

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APPENDICES

APPENDIX I

म पोखरा वडा नं. ८, कास्की निवासी श्री सुर्य बहादुर भण्डारीले आफ्नो स्नातकोत्तर (MBS) तहको शोधपत्र (Thesis) तयार गर्ने क्रममा तपाईंहरू समक्ष लघुवित्त सम्बन्धि केही कुराहरूको जानकारी लिन गईरहेको छु । प्राप्त भएका सुझाव सल्लाह र जानकारी नितान्त गोप्य राखिनेछन्। उक्त कुराहरू अनुसन्धानको प्रयोजन बाहेक अन्यत्र प्रयोग गरिने छैन । आशा छ तपाईंहरूले निम्न प्रश्नवालीहरूको उपयुक्त उत्तर भरि दिई मेरो अनुसन्धान (Research) को कार्यमा आवश्यक सहयोग गरिदिनुहुनेछ । धन्यवाद ।

ROLE OF MICRO FINANCE IN POVERTY ALLEVIATION

A CASE STUDY OF SHREEJANA DEVELOPMENT CENTER

KASKI, POKHARA

प्रश्नावली

नाम,थर सहित: उमेर: शैक्षिक योग्यता:
केन्द्रको नाम: केन्द्र नं: समुह नं: परिवार संख्या:

प्र.नं.१. तपाईं कहिले बाट यस संस्थाको सदस्य बन्नु भएको हो ?

प्र.नं.२. तपाईंको समुहको बैठक नियमित रूपमा हुन्छ ? क) हुन्छ ख) हुँदैन

प्र.नं.३. तपाईंको समूहका सदस्यहरूको आर्थिक स्थिति कस्तो छ ?

क) समान (ख)केही मात्रामा फरक (ग) बढी फरक

प्र.नं.४. अहिले समूहबाट नियमित बचत गर्नुभएको छ ? क) छ ख) छैन ।

यदि छ भने?

कुन बचत कार्यक्रममा संलग्न हुनुहुन्छ ? संलग्न भए मासिक सरदर कति रकम बचत गर्नुहुन्छ ?

क) व्यक्तिगत बचत ख) सृजना भविष्य बचत

रु..... रु.....

प्र.नं.५. अहिले तपाईंले कुनै समूहबाट ऋण लिनुभएको छ ?

क) छ ख) छैन

प्र.नं.६. यदि लिनुभएको छ भने कुन उद्देश्यको लागि कति रकम लिनुभएको छ ?

पहिला		अहिले			
सि.नं.	क्षेत्र/उद्देश्य	रकम	सि.नं.	क्षेत्र/उद्देश्य	रकम
१)	कृषि उत्पादन	.....	१)	कृषि उत्पादन	.....
२)	पशु पंक्षीपालन	.....	२)	पशु पंक्षीपालन	.....
३)	खुद्रा ब्यापार	.....	३)	खुद्रा ब्यापार	.....
४)	होटल तथा रेस्टुरेण्ट	.....	४)	होटल तथा रेस्टुरेण्ट	.....
५)	कृषि	.....	५)	कृषि	.....
६)	सेवा व्यवसाय	.....	६)	सेवा व्यवसाय	.....
७)	शिक्षा	.....	७)	शिक्षा	.....
८)	घर खर्च	.....	८)	घर खर्च	.....
९)	अन्य (भएमा कृपया भन्नुहोस)	.....	९)	अन्य(भएमा कृपया भन्नुहोस)	.....

प्र.नं.७. तपाईंले लिएको ऋण रकम उद्देश्य अनुसार लगानी गर्नुभएको छ ?

पहिलो क) छ ख) छैन

अहिले क) छ ख) छैन

प्र.नं.८. लिएको ऋण समयमानै तिर्नुभएको छ ? छ भने कसरी?

क) पुरै एकैपटक भुत्तानी ख) किस्ताबन्दी भुत्तानी ग) कुनै पनि तिरेको छैन

प्र.नं.९. हाल ऋण रकम प्राप्त गर्नमा कुनै समस्या महशुस गर्नु भएको छ ?

क) छ ख) छैन

यदी छ भने समस्याहरु के के छन्?

क) थोरै ऋण रकम ख)महँगो ब्याज ग)कठिन शर्तहरु घ)छोटो समय

ड) अन्य (भएमा कृपया भन्नुहोस)

प्र.नं.१०. यदि ऋण लिएर कुनै व्यवसाय संचालन गर्नुभएको छ भने उक्त व्यावसाय विस्तार हुदै गएको छ ?

पहिला क) छ ख) छैन

अहिले क) छ ख) छैन

प्र.नं.११. तपाईले ऋणको किस्ता भुक्तानिमा कुनै कठिनाइ भोग्नु परेको छ ?

क) छ ख) छैन

प्र.न १२ यदी १२ मा छ भने कठीनाई के हो ?

१)विरामी २)खानपानमा खर्च बढनु ३)व्यवसाय घाटामा ४) अन्य(भएमा कृपया भन्नुहोस)

प्र.नं.१३. तपाईले गरेको लगानीबाट कतिको आम्दानी गर्न सफल हुनुभएको छ ?

