

Micro Finance Institutions and Its Role in Alleviating Rural Poverty in
Nepal: A Socio-economic Analysis

(Case Study of Hill and Terai Region)

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Abbreviations

ADB	Agriculture Development Bank of Nepal
FAO	Food and Agricultural Organization
GDP	Gross Domestic Product
IG	Inter Group
MC	Main Committee
NGOs	Non Government Organizations
RUFIN	Rural Finance Nepal
SF	Small Farmer
SFCL	Small Farmer Cooperative Limited
SFDP	Small Farmer Development Program
UNDP	United Nations Development Programs
VDC	Village Development Program

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1 INTRODUCTION

1.1 Background

Nepal is one of the least developed countries of the world with majority of its people (86 percent) living in rural communities and 38% are in below the poverty line. Nepal is basically an agricultural country and more than 80% of the economically active workers in Nepal are engaged in agriculture, however, agriculture is still in its traditional style in large parts of the country, particularly in hills (Upadhaya, 2003). Majority people living in rural communities are categorically the small farmers, tenants and landless poor. Meeting basic food and cash requirement for family maintenance is the main challenge for the farm families of rural Nepal. Survival strategy is the main philosophy of farming transformed from generation after generation. Nowadays, poverty is considered as the main unbalancing element of the human being and nature. It is therefore truly said, 'Poverty anywhere is threat to everywhere.' Its effect is becoming alarming day by day. Not only the developing countries but also the developed ones can not protect themselves from the negative effect of neighboring countries facing the problem of poverty. All the evils i.e. dissatisfaction, desperation, anger, anxiety, diseases and hunger are the consequences of poverty.

1.2 Necessity of Micro Finance to rural people

Micro finance is regarded as an effective tool for poverty alleviation. The Asian Development Bank (Finance for the poor: Micro Finance Development Strategy, 2000) has recognized micro finance as a powerful tool to promote economic growth, reduce poverty, support human development and improve the status of women. For the past 20 years, the government, international agencies and social organizations have been focusing on women's development programs. The main priority of the Tenth Periodic Plan was poverty alleviation, women's empowerment and gender mainstreaming. Most of the poor people live in rural areas and have little opportunity. Micro-finance could help poor people who have no collateral, but a

willingness to work and a desire to do some business activities from which he/she will acquire employment as well as income.

Most of the poor people live in rural areas and have little opportunity. Therefore, Micro-finance could help poor people who have no collateral, but a willingness to work and a desire to do some business activities from which he/she will acquire employment as well as income. What is more, the economic environment provides great business opportunities. Most Nepalese micro entrepreneurs are economically isolated, which means that their market is often local, small and does not offer any demand growth prospects. Commercial banks and other financial institutions normally do not like to go in that area because of the geographical constraints, underdeveloped infrastructure and other physical constraints. However on the other hand, there is a substantial demand of micro credit in the rural areas. In this scenario, locally operating micro finance institutions such as SFCL could obviously play an important role to mobilize local savings, extend credit as well as channelize borrowed fund/grant to the local rural people (Dhakal et al. 2002).

Micro finance is equally important to both men and women. Women's experience of poverty is different and more acute than that of men because of gender-based forms of exclusion. Women become poor through deterioration in the household's access to resources. Women's lives are governed by more complex social constraints and responsibilities than men's and they are more concentrated in the non-monetized sector. In almost every Asian country, women comprise a large percentage of the poor. The existence of the gender complexities in the handling of income affects the quality of family life, the quality of children's nutrition and education, as well as household stability. Unless and until women do not have access to economic opportunities, poverty can not be reduced.

1.3 Statement of the Problem

Lack of access to income opportunities or skill-based training opportunities keep many people in Nepal shackled to poverty. Unemployment is high, forcing many people to seek work in India or more distant countries. Until and unless rural people are not brought into the mainstream for economic and social change, we will fail to bring change in rural

development. They need to be organized for the decision of their choices and voices. Prevalence of poverty is quite high among rural population. They need to be the main focus of any poverty alleviation program as they comprise a major section of the poor population in Nepal and suffer disproportionately from poverty. Among the poor, women are considered the most disadvantaged due to their limited access to economic opportunities and basic social services and the excessive burden of household chores on them.

Economic and social issues are closely intertwined, one reinforcing the other. People's access to credit is limited because both formal and informal credit institutions are geared to fund property owners. All formal credit institutions seek tangible collateral from loan and they are sidelined from institutional credit since they have no access to the inherited property. The village moneylenders are also interested more in earning high interest or acquiring the debtor's property rather than financing people in need. In case of women, their access to institutional credit is further restricted by their confinement to household activities and lower level of awareness and educational attainment. The major problem in the current economic practice is the fact that a large proportion of women's contributions to GDP and household maintenance activities are still not recognized in economic calculations (Acharya, 2001). This makes women labor contribution to social reproductions process and women themselves invisible in economics except as consumers. Women's experience of poverty may be different and more acute than that of men because of gender based forms of exclusions.

1.4 Objectives of the study

The *general objective* of the study is to find out the overall situation of Small Farmer Cooperative Limited in the Hill and Terai Districts.

The *specific objectives* are:

- ❖ To assess the achievements of rural farmers after being the member in the SFCL program
- ❖ To analyze the managerial skill of the rural farmers of SFCL Program

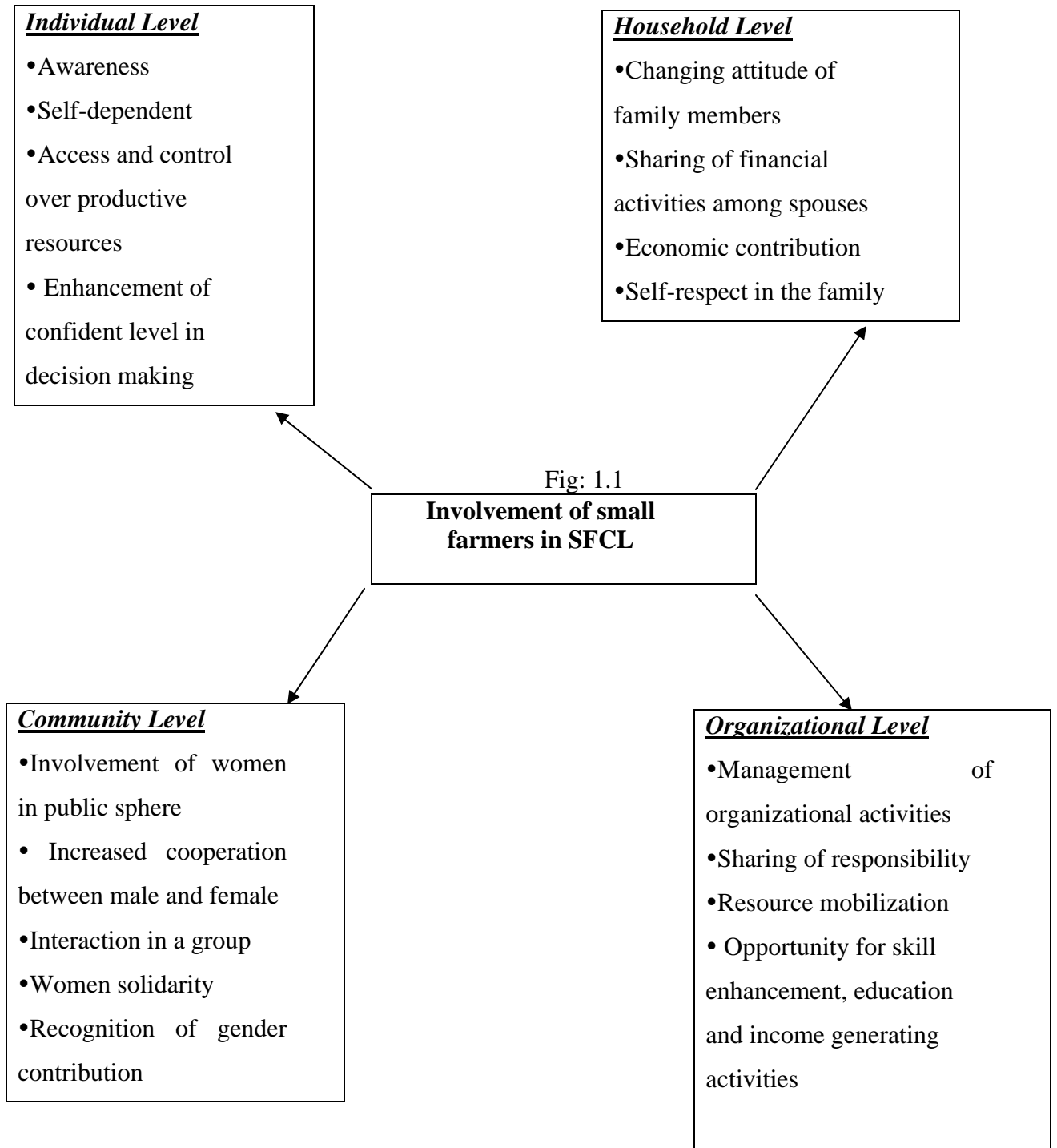
- ❖ To find out the impacts of SFCL Program in eliminating gender discrimination in rural society
- ❖ To explore the possible alternative ways for further improvement of livelihood situation of the rural farmers

