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Editorial

Kanchan Vidhya Mandir Samudayik College is leading college of Kanchanpur district. The college is trying to contribute research by publishing research journal along with academic activities. It is first attempt in the field of research journal published by the college. It gives broad knowledge for the researcher, students and teachers. The topic has been selected from different subjects.

The research is very difficult work applying its norms and values. This journal is suppose to be milestone to develop research culture. We hope that it will be beneficial for all the related stockholders such as students, teachers, administrators, policy makers, researchers, planners etc. We would like to thankful to our reviewers and editorial members for their great work to produce this journal. We would like to thank subject expert and article writers who have provided current articles based on research methodology. Our credit goes to all the staff of college for the preparation of this journal.

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Yoga is Back Bone of Life

 **Dr. Raj Kumar Saud**

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Abstract

Yoga in Daily Life is a system of practice consisting of eight levels of development in the areas of physical, mental, social and spiritual health. When the body is physically healthy, the mind is clear, focused and stress is under control. This gives the space to connect with loved ones and maintain socially healthy relationships. When you are healthy you are in touch with your inner Self, with others and your surroundings on a much deeper level, which adds to your spiritual health. The word “Yoga” originates from Sanskrit and means “to join, to unite”. Yoga exercises have a holistic effect and bring body, mind, consciousness and soul into balance. The main goals of “Yoga in Daily Life” are Physical Health, Mental Health, Social Health, Spiritual Health, Self- Realization or realization of the Divine within us. These goals are attained by Love and help for all living beings, Respect for life, protection of nature and the environment, A peaceful state of mind, Full vegetarian diet, Pure thoughts and positive lifestyle, Physical, mental and spiritual practices, Tolerance for all nations, cultures and religions. Yogic techniques are known to improve one’s overall performance. Pranayama is an important, yet little known part of Yoga. Until recently, this art and science of yogic breathing was almost completely unknown to the common man like many other ancient Indian arts. Pranayama techniques act to purify the nadis including these three main energy channels.

Introduction

Om Saha Navavatu Saha Nau Bhunaktu Saha Virya Karvav-Hai

Te-Jasvi Nava dhitam-AstuMa Vidvi Şav-ai

Om SantiH santiH santiH

OM Paramatma, protect and bless us.

Give us strength to come to the end of the path,

To eternal knowledge,

Help us so that we do not turn against one another,

and eternally united continue on the path together.

OM Peace Peace Peace

-Swami Maheshwarananda

Yoga is a traditional method of meditation developed by the saints of ancient India. They practiced yoga as an effective method of controlling their mind and bodily activities. Yoga in Daily Life is a system of practice consisting of eight levels of development in the areas of physical, mental, social and spiritual health. When the body is physically healthy, the mind is clear, focused and stress is under control. This gives the space to connect with loved ones and maintain socially healthy relationships. When you are healthy you are in touch with your inner Self, with others and your surroundings on a much deeper level, which adds to your spiritual health.

Yoga increases the flexibility of the spine, improves body's physical condition and heightened awareness to the importance of relaxation. It has been emphasized that each exercise be practiced slowly, coordinating movement with the breath, pausing motionless in each position and always with full concentration.

Yoga teaches you to focus on breathing while you hold the poses. This attention to breath is calming it dissolves stress and anxiety. Yoga can help cure insomnia, as regular yoga practice leads to better and deeper sleep. Yoga can help fight fatigue and maintain your energy throughout the day. Yoga is an effective treatment for a variety of autoimmune diseases because it can reduce the symptoms these diseases often cause,

such as stiffness, malaise, fatigue, and weakness. Even children can benefit from yoga. Those with attention deficit disorder and hyperactivity can learn to relax and get control by using yoga breathing and yoga asanas. Yoga has been used to help heal victims of torture or other trauma. Because yoga is a form of meditation, it results in a sense of inner peace and purpose, which has far-reaching health benefits.

Peace of Mind, Consciousness and Soul

To live in harmony with oneself and the environment is the wish of every human. However, in modern times greater physical and emotional demands are constantly placed upon many areas of life. The result: more and more people suffer from physical and mental tensions such as stress, anxiety, insomnia, and there is an imbalance in physical activity and proper Exercise.

This why of methods and techniques for the attainment and improvement of health, as well as physical, mental and spiritual harmony, are of great importance, and it is exactly in this respect that “Yoga in Daily Life” comprehensively offers an aid to help one’s self. Throughout the many years that I have been active in western countries, I have become familiar with the modern lifestyle and the physical and psychological problems faced by the people of today. The knowledge and experience I gained led me to develop the system of “Yoga in Daily Life”. It is systematic and graduated, integrating all areas of life and offering something valuable for each phase of life. Regardless of age or physical constitution, this system opens the classical path of Yoga to all. In developing this system to accommodate the needs of today’s people, much consideration was given to the conditions within modern society, without losing the originality and effect of the ancient teachings.

The word “Yoga” originates from Sanskrit and means “to join, to unite”. Yoga exercises have a holistic effect and bring body, mind, consciousness and soul into balance. In this way Yoga assists us in coping with everyday demands, problems and worries. Yoga helps to develop a greater understanding of our self, the purpose of life

and our relationship to God. On the spiritual path, Yoga leads us to supreme knowledge and eternal bliss in the union of the individual Self with the universal Self. Yoga is that supreme, cosmic principle. It is the light of life, the universal creative consciousness that is always awake and never sleeps; that always was, always is, and always will be.

Many thousands of years ago in India, Rishis (wise men and saints) explored nature and the cosmos in their meditations. They discovered the laws of the material and spiritual realms and gained an insight into the connections within the universe. They investigated the cosmic laws, the laws of nature and the elements, life on earth and the powers and energies at work in the universe - both in the external world as well as on a spiritual level. The unity of matter and energy, the origin of the universe and the effects of the elementary powers have been described and explained in the Vedas. Much of this knowledge has been rediscovered and confirmed by modern science.

These are experiences and insights a far-reaching and comprehensive system known as Yoga originated and gave us valuable, practical instructions for the body, breath, concentration, relaxation and meditation. The practices that this book offers have therefore already proven themselves over thousands of years and have been found to be helpful by millions of people.

The system “Yoga in Daily Life” is taught worldwide in Yoga Centres, Adult Education Centres, Health Institutions, Fitness and Sports Clubs, Rehabilitation Centres and Health Resorts. It is suitable for all age groups - it requires no “acrobatic” skills and also provides the unfit, as well as handicapped, ill and convalescent people, the possibility of practicing Yoga. The name itself indicates that Yoga can be and should be used “in Daily Life”.

The exercise levels were worked out in consultation with doctors and physiotherapists and can therefore with observation of the stated rules and precautions be practiced independently at home by anyone. “Yoga in Daily Life” is a holistic system, which means it takes into consideration not only the physical, but also the mental and spiritual aspects. Positive Thinking, perseverance, discipline, orientation towards the

Supreme, prayer as well as kindness and understanding form the way to Self-Knowledge and Self-Realization.

The main goals of “Yoga in Daily Life” are:

- Physical Health
- Mental Health
- Social Health
- Spiritual Health
- Self- Realization or realization of the Divine within us

These goals are attained by:

- Love and help for all living beings
- Respect for life, protection of nature and the environment
- A peaceful state of mind
- Full vegetarian diet
- Pure thoughts and positive lifestyle
- Physical, mental and spiritual practices
- Tolerance for all nations, cultures and religions

Physical Health

The health of the body is of fundamental importance in life. As the Swiss-born Physician, Paracelsus, very correctly said, “Health isn't everything, but without health everything is nothing”. To preserve and restore health there are physical exercises (Asanas), breath exercises (Pranayama) and relaxation techniques.

Within “Yoga in Daily Life” the classic Asanas and Pranayamas are divided into an eight-level system, beginning with “SarvaHitaAsanas” (meaning, “Exercises that are good for everyone”). Seven other parts follow this preparatory level and lead progressively through the practice of Asanas and Pranayamas. Several special programs have been developed from the basic exercises: “Yoga for Back Pain”, “Yoga for Joints”, “Yoga for Seniors”, “Yoga forManagers” and “Yoga for Children”. To maintain good

health, other valuable exercises within “Yoga in Daily Life” are the purification techniques of Hatha Yoga. These involve Deep Relaxation (Yoga Nidra), Concentration Exercises (e.g. Trataka) as well as Mudras and Bandhas (special Yoga techniques).

An even greater factor in the maintenance of good health is the food we eat. What we eat influences both our body and psyche - our habits and qualities. In short, the food we eat has an effect upon our whole being. Food is the source of our physical energy and vitality. Balanced and healthy foods include: grains, vegetables, pulses, fruit, nuts, milk and milk products, as well as honey, sprouts, salads, seeds, herbs and spices - either raw or freshly cooked. Foods to be avoided are old, reheated or denatured foods, meat (including all meat products and fish) and eggs. It is also best to avoid alcohol, nicotine and drugs as these rapidly destroy our health.

Mental Health

In general, we are led through life by the mind and senses, rather than having these under our control. However, to gain control of the mind, we must first place it under inner analysis and purify it. Negative thoughts and fears create an imbalance in our nervous system and through this our physical function. This is the cause of many illnesses and sorrows. Clarity of thought, inner Freedom, contentment and a healthy self-confidence are the basis for mental wellbeing. That is why we strive to gradually overcome our negative qualities and thoughts and aim to develop positive thoughts and behavior.

“Yoga in Daily Life” offers numerous methods to attain mental wellbeing: Mantra practice, the observance of ethical principles, the keeping of good company and the study of inspiring texts to purify and free the mind. An important tool in self-investigation and self-knowledge is the technique of “Self-Inquiry Meditation”, a step-by-step meditation technique of Self-Analysis. In this meditation practice we come into contact with our subconscious, the source of our desires, complexes, behavioral patterns and prejudices. The practice guides us to become acquainted with our own nature - as

we are and why we are so - and then beyond self-acceptance to Self-Realization. This technique enables us to overcome negative qualities and habits and helps us to better manage life's problems.

Social Health

Social health is the ability to be happy within oneself and to be able to make others happy. It means to nurture genuine contact and communication with other people, to assume responsibility within society and to work for the community. Social health is also the ability to relax and experience life in all its beauty.

One of the growing problems of our times is drug addiction. It is a clear sign of social illness. The system of "Yoga in Daily Life" can assist in overcoming this illness and grant people a new, positive aim and purpose in life. The importance of keeping good, positive company has a great influence upon our psyche, as such companionship moulds and forms our personality and character. Positive company is of great importance in spiritual development. Living "Yoga in Daily Life" means to work for ourselves and for the benefit of others. To do valuable and constructive work for our neighbours and the community, to preserve nature and the environment and work for peace in the world. To practice Yoga means to be active in the most positive sense and to work for the welfare of all of mankind.

Spiritual Health

The main principle of spiritual life and the highest precept of mankind are:

AHIMSA – PARAMO- DHARMA

This precept embraces the principle of non-violence, in thought, word, feeling and action. Prayer, meditation, Mantra, positive thinking and tolerance, lead to spiritual health. Humans should be protectors, not destroyers. Those qualities that really make us human are the ability to give, understand and forgive. To protect life and respect the

individuality and independence of all forms of life is a primary practice of the Yoga teachings. By following this precept greater tolerance, understanding, mutual love, help and compassion develops - not only between individuals, but between all humans, nations, races, and religious faiths.

Self-Realization or realization of the Divine within us (Healthy Life)

Cultivate indomitable will. Practice self-control and self-mastery. Have self-confidence. Develop independent judgment. Do not argue. Strive ceaselessly for Self-realization. Kill this little ego. Develop pure love. Rise above all distinctions of caste, creed and colour. Give up the idea of 'I-ness', 'Mine-ness'. Look within for the happiness which you have sought in vain in the sensual objects.

Moksha is the *summum bonum* of life. It is freedom from births and deaths. It is not annihilation. It is annihilation of this little 'I'. It is obtained through knowledge of the Self. You will have to know the Truth through direct intuitive experience. You will have to cut asunder the veil of ignorance by meditation on the Self. Then you will shine in your pristine purity and divine glory.

Do not try to drive away the unimportant and irrelevant thoughts. The more you try, the more will they return and the more strength will they gain. You will only tax your energy and will. Become indifferent. Fill the mind with divine thoughts. The others will gradually vanish. Get yourself established in Nirvikalpa Samadhi through meditation.

Without perfect Brahmacharya, you cannot have substantial spiritual progress. There is no half measure in the spiritual path. Control the body first. Then purify your thoughts through prayer, Japa, Kirtan, Vichara and meditation. Make a firm resolve, "I will be a perfect Brahmachari from today." Pray to the Lord to give you spiritual strength to resist the temptations of life and kill lust.

Constant study of the lives of saints will enable you to lead a virtuous life. You will imbibe very noble qualities. You will be gradually moulded in the spiritual path.

You will draw inspiration from them. There will be an inner urge in you to attempt for God-realization. Pray to the Lord that you may become a saint.

The Techniques of Pranayama

Yogic techniques are known to improve one's overall performance. Pranayama is an important, yet little known part of Yoga. Until recently, this art and science of yogic breathing was almost completely unknown to the common man like many other ancient Indian arts. Those who knew it used to be very reluctant to share their knowledge and experience with anyone, unless a student proved by tests that he was ready to receive it.

“Tasmin sati swasprashwas yogartivich Pranayama”

This having been (accomplished) “Pranayama” which is control of inspiration and expiration¹ the inspiration of prana-vayuishswasa and expiration is prashwasa and the cessation of both is characteristic of Pranayama. Patanjali in his Yoga Sutra describes – Yama, Niyama, Asana, Pranayama, Pratyahara, Dharana, Dhyana and Samadhi as eight angas (parts) of Yoga. Amongst them, in the present materialistic world, the third and fourth part, Pranayama and Asana (Postures) are considered as very important part and prescribed by modern medicine too. The beneficial effects of different Pranayama are well reported and has sound scientific basis. 2- 3 There is reported evidences of Pranayama that it increases chest wall expansion and lung volumes.

