

CONTRIBUTION OF NIRDHAN UTTAN MICROFINANCE INSTITUTION TO SAVING MOBILIZATION AND MANAGEMENT AT MICROENTERPRISES: A CASE STUDY OF RAMKOT BRANCH IN KATHMANDU OF NEPAL

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ABSTRACT

The objectives of this study were to assess the contribution of Nirdhan Utthan Microfinance Institution, Ramkot branch in Kathmandu on saving mobilization and investment in different types of businesses or enterprises and to determine the roles of the microfinance to the economic status of its borrowers and entrepreneurs. The study applied both quantitative and qualitative data using a descriptive research design and case study method. It has employed both primary and secondary sources of data. Thematic analysis was used for primary data. Secondary data was analyzed using simple statistical tools such as tabulation and percentage. The finding has shown that microfinance has been successful to mobilize and manage saving in different business and economic sectors such as agriculture and forestry, cottage industries, services, trading, social and consumption, and other sectors. The finding of the study has also indicated that about 98.70 percent of the borrowers were successful to receive a collateral-free loan from microfinance. Likewise, the analysis reveals that microfinance has been successful to motivate household members to deposit in different saving accounts such as Personal Savings, Central Fund savings, Sambridhi Savings, and Nari savings and to create entrepreneurs. The study has found that microfinance was an important tool to improve the economic status of borrowers and entrepreneurs. Nirdhan Utthan Microfinance Institution should increase its number of borrowers and entrepreneurs and try to collect savings and mobilize them efficiently and effectively to enhance the economic status of the borrowers and stakeholders.

Keywords: Borrowers and entrepreneurs, Contribution, Economic status, Microfinance, Microenterprises, Saving mobilization.

1. INTRODUCTION

Microfinance is a well-established finance program for saving mobilization (Dusuki, 2008). Following this spirit, Duru et al. (2017) believe that microfinance mobilizes the saving to develop small and medium enterprises. It is one of the best models for income generation activities by collecting the income of low-income groups. Magugui et al. view, "Microfinance is very important in creating access to productive capital for the poor to enable them to move out of poverty" (as cited in Idris and Agbim, 2015). In developed countries, individuals have easy access to credit but in underdeveloped countries, individuals do not have easy access to credit (Omotsefe & Noza, 2019). Awojobi (2019) & García-Pérez et. al., (2020) argue that services of microfinance institutions (MFIs) can make management and administration sound, enhance return on

investments of people, improve performance and productivity of people, boost their living standard, and can help people with low income to lessen poverty. Microfinance is a financial service that includes loans, payment services, savings, money transfers, and insurance for marginalized people in the community and their microenterprises (ADB, 2000).

Microfinance contributes to uplifting the socio-economic status of marginalized people by establishing micro and small enterprises, especially in rural areas (Paudel, 2011). Thus, microfinance helps in managing finance and improving the economic status of poor people by setting up small businesses. It is a more effective tool that succeeds to pull poor people into economic activity by providing microloans and managing financial resources usually less than \$200 only (Adhikari & Shrestha, 2013). Likewise, Robinson (2001) and Nair (2001) believe that microfinance is financial services on a small scale for marginalized people (as cited by Omondi and Jagongo, 2018).

So far as Nirdhan Utthan Microfinance is concerned, it has launched the program by providing banking or financial service facilities such as loans, deposits, remittances, and insurance to low-income societies. The main strategy of this institution is to mobilize and manage the saving and to provide loans for the poor and needy people especially poor women under group guarantee. It has provided banking facilities with collateral for potentially large and various loan products and without collateral for low-income groups developing self-reliant groups with Bangladesh Grameen Bank's model. It has provided non-financial services such as skill development training, literacy training, entrepreneurship development training, financial status for critically ill members, scholarships for members' children, and status for natural disasters. The major concern of this institution is to provide collateral-free micro loans to the poor, especially women, and to participate in financial activities for socio-economic development by collecting households' savings through the microfinance program. If the collected scattered income of the borrowers is not mobilized, the program will be at a loss. At this juncture, the present study aims to assess the extent to which the services of Nirdhan Utthan Microfinance, Ramkot branch in Kathmandu contribute to the saving mobilization and investment in different microenterprises and to determine the role of the institution in the economic status of its borrowers and entrepreneurs.