1.5 Rationale of the Study

In this predominantly agricultural based economy Micro-credit is largely applied to agricultural and allied activities and livestock development. The small and marginal farmers benefit greatly from the micro-Finance programs. Although many programmes have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as a poor targeted and rural based.

This study will mainly focus on the SFCL groups of Hill and Terai and try to find out how they are getting benefit from the program. The data collected in turn will provide the information that rural people can make some benefits from the credit and saving facilities if they are provided equal opportunity. This will provide encouragement to all other institutions and individuals to work in a group and fight against the existing poverty of the country. The study has the relevance to the profession of Rural Development since it is a profession which deals with the problem of individuals, groups and communities of the rural areas of the country. Along with this, this study will also help to find out the role that the women's groups are playing for the women's empowerment and how the credit program is helping women in their daily life. The study will help to show how women can properly utilize the given opportunities for the betterment of the society if provided to them. The study will draw various recommendations to the NGO's, Government and Human right activist.

1.6 Conceptual Framework



2 LITERATURE REVIEW

2.1 Rural credit institutions in Nepal: History and development

A highly developed banking and credit system is one of the important steps in the process of economic development (Gaudel, 2004). It is argued that the economic development of our country is possible only through the development of agricultural sector. The agricultural credit is assumed as one of the major agricultural input. The credit device is an independent mechanism through which the available resources are mobilized. Insufficiency of capital accumulation has become the most serious limiting factor in developing countries like Nepal (Shrestha, 2004). Rural credit in Nepal can be assumed as the financing in agriculture. Higher percentage of population is in agriculture where it also contributes about 40% of the GDP. In this connection, the poverty alleviation program in our country is directly related with the change in substantial farming into commercial farming.

There will be the primary role of money and credit in each developed or developing country for their economic development. Now-a-day, the economic performance of a country is also measured in terms of availability, and quality of credit. Thus, there will be a primary role of banking & credit in the economic development of a country. The credit is an important device which accumulates the spread small resources to mobilize it for the investment on production. Finally, it can be claimed that the banking system and financial market will have the significant role in economic development of a country.

While looking at the history of credit it is found that it started with the development of human civilization. Before the evolution of money, people used to borrow the goods with the claim to repay in terms of goods. In our society it still exists. Due to the different difficulties of the barter system it was replaced by the introduction of money, which made the transaction of credit easier where people started to borrow and repay the loan with some interest in it.

The modern banking in Nepal started only after the establishment of Nepal Bank Limited (NBL) in 1937 AD. As there was no any other central bank; the NBL performed as the function of central bank, commercial bank and as the bank of the

government till 1956. After about two decade of the establishment of NBL; the Nepal Rastra Bank (NRB) was established in 1956 with a broad objective of development of financial institution in Nepal. The foundation of NRB set a milestone in the history of banking in Nepal, which is contributing in almost all sectors for the development of credit institution in Nepal (NRB,1996).

2.2 Co-operative development in Nepal

The Co-operative Movement in Nepal was started in 1954 with the formation of 'Co-operative Department'. Within the same time 13 co-operative societies were established under the Rapti Valley Development Project (RVDP). The first plan of Nepal (1956-60) emphasized the extension of the Co-operative Department. By the end of the 1st plan there were 378 organized Agricultural Co-operative Societies.

After some years it was felt that a separate institution was necessary to finance and supervise the co-operatives and finance the credit needs of the farmers through co-operative societies. In 1971 the management of agricultural co-operatives was entrusted to ADBN. Under the management of ADBN many reforms were made in the operation of co-operatives. Mean while the Sajha Program (Massive extension of co-operative societies) was launched in 1975 and co-operatives were organized in almost every villages. But most of the newly registered co-operatives could not run successfully and became inactive. In 1978 the management responsibility of co-operatives was transferred to the people under the supervision of Co-operative Department. At present many of the agricultural co-operatives are surviving with full of delinquent bank debt.

The new Cooperative Act of 1992 had provided a more liberal and democratic legal framework for organizations to be registered as cooperative societies (Upadhyaya, 2001). It has given the cooperatives autonomous, self-reliant and viable business status. The changed Act and Rules inspired the people to organize the co-operatives as a member institution and a large number of co-operative societies and unions are established in the country. The major functions of the primary cooperative societies

are to benefit the members by providing necessary services, help in development of the member's socio-economic conditions and the community by providing services in group and community basis, disburse loans to the members on their need basis as well as provide other services for the betterment of the members.

Present cooperative development situation in Nepal is not satisfactory. Though the number of cooperatives is increasing every year, the assessment of cooperatives indicates that the development of cooperatives is more quantitative rather than qualitative. It is because many of the cooperatives have been created without any need to establish them. Hence, it is well recognized fact that cooperatives must have to generate their own resources so that it can be able to run themselves without any interference from outside agencies and where people can get freer space to plan and manage their own development through reforms in the legal and regulatory environment (ADBN, 2001).

2.3 Role of Agricultural Development Bank in the expansion of rural credit

Nepal has been listed as the eleventh poorest country in the world and the poorest in the South Asia Region. Out of 23 million people, 38 percent lie below the poverty line and most of the poor live in rural areas without having any opportunities. Rural micro finance mechanism in such a situation may be helpful to those people who have no collateral, but they have aspiration to do work. The Agricultural Development Bank (ADB) initiated rural micro finance as a poverty-focused program in Nepal since 1975. Other rural financing programs such as, Small Farmer Development Program (SFDP), Intensive Banking Program (IBP), Priority Sector Lending Program (PSLP), Production Credit for Rural Women Program (PCRW), and Rural Self reliant Fund (RSF) had been implemented (Uprety, 2002).

ADB/N was instituted in 1968 under the Agricultural Development Bank Act 1967 by incorporating the assets and liabilities of the then Cooperative Bank set up in 1963. The main function of the bank is to channel funds to the agricultural sector. It is devoted to increase the productivity of agricultural output by the supply of agricultural inputs. It becomes more important in our country as majority of people

are farmers. ADB is the premier lending institution specializing in agricultural and rural credit in Nepal. Its share in the institutional rural credit supply is almost 80 percent. The bank supplements its capital sources mainly by borrowings from domestic and foreign sources (NRB, 1996). The bank provides short, medium and long term credit to individuals, cooperative societies and corporate bodies for agricultural development. Short term loans are advanced to finance seasonal operations of inputs like seeds, fertilizer and labor services. Medium term loans are extended for the purchase of farm machines, tools and machinery and implements for agro industries. Loans for livestock raising and warehousing loans are also made for the medium term. Projects of long gestation like tea cultivation are given long term finance. Since 1968, ADB has been providing credit to rural population for agriculture, cottage and agro based industries, livestock and rural enterprises. It has expanded its network to all 75 districts.