The ancient sages also discovered that among the thousands of nadis there are three which are the most powerful energy channels and, when purified enough, these can promote the development of the human being in all three planes: physical, mental and spiritual, allowing us to reach higher levels of consciousness. These channels are called IDA, PINGALA and SHUSHUMNA nadis. Pranayama techniques act to purify the nadis including these three main energy channels. Yogis discovered a long time ago that breathing through the left nostril stimulates the IDA nadi or the “moon channel”

(connected with the parasympathetic nervous system) and breathing through the right nostril stimulates the PINGALA nadi or the “sun channel” (connected with sympathetic nervous system). By balancing the functioning of both nadis (that is, both aspects of the autonomic nervous system) we can stimulate the main energy channel called SHUSHUMNA and harmonize the activity of the nervous system as a whole.

Conclusions

To conclude the fundamental principle of “Yoga in Daily Life” is religious freedom. Yoga is not a religion - it is the source of spirituality and wisdom, the root of all religions. Yoga transcends religious boundaries and reveals the way to unity.

“Yoga in Daily Life” offers the spiritual aspirant guidance on life’s path through the practices of Mantra Yoga and Kriya Yoga. As the most highly developed beings upon earth, humans are capable of realizing their real nature and inner Self, God. The spiritual goal of Yoga is God-Realization, the union of the individual soul with God. The realization that we are all one in our common root and connection to God is the first step. Decisions regarding your health and Wellbeing and a free, happy life, are in your hands. Practice regularly with firm determination and success will be certain.

I wish all Yoga practitioners and those still to become practitioners much happiness, success, health, harmony, joy in life and God's blessing.

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Foreign Investment & Technology Transfer Act (FITTA) 2019:

An Overview

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Abstract

The process of industrialization of the country is very important undertaking in order to build up national economy competitive, strong and employment-oriented before the people and international community. In this context, it is necessary to create sound industrial environment with proper legal and regulatory framework to promote foreign investment and technology transfer within the country. The article is henceforth focusing on the legal provisions prevailed by the current Act that how the act has facilitate to create investment friendly environment to attract foreign capital, technology and investment.

Introduction

The Foreign Investment & Technology Transfer Act (FITTA), 2019 (2075 BS) is a modern industrial law of Nepal which intends to increase the industrialization and attract foreign investment for the sustainable growth in national economy to achieve economic prosperity of the nation. Maximum utilization of the available means and resources of the country is intended as well as amendment and consolidation in the existing legal framework of foreign investment. This new act has also comprised other types of investment; like investment and re-investment in shares and Technology Transfer; in addition to Incorporate a Branch Office, Lease Financing, secondary stock market, equity through Venture Capital Fund and investment by issue of securities in foreign stock markets. The Act was commenced on 27 March 2019(2075.12.13) and has repealed the previous Foreign Investment and Technology Transfer Act, 1992(2049).

Foreign investment is the outflows of property from a investor country to cross border host countries or inflow of foreign assets in the host country from abroad with a view to investing in industries and business. while Technology Transfer is also a form of foreign investment which includes: any transfer of technology to be made under an agreement between an industry and a foreign investor on the : Patent, design, trademark, goodwill, technological specificity, formula, process, secondly: User's license, technological know-how sharing or use of technological knowledge (franchise), and thirdly: Provision of foreign technical adviser, management and marketing service or other technological skill or knowledge¹.

Major Highlights of FITTA

For the purpose of this industrial law , industry means five categories as well: Micro-industry , Cottage industry , Small industry ,Medium industry and Large industry. We can also categorize such industries on the basis of their nature of goods or services to be produced from such industries in to: Energy-Based, Manufacturing, Agriculture and Forest-Based, Mining, Infrastructure, Tourism, and ICT & information Dissemination - Based industry².

The Foreign Investors may be a foreign person, firm, company, NRN, foreign Government, International Organization or similar corporate entity and in case the investor is foreign corporate the ultimate owners of such entity that invest in Nepal. The Act has also included the NRN and foreign beneficial owners/parent company as foreign investors.

Foreigners are allowed to invest in many industrial sectors³ like Investment in shares in foreign currency , Re-investment of dividend/Profits, Investment through lease of airlines, ships, machineries and equipment (Ref. sec. 6), Investment in Equity through “Venture Capital Funds ” by “Corporate Foreign Investor” (Ref. sec. 9), Investment in secondary stock market (Ref. sec. 10)(Not effective until further notification from

¹ Sec2(f) of FITTA 2075

² Sec 17(1)(2) of Industrial Enterprise Act 2020(2076)

³ Sec 2(j) of FITTA 2075

Government), Investment through purchase of shares or asset (Ref.sec.5) , Investment by issue of securities in foreign stock markets (Ref. sec. 11)(Not effective until further notification from Government), Technology transfer (Ref, sec.7) and Incorporating Branch Unit (Ref.sec. 8) . They can make Foreign Investment individually or jointly with other foreign or Nepali person/entity. The Act also provides the provision of automatic approval and single stop Service Center. Such industries can borrow the project loan or project financing from foreign banks and financial institutions by entering into Loan Agreement after obtaining approval from Nepal Rastra Bank (NRB) and needs pre-recommendation from the relevant Ministry in accordance with the laws⁴.

Registrations, Consents and Approvals before commencement

For the commencement of the businesses, it is prior necessary to insure the registrations, consents and approvals comply with the concerned laws via :registration under Companies Act; registration under Income Tax Act and Value Added Tax Act; registration under Industrial Enterprises Act; NRB approval for inward Remittances; Environmental approvals (if applicable); and other specific business licenses, such as Electricity, Banking, Telecom, VCF, Insurance, etc. as well as Business registration in local authorities.

Self-Declaration

The sources of foreign investment must be lawful or white. So, it is also required to confess before NRB with self-declaration that the generated foreign fund is made from legally earned assets. Investors can bring such white capital in Nepal through proper banking channel after complying the NRB regulations in convertible currency, though the Indian Investors are privileged to brought such investment in Indian Currency. (sec 16)

⁴ Sec.12

Investment approving body

The FITTA requires the approval for the foreign investment and technology transfer according to the investment amount as follows⁵:

- The Industry Department under the Ministry of Industries, Commerce and Supplies has authority to approve the foreign investment not exceeding six billion Rupees.
- The Industry and Investment Promotion Board constituted under The Investment Board Act, 2010 (2068) has authority to approve the foreign investment exceeding six billion Rupees. Such approval is to be provided within 7 days once the complete documents are submitted along with application for the investment.

Formation of the Investment Board

Sense the state expedition is to create environment for investment in infrastructure development and in other sectors; the Investment Board Act, 2010 (2068) was enacted and has constituted a high-powered Investment Board in order to mobilize and manage the investment of public private partnership, co-operative and national as well as foreign private sector. section 3 of such Act has constituted the following design of the board:

- (a) Prime Minister – Chairperson
- (b) A minister designated by the Prime Minister - Vice-chairperson
- (c) Finance Minister – Member
- (d) Industry Minister – Member
- (e) Forest Minister – Member
- (f) Vice-chairperson of the National Planning Commission – Member
- (g) Governor of Nepal Rastra Bank – Member
- (h) Chief-Secretary of the Government of Nepal – Member
- (i) Four persons with at least a woman from among the experts in the field of industry, tourism, infrastructure development, commercial law and financial sector – Member
- (k) Executive Chief of the office -Member-secretary

⁵ Sec.17

Obligations to notify

Likewise, foreign Investors are entitled to notify the Department of Industry and Investment Board of Nepal within 30 days from the date of sale or transfer of assets, property, shares or any other financial instruments or change in control, or change in holding pattern of the company either in Nepal or outside Nepal. And, Entity or Branch Unit of Industries have the same obligations⁶.

Restrictions to Invest

FITTA 2019 has imposed the restrictions to invest by the foreigners in some typical industrial sector. Such are⁷: Industries or Businesses relating Poultry farming, fisheries, bee-keeping, fruits, vegetables, oil seeds, pulse seeds, milk industry and other sectors of primary agro-production, Cottage and small industries, Personal service business (hair cutting, tailoring, driving etc.), Industries manufacturing arms, ammunition, bullets and shell, gunpowder or explosives, and nuclear, biological and chemical (N.B.C.) weapons; industries producing atomic energy and radio-active materials, Real estate business (excluding construction industries), retail business, internal courier service, local catering service, moneychanger, remittance service, Travel agency, guide involved in tourism, trekking and mountaineering guide, rural tourism including homestay, Business of mass communication media (newspaper, radio, television and online news) and motion picture of national language, Management, account, engineering, legal consultancy service and language training, music training, computer training, and Consultancy services having foreign investment of more than fifty-one percent.

Repatriation of Investment and Earnings allowed⁸

Further, The FITTA provisions allow foreign investors to repatriate assets like dividends or profits or earnings, proceeds of sale of shares And, proceeds from liquidation

⁶ Sec.19

⁷ sec 3(2) /schedule 1

⁸ sec 20

and amounts recovered from legal proceedings even arbitrations are also allowed to be repatriated. Royalties as per technology transfer agreement and lease rent from lease financing, any other amount which can be repatriated legally can also be repatriated. But the royalty or fee shall not be more than 5% of Gross Sales in case of liquor industries obtains technology transfer by using TRADEMARK. This ceiling is not applicable to such liquor industries which export 100% production. Approval is required from the approving authority and NRB for each repatriation. Approval should be given within 15 days from the application date; after inquiry over the application.

Single Stop Service Centre:

Section 23 of the Act reads the provision regarding services to be provided to the foreign investors: Services to be availed from Single stop Service Centre (One window) are: Matters relating to registration and administration services, Foreign Investment and loan approval , Company registration and operation services , Labor permission (Work Permit) , Visa Facility ,Environment Impact Assessment (EIA) Approval, Focal Point for energy and infrastructure development , Permanent Account Number (PAN) , Quality Measurement and control of products of the industry , Concession or rebate for the Industries ,Approval for Foreign Exchange ,and other requirements under this Act and subordinate regulation .

Exemptions, Facilities and Concessions available⁹:

The Foreign Investors, industries or Companies with foreign investment or investors may enjoy the different Exemptions, Facilities and Concessions referred in FITTA 2019 like: facility to deal with foreign currency , Facility of foreign currency, appointment of experts, top-level technical and managerial employees , industrial security, Facility of identity card, visa facilities, land required for industry, National treatment on

⁹ chapter 5 of the FITTA 2075

reciprocal basis, assurance of no nationalization or expropriation of the industry or investment, No disadvantage in case of change in terms, services and facilities.

In addition to all exemptions, facilities, concessions and incentives or protections under FITTA, the companies are allowed to have the facilities provided under Industrial Enterprises Act, 2020 except a single facility that is provided to a sick industry (Sec 24); such exemptions, facilities or concessions are: relating to income tax, customs duty, Additional facilities for female entrepreneurs, Special provisions relating to industries operated in industrial region, Additional facilities and concessions, Guarantee of incentives, exemptions, facilities or concessions given by the Act not to be reduced. Likewise, the Industry is allowed to open bank account in Foreign Currency, to use the Derivative instrument to mitigate the risk of foreign currency exchange rate, to appoint highly skilled technician, expert and managerial staff duly who can repatriate the savings of their salary after payment of applicable tax to their home country, Provide National Treatment to the industry under FDI relating to management, maintenance, use, transfer or sale of the investment in Nepal.

Matters not to be granted National Treatment¹⁰:

As per the provisions referred in FITTA ,no foreign industry or investor can enjoy the national treatment in respect to the matters relating to: the creation of such intellectual property rights, limits thereof, transfer of title thereto or provisions requiring compulsory licensing for the use thereof as specified in any agreement made under the World Trade Organization, the exemption or facility, if any, granted to any domestic industry or goods in accordance with the prevailing Nepal law relating to public procurement, any grant or concession to be made or provided by the Government of Nepal, non-commercial services to be provided by the Government of Nepal, financial services as may be adopted or managed by the Government of Nepal upon considering appropriate on matters such as matters relating to the protection of investors, participants in the securities market,

¹⁰ Sec.32(4)

insurance policy holders or insurance policy claimants, or relating to financial institutions having liability to safeguard the financial interests of any persons or relating to maintaining soundness, morality or financial responsibility of financial institutions, involving liability or provision to accord special treatment by the Government of Nepal because of being a party to any regional or multilateral economic, monetary organization or organization of similar nature to which the Government of Nepal is or will be a party, the terms that may be specified by the regulatory body in accordance with the prevailing law in respect of repatriation of investment to a foreign country, repayment of loan (including principal, interest and fees), payment of service fees, and the protection of human, animal and plant health or the environment.

Visa Facilities to the Foreign Investors¹¹

The non-tourist visa: A foreign citizen who visits Nepal to make a study, research or survey for foreign investment can obtain the non-tourist visa up to six months.

The business visa: A foreign investor or one authorized representative of him or her and the family members of such an investor or representative can stay in Nepal until the foreign investment equal to such minimum amount as prescribed is maintained by obtaining the business visa. Here “family member” means the husband or wife, father, mother and minor son, daughter of the foreign investor or his or her authorized representative. in case an investor who makes investment exceeding the prescribed amount, such facility shall be provided only to a maximum of two persons and his or her family member; the provision reads.

The residential visa: A foreign investor who makes foreign investment in an amount exceeding one million US dollars or in convertible foreign currency equivalent thereto at one time or to the authorized representative of him or her and the family member of such a person until the foreign investment equal to such minimum amount as prescribed is maintained can enjoy the facility of residential visa.

¹¹ Sec.30

The tourist visa: Any foreign expert, technical or managerial employee to be employed in an industry in accordance with Section 27 of the FITTA shall be granted the tourist visa. Section 30 of the Act further reads: The body giving working approval and work permit for the non-tourist visa shall be responsible to make decision whether or not to give working approval or work permit, after completing the necessary procedures not later than fifteen days.

Provisions receding Dispute Settlement¹²:

Any dispute arises between a Nepali investor and a foreign investor in relation to foreign investment can be settled by the concerned parties through mutual discussions or negotiations by the facilitation of industry department but If the dispute cannot be settled through such way, within a period of forty-five days after the dispute has arisen; the dispute should be settled in accordance with the joint agreement concluded for the settlement of contingent dispute between the parties, if concluded. If such agreement has no provision about the settlement of disputes, such a dispute should be settled by arbitration law of Nepal and rules or Procedures of the United Nations Commission on International Trade Law (UNCITRAL). The venue of arbitration and substantive law should be Nepalis. Even the disputing parties can also conclude new agreement for the settlement of raised dispute and the Information of such agreement should be given to body registering such industry.