Statement of the Problem: Almost all of the underdeveloped countries have been fighting poverty issue because of the dearth of proper financial management and availability. Poor and disadvantaged groups are more deprived of this problem, especially women. Nepal is a very poor country in the world. Microcredit program is a crucial tool to reduce poverty and empower the poor and vulnerable people (Limbu, 2014). About 70 percent of loan has been provided to high-class businessmen in Nepal by the banks (NRB Report, 2078/79). Low-income groups have been facing the problem of financial shortages to launch small and petty businesses in Nepal. They are not able to achieve the loan through banks due to the collateral system of the bank. The contribution of MFIs to saving mobilization, financial management, and poverty reduction has been considered doubtful due to mixed results of a research study conducted by different researchers and scholars about the effect of MFIs service among small and micro-entrepreneurs in Iringa Municipality, Tanzania (Mrindoko & Pastory, 2022).

So far as Nepal is concerned, Nirdhan Utthan Microfinance has launched the program to assist poor people especially women through its financial activities with collateral-free loans. The program of this area has participated in different financial activities to make the economy capable by collecting household savings, launching meetings, providing loan facilities, loan repayment,

and compulsory saving. Nirdhan Utthan Microfinance has launched the microfinance program intending to collect scattered money from households and invest micro-loans in them and bring them into economic activities. To the best of the researchers' knowledge, there is little literature on this phenomenon in the Nepalese context. A few research works previously undertaken in this regard is controversial too. Because of this context and reality, it is directed to attain the answer to the following research questions:

1. What is the contribution of Nirdhan Utthan Microfinance Institution, Ramkot branch located in Kathmandu on saving mobilization and management in various microenterprises?
2. What is the role of Nirdhan Utthan Microfinance Institution in the economic status of its borrowers and entrepreneurs after being involved in microfinance?

Limitations of the Study

This research work has the following limitations:

- i. Since all of the data in this study was gathered from a single institution and micro and small borrowers and entrepreneurs of the same institution, there is a likelihood of common bias and hence, the study cannot be generalized.
- ii. Further study can be carried out by applying survey-based questionnaires using Likert Five-Point Scale and adding more demographic and social-economic variables of micro and small entrepreneurs and loanees.

Review of Literature

The review of literature includes the following conceptual review, theoretical review, and empirical review:

Conceptual Reviews

World Bank defines microfinance as the provision of financial services which work in favor of people in poverty. MFIs can be government banks, commercial banks, cooperatives, credit institutions, non-governmental organizations (NGOs) non-bank financial institutions (Ledgerwood, 1999). Microfinance program is seen as a targeted rural-based program for saving mobilization by collecting the scattered income of the rural areas. In this context, these programs are launched all over the country such as in rural and urban areas where poor, disadvantaged, and deprived groups are living.

In the history of microfinance in the world, the 1980s represented a turning point when microfinance such as Grameen Bank started to give micro and small loans (Robinson, 2001). The program initiated by Yunus was replicated in Nepal through Nirdhan Non-Government Organization (NGO) in 1991 and run the program from March 1993 for the "people without money" (Nirdhan Utthan Microfinance Institution Report, December 2022). Nirdhan Utthan Microfinance Institution was established under the Company Act 1997 of Nepal in November 1998 to uplift poor people through financial activities. Nepal Rastra Bank approved the license in 1999 under the Development Bank Act 1996 to run banking activities. Now, it is operated under the Bank and Financial Institution Act 2017. It expanded to 77 districts, and 549 local areas with 1190 office staff and 185 branch offices. It has 48,848 total groups and 397,596 total members out of which 395,453 female members and 2143 male members. Ramkot branch has 1500 members to enhance the economic status of entrepreneurs, out of which 1020 were the borrowers of

Microfinance. Nirdhan Utthan Microfinance program is the first Microfinance program in Nepal. It was launched with aiming to provide financial facilities to low-income groups, especially women groups for reducing poverty.

Theoretical Reviews

This study was guided by the Grameen Bank Model. Village Bank Model and the theory of Empowerment are also supportive of this study.

Grameen Bank Model: - This program was developed by Prof. Mohammad Yunus. Grameen Bank is a bank for the poor that provides credit without collateral to the poor for poverty reduction and it was based on Grameen Bank Financial System (Yunus, 1994). Objectives of Grameen were to extend banking services to people of low income and low living standards for their employment opportunities and to utilize limited and unused resources. He further argues that poverty is not created by the poor, but it is created by the existing world system which denies fair change to the poor. This program is targeted program toward the poorest of the poor. It especially focuses on poor women's participation and income-generation activities with existing social norms and values.