According to the act, ADB/N is entrusted with the responsibilities of initiating effective approaches for the development of the agriculture. As an amendment in the act, the bank is also permitted to operate the Commercial Banking functions. ADB/N operates following three types of activities:

- Development of financing for the agricultural development.
- To run the Small Farmer Development Program to support the poverty alleviation program of the government.
- Commercial Banking functions for the mobilization of domestic resources.

2.4 Small Farmer Development Program (SFDP)

The Small Farmer Development Program (SFDP) was initiated in 1975. It is a poverty alleviation program based on group approach. It was the outcome of the FAO/UNDP joint regional project named “Asian Survey of Agrarian Reform and Rural Development” (ASARRD), which recognized the fact that special efforts were needed to support the poor and disadvantaged groups. As a pilot project in Nepal, it was first tested at Mahendranagar in Dhanusha District in August 1975 and at Tupche in Nuwakot District in February 1976.

The main objective of the SFDP is to improve the socio-economic condition of small farmers living in the rural areas of hills and terai by providing financial and non-financial services. The specific objectives are:

- To help small farmers increase their productivity, production and income thereby improving their quality of life by encouraging them to carry out other subsidiary activities.
- To increase employment opportunities for small farmers by mobilizing their skill labour and local resources.
- To enable small farmers to develop their own institutions and formulate village level plans and programs according to their choice and needs and implement them accordingly.
- To build up a feeling of social solidarity and trust among group members to raise their voice for different services by different socio-economic programs like health and sanitation, nutrition, water supply and family planning.

2.5 Small Farmer Cooperatives Ltd. (SFCL)

This model is an outcome of a major policy shift within Nepal's largest poverty alleviation program, i.e. the Small Farmer Development Program, which was started in 1975. In the early 80s, the program came under increasing criticism for its high overhead costs and deteriorating recovery rates. The transfer of SFDP to the small farmers is one of the innovative exercises of the bank where the farmers will be more responsible to run the program. Small Farmers cooperative limited is a grass-root level organization established in the rural areas. The working area of this cooperative is one village development committee. The SFCL is an autonomous institution owned, managed and controlled by the small farmers. The planning, implementation, monitoring and supervision activities of the SFCL are carried out entirely by the beneficiary members.

SFCL is a multi-service co-operative designed to deliver primarily financial and thereafter non-financial services to its members in the rural areas. SFCLs are civil

society organizations, which pool their joint resources to meet basic needs and to defend their members' interests. Small farmer groups are formed as joint liability groups at the village level, usually consisting of 5 to 12 members. These bodies allow members to start and operate financial and non-financial services required by the group members. Altogether there are 225 SFCLs in Nepal.

The SFCL system approach is based on three strong foundations:

1. The local SFCLs at the grassroots level
2. The Small Farmer Development Bank and ADBN at national level to provide refinance facilities, and
3. Federations/networks of SFCLs to provide non-financial i.e. technical support services.

Main characteristics of the SFCL:

- Established in rural areas and managed by the users.
- Operate in very low overhead cost.
- Internal resource development towards Self-Sustainability.
- Promote services at the doorsteps to the members.
- Organizational structure on Participatory Approach.

Other activities of SFCL:

- Marketing of Agricultural Inputs
- Dairy Operation (Milk collection and supply)
- Livestock Insurance Service
- Transportation and Communication Services in Rural Areas
- Banking Services in the Village
- Adult Literacy Program and Primary School Operation
- Community Forest and Environment Conservation

2.6 Three Tiered Structure of SFCL

A SFCL is a three-tiered organization with small farmer groups, inter-groups and a central committee as the main pillars. The SF groups are the basic unit at the grassroots, and collect savings from individual members every month and deposit it with the SFCL, assess credit needs of members for income generating activities based on their individual capacities. There is a probation period of six months for new members to be eligible for loan.

The IGs function as the bridge between the SF groups and the MC. The IG is composed of the representatives of the SF groups. The main function of the IGs is to ensure timely loan recovery from the SF groups based on which further loans are recommended to the MC. The IGs also undertake saving activity for development purposes.

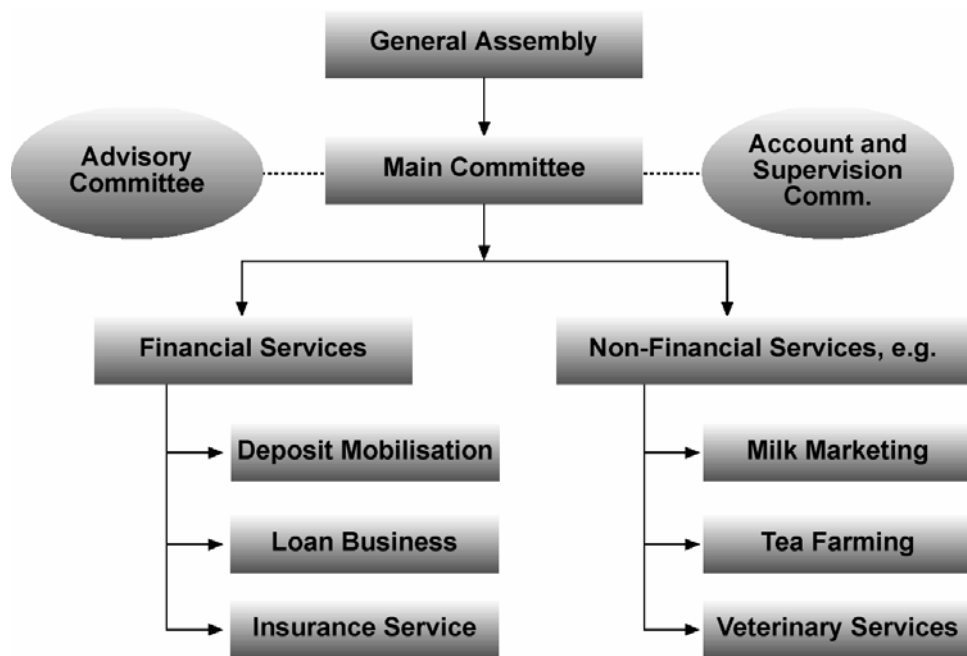
The MC is the Board of Directors of the cooperative and is composed of the representatives of the IGs. One representative of each IG joins the main MC at the VDC level. The nine member main committee approves the program of the SFCL and decides on the implementation of any other projects such as office building construction, livestock insurance schemes, consumer stores, etc. To handle the daily operations of the organization, a chief manager, an assistant manager and a helper are employed by the SFCL. Either the chief manager or the assistant manager should be female.

Fig 2.1. The Organizational set up of a Small Farmer Cooperative Ltd.



SFCLs deliver various financial and non-financial services. Financial services include various forms of voluntary and compulsory savings products, a variety of loan products as well as a livestock insurance scheme. Non-financial services include the construction of irrigation channels, establishment of milk collection centers, nursery programs or women empowerment programs.

Fig 2.2 Service Delivery System of SFCL



2.7 Organizational Structure of Small Farmers Cooperatives

Fig: 2.3 Organizational Structure of Small Farmers Cooperatives



2.8 Participation of Women in SFCL

Credit is provided for different purposes related to production, marketing and other income/employment generating activities. To develop the saving habit among small farmers, group savings and their mobilization are also being undertaken as an integral component in which every member is required to deposit a certain amount (as per a decision made by the group) in a group savings fund. As a complementary input to credit and savings services the target groups of the program are also trained in different areas such as group management and functioning, savings mobilization, income generating activities, etc.