Conclusion

FITTA 2019 is one of the most important legal instrument among other industrial laws of Nepal. It has a mutual relationship or interconnections with Industrial Enterprise Act 2020, Investment Board Act 2010, Public Private Partnership and Investment Act 2019, Nepal Immigration Act 2092, Non-Resident Nepalese Act 2008, Banking laws, Taxation laws and so on, which one affects or depends on another but it provides single stop service center along with many Exemptions, Facilities and Concessions for the foreign

¹² Sec.40 of FITTA 2075

investors. Predominantly this act has intended the foreign investment in any industry like in Share (Equity) , Reinvestment of the earnings derived from the investment, Investment made in the form of loan or loan facilities as well as any transfer of technology to be made under an agreement between an industry and a foreign investor on the matters like the use of any technological right, specialization, formula, process, patent or technical know-how of foreign origin, Use of any trademark of foreign ownership, Acquiring any foreign technical, consultancy, management and marketing service; but it is required to obtain Permission from the Industry Department to make any foreign investment or technology , technological skill or knowledge transfer in Nepal.

Impact of Micro-Finance Intervention on Livelihood Status of the People Living in the Bheemdatt Municipality

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Abstract

The research investigates how microfinance intervention affects the livelihood of people in Bheemdatt Municipality. It focuses on studying this impact over at least five years, analyzing income, occupation, consumption, and satisfaction with services provided by FORWARD Microfinance. The study examines socio-demographic factors and changes in living standards. It compares two groups—control and experimental—analyzing variables like income, occupation, consumption, capital expenditures, and social awareness to determine any shifts in the livelihood of remote area residents. The research uses multiple random sampling, primarily clustered randomly. Respondents are selected from these clusters using a randomized pattern, ensuring an equal number in both groups. Employing the Randomized Control Trial (RCT) method, the study gathers primary data through a reliable and valid questionnaire. The study involved 60 respondents in both intervention and non-intervention groups, sharing similar socio-economic backgrounds. Findings revealed higher family income, consumption, and capital expenditure among intervention group women, indicating their economic strength compared to non-interventional women. This economic strength led to improved livelihoods in rural areas through small enterprise creation and increased savings. Intervened women showed greater participation in empowerment programs, such as small business and leadership trainings, and had better access to social information. Overall, the research highlighted

microfinance as a poverty reduction tool and a significant factor in uplifting rural communities' social and economic status.

Keywords: Intervention, livelihood status, micro-finance, non- intervention

Introduction

Microfinance offers financial services to the poor, providing access to savings, loans, and insurance to alleviate poverty. Recognizing the need for education and healthcare alongside financial support, it enhances economic and social conditions, promoting self-employment and income generation. In the last four decades, microfinance institutions, like Grameen Bank in Bangladesh, have served 100-200 million people, bridging gaps between formal financial systems and marginalized communities (Hermes & Lensink, 2019). Grameen Bank, founded in 1976, provides small loans without collateral, with 9.25 million members, 97% being women, by November 2019 (Lamichhane, 2020).

Microfinance fights poverty by providing self-employment and business opportunities, especially benefiting marginalized groups like women. In Nepal, cooperative activities in Chitwan since 1956 evolved into microfinance by 1963. Microfinance offers access to capital, addressing human and social capital through education, training, and local organization building. It empowers individuals by strengthening their sense of dignity, enabling participation in the economy and society (Yunus, 1980). Utilized by NGOs and the UN, microfinance aims to integrate marginalized groups into the financial system, fostering resilience and stability. Intense competition among Microfinance Institutions (MFIs) in the late 1990s led to significant global growth, benefiting around 139 million impoverished clients over three decades (Haas et al., 2022). This paper investigates the impact of microfinance on rural livelihoods in Bheemdatt Municipality, focusing on factors like occupation, income, expenses, capital usage, and social awareness. Unlike prior studies, it compares two groups within the same socio-

economic cluster – one with microfinance interventions and one without. The study provides insights for government, INGOs, NGOs, and FORWARD MICROFINANCE, serving as a reference for microfinance research, program review, and guiding researchers and policymakers in understanding the impact on women's empowerment and attracting investors.

Literature Review

Microfinance, rooted in ethical values and social responsibility, has a longstanding history in alleviating global poverty. Traditionally, transactions relied on mutual trust without the need for collateral. In recent decades, Microfinance Institutions (MFIs) in developing countries, like Nepal, have adopted innovative approaches to provide financial services to the underserved. Karki and Subedi (2022) explore the role of Nepalese MFIs in poverty alleviation, finding a tradeoff between outreach and sustainability. They suggest that improved operational efficiency can enhance both, providing policy insights for MFI enhancement.

Lamichhane (2022) studied microfinance institution (MFI) loan delinquency, highlighting critical factors for mitigation. Governance in loan delivery, client identification, effective credit appraisal, and understanding client history were crucial. Proper loan utilization is key to reducing delinquency and aiding portfolio management in Nepalese MFIs. Upadhyay (2021) argues that microfinance supports women's income generation, alters rural women's lifestyle, and contributes to poverty reduction.

Shrestha (2020) studied the impact of COVID-19 on microfinance institutions in Nepal, revealing significant challenges in savings, loans, profitability, member retention, and staffing. While recognizing Nepal Rastra Bank's policy role, the study emphasizes the need for innovation in managing credit portfolios due to a negative effect on loan portfolio quality. Additionally, Karki (2021) focuses on microfinance's role in assisting economically disadvantaged individuals in Nepal, proposing government and financial institutions enhance rural socio-economic conditions. Meanwhile, Pandit (2020) identifies

factors influencing multiple borrowings in Pyuthan Municipality, including MFI growth, competition, service quality, consumption demand, and micro enterprises.

Kumar (2020) highlights microfinance's role in economic growth and women's empowerment, identifying key factors through structured questionnaires. Jain (2020) emphasizes microfinance services positively impacting women's decision-making and socio-economic empowerment. Rakhal (2019) reveals microfinance's positive influence on women's social standing and income in Pakistan. Niaz (2019) focuses on microfinance's impact on women's empowerment in Pakistan, contributing to Sustainable Development Goals. Another study explores microfinance intervention in Nepal's far western region, uncovering local attitudes and impact on livelihood in Bheemdatt Municipality.

Research Methodology

The research aims to assess how Micro-Finance impacts the livelihood status of individuals in Bheemdatt Municipality. It centers on experimental research, often comparing intervention and non-intervention groups using Randomized Controlled Trials (RCTs) but acknowledges challenges in finding an ideal control group for microfinance studies. The study surveyed 60 microfinance clients and 60 non-clients through convenience sampling in Nepal, focusing on those using microfinance services for five years. Primary data collection involved observations, interviews, focus groups, and structured questionnaires distributed in rural areas around Mahendranagar, Kanchanpur. Secondary data helped identify intervention group clusters. The data underwent meticulous review, editing, and coding for accuracy. Statistical tools like MS-Excel and SPSS were used for analysis, emphasizing reliance on the RCT method for the study.

Results and Discussion

The main component of micro-finance program for rural women is to provide loan for women especially in income generation and enhance living standard as well as livelihood status of interventional people. It consists of household analysis in term of

family income, consumption expenses, capital expenditure, occupational status and social informational awareness.

Descriptive Analysis

Table No. 4.1

Marital status of Respondent

Status	Frequency	Percent	Cumulative Percent
Married	112.00	93.30	93.30
Widow & Unmarried	8.00	6.70	100.00
Total	120.00	100.00	100.00

Source: Field Survey, 2079/80

Figure 4.1 Marital status

Table 4.1 show that majority 93.3% of the member surveyed was married and widow was 6.7%. Among 120 respondents of Bheemdatt, 112 were found married and 8 were widow. This shows that married women are highly participatory in nature in comparison to widow and unmarried.

4.2.2 Demographic Feature of Respondent

Table No. 4.2

Demographic Features of Total Respondents

Feature	Number	Minimum	Maximum	Mean	S.D
Age of Respondent	120.00	20.00	72.00	38.86	11.168
Family size	120.00	2.00	10.00	4.99	1.387
No of children	120.00	0.00	4.00	2.15	0.774

Source: Field Survey, 2079/80

In above data set average age of respondent, family size and number of children was 38.86 years, 4.99 people and 2.15 children respectively. The youngest respondent was 20 and oldest was 72 years old. Minimum family size was 2 and largest was 10, where

number of children ranged between 0 to 4. Standard deviation of age was 11.168-year, family size was 1.387 and number of children was 0.774 as shown in above table and figure 4.2.

Table No. 4.3 -

Demographic Features of Interventional respondents

Features	Number	Minimum	Maximum	Mean	S.D
Age of Respondent	60.00	20.00	70.00	41.00	10.567
Family size	60.00	2.00	10.00	5.10	1.151
No of children	60.00	0.00	4.00	2.17	0.740

Source: Field Survey, 2079/80

The microfinance intervention group comprised respondents with an average age of 41 years, families consisting of approximately 5.10 members, and an average of 2.17 children. The respondents' ages ranged from 20 to 70, with family sizes varying between 2 and 10 members and children numbering between 0 and 4. While the number of children and family sizes showed minimal deviation from their averages, there was a slightly more noticeable fluctuation in the ages of the respondents, indicated by the standard deviations.

Table No. 4.4-

Demographic Features of Non-Interventional Respondent

Features	Number	Minimum	Maximum	Mean	Std. Deviation
Age of Resp.	60.00	24.00	72.00	36.72	11.427
Family size	60.00	2.00	8.00	4.88	1.250
No of children	60.00	1.00	4.00	2.13	0.812

Source: Field Survey, 2079/80

Among microfinance non- interventional group, average age of respondent, family size and number of children was 36.72 years, 4.88 people and 2.13 children respectively.

The youngest respondent was 24 and older was 72 years old. Minimum family size was 2 and larger was 8, where number of children range between 1 to 4. The respondent's age, family size and no. of children were deviated in average by 11.427 year, 1.25 and 0.812 respectively. Above table shows that there is only a little difference in age, family size and number of children, between microfinance interventional and non- interventional group.

4.2.3 Educational Condition and Occupational Status of Respondents

Table No. 4.5 -

Educational Level of Respondent

Educational Level	Frequency	Percentage	Cum. Percentage
Illiterate	9.00	7.5	7.50
Informal education	65.00	54.20	61.70
Under SLC	26.00	21.70	83.30
SLC	14.00	11.70	95.00
Intermediate and above	6.00	5.00	100.00
Total	120.00	100.00	100.00

Source: Field Survey, 2079/80

Table 4.5 shows those majorities of respondents were literate but not gained formal education. 54.2% respondents were literate but not gain formal education, 21.70% was under SLC, 7.5% was illiterate, 11.7% was SLC level and 5.00% of respondent gain intermediate and above education. This data reveals that majority of rural people were literate of Bheemdatt but they did not gained formal education.

Table No. 4.6 -

Interventional Effect on Educational Level

Educational Level	Intervention (%)	Non- Intervention (%)
Illiterate	3.33	11.667
Not Formal Education	53.34	55.00
Under SLC	30.00	13.33
SLC	10.00	13.33
Intermediate and Above	3.33	6.67
Total	100.00	100.00

Source: Field Survey, 2079/80

Above data reflect there was no significant difference in education level of respondents in between intervention and non- intervention group. This shows that there was no significance effect of educational level on microfinance involvement. There were less than 10 illiterate respondents in each group but around 35 have gain informal education and make literate. Significant number of rural women was school drop out where as SLC and above education was gain by less than 10 respondents in both intervention and non intervention group.

Table No. 4.7 -

Interventional Effect on Occupational Status

Status	Intervention (%)	Non intervention (%)
Modern	70.00	35.00
Traditional	30.00	65.00
Total	100.00	100.00

Source: Field Survey, 2079/80

Above shown data, among respondent involve in modern occupation, 70% were intervention and 35% were non- intervention. 30% interventional and 65% non-

interventional respondents were involved in traditional occupation. This shows interventional population was significantly involved in modern occupation. Here modern occupation involves professional agriculture farming, professional livestock, poultry farming, small business, service/ job and foreign employment. Similarly, traditional occupation involves traditional crops production, unmanaged livestock and wages-based labor work.

Table No. 4.8 -

Educational Effect on Occupational Status

Educational Level	Modern	Traditional	Total
Illiterate	2.00	7.00	9.00
Informal Education	30.00	25.00	55.00
Under SLC	15.00	11.00	26.00
SLC	3.00	1.00	4.00
Intermediate and above	3.00	3.00	6.00
Total	53.00	47.00	100.00

Source: Field Survey, 2079/80

Table 4.8 shows educational status of respondent effect on occupational status. Those acquiring academic education were largely involve in modern occupation but for those below formal education has no significant different on selecting occupation. Among 55 informal education 30 involved in modern and 25 in traditional. Similarly, among 26 under SLC respondent 15 involve in modern and 11 in traditional occupation. Among 4 above SLC respondent 3 involve in modern occupation while 1 in traditional occupation.

4.2.4 Income Source of Respondent

Table No. 4.9 -

Family Income Source of Respondent

Income Source	Interventional	Non- Interventional	Total
Traditional Crop Production	27	37	64
Professional Agriculture	11	7	18
Unmanaged Livestock	4	21	25
Professional Livestock	9	5	14
Poultry Farming	21	8	29
Small Business	30	14	44
Foreign Employment	36	16	52
Service and Job	4	15	19
Total	142	123	265

Source: Field Survey, 2079/80

The data outlines income sources among Bheemdatt families, with 120 households involved in 265 occupations. Traditional crop production was key for 64 families, while the intervention group explored various fields like professional agriculture, livestock, small businesses, and foreign employment. Non-intervention households leaned towards traditional agriculture, livestock, and wage-based jobs. Differences emerged in small business involvement, professional livestock, and foreign employment between the two groups. Intervention families excelled in micro-businesses aided by financial services and training. On average, families engaged in over two occupations, with 60 intervention and non-intervention families contributing significantly to different occupations.

4.2.5 Income Condition of Respondent

In this section monthly family income of respondent is included based on research data. Income of respondent was categorized and frequency in each interval was measured. Income range of family shows their consumption and expenses capability.