क) अधिकतम ख) मध्यम ग)न्यूनतम घ) छैन

प्र.नं.१४. व्यवसायिक लगानी र आम्दानीको विवरण :

पहिला तपाईको सम्बन्धित व्यवसायमा लगानी रु

वार्षिक सरदर आम्दानी रुव्यवसायिक खर्च रु

अहिले तपाईको सम्बन्धित व्यवसायमा लगानी रु

वार्षिक सरदर आम्दानी रुव्यवसायिक खर्च रु

प्र.नं.१५. तपाईले यस व्यवसायलाई निरन्तरता दिएर अझ बढि लगानी गर्ने उद्देश्य छ ?

क) छ ख) छैन

प्र.नं.१६. तपाईको आर्थिक अवस्थामा सुधार भएपछि कुन क्षेत्रलाई बढि प्रथमिकता दिनुहुन्छ?

क) शिक्षा ख) स्वस्थ ग) खानपान घ) बचत ड) अन्य(भएमा कृपया भन्नुहोस)

- प्र.नं.१७. तपाईं समुहमा आवद्ध हुनु अघि र पछाडीको मासिक आमदानी कति जति छ ?
- क) हुनुअघि लगभग..... ख) हुनुपछाडी लगभग
- प्र.नं.१८. तपाईंहरूले केहि आधारभुत तालिम लिनु भएको छ ।
- क) यदि लिनुभएको छ भने के सीपमुलक, व्यवस्थापन, अभिमुखिकरण, आधारभूत, अन्य
ख) छैन
- प्र.नं.१९. सृजना विकास केन्द्रका लघुवित्त कार्यक्रमबाट कति सन्तुष्ट हुनुहुन्छ ?
- क) अधिकतम ख)मध्यम ग)न्यूनतम घ)छैन
- प्र.नं.२०. तपाईंले आफूलाई महिला उद्यमीको रूपमा खडा गर्ने कतिको आत्मविश्वास छ ?
- क) बढिनै छ ख) कम छ ग) छैन ।
- प्र.नं.२१. तपाईं आफूलाई कुन वर्गको महिलाको रूपमा वर्गीकरण गर्न चाहनुहुन्छ ?
- क) गरिब ख)मध्यम ग)धनी
- प्र.नं.२२. अति गरिब महिलाको आर्थिक अवस्था सुधारनको लागि सृजना विकास केन्द्रले के गर्नुपर्ला ?
- क) व्याजदर घटाउने ख) बढि ऋण रकम प्रदान गर्ने ग) लामो समयको लागि ऋण प्रदान गर्ने घ) माथिका सबै
- प्र.नं.२३. तपाईंको घरको छाना केको छ ?
- पहिला क) खरको ख) टिनको ग) ढलानको
अहिले क) खरको ख) टिनको ग) ढलानका
- प्र.नं.२४. तपाईंको घरमा भएको सामाग्रीमा ठिक लगाउनुहोस् ?
- पहिला १)फ्रीज २) टि.भी. ३) कमप्युटर ४) मोवाइल ५)राईस कुकर
६) ग्याँस चुलो
- अहिले १)फ्रीज २) टि.भी. ३) कमप्युटर ४) मोवाइल ५)राईस कुकर ६) ग्याँस चुलो
- प्र.नं.२५. तपाईंको छोराछोरी पढ्ने स्कूल?
- पहिला १) सरकारी २) नीजि
अहिले १) सरकारी २) नीजि
- प्र.नं.२६. तपाईंको घरको खानपान कस्तो छ?

पहिला १) कम पौष्टिक खाना(दाल, भात, तरकारी) २) पौष्टिक खाना (अण्डा, माछा, मासु)

अहिले १) कम पौष्टिक खाना(दाल, भात, तरकारी) २) पौष्टिक खाना (अण्डा, माछा, मासु)

प्र.नं. २६. तपाईंले ऋण लिएर कुनै व्यवसाय संचालन गर्नुभएको छ भने उक्त व्यावसाय स्थिती कस्तो छ ?

पहिला क) राम्रो छ ख) राम्रो छैन

अहिले क) राम्रो छ ख) राम्रो छैन

प्र.नं. २७. तपाईंको अरु केही भन्नु छ की? भएमा कृपया भन्नुहोस् ।

सहयोगको लागि धन्यवाद ।

APPENDIX - II

Amount Invested by Respondents

Investment Rs.	Before		After		%Increase/ Decrease
	Numbers	%	Numbers	%	
Less than 10,000	22	25.58	18	17.65	(7.93)
10,000-20,000	18	20.93	21	20.59	(0.34)
20,000-30,000	16	18.60	17	16.67	(1.93)
30,000-40,000	11	12.79	18	17.64	4.85
40,000-50,000	12	13.96	17	16.67	2.71
50,000-60,000	7	8.14	9	8.82	0.68
60,000 & more	0	0.00	2	1.96	1.96
Total	86	100.00	102	100.00	