The SFCLs provide significant space for the participation of women. It has been recognized by the SFCL members that women are more responsible managers of household finances and are disciplined SFCL borrowers (Shrestha, 2004). Women make proper use of loans and make timely payment of interest. Participation in

SFCL opens up the possibility for enhanced economic upliftment for women. The group approach has been particularly significant for women's development in the villages. Beside economic gains, they also acquire other various skills by joining SFCL.

The number of women groups and female cooperative members is increasing much faster than the number of overall groups and membership. The major reason behind this is that female members are more reliable credit clients and better co-operators than males (Eckart et.al, 2004). SFCLs have brought positive change in women's participation and found greater potentialities of leadership development and increase in decision-making capability.

Participation of women in such programs has been helpful to lessen household financial strain and have been a tool to empower rural women in decision making as regards to their financial matters. SFCL has a positive impact on the socio-economic situation of their members. It has been proved that they are the best managers of money and also make sure that it goes to the development of the whole household particularly the children. Therefore, it is very important to make sure women are involved in mainstream development activities. However it is also very important to make sure their workload does not get increased.

3 RESEARCH METHODS

This chapter deals with the techniques and the procedures used during the research study. This includes the selection of the study area, research design, nature and sources of data used, sampling technique and procedure, data collection techniques, reliability of the study, analysis and presentation of the data and the limitation of the study.

3.1 Study site selection and rationale of its selection

On the basis of simple random sampling method the selection of individuals was done from the each SFCL group. The study included two geographical region of the country and it covered both the female groups only and mixed group and it clearly shows the effectiveness and the situation of the SFCLs that are operating in the rural areas. The outcomes of the study can be used for further operation of the program more effectively. country.

The selected SFCLs for the study are:

- 1) SFCL group of Bhandara in Chitwan District.
- 2) SFCL group of Devdaha in Rupandehi District
- 3) SFCL group of Kewalpur in Dhading District
- 4) SFCL group of Ravi Opi in Kavre District

3.2 Research design

The research was conducted on the basis of both the exploratory and descriptive methods. The research was based upon the members formed in Small Farmers Cooperative Limited in four Districts including Terai and Hill region of the country. The study helps in describing the socio-economic situation of the small farmers in rural areas. This study was aimed to establish certain relationship between credit facility and other impacts of SFCL and the socio-economic situation of farmers in the study areas.

3.3 Sample Size

This study will be based on Terai and Hill region of Nepal. Altogether four SFCLs were selected i.e. two SFCLs from each region. Two SFCL of women farmers and two SFCL of mixed group (both men and women) were selected for the study. 50 respondents were selected for the interview from each SFCL. Altogether 200 respondents were selected for the study. From each group one respondent was taken for the interview. The sample was selected on the basis of probability sampling method through Simple Random Sampling.

3.4 Nature and Source of data

Both primary and secondary sources of data were used in this study. The secondary data were collected from documents, reports, journals etc. Different books and bulletins of RUFIN and ADBN were used for the secondary data.

Primary data was collected from interview with individual members of SFCL Program, key informants and ADB personnel. For the collection of primary data a questionnaire was prepared and it was filled by the researcher using direct personal interview method. The researcher also observed the field and tried to get necessary information through the interactions with the farmers.

3.5 Data collection techniques and tools

The *primary data* were gathered by applying the following research techniques:

- **Household Survey:** A semi-structured interview schedule was prepared to take interview with the members of SFCL Program. Besides interview, the researcher let her respondents open up their experience and express themselves in their own terms and at their own pace.
- **Focus Group Discussion:** To know the people's perception regarding the SFCL Program, Focus Group Discussion were conducted among the group members. It helped to find out the detailed information regarding the program.

- **Observation:** Observation with the use of checklists to study how the people are getting benefit from the program. Researcher was very careful in observing the participation of group members in different activities i.e. their participation in group meetings, decision making capacity, their performance and achievements.
- **Key Informant Interview:** Checklist was also prepared to take information from the key informants who have detail knowledge about the program. Key informants were sampled purposively on the basis of their information.

The *secondary data* were collected from different published and unpublished sources. The publication of ADBN and RUFIN were used for the study. Other different published articles, documents, books etc. were also be used to obtain the necessary information.

3.6 Reliability

The study is reliable because it is field based and the members from different SFCL groups were represented in the study. Focus group discussion was conducted among the group members for collecting more information. The key informants were consulted in obtaining the necessary information and the most important aspect is that it covered both the women groups and mixed groups of SFCL.

3.7 Method of Data Analysis

The data was analyzed both electronically and manually. The information collected from the field study was processed manually. The information was grouped and sub-grouped then they were classified as per the necessity to meet the objective of the study. The systematic analysis is done by using simple statistic tools and the data are presented in the form of tables and percentage in a descriptive way.

3.8 Limitation of the Study

The study has covered only 4 SFCLs out of 225 SFCLs in the country. It may not be generalized in other areas. The findings of the present study may not be so relevant to all the small farmers since it covers limited number of respondents from the selected SFCLs. These are the major limitations of this study.

4 DATA ANALYSIS AND INTERPRETATION

This chapter deals with the description and interpretation of data collected in clear and precise form. It analyses the socio-economic condition, participation of small farmers in the management of SFCL program, contribution in gender equality and the achievements made by its members through this program.

4.1 Achievements made by the small farmers through SFCL Program

4.1.1 Household Coverage

Household coverage by SFCL depends on various factors like availability of other financial institutions in the particular VDC, nature of services provided by SFCL. As the membership in SFCL is based upon the group approach people find it more difficult and time consuming to be a member and to get its services. During study, it is found in Terai region. The coverage is high in case when there are no other financial institutions in the VDC and people have to rely mainly on SFCL to fulfill their financial needs. The overall coverage of households is shown below:

Table 1: Household Coverage by SFCLs

Name of SFCL	No. of households (HHs) in VDC	No. of SF groups	No. of SF members	Appx % of HHs covered in VDC
Bhandara	2578	105	534	14
Devdaha	6000	145	870	16
Kewalpur	1200	70	405	34
Ravi Opi	898	69	366	41

Source: Field Survey, 2008

In case of Devdaha SFCL, people were complaining about the length of time they have to spend for getting the services. The available other financial services have also contributed on this regard. In case of slums people do not have land and they do hesitate to become

the member because they can not take the needed amount of money when they lack collateral. In Ravi Opi SFCL, Dalits do not want to become the member because of social hierarchy prevailing in the society. Efforts have been made to include them in the program but still Dalits do not want to include themselves. The Ravi Opi has the highest coverage in VDC. The coverage area also depends upon the number of staffs in the SFCL, the area of VDC and distance of households from the SFCL.

4.1.2 Women membership in SFCL

The SFCLs give more emphasis on the participation of women members in its program. The number of women members is significantly high among the mixed SF groups. The table below shows the proportion of women membership in all the SFCLs. The number of mixed group is found rare. In case of mixed group women participation is found relatively low. The existing mixed group is the continuation of SFDP program. After the conversion of program from SFDP to SFCL no such groups are formed considering its impact upon the women members.

Table 2: Extent of women membership in SFCLs

Name of SFCL	No. of women groups	No. of men groups	No. of mixed groups	Percentage of women in total membership
Bhandara	105	-	-	100
Devdaha	104	37	4	70.9
Kewalpur	70	-	-	100
Ravi Opi	38	24	7	48.63

Source: Field Survey, 2008

In selected SFCLs, the percentage of male members is high in Ravi Opi. Here, the main occupation of the people is agriculture and men are also fully involved in it. As it is a mixed SFCL men comes to take the services and when there is women's involvement also then men does the activities for women and women though they are the member do not know the provisions for taking loan, rules and regulations of the organization. In Devdaha there are many other financial institutions and the community members themselves are forming there own group and they manage it on their own. Male are more attracted in other institutions. Women lack collateral to take loan from other institution.