Table No. 4.10 -

Family Income Source of Respondent

Income Range	Interventional (%)	Non – Interventional (%)
Below Rs 10000	0.00	11.67
Rs 10000-Rs 20000	13.33	30.00
Rs 20000-Rs 30000	20.00	16.67
Rs 30000- Rs 40000	28.33	25.00
Above Rs 40000	38.34	16.66
Total	100.00	100.00

Source: Field Survey, 2079/80

The data from Table 4.10 illustrates varying income ranges among respondents, with the majority earning above Rs 40,000, between Rs 30,000 and Rs 40,000, between Rs 10,000 and Rs 20,000, and between Rs 20,000 and Rs 30,000. Non-intervention group incomes are concentrated between Rs 10,000 and Rs 20,000, while the intervention group's incomes notably surpass Rs 40,000. Approximately 20% of the intervention group falls between Rs 20,000 and Rs 30,000, compared to 16.67% in the non-intervention group. These findings strongly suggest that microfinance interventions significantly contribute to boosting income levels among rural individuals.

4.2.6 Descriptive Analysis of Livelihood Parameters

In this heading income and expenses of house hold was measured by using mean as prime parameter and standard deviation shows deviation among each group. Income of household, consumption expenses, saving was measured in monthly basis and capital expenses was measured in annual basis.

Table No. 4.11 -

Descriptive Analysis of Livelihood Parameters

Interventional Status	Statistical Tools	Monthly Income	Monthly Consumption Expenses	Annual Capital Expenditure	Monthly Savings
Intervention	Mean	41733.33	18391.67	128866.67	16400.0
	Number	60.00	60.00	60.00	60.00
	S.D	20856.95	7746.421	107756.54	13977.2
Non-Intervention	Mean	28200	14550.00	83050	8625
	Number	60.00	60.00	60.00	60.00
	S.D	17100.69	6026.565	72528.294	11954.6
Total	Mean	34966.67	16470.83	105958.33	12512.5
	Number	120.00	120.00	120.00	120.00
	S. D	20170.25	7158.85	94309.2	13526.2

Source: Field Survey, 2079/80

Table 4.11 displays average monthly income, consumption expenses, savings, and annual capital expenditure. The microfinance intervention group showed significantly higher incomes than the non-intervention group, with notable differences in capital expenditure, income, and savings. For the intervention group, average monthly income, annual capital expenses, monthly consumption expenses, and monthly savings were Rs 41,733.33, Rs 18,391.67, Rs 1,28,866.67, and Rs 16,400 respectively, whereas the non-intervention group averaged Rs 28,200, Rs 14,550, Rs 83,050, and Rs 8,625 respectively.

Table No. 4.12 -

Priority of Respondent on Consumption

Rating on	N	Minimum	Maximum	Mean	Std. Deviation
Drinking Water	120.00	1.00	2.00	1.38	1.865
Entertainment	120.00	1.00	4.00	1.83	0.570
Electricity	120.00	1.00	4.00	1.78	0.727
Health	120.00	1.00	4.00	2.43	0.561
Education	120.00	1.00	5.00	3.01	0.815
Clothes	120.00	2.00	5.00	3.01	0.628
Food	120.00	2.00	5.00	4.64	0.547

Source: Field Survey, 2079/80

Table 4.12 illustrates respondent priorities using a Likert scale across various consumption categories. Ratings for food, clothes, and education ranged from 1 to 5; entertainment and health ranged from 1 to 4, and drinking water ranged from 1 to 2. Food received the highest average rating of 4.64, indicating it was the top priority for most rural individuals. Clothes, education, health, entertainment, electricity, and drinking water received average ratings of 3.01, 3.01, 2.43, 1.78, 1.83, and 1.38 respectively. The data revealed minimal deviations (less than 1) in priorities for food, clothes, health, entertainment, electricity, and drinking water, except for education, which showed a significant deviation, suggesting varied importance levels among respondents. Overall, the findings suggest moderate to high priorities for clothes, education, and health, while entertainment, electricity, and drinking water held relatively less importance for most respondents.

Table No. 4.13 –

Sector wise Consumption Expenses

Monthly Expenses on	N	Minimum	Maximum	Mean	S.D
Food	120.00	3000.00	15000.00	7792.5	2316.661
Clothes	120.00	500.00	10000.00	1973.33	1230.067

Education	120.00	0.00	20000.00	3110	3135.2
Health	120.00	0.00	5000.00	1261.67	809.833
Communication	120.00	0.00	8000.00	933.33	789.781
Electricity	120.00	100.00	8000.00	705.83	767.545
Drinking Water	120.00	0.00	1000.00	270.83	199.008
Entertainment	120.00	0.00	5000.00	618.33	750.796

Source: Field Survey, 2079/80

Above table reflect that the higher mean expenses were in food and clothes, middle in education and health and least on entertainment and utilities. From above table, researcher can conclude that all people have expense on food, clothes and electricity.

Table No. 4.14 -

Sector wise Consumption Expenses of Intervention Group

Monthly Expenses on	N	Minimum	Maximum	Mean	S.D
Food	120.00	4000.00	15000.00	8233.33	2349.66
Clothes	120.00	1000.00	10000.00	2225	1536.077
Education	120.00	0.00	20000.00	3880	4012.43
Health	120.00	0.00	5000.00	1425	809.833
Communication	120.00	300.00	8000.00	1076.67	973.483
Electricity	120.00	200.00	8000.00	826.67	1022.02
Drinking Water	120.00	0.00	1000.00	273.33	205.945
Entertainment	120.00	0.00	5000.00	675	750.056

Source: Field Survey, 2079/80

Above table shows that how much amount in rupees was expend monthly on various major heading of consumption by member of FORWARD MICROFINANCE. This reflect, mean expenses on food, cloth, education, health, communication, electricity, entertainment and drinking water were Rs 8233.33, Rs 2225, Rs 3880, Rs 1425, Rs 1076.67, Rs 826.67, Rs 273.33 and Rs 675 respectively.

Table No. 4.15 -

Sector wise Consumption Expenses of Non- Intervention Group

Monthly Expenses on	N	Minimum	Maximum	Mean	S.D
Food	120.00	3000.00	12000.00	7351.67	2215.545
Clothes	120.00	500.00	4000.00	1721.67	750.614
Education	120.00	0.00	6000.00	2340.00	1587.472
Health	120.00	500.00	3000.00	1098.33	566.431
Communication	120.00	0.00	2000.00	790	414.443
Electricity	120.00	100.00	1500.00	585.00	310.180
Drinking Water	120.00	0.00	1000.00	268.33	193.532
Entertainment	120.00	0.00	5000.00	561.67	753.543

Source: Field Survey, 2079/80

Comparing the above two tables, there is difference in consumption expenses between two groups. Maximum consumption of microfinance intervention group was Rs 20000 and that of non-intervention group was Rs 12000. This shows that the intervention people have higher consumption power. But minimum food expenses have no significant difference, it reflect both group must need food expenses to survive. There was remarkable difference in average food, cloth, education, communication, electricity and water expenses. Entertainment expenses of intervention group were nearly double of the non-intervention group. Based on this finding researcher can say that living standard of intervention group was better than non-intervention group. Along with this other factor's result also support to conclude microfinance intervention increases the livelihood status of people.

Table No. 4.16 -

Priority of Respondents on Capital Expenditure

Rating of	N	Minimum	Maximum	Mean	S.D
Land	120.00	1.00	4.00	1.57	0.827
House	120.00	1.00	4.00	1.83	0.827
Furniture	120.00	2.00	4.00	2.72	0.582
Electronic App.	120.00	1.00	4.00	3.04	0.666
Accessories	120.00	1.00	5.00	3.33	0.801

Source: Field Survey, 2079/80

In Table 4.16, respondent priorities for capital investment highlight a preference for accessories and electronic appliances over land and housing, with furniture falling in a moderate priority range. The data suggests that capital expenses receive less emphasis, as rural individuals prioritize consumption expenses first, favoring home appliances and furniture while considering house and land investments as lower priorities.

4.2.7 Non- Financial Services Provided by Microfinance

Table No. 4.17 -

Non- Financial Services

Non- Financial Services	Total Respondent	Facilitated Respondent (%)
Vocational Training	60.00	33.33
Empowerment Training	60.00	25
Small Business Training	60.00	16.67

Source: Field Survey, 2079/80

Above table shows the respondents believes towards micro financial services. Those who involve in microfinance only gain such non- financial services. In our research, we only took 60 respondents from FORWARD MICROFINANCE members. Among these respondents 33.33% said that the FORWARD MICROFINANCE provided vocational training to the society. Similarly, 25% respondents were in favor of women empowerment

training and 16.67% in favor of small business or entrepreneurship training. FORWARD MICROFINANCE provide awareness program, skill development program as tailoring, candle making training, doll making training etc.

4.2.8 Sources of Loan Taken

In this section researcher describe about the sources from where loan was taken in each group of study.

Table No. 4.18 -

Sources of Loan Taken

Source of Loan	Intervention	Non- Intervention	Total
MFIs	55.00	0.00	55.00
Bank	2.00	7.00	9.00
Relatives	0.00	20.00	20.00
Friends	0.00	9.00	9.00
Total	57.00	36.00	93.00

Source: Field Survey, 2079/80

Since the research is based on rural areas, people mostly take loan from microfinance institutions being the member of FORWARD MICROFINANCE. 50 among the members of FORWARD MICROFINANCE have taken loan.

Table No. 4.19 -

Sources of Microfinance Loan Taken

Micro Business	Intervention (%)	Non- Intervention (%)
Created	58.33	18.33
Non- Created	41.67	81.67
Total	100.00	100.00

Source: Field Survey, 2079/80

From above table, it shows that around half of the microfinance intervention people were facilitated for creating micro-business. But, only 18% respondents on 60 non- intervention, creating micro-business. This result shows that the financial support of FORWARD Microfinance helps to create small business. Small business helped to increased family income, which ultimately help to uplift the socio- economic condition of the rural people. This phenomenon in a positive manner proves the uplift of livelihood.

The study examines the influence of FORWARD Microfinance on rural livelihoods in Bheemdatt Municipality, Kanchanpur. It finds that FORWARD played a crucial role by offering both financial and non-financial services, resulting in improved engagement in modern occupations and higher income for the intervention group compared to the non-intervention group. This increased income led to higher consumption, savings, and capital expenditure. The microfinance initiatives targeted marginalized populations, contributing to poverty reduction through financial inclusion. Participants expressed satisfaction with FORWARD Microfinance, recognizing its positive impact on changing livelihoods. The study emphasizes the need for a comprehensive assessment of microfinance impacts, beyond financial aspects, to address social, cultural, and political factors for improving living standards in rural areas. Overall, the intervention positively affected rural livelihoods, fostering small business creation and empowering single women in sustaining businesses.

Conclusion

The study aims to explore the impact of microfinance in the rural areas of Bheemdatt Municipality in Nepal, an area marked by lower living standards. Utilizing the RCT method, it compared 60 microfinance members and 60 non-members from similar socio-economic backgrounds using multi-stage random sampling. The research found that married women were more engaged with FORWARD Microfinance, and while education levels varied, higher education correlated with modern occupations. Traditional agriculture dominated among non-interventional groups, whereas microfinance members

engaged in diverse activities like small businesses and foreign employment. Intervened households showed higher incomes and expenses, emphasizing a better living standard compared to non-interventional groups.

The study uncovers that FORWARD Microfinance extends both financial and non-financial services like business training and women empowerment programs. It highlights that intervened individuals primarily use microcredit for agricultural and small business purposes, fostering income generation and improving livelihoods. Moreover, the bank offers various welfare programs including medical and calamity assistance. The research indicates the government's better outreach to rural and poor sectors compared to the private sector. Overall, the study emphasizes how FORWARD Microfinance positively impacts income, expenses, and savings, facilitating modern occupations and enhancing the social information awareness of rural communities, ultimately elevating their livelihoods in Bheemdatt Municipality.

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Outsourcing

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Introduction

In simple words, outsourcing is a business activity where company hires a third party to perform their task. In other words, when a company employs another company to fulfilling its tasks, it is termed outsourcing.

Outsourcing is the business practice of hiring a party outside a company to perform services or create goods that were traditionally performed in-house by the company's own employees and staff. Outsourcing is a practice usually undertaken by companies as a cost-cutting measure. As such, it can affect a wide range of jobs, ranging from customer support to manufacturing to the back office. Outsourcing's biggest advantages are time and cost savings. A manufacturer of personal computers might buy internal components for its machines from other companies to save on production costs. A law firm might store and back up its file using a cloud-computing service provider, thus giving it access to digital technology without investing large amount of money to actually on the technology.

A small company may decide to outsource bookkeeping duties to an accounting firm, as doing so may be cheaper then retaining an in-house accountant. Other companies find resourcing the functions of human resource departments, outsourcing is an effective strategy to reduce expenses, and can be provide a business with competitive advantages over rivals.

Outsourcing was first recognized as a business strategy in 1989 and became an integral part of business economics throughout the 1990s.1 the practice of outsourcing is subject to considerable controversy in many countries. Those opposed argue that it has caused the loss of domestic jobs, particularly in the manufacturing sector. Supporters say

it creates an incentive for businesses and companies to allocate resources where they are most effective, and that outsourcing helps maintain the nature of free-market economies on a global scale.

Does outsourcing of human resource activities spell doom for the HR department? Is this phenomenon a short-term response to the corporate downsizing of the 1990s? Are senior HR executives supporting or resisting outsourcing pressures from their executive teams? The answers to these questions and others regarding the role of HR outsourcing depend in large part on how senior HR executives view the roles of the HR function. Many of the larger companies are industry. HR executives view the process of outsourcing differently from purchasing, procurement, and subcontracting. In their view, outsourcing occurs when a company contracts with a vendor to perform an activity previously performed by the company. In contrast, procurement generally means that the company has not performed the activity before. Outsourcing also has a temporal dimension in that some executives view outsourcing as permanent, whereas subcontracting is temporary.

Benefit:

- Lower costs (due to economies of scale or lower labor rates)
- Increased efficiency.
- Variable capacity.
- Increased focus on strategy/core competencies.
- Access to skills or resources.
- Increased flexibility to meet changing business and commercial conditions.
- Accelerated time to market.