Village Bank Model: - This model was introduced by John Hatch in the 1980s in Bolivia (Fotabong, 2011). The objective of this model was to increase small-scale loans and advances to rural people to boost their standards of living through entrepreneurship. Village bank gives loans to individual members of the bank.

The Theory of Empowerment: - This theory was propounded by Zimmerman (2000). This theory advocates in favor of marginalized and disadvantaged people enhancing their livelihood by mobilizing and properly managing the financial resources of financial institutions. It focuses on helping poor people in terms of personal, interpersonal, economic, and political power.

Empirical Reviews

Mwakajumilo (2011) has described the contribution of the microfinance program to saving mobilization and poverty alleviation in Tanzania. This study's objective was to examine the effect of this program on saving collection and its mobilization for poverty alleviation. For this, the study has used primary as well as secondary sources of data using semi-structured questionnaires and in-depth interviews taking 250 samples. The study has found that the microfinance program was significantly able to collect savings and mobilize the saving for promoting economic activities. The study suggested that economic policymakers collect the scattered money to boost the nation's economy to reduce poverty.

Idris & Agbim (2015) have described microfinance as enhancing the nation's economy for poverty reduction. The study's objective was to determine how microfinance helps women to increase their economic activities and women entrepreneurs. The study employed primary data and questionnaires as a tool. A systematic sampling technique was applied to collect data and regression analysis was used to analyze the data. The study has found that microfinance was successful to collect household saving and disburse it among the involved women participants. The study concluded that microfinance has emphasized saving collection and investment in small enterprises to foster the economic status of women. The study suggested that loan amounts should be increased to promote business and women's participation.

Awojobi (2019) has explained microfinance's contribution to lessening poverty in Nigeria. This study was to investigate the effect of a microloan to promote economic activities. It used quasi-experimental studies from 2008-2018. For this, the study has chosen twenty kinds of literature as

a sample. The study has found that nineteen microfinance institutions have a positive role to reduce poverty by utilizing the microloan. The study concluded that the microfinance program has strengthened the business strategy for poverty reduction by collecting the saving of low-income groups.

Haque et al. (2019) have discussed the efficacy of microfinance in economically empowering borrowers in Malaysia. The major objective was to investigate how microfinance economically empowers borrowers by saving mobilization. The study has adopted primary data and 384 sample borrowers from the Amanah Ikhtiar Malaysia microfinance. The empowerment index was set to analyze the data. The discussion has shown that about 61.7 percent of borrowers were involved in the business sector before microfinance loans and after it reached 77.6 percent. The discussion has also shown that borrowers' income earning capacity was improved by 65.93 percent. The study concluded that the microfinance program has significantly enhanced the economic power of women.

Tongquan & Chengyu (2020) have analyzed the joint cooperation program of China and the United Nations Development Program (UNDP) to evaluate the influence of the microfinance inclusion program on decreasing poverty by collecting household savings and its mobilization. The study has found that the Chinese government has participated in improving financial access for the poor and launched the poverty alleviation program. Likewise, UNDP has launched the inclusion financial system and has led international cooperation programs on a pilot basis to boost the Chinese economy to reduce the financial shortage in poor communities. They launched the cooperative's microfinance program for poverty alleviation by collecting household savings. The study concluded that the microfinance scheme is the alternative program for saving collection and mobilization.

Ahamad et al. (2021) have discussed the microfinance program on the asset accumulation of borrowers. The main aim of this study was to find out the impact of microfinance on the asset accumulation of borrowers. For this, the study has employed primary data using questionnaires as tools taking 192 sample borrowers. The study has found that microfinance institution was successful to collect household saving and mobilization but was not able to asset accumulation. The institution was successful to bring marginal change in the housing condition of the borrowers.

Mrindoko & Pastory (2022) discovered that MFIs that participated in commerce, agriculture, service, and manufacturing sectors contributed to reducing poverty, to some extent but not to improve the income of small and micro-entrepreneurs in Iringa municipality, Tanzania.