So they want to be a member in SFCL. In Teari members are found to be involved in other cooperatives and self help groups. In Hill members do not get this opportunity.

4.1.3 Number of Years of SFCLs in Selected VDCs

There is no difference found upon the effectiveness of the program on the basis of length of time the program has been in operation in the community. For instance, Bhandara SFCL has a history of only 12 years but the performance is more effective and is one of the good SFCL among the other selected SFCL. This shows that the leadership and commitments of the group members plays a vital role in its performance. In case of Ravi Opi though it has a long history of 23 years it is limited within the financial activities only and the participation of the group members is also found low.

Table 3: No. of years spent by the SFCL

Name of SFCL	Under SFDP	As SFCL	Total
Bhandara	7	5	12
Devdaha	13	11	24
Kewalpur	3	7	10
Ravi Opi	19	4	23

Source: Field Survey, 2008

4.1.4 Repayment Rates in SFCL

Loan is taken for productive activities but in some cases people use it as per their need like house construction, marriage, buying goods for household consumption. In this case there arises a difficulty to repay the loan back if farmers do not have enough income sources. Members in Ravi Opi and Kewalpur were reporting that the investment of money is quite higher than its output. Since majority of the farmers depend only upon agriculture they do not have other income sources and sometimes the agricultural production will not be as desired by farmers.

Table 4: Repayment rates in selected SFCLs

Name of SFCL	Repayment Rate (%)
Bhandara	91.56
Devdaha	78
Kewalpur	71
Ravi Opi	71

Source: Field Survey, 2008

The results of the four studies indicate that the poor have the capacity to save and repay loans if appropriate products are designed for the members. *In Kewalpur, one of the MC member said that once the cooperative was closed for three months at that time also one woman from poor economic background forced the staffs of SFCL to take her interest on time.* This shows that how dedicated is the members if they really take it seriously and feel responsible towards the organization. The repayment rate is found high in Bhandara SFCL which comprises 91.56%. In some cases when wife takes loan then husbands and family members are not bothered about it and do not pay on time.

4.1.5 Economic Impacts of SFCL upon the group members

The main focus of the SFCLs in selected 4 districts is only on providing financial support to its group members though there has been other contribution as well. After joining SFCL members' reliance upon the local money lenders has decreased. While borrowing the money from other sources they had to pay high interest rate and it was quite difficult to make the lenders satisfied. One of the respondents said that *“before we need to bow and plead for the financial support in front of informal money lenders in absence of SFCL but now the program has made us self reliant. As it is a formal institution we find it easier.”*

Table 5: Economic Impacts felt by the members after joining SFCLs

Parameters/Indicators	Respondents (N)	Percentage
Increase in Income	110	55
Increase in Saving	148	74
Easy access to credit	187	93.5
Access to low interest rate	153	76.5
Increase in self-confidence in financial transactions	136	68
Women's financial contribution in their family	134	67

Source: Field Survey, 2008

Table 6: Change in Income of the Farmers after Joining SFCLs

Name of SFCL	Increased (%)	No change (%)	Decreased (%)	Total
Bhandara	63	35	2	100
Devdaha	74	18	8	100
Kewalpur	50	34	16	100
Ravi Opi	70	22	8	100

Source: Field Survey, 2008

It was seen that there has been an increase in income of cooperative members since they joined a cooperative. The SFCL have contributed significantly on the income level of rural farmers. Principally it functions mainly as a rural development bank by providing different credit to its member groups. From this report it can be said that the contribution of SFCL is significantly high to increase in income.

4.1.6 Social Impacts felt by the members after joining SFCL

The group members listed a number of other social impacts that are felt after joining the SFCL. It could be noticed while interacting with them. When the respondents were asked for any information, they were open up with the information they have. But in case of non- members they are quite reluctant to provide any information because they think that they do not know anything before they are asked for any information. This shows that among members of SFCL the level of confidence has increased which was also expressed by the members themselves.

Table 7: Social Impacts felt by the members after joining SFCLs

Parameters/Indicators	Respondents (N)	Percentage
Increased cooperation among group members	192	96
Increased participation in meeting and public speaking	135	67.5
Increased cooperation between husband and wives	118	59
Opportunities to come outside from household sphere	150	75
Sharing of new ideas among group members	79	39.5
Increased confidence among the participants	188	94
Feeling of can do something	179	89.5

Source: Field Survey, 2008

One of the female participants reported that “*Now I am conscious about the other financial activities that are done at household level by the husband.*” Here she mentioned

one incident that once her husband dropped a sheet of paper from his pocket. She saw the sheet and came to know about the financial transactions done by him and can ask and share about it with him. Here the changes in her is that before joining SFCL she herself was not interested to know these things but now she is more conscious on financial matters. SFCLs have positive impacts on the socio-economic situations of the participating members. The immediate change after joining SFCL is to be independent from money lenders. Saving habits among the members has increased a lot. According to participants the present saving could be helpful for them in future and in case of emergency.

Among men participant the major contribution of SFCL is more on economic aspect. Men member says that the loan system is providing their life easier and they have a feeling that they can do something on their own. In case of emergency they can take the support from the SFCL, Somehow they feel that future is secured to some extent. The programs impact upon women is more than this. Women respondents reported that the cooperation between husband and wife has increased, increased respect for women from the family members, men started sharing their involvement in other economic activities and women's decisions on economic as well as other household activities is taken into consideration by the family members. In the social life they have gained more confidence and have feeling that they can contribute to the society. Women can keep their opinions in front of groups, leadership skill is increased.

4.2 Management of SFCL by Small Farmers

4.2.1 Management of SFCL

SFCL is considered as one of the effective agricultural and rural development programs in delivering services to the rural poor by seeking their direct participation especially in the socio-economic development front. All the respondents said that they are consulted and respected in group meetings, they can express their ideas. All the group members are found to be cooperative with each other.

The respondents said that the group decisions are made jointly by the group members. The group meetings are being held regularly and punctually resulting in

increased participation of the group members except in few cases. The finding shows that credit can serve as a locus for women's increased mobility, solidarity and overall social mobilization.

4.2.2 Roles and Responsibilities of each unit within a cooperative

Main Committee

- Management of the organization
- Monitoring & Follow-up
- Co-ordination with the line agencies
- Resources collection & mobilization

Inter-Group

- Credit recommendations
- Saving collection & mobilization
- Playing an intermediary role between main committee & the groups
- Implementing social & community activities

Group

- Identification of group activities
- Saving collection
- Credit recommendation

SFs

- Credit demand & repayment
- Savings deposit
- Be an active members

4.2.3 Provision for getting the membership in SFCL

For getting membership in SFCL, community members from the same VDC of SFCL has to form a group consisting of 5 or more groups as per the group convenience. They need to register it in SFCL. IG from the same ward makes evaluation of the particular group and recommends it to SFCL. The staffs, if needed, will visit the members in their own locality. Group members have to show their citizenship card, purchase share and pay entry fee to get registered in SFCL. During study it has been found that women had made

their citizenship certificate just to be a member of SFCL. This has opened up the way for women members to go to other formal institutions also. For instance buying land in women's name. In some cases, when women lack their identity card then they do not get an opportunity to do any other work outside household sphere.

4.2.4 Members representation in different layers of SFCL

Each group sends a representative to the ward level inter-group (IG) and each of the IG sends one representative to the main committee of the SFCL. Thus there is an indirect representation of all the groups in the SFCL. Executive members are allowed to inspect the SFCL accounts if they wanted and groups would know about the status through their group representatives of the respective IGs. IGs have played important intermediary role between the groups and the SFCL.