Amount	Mid Value (X)	Before		After		$(X - \bar{x}_1)^2$	$(X - \bar{x}_2)^2$
		Number (x_1)	Total ($X * x_1$)	Number (x_2)	Total ($X * x_2$)		
0-10,000	5,000	22	110000	18	90000	$(-19302)^2$	$(-22941)^2$
10,000-20,000	15,000	18	270000	21	315000	$(-9302)^2$	$(-12941)^2$
20,000-30,000	25,000	16	400000	17	425000	$(698)^2$	$(-2941)^2$
30,000-40,000	35,000	11	385000	18	630000	$(10698)^2$	$(7059)^2$
40,000-50,000	45,000	12	540000	17	765000	$(20698)^2$	$(17059)^2$
50,000-60,000	55,000	7	385000	9	495000	$(30698)^2$	$(27059)^2$
60,000 & more	65,000	0	0	2	130000	$(40698)^2$	$(37059)^2$

Total		86	2090000	102	2850000	3,601,130,428	3,148,608,367
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We have,

$$\text{Arithmetic Mean } (\bar{X}) = \frac{x_1 + x_2 + x_3 + \dots + x_n}{N}$$

$$\text{Before entering SDC program } \bar{X} = \frac{x}{N} = \frac{2,090,000}{86} = 24,302$$

$$\text{After entering SDC program } \bar{X} = \frac{x}{N} = \frac{2,850,000}{102} = 27,941$$

Where, \bar{X} = Arithmetic Mean

x = Sum of Observations

N = Total no. of Observations

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$$

$$\text{Before entering SDC program } (\sigma) = \frac{\sqrt{3,601,130,428}}{86} = \sqrt{41,873,609.60} = 6,470.98$$

$$\text{After entering SDC program } (\sigma) = \frac{\sqrt{3,148,806,367}}{102} = \sqrt{30,870,650.70} = 5,556.14$$

Where, σ = Standard Deviation

$\sum (x - \bar{x})^2$ = Sum of the square of deviation taken from mean.

N = Total number observations.

$$\text{Before entering SDC program C. V.} = \frac{\sigma}{\bar{x}} = \frac{6,470.98}{24,302} = 0.2663 = 26.63 \%$$

$$\text{After entering SDC program C. V.} = \frac{\sigma}{\bar{x}} = \frac{5,556.14}{27,941} = 0.1989 = 19.89 \%$$

	Before	After	Result
Mean income	24,302	27,941	Increased
C.V	26.63 %	19.89%	Decreased

APPENDIX - III

Monthly Income of Women

Income Range in Rs.	Before		After		% Increase/ Decrease
	Numbers	%	Numbers	%	
Less than 5,000	41	35.65	33	31.69	(3.96)
5,000-10,000	33	27.72	29	25.74	(1.98)
10,000-15,000	19	16.83	24	20.79	3.96
15,000-20,000	11	11.88	15	12.87	0.99
20,000 & more	7	7.92	10	8.91	0.99
Total	111	100.00	111	100.00	

Amount	Mid value (X)	Before		After		$(X - \bar{x}_1)^2$	$(X - \bar{x}_2)^2$
		Number (x_1)	Total $(X * x_1)$	Number (x_2)	Total $(X * x_2)$		
0-5,000	2,500	41	102500	33	82500	$(-5,946)^2$	$(-7,270)^2$
5,000-10,000	7,500	33	247500	29	217500	$(-946)^2$	$(-2,270)^2$
10,000-15,000	12,500	19	237500	24	300000	$(4,054)^2$	$(2,730)^2$
15,000-20,000	17,500	11	192500	15	262500	$(9,054)^2$	$(7,730)^2$
20,000 & more	22,500	7	157500	10	225000	$(14,054)^2$	$(12,730)^2$
	(Assume)						
Total		111	937500	111	1087500	332,174,580	287,264,500

We have,

$$\text{Arithmetic Mean } (\bar{x}) = \frac{x_1 + x_2 + x_3 + \dots + x_n}{N}$$

$$\text{Before entering SDC program } \bar{x} = \frac{x}{N} = \frac{937,500}{111} = 8,446$$

$$\text{After entering SDC program } \bar{x} = \frac{x}{N} = \frac{1,087,500}{111} = 9,770$$

Where, \bar{x} = Arithmetic Mean

x = Sum of Observations

N = Total no. of Observations

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$$

$$\text{Before entering SDC program } (\sigma) = \frac{\sqrt{332,174,580}}{111} = \sqrt{2,992,563.78} = 1,729.90$$

$$\text{After entering SDC program } (\sigma) = \frac{\sqrt{287,264,500}}{111} = \sqrt{2,587,968.47} = 1,608.72$$

Where, σ = Standard Deviation

$\sum (x - \bar{x})^2$ = Sum of the square of deviation taken from mean.

N = Total number observations.

$$\text{Before entering SDC program C. V.} = \frac{\sigma}{\bar{x}} = \frac{1,729.90}{8,446} = 0.2048 = 20.48\%$$

$$\text{After entering SDC program C. V.} = \frac{\sigma}{\bar{x}} = \frac{1,608.72}{9,770} = 0.1771 = 17.71\%$$

	Before	After	Result
Mean income	8,446	9,770	Increased
C.V	20.48 %	17.71%	Decreased