Disadvantages of Outsourcing

Although there are several reasons to outsource, there are also disadvantages to the practice, such as:

1. Risk of losing sensitive data and the loss of confidentiality by outsourcing activities or processes to external parties
2. Loss of management control and the inability to control operations of activities or processes that is outsourced
3. Outsourcing companies may impose hidden or unexpected costs by creating lengthy contractual agreements with lots of fine print
4. Lack of quality control, as outsourcing companies are often profit-driven rather than focused on doing a good job

Reasons for Outsourcing

The most common reasons to outsource include:

1. Reducing operating, labor, and overhead costs
2. Focusing more on the company's core competencies, and thus improving its competitive advantages by outsourcing time-consuming processes to external companies
3. Freeing up internal resources and using the resources for other purposes
4. The past few fiscal years in Nepal, corporate house either big or small, have started to outsource the manpower required for their organizations. Outsourced manpower can be categorized from IT consultants to Guards, apart from manpower, we can also see some big corporate houses now outsourcing machines and vehicles, too. Software outsourcing is the most adopted outsource means in Nepal for Referencing past few years in technology sector.
5. Apart from software outsourcing, business organizations like hospitals, telcos, network providers, banks, media houses, and delivery commerce are outsourcing their part of business and possible sources of business processing to the third party vendors. As of now, many companies still doubt the reliability and productivity of those third party vendors – partly by the lack of rules and regulations, and partly by the lack of commercial values of the part of outsourced business.

Outsourcing in Nepal The last few years in Nepal, companies in the Telecommunication and Network Systems like Ncell, NTC, UTL and other service Providers (ISPs and NSPs), automatic machine, tools and equipment, mechanical and electronic subsystem manufacturing companies, IT organization, hospitals and medical agencies have successfully adopted manufacturing in low cost location as part of their survival strategy. Outsourcing has always been a good adaptation in saving money – what matters is what form and how to outsource your business so that your business grows fonder.

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Transformational Leadership and Its Impact on Organizational Growth

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Background of the study

Transformational leadership influences the fundamental attitudes and assumptions of an organization's members, creating a common mentality to attain the firm's goals. This leadership style usually generates higher performance than transactional leadership (Bass and Avolio, 2000). Transformational leadership, which was conceptually derived from Burns in 1978 and elaborated by Bass (1985), is coming into forefront for most organizations especially those that are dynamic and active to change. Most of the societies, which are characterized by diversity in caste / ethnicity, language, religion, and culture, has a very long unrecorded history mostly preserved through oral history and cultural practices, including myths and legends. There has been many changes on values, beliefs and traditions and replaced by new ones. In this scenario, it is necessary to understand how transformational leadership influences the organizational performance. Transformational leadership involves the creation of an emotional attachment between leaders and their followers, and this emotional attachment helps to shape the values, aspirations, and priorities of followers (Yukl 1999; Antonakis and House 2002). (Burns, 1978) has defined the mutual help concept between leaders and subordinates to boost and advance motivation level and enthusiasm. Management theorists and researchers claim that certain leader attributes may be used to distinguish high from low performance organizations (e.g. Gupta and Govindarajan, 1984).

1.2 Objective of the study

The main objective of the study is to examine the relationship between Transformational leadership and Organizational Growth in various organizations. The specific objectives of this study are to:

1. To understand how the Transformational leadership guides and motivates a common vision of the organization.
2. To understand about the contributions of Transformational leadership style for better organizational performance.

1.3 Literature Review

Name of the Articles and authors	Objectives of the Study	Research Methodology	Major Findings
1. The impact of leadership style on organizational growth. Tope Adeyemi Bello(2001)	To examine one or both of this leadership styles would be more effective in the not-for-profit sector.	-Descriptive and Causal Correlation research design has been used. -45 number of minister/pastor with tenure of at least three years was selected to participate in this study. -Task and People orientations were measured by adapting the leadership style questionnaire that was developed in the Ohio	The finding of this study indicate that even in a not-for profit context, effective leadership is define not only by task or people orientations but also the interaction between them.

		State University leadership studies (Sashkin and Morries, 1987)	
2. The Effects of Transformational Leadership on Organizational Performance through Knowledge and Innovation. Victor J. Garcia-Morales, Francisco Javier Llorens-Montes and Antonio J. Verdu'-Jover(2007)	-To show how the leader's perceptions of different intermediate strategic variables related to knowledge (knowledge slack, absorptive capacity, tacitness, organizational learning) and innovation influence the relation between transformational leadership and	-Laser 8.30 and confirmatory factor analysis has been used. -Structural equation modeling is performed to estimate direct and indirect effects using Lisrel with the correlation matrix. -Structured questionnaires have been used.	-Transformational leadership strongly affects knowledge slack, absorptive capacity, tacitness, organizational learning, and innovation. -Absorptive capacity will be positively associated with tacitness. -Tacitness will be positively associated with organizational learning, Organizational learning will be positively associated with innovation, Tacitness will be positively associated with performance, Organizational learning will be positively associated with performance, Innovation

	<p>organizational performance.</p> <p>-To develop a theoretical model that shows the interrelations between these variables.</p>		<p>will be positively associated with performance and Size will be positively associated with strategic variables that affect organizational performance.</p>
<p>3. Transformational leadership and followers' attitudes: the mediating role of psychological empowerment</p>	<p>To analyze how transformational leadership promotes: i) job satisfaction among employees; and ii) affective commitment to the organization.</p>	<p>-The sample for this study consisted of directors, managers and technical staff of the Spanish arm of a leading multinational food-and-beverage company.</p> <p>-Structural equation modelling (SEM) using AMOS 4.0 software is utilized to establish multiple simultaneous dependence relationships (Hair, Anderson, Tatham and Black 1999)</p>	<p>-The results show that transformational leadership correlated significantly ($p < 0.05$) with followers' attitudes. There are positive correlations between transformational leadership and general job satisfaction among followers.</p> <p>-The psychological empowerment had a significant correlation with general job satisfaction and with organizational commitment. It also show that the psychological empowerment mediates the</p>

		<p>-Confirmatory factor analysis (CFA) is used to establish the reliability and validity of the scales.</p> <p>-To measure the construct of transformational leadership, the study utilized 20 items taken from the 'Multifactor Leadership Questionnaire' (MLQ) Form 5X short (Bass and Avolio 2000)</p> <p>-16-item scale is used to measure psychological empowerment.</p> <p>-General job satisfaction was assessed using a 5-item scale developed by Yoon and Thye (2002)</p> <p>-A 10-item scale developed by Mowday et al. (1979) was used</p>	relationship between transformational leadership and the attitudes of followers.
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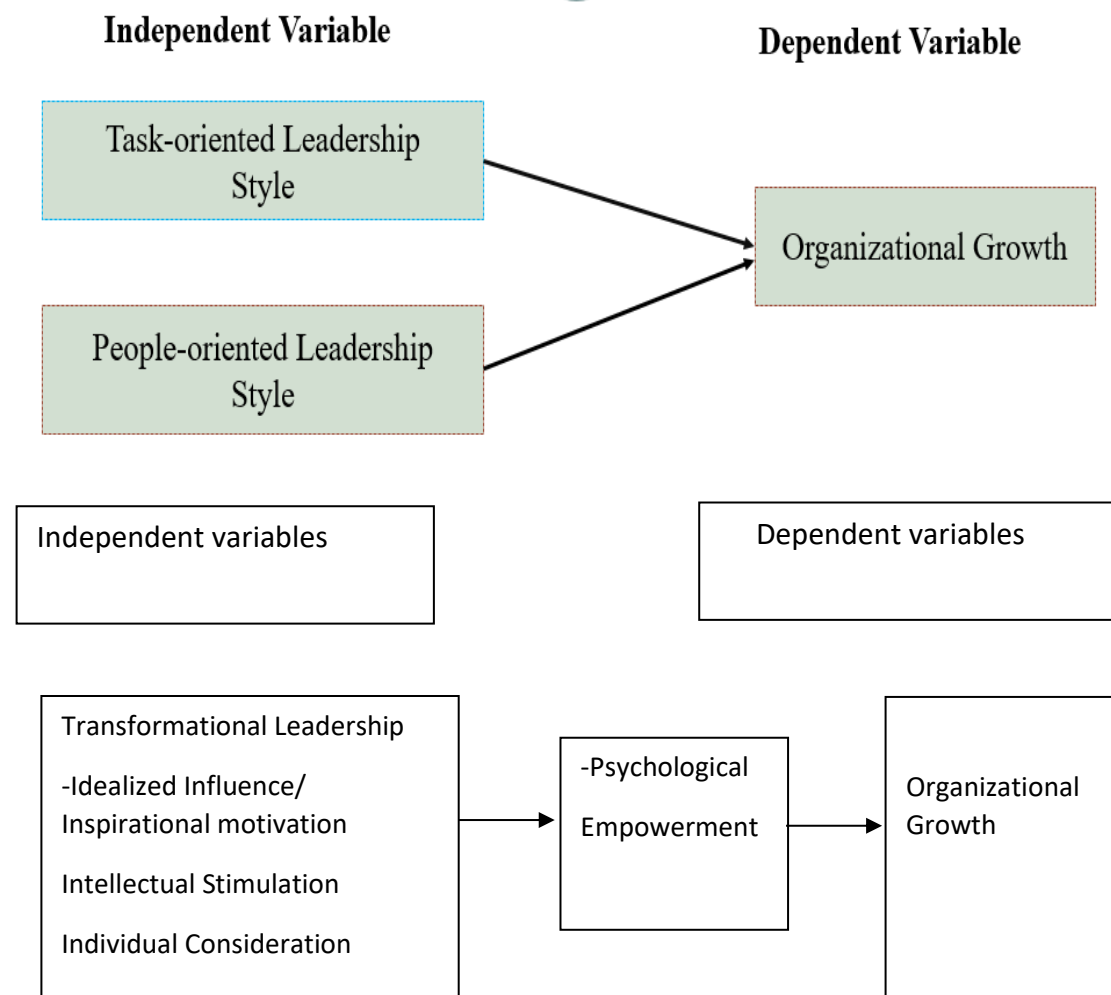
		to measure affective organizational commitment.	
4 Transformational leadership and team performance. Shelley D. Dionne and Francis J. Yammarino, Leanne E. Atwater and William D. Spangler(2004)	To discuss how transformational leadership theory can provide a framework in which to investigate a leader's impact on team performance	Setting the Propositions through Systematic Review <ul style="list-style-type: none"> • P1. Team cohesion will positively predict team performance. -P2. Open and prompt team communication will positively predict team performance. -P3. Positive team conflict management actions will positively predict team performance. -P4. Creation of shared vision will positively impact team cohesion, and will partially mediate the relationship of idealized influence/inspirational	-Researchers proposed that the idealized influence/inspirational motivation, intellectual stimulation and individualized consideration could produce intermediate outcomes such as shared vision, team commitment, an empowered team environment and functional team conflict. In turn, these intermediate outcomes may positively affect team communication, cohesion and conflict management.

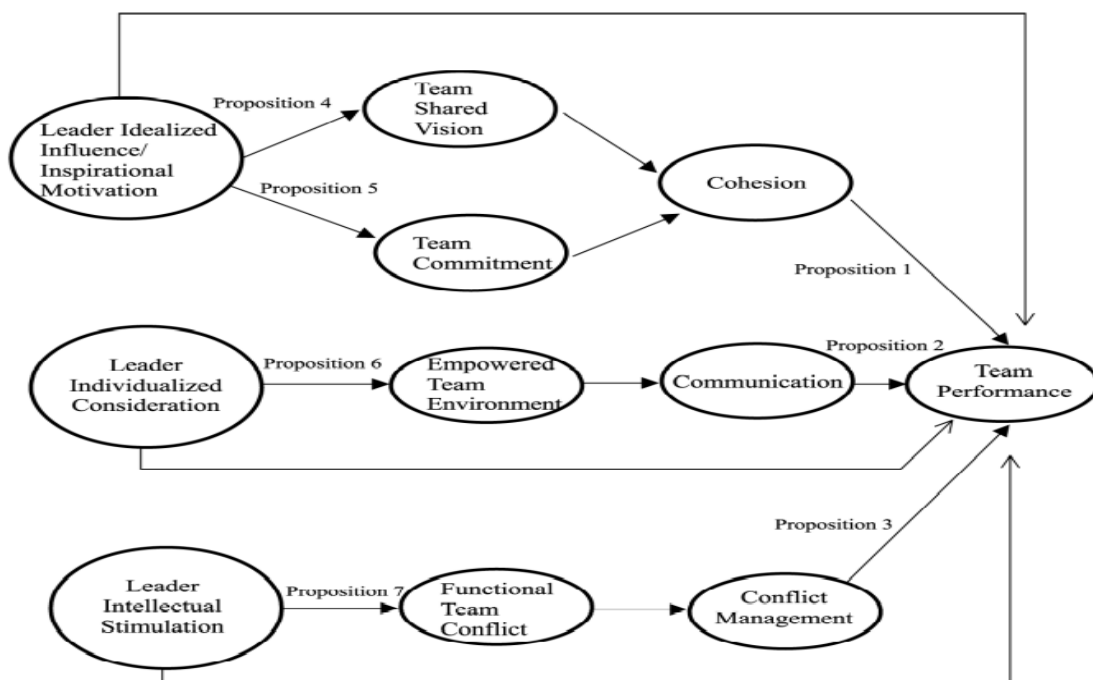
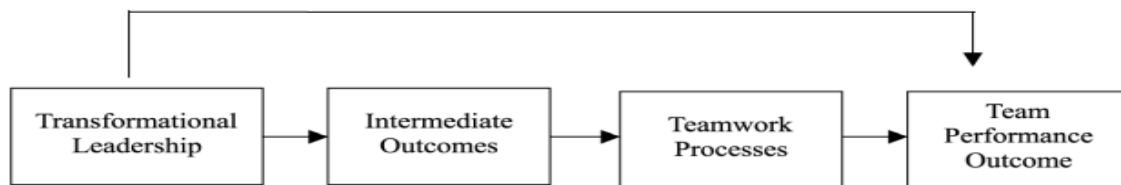
		<p>motivation leadership with team performance.</p> <p>-P5. Commitment to the leader will positively impact team cohesion, and will partially mediate the relationship of idealized influence/inspirational ly motivating leadership with team performance.</p> <p>-P6. A leader's empowerment of team members will positively impact team communication and will partially mediate the relationship of individually considerate leadership with team performance.</p> <p>-P7. A leader's creation of functional conflict will positively</p>	
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		<p>impact team conflict management, and will partially mediate the relationship of intellectually stimulating leadership with team performance.</p>	
<p>5. Transactional and transformational leadership: a study of Indonesian managers Somchanok Passakonjaras and Yanki Hartijasti(2020)</p>	<p>Somchanok Passakonjaras and Yanki Hartijasti(2020)</p>	<p>-To explore the leadership styles of Indonesian managers and investigate whether the full range leadership theory by Bass (1985), i.e. transformational, transactional and laissez-faire leadership, is applicable in the Indonesian context.</p> <p>-To investigate whether there are differences in leadership styles among Indonesian managers, as</p>	<p>-Results indicated that the full range leadership theory is applicable in the Indonesian context, in which Indonesian people generally rate their superiors who use transformational leadership higher than those who use transactional and laissez-faire leadership.</p>

		Indonesian people are composed of over 300 ethnicities.	
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Conceptual Framework





Proposed Model:

It highlights how the transformational leadership can impact teamwork processes through a variety of intermediate outcomes. Researcher also highlighted that the operational and practical implications of a transformational leadership/team performance model.