4.2.5 Frequency of meeting in SFCL by Group Members

The findings of the study show that the frequency of monthly meetings among the group members is high in women SFCLs as compared to mixed group SFCLs. In Devdaha members prefer to do financial activities from other financial institutions because of SFCLs group approach in taking loan. According to them it is difficult to meet the IG members at the time of need and it is also time consuming for them. When there is no financial transaction in SFCL then they also do not conduct monthly meeting. In case of financial need only they conduct the meeting as per their convenience.

Table 8: Frequency of Meeting by SFCL Members

Name of SFCL	Monthly	As per the need	Never	Total
Bhandara	46	4	-	50
Devdaha	32	13	5	50
Kewalpur	48	-	2	50
Ravi Opi	35	10	5	50

Source: Field Survey, 2008

4.2.6 Provision for getting loan

First of all to get loan group members has to call for a meeting and discuss about the loan needed. All the group members have to sign on the application form. After a loan demand

is made by the group, it is processed in the IG. The SFCL provides loan after it receives recommendation from the IG. The involvement of group leaders and inter-group leaders in this process of lending loan has helped to increase the repayment rate among the participating members in SFCL.

Group pressure and social prestige play an important role while lending money to the group members. All group members are familiar to each other and reside in the same VDC so there is little chances to cheat or fraud the group members. When loan becomes overdue, members will receive a request letter for the payment of loan. If one member does not pay the loan on time then other group members are also not eligible to take the loan. This has been one of the constraints in the program. Most of the group members are complaining on this aspect. The group members, SFCL staffs and IG members visit the defaulters at home and keep the issue in IG and MC meetings which helps in creating pressure in loan payment among the defaulters.

Majority of the group members are complaining in its group approach for obtaining the loan. As the program is based on group concept, the negligence of a person might influence the whole group. Thus a sincere person may be deprived of privilege due to an irresponsible person from the same group. This has led some of the members to do their financial transaction in other cooperatives or banks which work on individual basis.

4.2.7 Areas of Investment

The SFCL sanctions loan and helps in supervising loan collection. There is no clear cut lending policy which would direct the SFCL to limit the extent of loan. It depends upon the economic status of the member and the internal savings that the organization has from its group saving. In Devdaha the maximum amount for the loan is rupees 2 lakhs, in Kewalpur it is 50 thousand, in Bhandara it is 90 thousand and in Ravi Opi the maximum amount is rupees 1 lakh. Loans are provided for the purpose of livestock farming, business, irrigation, gohar gas, purchase of agricultural inputs and doing agri-business. Looking upon the trend of foreign employment SFCL also provides loan under this heading. Members who have taken loan from SFDP and are not able to pay it back can not participate in the program. When having interaction with them they showed the interest of participating in SFCL but they are not able because of an overdue before the

hand over to the SFCL. Some of the borrowers are ultra-poor and they have nothing to pay back. In such situation proper assessment has to be made so that real poor would not suffer only due to their economic situation.

4.2.8 Transparency and Sustainability of the Program

The SFCL has written records of all the financial transactions. Every year in general meeting staffs of SFCL provide the detail information of the organizational activities to the group members. If needed or desired by the group members then the financial condition of the organization is made transparent to the group members. This has made the members realize that the organization is their own and they also show concern in the organizational activities.

The SFCL is not in a situation to sustain on its own and can not meet its objectives of helping the rural poor and alleviating rural poverty. It needs technical and financial support from different organizations to sustain in a long run. People have strongly realized it as their own organization. Unless all small farmers who are associated with the SFCL increase their socio-economic status, sustainability in real sense is questionable. Thus one of the important indicators of sustainability is the economic conditions of the farmers. From the study it has been found that in each SFCL there is a need for one community worker who can look upon the overall performance of SFCL, develop linkages to other organizations to bring the appropriate resources in the community for the benefit of the rural farmers.

From the study it can be seen that the SFCL is less dependent than before on economic aspect and is able to mobilize the internal financial resources from the group members. This indicates the sustainability of the organization in future. The operation and management of the SFCL is systematic and the leadership from the IG, MC and group members is highly motivating which also helps to sustain the program.

4.2.9 Available Infrastructure in SFCLs

All the selected SFCLs do not have its own office building. Bhandara and Devdaha SFCLs are in the process of making their own building. When there is no own infrastructure then they have to rent the rooms for office and which is paid from the profit

made by the SFCL. Therefore group members were also more concerned on this and wanted their own building. This shows the ownership of people towards the program and their concerns on the organizational activities. There is no proper infrastructure in SFCLs except from Devdaha. In Devdaha there is a computer for keeping records of each individual, rooms are also sufficient to run the program. But in other three SFCLs there are not any such facilities. All the accounts are done manually in registers. In absence of any banks in nearby areas for keeping the money and important documents may lead to dangers of getting looted when there is no proper storage facility.

4.2.10 Training Program

A major cause of poverty in rural areas is the absence of lucrative employment opportunities. This is often the case in the developing country like Nepal where agricultural productivity is low and farming is mainly a family enterprise. Therefore there is a need of different training programs for the local farmers so that they can utilize their knowledge in income generating activities. Special emphasis should be given in agricultural training programs. Members are found interested to participate in training programs which could be helpful for them in their income generating activities.

SFCL is providing different training programs. It has provided training on animal health, vegetable farming, bee-keeping as well as training on management, accounts & operation of groups & inter-groups, agro- business, environment protection, health issues proper investment of loan, animal health, sewing & cutting. These training were useful for members participating in the program but members who could not participate do not know about the training contents and detailed information. Therefore group members has suggested that selection of appropriate persons for training & follow up of training for the continuous use of gained skill from training were as an important issues for future consideration.

The main agriculture product in Kewalpur during study time was *Ginger*. Group members said that some of them are provided training on how to cultivate ginger but still they are not able to get proper output from cultivation. While giving any training the length of training, the understanding level of the farmers, demonstration during training

period and proper follow up program is needed which is found lacking in the training programs given before.

Training programs can help the group members to know about the different issues and encourage them to participate in the program. Still the coverage of training program is limited among the few members. As most of the members' main occupation is agriculture, there is a need to provide trainings on agriculture and other life skill training for income generating activities. Life skills training can help the members to utilize their time and effort in other activities when there is no agriculture work.

For the IG and MC members the training focus should be upon their involvement in making SFCL more useful to small farmers and for the staffs on office management with adequate infrastructure.

4.2.11 Performance of SFCL as compared to SFCL

After the conversion from SFDP to SFCL the dependency on external resource has been decreasing. Though the internally generated revenue is not enough for all activities, SFCL is gradually becoming less dependent on external sources for financial support. The SFCL has dedicated members in IG, MC and some group members too. They believe that with the increased responsibilities they have learned to be better managers and gained confidence in handling their affairs more independently and efficiently. Actively involved members do not have any incentives in terms of money so the members were unable to devote their time on regular basis so they prefer any other candidate to take their responsibility. Staffs also do not have fixed working hour. This shows the dedication of the workers and effectiveness of program after handover. SFCL staffs are from the family of small farmers. Therefore, they are more responsible and performance oriented. They are available all the time. Most of the farmers liked the co-operative as they feel that it is their own. It can be seen that most of the farmers comment was positive toward the SFCL. The problems as mentioned by the respondents were related to the lack of required level of management skill, need for unlimited time of the MC and IG officials for SFCL activities. There is an inadequate capital and technology and absence of incentives and reward to the IG and MC members which makes the members difficult to take out their time from their daily activities.

4.3 SFCL as a means for promoting Gender Equality

Women get equal opportunity when they participate in decision making process. Women should have the right to participate in the processes that affect their lives. When they are not consulted and not respected, it leaves them powerless and voiceless. Though women play a major role in the household economy, they do not enjoy the same decision making power as their male counterparts. Women depend upon the male members with regard to decision making in the investment of money. The study shows that after the involvement of women in SFCL their role in decision making has increased in SFCL as well as in family level. Since women are the borrower of the SFCL majority of them had their own decision making in the investment of the money.