Adhikari & Shrestha (2013) concluded that microfinance institution has an effective tool for raising the economic status of borrowers who began micro and small enterprise with loan in the earlier days. Furthermore, it was inferred that the socio-economic status of borrowers, particularly women was higher than that of non-borrowers. Also, entrepreneurs were socially empowered because of group formation and solidarity generated by the microfinance program (p. 48).

Poudel (2007) stated that microfinance helps to boost earning and an accumulation of property, which in turn decrease poverty and make it capable of better education, health, and housing for loanees. Moreover, microfinance can help to empower women through generating income and social mobilization.

Ghale (2005) revealed that microfinance is a technique to finance people for their enterprise or business without collateral or any property. It contributes to reducing poverty, empowers them,

and sustainably provides social benefits.

Karna (2019) has described the determinants of the microfinance approach of rural women households and its effectiveness in Nepal. The study found that women participated in various self-employed initiatives and attended their household activities. Their works have not been monetized and spent more time in just the household domain. The study concluded that microfinance is essential to develop confidence and strengthen poor people and needy people especially women by mobilization of household savings.

Limbu (2014) found that microfinance program helps women entrepreneurs to increase their income, uplift their economic status, improve their living standard, learn new things, enroll their children in private school, become strong, develop self-respect, utilize money, to go against domination and suppression.

Objectives of the Study

The objectives of this study are:

1. To assess the contribution of Nirdhan Utthan Microfinance Institution, Ramkot branch located in Kathmandu to saving mobilization and management in various microenterprises.
2. To determine the role of Nirdhan Utthan Microfinance, Ramkot branch located in Kathmandu to the economic status of its borrowers and entrepreneurs after being involved in microfinance.

Significance of the Study

Individuals in the community are not equally competent, knowledgeable, and skillful. Thus, these individuals should be given chances, access, and the right to control sources and resources according to their abilities. Microfinance or microcredit can grant multi-dimensional opportunities such as improving living standards, collateral-free loans, and self-employment to poor, marginalized, and vulnerable people, especially women (Adhikari & Shrestha, 2013, p. 36). Microcredit can be regarded as an innovation for developing nations like Nepal.

This study on “Contribution of Nirdhan Utthan Microfinance, Ramkot Branch in Kathmandu to saving mobilization and management in different small business sectors” is of great significance in itself. This research study will clarify the contribution of Nirdhan Utthan Microfinance Institution and how it mobilizes and manages saving amounts. The findings of this research would be helpful for micro and small enterprises as it will be an eye-opener concerning the capacity of such organizations to give people the capital they want. Also, MFIs involved in such services would take benefit from the findings of this study. This study also helps managers to make appropriate policies and strategies and manage finance effectively and efficiently. The learners and stakeholders will be beneficial from this study because they can get much understanding and awareness. This study, to a great extent, will succeed to fulfill the knowledge gap. This research will also be helpful to academicians, scholars, and researchers as a basis for further research in Nepal.

Research Gap

Mixed results have been found among scholars on the contribution of MFIs to saving mobilization and poverty alleviation in Iringa Municipality, Tanzania (Mrindoko & Pastory, 2022). To the best of the researchers’ knowledge, there is a dearth of the article and extensive

research studies on this issue in the microfinance sector, especially in the Nepalese context. The empirical studies undertaken have been found conflicting. Furthermore, the researchers have not found any research work carried out on the contribution of Nirdhan Utthan Microfinance Institution of Ramkot branch located in Kathmandu district on saving mobilization and management in small enterprises and the role of the institution to enhance the economic status of its borrowers and entrepreneurs in general. The present study is an attempt to fulfill these gaps.

2. RESEARCH METHODOLOGY

The study applied a descriptive research design. The study has adopted a mix method-quantitative and qualitative using both primary and secondary sources of data. Open-ended questionnaires were used for interviews as primary data secondary data were collected from the annual report from Nirdhan Utthan Microfinance, Ramkot branch. In addition, authentic books, articles, dissertations, reports, and online sources of the study were studied. For this, the study has selected Nirdhan Utthan Microfinance, Ramkot branch located in Nagargun Municipality of the Kathmandu district as a case study. Simple statistical tools namely tabulation and percentages were applied to analyze the data. Thematic analysis was applied to primary survey data. The data used in this study have been incorporated up to October 2022. This research study has also been completed on the same date.

3. RESULTS AND DISCUSSION

This section consists of the presentation of data both in quantitative and qualitative ways, findings, interpretation, comparison, conclusion, and practical implication.