Conclusion

- Every company, no matter what industry they're a part of or how big they are, needs good leadership to be successful and bring organizational change. Good leaders are a vital part of effective business practices. And for most, being a good leader doesn't come inherently. James Mac Gregor Burns as expressed in his book, "Leadership" (1978), suggest that transformational leadership engages all persons to varying degrees throughout the levels and interstices of society.
- Burns believes that the transforming leader not only exploits a need or demand of a follower but also looks for his potential motives and seeks to satisfy his higher needs. The result of the leader-follower relationship is that followers are converted to leaders and leaders to moral agents.
- Transformational leaders reduce conflict by fostering a shared purpose that binds individuals together and transcends their self-interest for the good of the team.
- Transformational leadership confronts reality by drawing on intellectual capital, know-how and learning. It influences learning positively, challenging the existing level to influence organizational innovation and improve performance.
- Transformational leadership guides and motivates a common vision of the organization. It motivates workers to create and share knowledge.

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An Agriculture Perspective on Poverty Reduction in Nepal

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Introduction:

Nepal is one of the poorest Mountainous and land locked country in the world. It is struggling for its development where by it could raise the living standard Agriculture sector engages around 66% of the total population in Nepal. It contributes one-third of the Nations GDP with significant contribution to national economy. It creates a diverse assay of jobs and employment from farming to small scale enterprises. According to economic serve 2019/20 it contributes about 27.1% in GDP and 39.9% in total export. India is its giant southern neighbor and major trading partner. It has a major balance of trade deficit with India. It depends heavily on India for overland access to the sea. Foreign exchange is largely generated by remittance from working abroad, exports of carpet and garments tourism and foreign aid.

Characteristics of Nepalese agriculture in Nepal:

- Subsistence farming is common practice in Nepal. Majority of household are engaged in agriculture for this livelihood. Food are the first Choice of the farmers engaged in agriculture.
- Nepalese agriculture is mostly based on traditional farming. Even today 52% farmers use traditional farming tools such as kuto, kodalo, halo etc. Nepal living standard suruey 2011/12 about 1% farmers use tractor, 7% farmers use pump set far irrigation Improved seed, chemical fertilizer, hybrid seeds etc. are less in practice and concentrates mostly in Terai region.

- Irrigation is the Life-blood of agriculture but out of 2.641 million hectores of total arable land 1.479 million hectores of land has irrigation facility. Nepalese agriculture is primary only in 56% of arable land of which only about 33% of irrigated land has irrigation facilities throughout a year.
- The major food crops in Nepal are paddy, maize, wheat, millet, barley. According to economic survey 2019/20 out of total agricultural production food crops contributes 45.2% it is following by vegetable 16.8%, industrial 45.2%. It is followed by vegetable 16.8%, industrial crops 14.5% cash crops 13.3% and other crops 10.2%.
- The average size of landholdings is declining over year. In 990/91 the average size of land holding was 0.98 hector which was 0.68 hector according TO National sample sansus of Agriculture 2011/12.
- Dual ownership of land is the common practice in Nepal. In this land by himself and provides it to the poor farmer.

Importance of agriculture in Nepal:

Nepalese economy is in the initial stage of development, agriculture sector has been given top priority in even development Agriculture development is the precondition for economic development of Nepal. Agriculture is the primary sector of the economy Which provides basic necessities of people. Besides the agriculture sector has following importance for poverty reduction in Nepal.

Agriculture is the main source of employment in Nepal. This sector has been generating mass employment opportunity because it is labour intensive activity. According to Nepal force survey 2018, 60.4% of the population has been engaged on farming activities- in this sense poverty is reduction by increasing agro activities:-

- Agriculture is the primary sector of the economy which provides basic necessities of people. It is the source of food crops and cash crops in Nepal. The production

of agriculture product on the one hand. Substitute imports and the other, saves the foreign exchange that can be put for other development works.

- Industrial sector can be developed with the help of agriculture. Agriculture is the source of raw materials. Agro-based industries can be established on the basis of agriculture product such as food grain, sugar cane, jute, tea tobacco, etc. Agricultural development helps to decrease import of such raw material and on the other side helps to increase exports of such goods. It increases the level of employment and income of the country as a result decrease in poverty.

Agriculture is the back-bone of Nepalese economy it has contributed about 27.1%. On GDP in 2018/19 so economic development in Nepal can be largely affected by modernization of agriculture. Agriculture is one of the main sources of government revenue land tax, registration etc are the sources of direct tax whereas taxes on goods produced by agro-based industries are sources of indirect taxes. The share of the government revenue from agriculture can be increased by modernizing this sector as a result reduction the poverty.

Nepal is Predominantly an agricultural country but the main challenges of this sector is low productivity. Without increasing the productivity we can not expand the agriculture sector and contribution of this sector to GDP. The poverty in Nepal is associated with the substance nature of agriculture. Modernization and commercialization of agriculture is essential to increase the productivity and to attract the rural as well as urban manpower towards farming activities more over modernization and commercialization of agriculture plays a vital role in poverty reduction surplus food production and correcting balance of trade.

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Globalization and Management Thoughts

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Introduction to Globalization

Globalization is defined as the integration on a global scale of flows of goods and finances, cultural contacts and information. According to Held and McGrew can be conceived “as a process (or set of processes) which embodies transformation in the spatial organization of social relations and transactions, expressed in transcontinental or interregional flows and networks of activity, interaction and power”. Held and McGrew also went further in explaining four characteristic types of change of globalization which include:

Stretching of social, political and economic activities across frontiers, regions and continents;

It is marked by the intensification or the growing magnitude of interconnectedness and flows of trade, investment, finance, migration, culture, etc;

It can be linked to a speeding up of global interactions and processes, as the development of world-wide systems of transport and communication increases the velocity of the diffusion of ideas, goods, information, capital and people;

The growing extensity, intensity and velocity of global interaction can be associated with their deepening impact such that the effects of distant events can be highly significant elsewhere and specific local developments can come to have considerable global consequences.

Inferring from their submission, the boundaries between domestic/national matters and global/ planetary affairs become increasingly blurred and fluid. In this sense,

globalization can be thought of as widening, intensifying, speeding up, and growing impact of world-wide interconnectedness and interrelationship.

In the same vein, David Held, sees globalization as the “emergence of interregional network and systems of interaction and exchange”.

This 21st century is the age of globalization(342). Today’s world has become a ‘small commercial village.’ Due to the development of trade and commerce, science and technology, etc, many companies are going global. The need to think and act from global perspective is universal. Globalize or perish is the slogan now-a-days. The term globalization is a world widely used at present. Globalization is characterized by increases in flow of trade, capital and information, as well as mobility of individuals, across borders(342).

Globalization refers to the free flow of ideas, goods and services all over the world. There is no control by the nation in the component of economy, ideology, technology, culture and information on globalization. It is the process of consolidating wealth and power by the rapid integration and structuring of national economies into one global economic order through trade liberalization, privatization and production of goods and services. It creates the concept as ‘a world without borders’.

Todaro states-“Globalization is the increasing integration of national economies into global markets.”

World Bank, WDR-1999/2000 states,-“Globalization is the continuing integration of the countries of the world.”

Harold James states-“The most dramatic feature of globalization is the liberalization of trade in goods and services and the increasingly unrestricted flow of capital across border.”

Globalization has been expanding at a very high speed(306). Many countries have freed their trade and industries, and have eliminated state monopolies of business. As a result, the flow of goods and services, technology and capital has been

growing across the globe. It has provided many opportunities to business organizations to raise the level of their productive efficiency and competitiveness and participate more actively in the global market.

Management concept and Management Thoughts

The concept of management is as old as human race itself(24). Management is not only an essential element of organized society, but also an integral part of life. This is the age of management. Management is a well-established concept. It is a very popular and widely used terminology in all spheres of life in recent years. Management is essential to achieve business success. It is the management, which helps and directs the various efforts towards a definite purpose. Management is considered to be a means to achieve certain goals. It takes disorganized resources such as human, financial and material resources and moulds them into a team to achieve the goals of the organization(24). The primary goal of any organization is to secure maximum profits or provide optimum services.

Management is an art and the process of utilizing the resources of organization for the achievement of its goals effectively and efficiently. It is a purposive activity. It is something that directs group efforts towards the attainment of certain pre-determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources in the dynamic environment. Management covers wide range of business related activities. It helps to gain economic objectives of the organization in systematic and efficient manner through the effort of all members involved in it.

Management has been defined by many authorities differently. As a result, there no single definition but many and the meaning of management has been changing(24). Terry states-“Management is a distinct process consisting of planning, organizing, actuating and controlling, perform to determine and accomplish the objectives by the use of people and resources.”

Druker defines-“Management is multi-purpose organ that manages a business.”

Koontz and Weihrich states-“Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”

Decenzo and Robbins states-“Management is the process of getting things done effectively and efficiently through and with other people.”

The main principles of management are: Division of Work, Authority and Responsibility, Unity of Command, Unity of Direction, Scalar Chain of Command, Span of Management, Superiority of Organization Interest, Discipline, Human Resource Management, Management by Exception, Management by Objective, Supportive Relationship and Participation(27).

Management is that field of human behavior in which managers plan, organize, staff, direct and control human and other resources in an organized group effort in order to achieve desired individual and group objectives with optimum efficiency and effectiveness(52). Awareness and understanding of important historical developments are also important to contemporary managers. The history of management theories helps managers by organizing information and providing a systematic framework for action.

The origin of management can be traced back to the days when man started living in groups. History reveals that strong men organized the masses into groups according to their intelligence, physical and mental capabilities(52). Evidence of the use of the well-recognized principles of management is to be found in the organization of public life in ancient Greece, the organization of the Roman Catholic Church and the organization of military forces, designing and building such huge public works projects as the Great Wall of China, the Pyramids of Egypt, and aqueducts that provided water to cities in the Roman Empire(52).

Management in some form or the other has been practiced in the various parts of the world since the dawn of civilization. With the beginning of industrial revolution, however, the position underwent a radical change. The structure of industry became extremely complex.

At this stage, the development of a formal theory of management became absolutely necessary. It was against this background that the pioneers of modern management theory and practice. There are number of theories developed in the past that contributed to the expansion of management theories and practices(52). Some of the important theories are given below:

- Classical Theory [F.W. Taylor, Henry Fayol and Max Weber]
- Human Relation and Behavioural Science Theory [Elton Mayo, Mary Parker Follet, Maslow, Frederick Herzberg, Douglas McGregor]
- System Theory [Kenneth, Boulding, Johnson, Kast, C.W Churchman, Martin]
- Decision Theory [Herbert Simon]
- Management Science Theory [Taylor, Gilberts, Gantt, Joel Dean, Newman]
- Contingency Theory [Paul Lowrence, Jay Lorsch, Tom Burns, John Woodward, James Thompson]

Conclusion

This is the age of Globalization. A whole world is converting a single market. Globalization phenomenon is getting popular these days. It refers to the free flow of goods, services, technology, labour, capital and information across the national boundary. Globalization is closer economic integration among different countries in terms of flow of goods and services, capital, labor and technology. Globalization is the tendency of expanding business in different countries. Managers have to work in boundary less world. There is no territory or barrier in export and import business. Globalization invites global competition. Organizations which were competing locally with local competitors now they have to compete with global competitors. It is very difficult to organization to survive and develop in such situation. Organization should increase quality of product and reduce cost which is a challenge for manager. Many organizations are becoming global these days. They are running their business in different countries with different culture, climate and geography, political and economic system. It is a challenging work

for management to prepare executives officers, who can run business such countries.

Management is an art of getting things done through other people. It is a process of Planning, Organizing, Staffing, Directing, Communication, Coordination, Motivation, Controlling and Leadership. It is a process by which managers directs and control other people to concentrate and balance their efforts for efficiently accomplishing predetermined goals within the prevailing environment. Management is to manage human and other resources tactfully for the achievement of organizational goals. Modern management is universal in all organized activities. It is an exercise in harmonizing man, money, material, machine and method towards fulfilling the defined objectives.

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The Study of English Literature

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Abstract

Learning English language and English literature is supposed to study about important questions of the advantages and the importance of so doing. Why should students learn English language and they require learning English literature at the same time? The ultimate fact remains the same—what is the very central of learning the subject? What are their relationships embrace? What, why, and how are we supposed to know that?

Keywords: English, language, literature, ultimate, relationship

INTRODUCTION

As is known, Language Studies may comprise of English Linguistics, English Teaching and English Literature. These three studies are the logical next step of efforts to acquire skills in understanding and using English, particularly for those who aspire to broaden and deepen their knowledge and mastery of English. Therefore, an acceptable degree of English mastery is required to study English literature, for example. The higher one's mastery of English the stronger is one's English sense and hence more sensitive is one's knowledge and critical awareness about English literature. More than that, this paper argues that English language and English literature are in fact inseparable with one needing the other.

However, the study of English literature is more than just English. It is about nearly all facets of society lives from which the English literary works spring up. That is, English-speaking people of certain country, academic, working, religious, and cultural

backgrounds and political leanings and of certain times express various aspects of their lives in written English. The main objectives of studying their literary works are to enrich our knowledge and understanding of the high values of morality and wisdom they contain. However, to know what an English literary work is all about and the messages it wants to convey requires “know-how” that include English skill and strategies. Therefore, this paper argues that the study of English literature can only occur with the presence of the why-what-how balance. The sections to follow explain those arguments.