Majority of the women reported that they can spend the money on their own choice. Those who did not have decision making on expenditure were financially dependent upon their husbands. It was found that women are more concerned about their family members. While spending money also they think about other family member's interest rather than spending for oneself. In case of joint family women have to ask their husbands or in-laws while spending the money.

SFCL has provided knowledge on banking system to the women members. Because of this women are aware of their husbands' involvement in other financial transaction and started showing concern on this. Women members reported that husbands have also started sharing about their work in the family. From the study it has been found that in case of mixed group SFCL when the men members take the loan then the wives regularly ask the SFCL staffs about the loan taken by him and the timely payment of the loan. In addition, it has contributed to women empowerment by providing them the basis for earning of income and social mobilization.

Women's involvement in regular meetings has equipped them equally as men in financial activities and in doing other social activities. Group savings done by the female members is not shared to their family members by the SFCL staffs. As it is confidential between the organization and the member herself it made women to save for her future which also helps her for economic independence. They reported it as one of the good way of saving for the future.

It has made women good manager of financial activities. Most of the women started doing first financial transaction from SFCL. This has open up the way for women to take loan and invest according to their need which would not have been possible in absence of SFCL in case when women lack collateral. It reduces the dependency of women upon men for financial needs. The findings of other various studies also show that women make more responsible managers of household finances and disciplined borrowers of SFCL. The repayment rate is also found high among women members.

To supplement the above mentioned statement this example can be taken. When interacting with one of the male members of SFCL, he said that women do not want to take risk and also do not have capacity for it so the repayment rate is high among women. But in contrast men can take risk on financial activities. This statement also proves that women are more responsible and from the time of taking loan she thinks about the repayment of loan and manages it accordingly. Women in Devdaha have celebrated Women's Day from SFCL. This will help in bringing unity among the women members and make them more conscious and aware of women issues. Women's involvement in other community activities brings consciousness among the community people about the capability and strengths of women. SFCL has become a platform for the members to share their views with each other and learn from each other. It creates a confidence among the members and they themselves are also aware of their capabilities.

4.4 SWOT Analysis of SFCL

Strengths:

- Feelings of ownership among group members
- Operated in the community level by the local people, more sustainable
- People are more actively involved because it is handled by themselves
- Target clients are in the process of moving towards financial viability
- Repayment rate is increasing after transformation from SFDP to SFCL
- Wide coverage (225 SFCLs are operating at community level)

Weakness:

- Lack of proper infrastructure i.e. own building, computers and location of the organization (in case of hill areas)

- Lack of technically sound human resources
- Lack of technical inputs from different concerned organizations
- In case of mixed group participation of women in leadership is lacking

Opportunities:

- Existence of supporting organizations like GTZ, ADBL, SFDB
- As the SFCL is owned by the local people themselves there is a possibility of getting support from other donor organizations
- Loan can be fully utilized by mobilizing it to the enterprises
- The social prestige of women will be increased through the exposition of their potentialities (gender equality in society)
- Enhancement of capacity will enable farmers to create job opportunity
- For women it will help in self decision making and hence will increase their status at household level
- It can be sustainable and thus can be a successful example of people's owned program

Threats:

- Lack of professional human resources
- Prevalence of unlimited needs and desires of farmers for non-financial services
- Geographical constraints, mainly hilly areas
- Lack of clear vision among the participating members in SFCL
- Due to its group approach people find it difficult to join SFCL if there is an availability of other financial institutions which work on individual basis
- Lack mobilization of internal resources
- Members lack proper management efficiency and other skills development training
- Lack of proper investment and market intelligence has led to low risk taking capacity among farmers, especially high among women farmers

5 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

A great majority of the world's population still reside in rural isolation confronted by problems such as poverty, disease, illiteracy, inadequate resources and such others. Incidence of poverty is higher in rural area as compared to the urban and semi-urban area of Nepal. Therefore, reduction of poverty is the main challenge for the development of Nepal, and hence poverty reduction has been the main focused program in the past as well as present national development plan of the government. Improving access to financial services, especially credit, has been commonly viewed as a strong tool to fight poverty.

Most of the farmers suffer from the problems of lack of agricultural inputs. There is less savings and less agricultural capital. Due to this reason rise of rural agricultural sector through rural credit is one of the great steps towards the developmental activities in Nepal. The Small Farmers cooperative Limited (SFCL) is one of leading sectors to finance in rural agricultural sector. The SFCL is being popular among the rural farmers. It is providing financial credit and other social services. Feeling of ownership is one of the main reason due to which they are utilizing it for their own benefit. It is providing different financial credit and other social services. . It is one of the great contributions of the SFCL to expand the group saving. It is a great initiation to mobilize the small saving in rural area. Despite widespread rural poverty, the rural poor are able to generate their own savings.

All the group members are found interested to join SFCL because of its low interest rate and saving facility. The SFCL in the study areas are primarily based upon the saving and credit. Group members find it easy to participate in SFCL because it is in their local area and the groups are homogenous. Each and every member is involved in making group decisions. As the group members are from the same locality it is easier for the members to participate in monthly meeting. Rural farmers' such participation in SFCL has been found effective in exploring their potentiality, developing leadership capability and managerial skill. The staffs in SFCL are from the same VDC and also the family members of small farmer groups. Because of this farmers find it easier to work with

them. On one hand SFCL has provided employment opportunity to the local people and on the other hand the program will be more effective since the staffs can recognize the felt needs of the local people and are more familiar to them than the outsiders.

Most of the people in the study area are engaged in agriculture sector. Agriculture is the main source of income in the family and they do have small pieces of land which is not sufficient for their livelihood. So they have to depend upon other sources of income also. Most of them have invested the money in agriculture and animal husbandry as this is their main occupation. Some of them have used it in establishing their own business. Similarly, there is a lack of adequate technical services in the areas of agriculture & livestock. Transportation difficulty and shortage of adequate funding are the major problems which make management more difficult for the rural farmers. There is a lack of motorable road and to carry agricultural products to the nearest road point transportation cost becomes too high for the farmers.

SFCL in itself does not promote any kind of business activities among the farmer groups. The investment of loan is done on an individual basis. It has been noticed that SFCL role in promoting its members for new area of investment is very much needed in rural context. People take loan but they do not have clear idea about the productive investment. In this case SFCL along with other supporting organization can help the farmers for proper utilization of the loan.

The right to identity is a strong basis for recognition of the nationality of person. To participate in SFCL the member need their citizenship certificate. Most of the women members did not have their citizenship certificate before joining this program; they made this certificate mainly to join the program. This is one of the achievements of the members because in some cases they are denied to different opportunities since they do not have the citizenship certificate. Micro credit to the poor helps in economic empowerment which improves socio-economic condition of the community people. While talking about women members, women without money do not have the freedom to make their own decisions and do as they want. Due to economic dependency they have to face problems like domestic violence, psychological domination and no decision making power in the family. Therefore SFCL has been found as one of the best models for poverty alleviation of rural women by providing them financial security.

5.2 Suggestions given by the group members for the effective operation of SFCLs are as follows:

- Some of them find it difficult to pay the interest of the loan they have taken so they want low interest rate.
- Awareness program on different issues need to be organized so that small farmers will be aware of it.
- Employment oriented training should be provided to the group members.
- The primary occupation of the majority group members is agriculture so they want agricultural trainings and field visits from the SFCL. Majority has said that the input in the agriculture is high than the output.
- There must be a dealer of seeds, fertilizers and chemicals in their own area so that farmers can obtain it on time and in reasonable price.
- Adult education program for the farmers. When the group members are illiterate then it is difficult to operate the accounts
- To generate employment opportunity for the local people cottage industry should be established.
- The other people are also interested to join the group; SFCL should cover the large number of people so that everyone can take benefit from its services.
- The group approach for taking loan need to be removed so that easy access to loan can be guaranteed.