Description of Loan of Ramkot Branch of Nirdhan Utthan Microfinance Institution

Nirdhan Utthan Microfinance Institution has disbursed loans with collateral and without a collateral system. It has provided micro-loans without collateral to low-income groups, especially women groups.

Table 1 *Distribution of Loans to Borrowers in 2022*

Loan Types	Amount	Per centage
Collateral Free Loan	Rs. 96,217,392.05	98.70%
Collateral Based Loan	Rs. 1,270,039.00	1.30%
Total	Rs. 97,487,431.05	100.00%

Source: Nirdhan Utthan Microfinance, Ramkot Branch, 2022

Table 1 shows the loan distribution pattern to the borrowers until 2022. The data has shown that 98.70 percent of the borrowers were successful to receive a collateral-free loan from the Nirdhan Utthan Microfinance Institution of Ramkot branch. Likewise, 1.30 percent of borrowers were successful to receive a collateral-based loan from the institution.

Saving Collection Status of the Members

Nirdhan Utthan Microfinance Institution has collected the saving from the members of the Ramkot branch. The members have deposited money in different accounts. Every member has deposited money in all saving accounts.

Table 2 *Description of Saving in 2022*

Types of Saving	Amount in Thousands	Per centage
Personal Saving	Rs. 16,000,637.55	19.99%
Central Fund Saving	Rs. 1,570,083.30	1.96%
Nari Saving	Rs. 15, 884, 887.94	19.84%
Sambridhi Saving	Rs. 46,599,305.88	58.21%
Total	Rs. 80,054,904.67	100%

Source: Nirdhan Utthan Microfinance, Ramkot Branch, 2022

According to Table 2, 58.21 percent of depositors have deposited in Sambridhi Savings Account until 2022. Likewise, 19.99 percent of depositors have deposited money in Personal Saving Accounts and 19.84 percent of depositors have deposited money in Nari Saving Accounts. But 1.96 percent of depositors have deposited money in Central Fund Saving Account.

Saving Mobilization in Various Economic Sectors

In this section, the study has discussed the saving mobilization status of the Nirdhan Utthan Microfinance. It has mobilized the saving in different economic sectors as loans to promote the economic activities of the members.

Table 3 Saving Mobilization Sectors in 2022

Economic Sectors	No. of Borrowers	Per centage	Loan in Amount (0.000)	Per centage
Agriculture and Forestry	372	36.47%	30,211,445.30	31.30%
Cottage Industries	70	6.86%	79,43,522.3	8.23%
Service (Trading Activities)	556	54.50%	57,528,783.70	59.59%
Social and Consumption	2	0.19%	38,446.89	0.04%
Others	20	1.96%	82,571.86	0.09%
Total	1020	100%	96,547,920.05	100%

Source: Nirdhan Utthan Microfinance, Ramkot Branch, 2022

Table 3 indicates that Nirdhan Utthan Microfinance has mobilized saving as a loan in five different economic sectors such as agriculture and forestry, cottage industries, services, social and consumption, and others. Until 2022, the total numbers of borrowers were 1020 out of which 556 borrowers, or 54.50 percent of borrowers have received a loan from Microfinance to regulate trading activities such as grocery shop, beauty parlor, and tailoring. Likewise, the loan has been received by 36.47 percent of borrowers to run agriculture and forestry-related activities and the loan has been received by 6.86 percent of borrowers to run cottage industries. Similarly, 0.19 percent of borrowers have received a loan to manage the household’s social and consumption activities such as children’s education, and house maintenance but 1.96 percent of borrowers have received a loan to run other activities such as unexpected happenings.

Results of the interview conducted with some research participants attest to the findings. When asked about the improvement of economic status due to the microfinance program a goldsmith, a research participant, of Nirdhan Utthan Microfinance responded:

“I am a member of Nirdhan Utthan Microfinance Institution for eight years. I compulsorily deposit Nepalese currency 1200 rupees as my saving on the 22nd day of each month. I have to pay an

additional Rs. 15,300 on the same day monthly for an installment payment system for borrowing loans amounting to Rs. 300,000 to produce silver jewelry products based on wages. I charge a service fee and 10 percent wastage to the businessman concerned in producing jewelry products including the wage amount. This job, to some extent, is economically helpful in my household” (Field Survey, 2022).