RELATION BETWEEN LANGUAGE AND LITERATURE

There are many definitions of language comprehensive, deep, or simple ones. According to Chomsky, language is “a set (finite or infinite) of sentences, each finite in length and constructed out of a finite set of elements” (1957, p. 13). In Merriam Webster dictionary, language is defined as system of conventional spoken or written symbols used by people in a shared culture to communicate with each other. A language both reflects and affects a culture's way of thinking.... In comparison, Oxford dictionary defines language as “the method of human communication, either spoken or written, consisting of the use of words in a structured and conventional way.” From that of Chomsky to the more recent definition of language, the essence remains the same. Language contains rules and elements, takes both spoken or written form, reflects the speakers’ culture and way of thinking, and it is significantly used to communicate ideas.

Literature, in fact, does not have less meaning than language. According to Widdowson, literature has various meanings depending on the context that the speakers refer to. It may mean literary writings such as fictions or literature in term of major of study. Literature referring to literary writing could be defined as “the achievement of aesthetic and moral merit” such as those of canon or the great tradition. Or else, it is understood as the “creative and imaginative” writing (1999, p. 4-5). Merriam Webster illustrates literature as “writings having excellence of form or expression and expressing ideas of permanent or universal interest” and Oxford terms literature as “written works,

especially those considered of superior or lasting artistic merit.” Literature has the so called a range of characteristics such as excellent, aesthetic, creative, imaginative, expressive, valuable, and universal.

Therefore, in delivering its characteristics and entity, a tool—language—is unavoidably necessary. It becomes the only choice and its ultimate means.

Now that definitions of both language and literature have been set, their relations are consequently visible. In the digital world glossary, it can be termed that literature is the message, language is the mobile phone. Those two relationships are closely bound and would not be separated in whatsoever ways. The proximity makes them mates and this idea underlies the symbiosis of both of them, regardless the facts that there are debates as to how far a learner needs to study both of them.

In kindergarten, primary and secondary schools, the study of literature is not the major study. It is the minor subject that helps the students get exposure to aesthetic, creative, and imaginative writing. Although not a major study, literary writing such as stories, poetry, and drama are well told, memorized, and played. In our childhood days, bedtime stories are our lullabies to have beautiful dreams and dramas are our proud proof of existence on the elementary and secondary stages. One or two of the children stories told by our grandmothers, grandfathers, fathers, or mothers are clearly or unclearly remembered.

In higher schools, literature, from the simplest form to the hardest, can be a learning material for students. Wide ranges of literary work from the canon to the contemporary form of literature are available for learning. Plays, that commonly use more simple language, can be one of discussion topics in a language classroom. It can be aimed to expose students to colloquial language in which students can adapt and adopt the expressions and later on use the expressions in particular contexts. Novels, which are of more complicated language style, contents, and topics, can be used in advanced language classroom in order to give more complex language exposure to students. This, therefore, is expected to enhance students’ language experience which in turn affects

their language competence. All the above practices are indeed an early yet subtle introduction to literature. This simply shows that literature has filled our lives since we are at the early stage of life and it must have been carried on and has either huge or little impact on the present life.

Language and literature are two closely related subjects that need each other. To learn English literature, for example, needs mastering English and to master English needs studying English literature. This is because English language serves as a tool in studying English literature, without which the study is impossible. There is no way to understand an English literary work when little is known about, for instance, how a sentence is constructed and how a sentence can have lexical and connotation meanings. Therefore, a good command of English is a prerequisite for studying English literature. Only with a certain level of English skill is it possible for someone to endeavor the English literature study.

Similarly, the mastery of English can be enhanced and perfected by studying English literature. Although the main objectives of reading English literary works are to enrich one's knowledge and understanding and to empower oneself, no doubt it also improves one's skill in using English. A frequent reading of English novels and short stories, for example, likely develops and strengthens one's language sense as to how the dialogues between characters, the setting description and the psychological mood of the characters are written. Likewise, a constant reading of English history works familiarizes one with how chronologies are composed in English. Another important boost of English skill resulting from intense readings of English literary works is undoubtedly the awareness of close relationship between text and context. That is, certain English texts are used to depict certain contexts. Conversely, certain contexts are described with certain texts not others. Therefore, if one wants to be able to write a good journalistic report, for example, one must frequently read journalistic works.

WAYS OF THE STUDY OF ENGLISH LITERATURE

The study of English literature can only occur with the presence of the why-what-how balance. *Why* do people need to learn English Literature? People will not study English literature unless it entails benefits. What benefits does English literature give to the reader? Many literary works have high values of morality and wisdom lessons in many different places at different times. Any writings or texts that function to enrich our knowledge and our understanding and empower our selves are essential. There is always a belief that any literary works will certainly give certain meanings to a certain people. People learn particular things from particular sources and thus they have the capacity to give values to any works that are considered precious. Further, the value embedded in a literary work is given by anyone who reads and responds to it based on their own experiences, purposes, and interpretation.

In addition, as far as English literature is concerned, there is language and power issue. Who rules the world seems to be the one with English as their first language. Although nowadays the distinction between English as the first, second or third is hard to tell, the central power still looks the same. This means that English language mastery that may result from studying English literature is a precondition to gain power.

However, we cannot learn the lessons and capture the messages from an English literary works unless we know *what* it is all about. It is about nearly all facets of society lives from which the English literary works spring up. That is, English-speaking people of certain country, academic, working, religious, and cultural backgrounds and political leanings and of certain times express various aspects of their lives in written English. Brumfit (2001) argues “a successful reading of a work of literature is an act of interpretation, in a context where taste and style is often highly valued and where inexperienced learners face an enormous temptation to rely on secondary understanding...” (p. 94). Literature needs to be analyzed through the interrelationship between text and context in order to establish and synthesize meanings and appreciation to the work. The inherent relationships between the text and context,

consequently, provide more values to the work. Furthermore, extensive ways to interpret a literary work have resulted in a rich critical analysis combining interdisciplinary knowledge such as sociology, psychology and history. Indeed, it is enrichment beyond literature as a text.

Further, the study of English Literature takes literature as its object of study. Brumfit (2001) affirms that literature itself contains many aspects that are supposed to be learnt, such as knowledge, attitudes, skills and responses. The knowledge of English Literature may include the English literary tradition, genre, western culture, local context, and analysis of literary texts in detail. Additionally, the attitudes towards English literature should cover the tolerance, respect and understanding on cultural, imaginative and intellectual differences. In addition, literary criticism, as the result of critical thinking and creative interpretation, is among the skills needed in learning English Literature. On the one hand, literary criticism seems to be a ‘correction’ or ‘positive-negative appreciation’. On the other hand, literary criticism is, in fact, a contribution and an enhancement to the world of literature. It showshow a literary work is gaining much deeper and extended meaning in and through other people’s viewpoint and reaction and thus leads us to find wisdom in our lives.

To understand all these requires “*know-how*” or methods. According to Richards and Rogers (2001) methods include approach, design and procedure. Although Richards and Rogers’ theory concerns with language teaching, it also seems to apply in learning English Literature. In approach, for example, a theory of the nature of literature and the nature of literature learning, without which it may be impossible to get the ideas of literature learning, should be well discerned. The nature of literature, particularly, lays in the literary work’s embedded values (Brumfit, 2001). Whether or not a literary can be used in a wider perspective and thus it is worthy, determines its category.

Methods, strategies and techniques used in the study of English literature need to adjust to individual purposes of studies. A close reading of a literary work through language analysis might be a good start. Yet, in order to know how to relate and investigate a

literary work, learners need to understand the background of the writer, the society in which the work is made, and the author's personal experience with the work. They also need what kinds of approaches that need to be applied to analyze a literary work.

In addition, the procedure of learning English literature includes time allocation and equipment availability such as media or multi-media laboratory. It will be much more interesting to learn poems through poems reading and learn a film in a laboratory. The next step to analyze a poem is knowing how to understand each word both lexically and connotatively. Diction, word arrangement, rhymes, grammatical and syntactical analyses are of necessary information to be discussed. Indeed, language becomes the only means to examine poems.

Now that we are living in the Post Modern era, methods, strategies and techniques used in learning English Literature are also influenced by it. The awakening of Post Modernism, Feminism and Post Colonialism have given rise to the more universal and flexible approaches to studying English Literature. The "grand narratives" is no longer considered as possessing the highest truth or the absolute truth. The Post Modern Era gives more freedom and self-values of literary works (Widdowson, 1999, p. 87). In short, approaches to understand literature has given great chance to reveal various values and truth embedded in literary works.

In a learning process as well as teaching process, skills, methods and strategies are used as ways to acquire knowledge. Without them, the learning-teaching process will be unorganized and incoherent. In English Literature, for example, the knowledge of genre appears to be significant starting points before analyzing poetry, prose or plays. Before reading Nathaniel Hawthorne's *Scarlet Letter*, for instance, the knowledge of genre will significantly help the reader in understanding the novel. The reader will be given clues on the expected conflicts that might happen in the story, the complexity of plots and characterization.

Jumping ahead to more recent use and advancement of technology in classrooms across the globe, teachers and lecturers are deemed responsible for adjustment and

empowerment. Bringing have-just-read old yellow classical novels into classrooms and conducting a comparison study of the movie version of the same title would be challenging and probably astonishing. Drawing red lines between the canon and the technologically adapted stories would be another great experience. LoMonico proposes an idea of “singout Whitman’s “Song of Myself” and then write and recite our own version.” Rather than reading Shakespeare’s plays, acting like Shakespeare himself, making a newspaper board of the news collection during the Elizabethan period from the internet, and replicating or redesigning clothes that they wore would be of exciting projects to have (n.d). Shifting methods and strategies would not undermine the literary works only when it is well-planned and designed. Variation would enhance the study of literature and cherish the learning environment.

The new shift in the language study, from single to multiple viewpoints, has been regarded as the most effective and appropriate method to be implemented. Likewise, the study of literature also offers more freedom of interpretation and appreciation. Learners are not the passive agents anymore; rather they are encouraged to initiate research on literature based on their own interest. Therefore, they are expected to empower themselves with the values they get from literature which are relevant with their lives.

CONCLUSION

In fact, the presence of the why-what-how balance is required in learning any subject. While the “know-why” aspect gives the ideas of the importance of and background of such a learning, the “know-what” aspect limits the scope of the object of learning. Further, the “know-how” aspect explains the way in which a learning process could be conducted.

There could be at least three reasons that there should be balance between the ‘know-why’, ‘know-what’ and ‘know how’. Firstly, Learning English Literature is a construct in the whole body of learning. Since it is a construct, it should have a system. The

system, in this case, serves as the correlation and interrelationship between each part. Thus, the “know why- what-how” are elaborated in order to build a scientific reasoning through observation, discussion and practices. Learners are best given more chances to explore and express their understanding of a literary work through short papers or essays. Secondly, since the study of English Literature is also meant to develop positive values embedded in a literary work in order to acquire critical thinking, the syllabus should be designed to support learners to discover knowledge. The materials that are going to be discussed should be arranged to suit the goal of study. Thirdly, methods, strategies and techniques are formulated to suit the content, and material to assist learners in the learning process in order to achieve the goal of studies.

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Impact of human resource management practices on financial performance of Nepalese commercial banks

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Abstract

This study examines the impact of human resource practices on financial performance of Nepalese commercial banks. Return on assets and return on equity are the dependent variables. The independent variables are recruitment and selection, training and development, performance appraisal, compensation and communication. The primary source of data is used to assess the opinions of the respondents regarding the effect of various practices of human resource on the bank performance. The study is based on primary and secondary data of 26 commercial banks with 180 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The regression models are estimated to test the effect of different HRM practices on the performance of Nepalese commercial banks.

The result shows that recruitment and selection has a positive relationship with return on assets and return on equity. It indicates that better and fair recruitment policy, higher would be the return on assets and return on equity. Likewise, training and development is positively correlated to return on assets and return on equity. It indicates that relevant and timely training activities leads to increase in return on assets and return on equity. Similarly, there is a positive relationship of compensation with return on assets and return on equity. It indicates that more and better compensation package leads to increase in return on assets and return on equity. In addition, performance appraisal is positively correlated to return on assets and return on equity. It indicates that better performance appraisal practices lead to increase in return on assets and return on equity. In addition,

communication has a positive relationship with return on assets and return on equity. It means that proper two way communication and effective feedback system leads to increase in return on assets and return on equity. The regression results show that the beta coefficients for recruitment, training and development, compensation, performance appraisal are positive with the financial performance of Nepalese commercial banks.

Keywords: *Return on assets, return on equity, recruitment, training and development, compensation, performance appraisal and communication.*

1. Introduction

Human resources are the precious assets for various business organizations. In today's scenario, behind production of every product or service there is an human mind, effort and man hours (working hours). Human resource management (HRM) as a strategic and coherent approach to the management of organizations most valued assets i.e., the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2009). HRM practices is the set of organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goal (Tiwari and Saxena, 2012). It is a term used to represent that part of an organization's activities concerned with the recruitment, development and management of its employees (Wood and Wall, 2002). The modern field of today's human resource management is attracting a great deal of attention because of its potential impact on organization's survival and prosperity. There is now an evolving belief that, if organizations wish to survive and compete in today's talent based global economy, they have to acquire, develop, and accordingly manage world-class human resource management competencies and practices (Darwish, 2013).

According to Hossain *et al.* (2015), appropriate recruitment and selection process affects employee turnover and proper recruitment and selection affects employee turnover which increases organization's profitability. According to Rawashdeh and Al-

Adwan(2012), there is significant positive relation of HRM practices (recruitment and selection, compensation and reward) with corporate performance. Human resource management practices including recruitment and selection, training and development, performance appraisal and compensation have significant impact on organizational performances (Singh and Kassa, 2016). Osemeke (2012) revealed that effective recruitment and selection and effective performance appraisal practices leads to increase the overall organizations performance. Ayanda *et al.*(2014) stated that effective HRM practices such as selection, training, compensation and employee participation improve the financial performance of commercial banks. Likewise, Saeed *et al.*(2013) and Taylor and Collins (2000) showed that recruitment and human resource practices i.e., training, staffing and incentive practices have positive influence on the organizational success.

Human resource management practices such as training and development, performance appraisal, employee empowerment, compensation, job rotation, employee participation and selection system helps to increase the performance of overall banking sector (Mehmood *et al.*, 2017). Training and development helps to achieve better organizational performance (Anwar and Shukur, 2015). According to Darwish *et al.*(2015), human resource practice such as training has strong impact on actual financial performance i.e. ROA and ROE. Training increase employee loyalty and performance and other behavior through skills, attitudes, new knowledge (Quresh 2010). According to Naris and Ukpere (2009),employees training program and provision of compensation are positively related toemployee's satisfaction. Sufficient training has positive relation with employee satisfaction, commitment, retention and organizational performance (Aguta and Balcioglu, 2015).