5.3 CONCLUSION

A multi-disciplinary approach to study the problems of the small farmers is needed to understand the complex socio-economic system of the small farmers and device the means of helping them. There is a definite need to raise awareness throughout the country to the ability and potentiality of small farmers and also to encourage them to come forward. All development programs should be made balance from a gender perspective. Many government programs benefit men more than women; women in Nepal therefore remain poorest of the poor. For achieving sustainable livelihood and rural development;

discriminatory norms, values, structure and policies need to be transformed into socially just and gender equitable ones. Diversity in discriminatory values and practices, policies and laws need to be changed from the women's and marginalized group's perspective. The real development is only possible when we can equate our thinking and action with that of small farmers.

These grassroots level institutions are therefore likely to play a significant role in alleviating rural poverty. Hence it is imperative to provide financial as well as technical support to such institutions. SFCL is a self-reliant institution of local small farmers providing services to them from their own resources to advance the social and economical status of small farmers in a sustainable manner. The program has shown the positive impact in terms of loan disbursement, collection, saving generation, capital formation and operating cost.

SFCL in isolation can not do everything for community development. There is a need to place a program in the larger context of the development and growth integrated with other mutually reinforcing supportive activities. Along with credit farmers also need other inputs like business and technical training, establishing of market linkages for inputs and outputs and some infrastructure. While introducing any program collaborative efforts have to be made from different stakeholders.

SFCL has been managing their organization more efficiently and effectively as compared to SFDP. Due to access to credit, living conditions have improved for a large majority of SFCL members. Saving habits among group members has increased. SFCLs are able to generate significantly large sums of cash from their internal sources. This program has had a positive impact on social as well as economic well being of the group members. Thus grass-roots level self-help organizations like SFCL has been proved to be an effective means in the process of poverty alleviation. The role of ADBN along with other supporting institutions needs to be further enhanced so that a large number of real poor of the country can benefit from it.

5.4 RECOMMENDATIONS

On the basis of the findings of this study, the following recommendations are made to the government sector and concerned authorities in order to increase the women's participation in different developmental activities.

- Along with the saving and credit facility other employment oriented training programs should also be introduced to the women farmers in order to boost up their economic productive ability. Special emphasis should be given on agricultural training since majority of the people are dependent on agriculture.
- Marketing is found to be the major problem in the studied area. So there is a need of exploring market possibilities for the small farmers.
- Literacy rate among women is found very low therefore there is a need to provide literacy program to women.
- The SFCLs that are not using computers have to get access to it because as the coverage of the program goes on increasing then the manual accounting will be difficult.
- The SFCLs are becoming more popular and effective among the small farmers so, such programs need to be enhanced to cover large areas. It was found that women were interested to join the program, so opportunity should be given to those women by expanding the coverage.
- Effective network among the various SFCL groups need to be emphasized so that members can learn from other successful groups.
- The newly joined members do not know much about the SFCL activities, objective. While forming new group they should be provided detail information of cooperatives.
- Participation of the local people should be ensured throughout the process of resource identification, capacity building, planning, program implementation, monitoring and impact assessment.

- The government and the other organizations should formulate their programs and policies based upon this model since SFCL provides significant space for the participation of the women.
- The government should implement gender-balanced approach in programs and policies for achieving sustainable livelihood and rural development.
- Women's contribution and their multiple roles in the society need to be understood by the state.
- The effectiveness of women's participation in SFCL should be recognized at the national level.

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- 20) How do you feel about the working environment of SFCL?
- Friendly
 - Helpful
 - Lack of cooperation among group members
 - Do not get chance to participate in the programs
 - Others (Specify)-
- 21) Are your concerns taken into account in the meetings? Yes No
- 22) Is there sharing of responsibility among the group members?
- Yes No
- 23) In your group who takes the decision for organizational activities?
- Male
 - Female
 - Both
- 24) How is the participation of male and female members in regular meetings?
- 25) How is the cooperation between male and female in your group?
- Good Ok Bad Others (Specify):
- 26) Have you ever faced any difficulties to fulfill your responsibilities?
- Yes (Specify)-
- No
- 27) With whom do you consult if there is any problem in your activities?
- With group members
 - With committee members
 - With friends
 - Others (Specify)-
- 28) How is the performance of your group members?
- Good
 - Just OK
 - Bad
 - Don't know
 - Others (Specify)-
- 29) Is there a division of work among the group members?
- Yes
 - No
- 30) How often do the group members conduct a meeting?
- Frequently
 - Sometimes
 - Never
 - As per the need
 - Monthly
 - Others (Specify)-
- 31) Do all the members participate in the meetings?
- Yes
 - No (Specify)-
- 32) Do you know what happens at IG and MC meetings?
- Yes No
- If yes, Could you please explain it?

44) If yes, from which source:

- Bank
- Friends
- Relatives
- Village money lender
- Co-operative
- Others (Specify)-

45) Did you find any difficulties to take loan from other sources?

Yes No

46) If yes, what were the difficulties for you?

- High interest rate
- Lack of collateral
- Exploitation
- others (Specify)-

47) Do you find any difficulties in loan repayment?

Yes (Specify)

No

48) What is the provision for the one who is not in a position to pay back loan?

49) What did you do with the loan you have taken from SFCL?

- Started own business
- Invested in agriculture/vegetable farming
- Invested in animal husbandry/ cattle raising
- Child education
- Others (Specify)-

50) Did you invest the money on your own decision?

Yes No

51) If no, who took the decision?

- Husband
- In-laws
- Wife
- Children
- Others (Specify)-

52) Can you spend the money on your own choice?

Yes No

53) If no, who decides for the expenditure of the money?

- Self
- Husband/Father/Son
- Father-in-law
- Mother-in-law
- Wife
- Others (Specify)-

54) What happened to your income after utilization of the credit?

- Increased
- Decreased
- No change

Annex 2:

Checklist for Key informant

- 1) Idea about the women/men farmer's interest in joining this group
- 2) Attitude among the farmers towards this program.
- 3) Benefits from the program to the group members.
- 4) Utilization of knowledge and training provided through SFCL.
- 5) Effectiveness of women's involvement in this program.
- 6) Performance of Male and female in SFCL groups
- 7) Management of SFCL
- 8) Relation of MC, IG & SG
- 9) Your view point on increasing number of SFCLs having only female members.
- 10) Amount of loan.
- 11) Loan disbursement pattern.
- 12) Interest rate.
- 13) Repayment rate.
- 14) Areas of investment and its effectiveness.
- 15) Any problem in SFCL.
- 16) Suggestions/Recommendations for further effective operation of SFCL.

THANK YOU FOR YOUR THOUGHTFUL RESPONSE.

Annex 3:

Checklist for Focus Group Discussion among group members of SFCL:

- 1) Feelings of working with mixed group (men & women) in SFCL.
- 2) Mutual understanding among the group members.
- 3) Cooperation among the group members.
- 4) Areas of involvement in SFCL.
- 5) Division of work among group members.
- 6) Role of men and women within a group.
- 7) Frequency of meetings.
- 8) Easy to get loan from SFCL.
- 9) Difficulties in loan repayment.
- 10) Any problems in SFCL.
- 11) Benefits from SFCL.
- 12) Utilization of the credit and its benefits.
- 13) Importance of SFCL for local people.
- 14) Changes within oneself after joining SFCL.
- 15) Level of satisfaction from the involvement in SFCL.
- 16) Suggestions for further effective operation of SFCL.

THANK YOU FOR YOUR THOUGHTFUL RESPONSE.