In a face-to-face interview with a grocery shopkeeper who was also a borrower of the same microfinance on a similar question stated a similar view:

“After being participated in the microfinance program, I can earn by myself, uplift my standard of living, create an impression and good image in my family and society as well, increase my saving capability to a great extent, reduce poverty status and make the decision on how to utilize earned money wisely” (Field Survey, 2022).

In a telephone interview, a cosmetic entrepreneur who was also a loanee commented:

After being involved in the Nirdhan Utthan Microfinance program, my income level has changed positively to some extent in comparison to before being engaged in the microcredit institution. I am also playing a significant role in terms of economic support to my family. Nowadays, I am able and confident to learn new things about society and the nation. I feel confident myself. I can face household and social problems. I perceive myself economically and socially empowered. Hence, microfinance has uplifted the economic status of women entrepreneurs” (Field Survey, 2022).

In a face-to-face interview with a grill-making borrower and also entrepreneur, a research participant, of the microfinance institution of the Ramkot branch argued:

Nirdhan Utthan Microfinance Institution has supported me to stand on my own due to its important economic and financial activities through the microfinance program in our society. It is an important instrument in gradually lessening the poverty rate. In my opinion, microfinance is a developmental tool of society and country as well, particularly in an underdeveloped country. It has changed my living style as well as my standard of living in a positive direction. In addition, microfinance program leads to self-respect. I can get exposed to society. Overall, microfinance is a powerful tool to uplift the economic support and status of poor people” (Field Survey, 2022).

In a face-to-face interview with the same microfinance vegetable borrower and also entrepreneur, a research participant, viewed:

“Nirdhan Utthaa microfinance contributed to me and like-minded other borrowers and entrepreneurs in many forms such as schooling our children, eating fresh and hygienic vegetables, making fertile land, maintaining healthier and energetic life, and operating household expenses. However, vegetable entrepreneurs have to tackle problems on matters relating to adequate fertilizer and seeds Microfinance program help me to accomplish economic self-reliance too by performing income-generating tasks and by providing an opportunity to be self-employed because it helps me to utilize my labor, efforts, skills, and local resource” (Field Survey, 2022).

When asked about the extent to which economic status is improved after being involved in the Nirdhan Utthan Microfinance Institution, Ramkot branch, a Rudraksha entrepreneur presented:

“I am happy with my Rudraksha trading because a small part of my capital amount rest on borrowing from Nirdhan Utthaa microfinance which plays a crucial role in my trading activities. It also helps to earn foreign exchange. I import this product from Indonesia and export it to foreign countries including China”. (Field Survey, 2022).

When asked about economic development due to the microfinance program of Nirdhan Utthan Microfinance an Auto Repairing entrepreneur shortly remarked:

“Microfinance program has become me powerful tool to generate employment that leads to promoting economic status. It is friends of poor people” (Field Survey, 2022).

When asked a question a Photo Studio entrepreneur and loanee of the microfinance stated:

“Microfinance program has been an economic supporter to earn an income due to self-employment generation that has been possible for receiving collateral-free microloans from the institution. This makes me possible for my economic development” (Field Survey, 2022).

An employee as a research participant of the same microfinance shared her experience, *“The Nirdhan Utthan microfinance lends small and microloans to its woman members with 15 percent loan. The male is restricted to take a loan from this institution. Membership is provided to persons having a group of ten women. Any single member should not be involved in Nirdhan Utthan Microfinance Institution and they should have their own home. Members under this category can borrow a small loan and invest in any economic sector to earn money which tends to play an important role in the economic activities of borrowers and entrepreneurs”* (Field Survey, 2022).

4. DISCUSSION

The first objective of the study was to assess the contribution of Nirdhan Utthan Microfinance Institution of the Ramkot branch located at Nagarjuna municipality of Kathmandu district of Nepal to saving mobilization and management at microenterprises. The aforementioned table incorporates the data from the beginning of microfinance up to 2022. The study revealed that Nirdhan Utthan enterprises were involved in agriculture and forestry, service, social and consumption, and others. Table 1 has shown the loan distribution pattern to the borrowers. The data has shown that 98.70 percent of the borrowers were successful to receive a collateral-free loan from the Nirdhan Utthan Microfinance Institution of Ramkot branch. Likewise, 1.30 percent of borrowers were successful to receive a collateral-based loan from the institution. It shows that microfinance has emphasized more collateral-free loans than collateral-based loans. Table 2 indicates that depositors deposited their money in Sambridhi Saving, Personal Savings, Nari Savings, and Central Fund Savings. Such a saving collection scheme of microfinance has helped to mobilize saving. Most of the money has been deposited in Sambridhi Saving Account as this account has provided the depositors with more interest rates than other accounts.

Table 3 indicates that Nirdhan Utthan Microfinance has provided more amount of loans in service sectors. The Nirdhan Utthan Microfinance has been able to collect savings of Rs. 80,054,904.67 thousand and it has disbursed Rs. 96,547,920.05 thousand to borrowers in different economic sectors of entrepreneurs. It shows that disbursed money is 17.08 percent more than saving money. It reveals the success of Nirdhan Utthan Microfinance in saving collection and mobilization. It can be interpreted that microfinance’s collateral-free loan has helped to mobilize and manage saving in various economic activities. This study is consistent with the studies of Mwakajumilo (2011), Idris & Agbim (2015), Awojobi (2019), Haque et al. (2019), and Tongquan & Chengyu (2020). The study is in line, to some extent, with the study of Karna (2019).

The second objective of this study was to determine the role of Nirdhan Utthan Microfinance Institution, Ramkot branch located in Kathmandu in the economic status of its borrowers and entrepreneurs. Silver jewelry manufacturers receive a wage, service fee, and wastage charges from the businessman of the silver product and ultimately improved enough economic status from manufacturing entrepreneurship. Different types of entrepreneurs namely gold smith, grocery, vegetable, cosmetic, rudraksha, and grill have got benefitted in many forms such as schooling their

children, feeling independent, getting exposed, eating fresh and hygienic vegetables, making fertile land, maintaining healthier, uplifting poverty, earning income, and operating household expenses. The study revealed that loanees and entrepreneurs of Nirdhan Utthaa microfinance of Ramkot branch improve their economic status after being involved in different small business sectors. The study is in line with the studies of Limbu (2014), Ghale (2005), Karna (2019), Poudel (2007), Ahamad et al. (2021), Mrindoko & Pastory (2022), Adhikari & Shrestha (2013).

5. FINDINGS AND RECOMMENDATIONS

The data shows that most of the borrowers (54.50%) have received a loan to run trading or service sectors followed by agriculture and forestry, cottage industries, and others, and negligible to social and consumption. Similarly, the largest loan amounting to Rs. 57,528,783.70 (59.59%) has been disbursed to service sectors followed by agriculture and forestry, cottage industries, and others, and negligible to social and consumption. It is found that microfinance is successful to mobilize and manage the savings amount of its members in various business and economic sectors. It is also found that microfinance has played an important role in promoting the economic status of its borrowers and entrepreneurs.

It is recommended that the Nirdhan Utthan Microfinance Institution should expand its branches to collect saving and mobilize them and enhance the economic status of the poor and low-income groups. It should contribute to narrowing down the financial shortage of stakeholders and conduct its work effectively to attract women entrepreneurs and empower them. In addition, there is a need for MFIs to reduce bureaucracy in loan applications to run their businesses and repay their loans without affecting their businesses. Also, this study suggests micro borrowers and entrepreneurs attain entrepreneurial knowledge and skills to efficiently and effectively run micro and small enterprise.

6. CONCLUSION

The study aimed to assess the contribution of Nirdhan Utthan Microfinance to saving mobilization and management at microenterprises and determine the role of microfinance in the economic status of borrowers and entrepreneurs. The microfinance program has been successful to mobilize and manage the saving by collecting the household saving of the members. The microfinance program as an effective means has facilitated the members to save money in different accounts of microfinance. It has involved the members in different economic activities for income generation by mobilizing savings. Saving mobilization is one of the most important activities of the economy. The results of the study found that microfinance is successful to mobilize and manage the saving amount of its members in various business and economic sectors such as agriculture and forestry, cottage industries, services sectors (trading), social and consumer sectors, and other sectors. The finding has shown that microfinance has become successful to motivate household members to deposit in different saving accounts such as Personal Savings, Central Fund savings, Sambridhi Savings, and Nari savings. Also, the study found that microfinance has improved the economic status of borrowers and entrepreneurs after being involved in different small business sectors. Various types of entrepreneurs have got benefitted in many forms such as schooling their children, eating fresh and hygienic vegetables, making fertile land, maintaining healthier and more energetic life, and operating household expenses.

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