According to Ademola(2017), that performance appraisal system should dulyencourage the employees towards the organizational performance. Compensation, career planning, performance appraisal, training, and employee involvement have a positive impact on financial performance of an organization (Hassan, 2016). Ahmed *et al.* (2013) stated that performance appraisal helps to employees to enhance their performance and achieve

pre-determined goal of an organization. Singh and Rana (2014) concluded that performance appraisal helps to motivate the employees for performing tasks and activities. Ademola (2016) revealed that employee participation highly influence the organizational performance which is followed by career planning system and performance appraisal. Performance appraisal has positive relation with the financial performance of an organization (Ayanda *et al.*, 2014).

According to Otieno(2005), human resource practices (job description, performance appraisal, compensation system and human resource planning) have positive relationship with financial performance of various banking organization. Butali and Njoroge(2017) concluded that HRM practices and organizational performance are significantly and positively associated with knowledge management and knowledge management helps to achieve competitive strategy for better organizational performance. All the selected optimum human resource practices have a significant impact on organizations performance (Ahmed *et al.*, 2013). Ogunyomi and Burning (2015) revealed that human resource practice and performance of firms are positively related with each other. HR policies, practices and goal are significantly related to performance of organization (Mufeed and Gulzar, 2015). Mustafi *et al.*(2016)indicated that human resource planning is significant and positively associated with banking sectors. Likewise Pamela *et al.* (2018) found that there is a significant relationship between human resource planning and organizational performance. According to Krishnanand Wesley (2013), employee communication has significant relationship with the employee engagement level. Atambo and Momanyi (2016) concluded a strong correlation between the employees' performance in the overall effectiveness and the levels of communication that exist in the organization. Delery and Doty (1996) revealed that effective communication is the remedy to effective and efficient management performance of employees in an organization.

According to Ebiasuode *et al.*(2017) examined that HRM practices significantly influence the innovation of organization. Management should follow appropriate reward

system to encourage creativity. Innovation performance and environmental have important role when addressing the link between human resource management and organizational performance. Furthermore, HRM practices and organizational performance significant positively associated with each other (Dahie and Mohamed, 2017). Deleney and Huselid (1996) revealed that higher level of compensation, employee's development, and organizational citizenship behavior give higher level of organizational performance. Emmanuel (2013) concluded that compensation duly influence the productivity of employees. According to Ademola(2016), human resource management practices are major factors that influence organizational performance positively.

In context of Nepal, Paudel (2016) revealed that there is a positive impact of employee's motivation factors (employee's participation, performance appraisal system, training and working environment) on organizational performance. Training and development and motivation have positive relationship with organizational performance of Nepalese commercial banks (Shetty, 2018). Similarly, Pathak (2016) investigated that pay and promotional potential, relationship with co-workers and future opportunity for career development leads to reduced turnover and improved employee performance in the organization. Panta (2014) examined that the recruitment and selection practices and organizational commitment are effective in Nepalese organization. Likewise, Pandey (2017) found that the firms investing predominantly in formal training performed better than those relying on informal training. In addition, Rijal (2018) investigated that salary and benefit have positive relationship with employee performance of Nepalese commercial banks. Similarly, Pandey (2018) found that promotion has positive relationship with organizational performance of Nepalese commercial banks. Moreover, Chataut (2018) stated that on/off job training is positively related to employees' performance of Nepalese commercial banks.

The above discussion reveals that there is no consistency in the findings of various studies concerning the impact of HR practices on financial performance of Nepalese

commercial banks.

The major purpose of the study is to examine the impact of HR practices on financial performance on Nepalese commercial banks. Specifically, it examines the relationship of recruitment, training and development, compensation, performance appraisal and communication with return on assets and return on equity on the financial performance on Nepalese commercial banks.

The remainder of this study is organized as follows: Section two describes the sample, data and methodology. Section three presents the empirical results and the final section draw conclusions and discuss the implications of the study findings.

2. Methodological aspects

The study is based on the primary data and secondary data. The primary data were gathered from 180 respondents through questionnaire. The respondents' views were collected on recruitment and selection, performance appraisal, training and development, compensation and communication. The study also used annual reports of selected commercial banks to collect data relating to return on assets and return on equity. Table 1 shows the list of sample commercial banks along with the number of respondents selected for the study.

Table 1: Number of commercial banks selected for the study along with number of respondents

S. N.	Name of commercial banks	No of respondents
1	Agricultural Development Bank Limited	12
2	Bank of Kathmandu Limited	9
3	Citizens Bank International Limited	9
4	Civil Bank Limited	6
5	Everest Bank Limited	10
6	Global IME Bank Limited	10
7	Himalayan Bank Limited	4
8	Kumari Bank Limited	16

9	Laxmi Bank Limited	6
10	Machhapuchchhre Bank Limited	3
11	Mega Bank Nepal Limited	6
12	Nabil Bank Limited	10
13	Nepal Bangladesh Bank Limited	1
14	Nepal Bank Limited	6
15	Nepal Credit and Commerce Bank Limited	3
16	Nepal Investment Bank Limited	2
17	Nepal SBI Bank Limited	9
18	NIC Asia Bank Limited	9
19	NMB Bank Limited	2
20	Prabhu Bank Limited	3
21	RastriyaBanijya Bank Limited	13
22	Sanima Bank Limited	7
23	Siddhartha Bank Limited	13
24	Standard Chartered Bank Nepal Limited	7
25	Sunrise Bank Limited	4
Total number of respondents		180

Thus, the study is based on the 180 observations.

The model

The model estimated in this study assumes that financial performance depends on recruitment and selection, performance appraisal, training and development, compensation and communication. Therefore, the model takes the following forms:

$$ROA_i = \beta_0 + \beta_1 RS + \beta_2 TD + \beta_3 CR + \beta_4 PA + \beta_5 COM + \epsilon_i$$

$$ROE_i = \beta_0 + \beta_1 RS + \beta_2 TD + \beta_3 CR + \beta_4 PA + \beta_5 COM + \epsilon_i$$

Where,

ROA= Return on assets is the ratio of net profit after tax to total assets, in percentage.

ROE= Return on equity is the ratio of net profit after tax to total shareholders' equity, in percentage.

RS= Recruitment and selection

TD = Training and development

CR = Compensation

PA = Performance appraisal

COM = Communication

Recruitment and selection was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "bank used advertisements to recruit employees", "Appointments in this organization are based on merit" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.900$).

Training and development was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include "I have training opportunities to learn and grow", "I am selected for training programs that suit my job needs most" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.762$).

Compensation was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "My salary is fair considering what other people are paid," "Good job is noticed and rewarded" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.736$).

Performance appraisal was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 7 items and sample items include "Performance appraisal is fair in our organization," "Employees are provided with performance based feedback and

counseling” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.775$).

Communication was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “Management frequently provide the feedback regarding performance”, “Communication system enhances my creativity related to organizational activity.” and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.794$).

The following section describes the dependent variables used in this study

Recruitment and selection

According to Hossain *et al.* (2015), appropriate recruitment and selection process reduces employee turnover which increases the organization’s profitability. Similarly, Saeed *et al.* (2013) observed a significant positive relationship among staffing practices, incentive practices, training program and bank performance. Similarly, Taylor and Collins (2000) viewed recruitment as one of the most critical human resource activity which is vital for the organizational success. Osemeke (2012) revealed that effective recruitment and selection and effective performance appraisal practices are positively related to organization performance. Singh and Kassa (2016) revealed that human resource management practices including recruitment and selection, training and development, performance appraisal and compensation have positive and significant impact on organizational performance. Based on it, the study develops the following hypothesis:

H₁: There is a positive impact of recruitment and selection on financial performance.

Training and development

According to Aguta and Balcioglu (2015), sufficient training have positive relation with employee satisfaction, commitment, retention and organizational performance. Likewise, Mufti *et al.* (2016) observed that training and development are positively related to human

resource competencies. In addition, HR practices (training and development, performance appraisal, employee empowerment, compensation, job rotation, employee participation and selection system) are positively correlated to banking sector performance (Abdalkrim, 2012). Darwish *et al.* (2015) showed that HR practices (training) have significant strong impact on the financial performance (ROA) and weak effect on return on equity. Based on it, the study develops the following hypothesis:

H₂: There is a positive impact of training and development on financial performance.

Compensation

According to Olu *et al.* (2007), there is a positive relationship between compensation and employee performance. Similarly, Emmanuel (2013) indicated that there is a positive significant relationship between compensation and employee productivity. Cheema *et al.* (2017) showed that higher level of compensation, employee's development, and organizational citizenship behavior leads to higher level of organizational performance. Goodarzi and Bazgir (2015) found a significant positive influence of recruitment on firm's performance. Likewise, Ebiasuode *et al.* (2017) showed that there is a positive significant relationship between compensation and productivity. Based on it, this study develops the following hypothesis:

H₃: There is a positive impact of compensation on financial performance.

Performance appraisal

According to Butali and Njoroge (2017), performance appraisal has a significant effect on organizational performance. Similarly, Ademola (2017) revealed that performance appraisal system has significant positive impact on employee's performance. Weru *et al.* (2013) found that performance appraisal and firm's performance are significant and positive. Furthermore, Hassan (2016) revealed that HRM practices compensation, career planning, performance appraisal, training, and employee involvement have a positive impact on financial performance. Singh and Rana (2014) showed that there is a positive

and significant relationship between performance appraisal and motivation. In addition, timely evaluation of employees' performance leads to better performance of employees which results in better firm performance. Based on it, this study develops the following hypothesis:

H₄: There is a positive impact of performance appraisal on financial performance.

Communication

According to Femi *et al.* (2014), effective communication creates mutual understanding between management and workers which helps in building genuine relationship among both parties in the organizations. Ngozi *et al.* (2015) showed that effective communication should be highly recommended to every organization in all the sectors of the economy. Krishnan and Wesley (2013) revealed that employee communication has significant relationship with the employee engagement. Similarly, Abdalkrim (2012) showed that human resource practices (recruitment and selection, training and development, performance appraisal and communication) are positively correlated to banking sector performance. Based on it, this study develops the following hypothesis:

H₅: There is a positive impact of communication on financial performance.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 2.

Table 2: Kendall's Tau correlation coefficients matrix for dependent and independent variables

This table presents Kendall's Tau correlation coefficients between dependent variable and independent variables. The dependent variables are ROA (return on assets is the ratio of net profit after tax to total assets, in percentage) and ROE (return on equity is the ratio of

net profit after tax to total shareholders' equity, in percentage). The independent variables are RS (recruitment and selection is defined as a method of selecting the best candidate for the required position), TD (training and development is the act of providing required knowledge and skills to the employees in an organizations), CR (Compensation defined as providing necessary reward to the employees based on their performance), PA (performance appraisal generally means measure the performance of individuals in an organization), and COM (communication refers to the pattern of communication, feedback system, frequency of communication between superior and subordinate employees in an organization).

Variables	Mean	SD	ROA	ROE	RS	TD	CR	PA	COM
ROA	1.920	0.586	1.000						
ROE	4.480	0.543	0.435**	1.000					
RS	3.840	0.384	0.0930	0.054	1.000				
TD	3.950	0.498	0.006**	0.014**	0.291**	1.000			
CR	3.670	0.516	0.043	0.026*	0.366**	0.405**	1.000		
PA	3.700	0.472	0.043**	0.015	0.270**	0.371**	0.428**	1.000	
COM	3.840	0.571	0.0310	0.008	0.262**	0.394**	0.290**	0.387**	1.000

Note: The asterisk signs (**) and (*) indicate that the results are significant at 1 %. And 5 % levels respectively.

The result shows that recruitment and selection is positively correlated to return on assets. It indicates that fairselection leads to increase in return on assets. Likewise, training and development is positively correlated to return on assets. It indicates that effective and timelytraining and development activities leads to increase in return on assets. Similarly, there is a positive relationship between compensation and return on assets. It indicates that bettercompensation policy leads to increase in return on assets. In addition, performance appraisal is positively correlated to return on assets. It indicates that better and timely

performance appraisal activity leads to increase in return on assets. In addition, communication has a positive relationship with return on assets. It means that increase in effective and frequent communication leadsto increase in return on assets.

Similarly, the result also shows that performance appraisal is positively correlated to return on equity. It indicates that better and timely performance appraisal activity leads to increase in return on equity. In addition, communication has a positive relationship with return on equity. It means that increase in effective and frequent communication leads to increase in return on equity. Likewise, training and development is positively correlated to return on equity. It indicates that effective and timely training and development activities leads to increase in return on equity. Similarly, there is a positive relationship between compensation and return on equity. It indicates that better compensation policy leads to increase in return on equity. In addition, recruitment and selection is positively correlated to return on assets. It indicates that fair selection leads to increase in return on equity.

Regression analysis

Having examined the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 3. More specifically, it presents the regression results of recruitment, training and development, compensation, performance appraisal and communication on return on assets.

Table 3: Estimated regression results of recruitment, training and development, compensation, performance appraisal and communication with return on assets

The results are based on 180 observations using linear regression model. The model is $ROA_i = \beta_0 + \beta_1 RS + \beta_2 TD + \beta_3 CR + \beta_4 PA + \beta_5 COM + \varepsilon_i$, where the dependent variable is ROA (return on assets is the ratio of net profit after tax to total assets, in percentage). The independent variables are RS (recruitment and selection is defined as a method of selecting the best candidate for the required position), TD (training and development is the act of providing required knowledge and skills to the employees in an organizations), CR (Compensation defined as providing necessary reward to the employees based on their

performance), PA (performance appraisal generally means measure the performance of individuals in an organization), and COM (communication refers to the pattern of communication, feedback system, frequency of communication between superior and subordinate employees in an organization).

Mod el	Interce pt	Regression coefficients of					Adj. R_ba r ²	SE E	F- value
		RS	TD	CR	PA	COM			
1	11.75 (4.418)* *	0.213 (2.036) *					0.174	3.5 4	8.072
2	14.884 (7.013)* *		0.101 (0.18 9)				0.005	3.5 5	0.036
3	14.237 (7.450)* *			0.268 (3.132)* *			0.216	3.5 6	10.01 8
4	15.299 (7.293)* *				0.219 (0.39 1)		0.005	3.5 6	0.152
5	15.084 (8.352)* *					0.155 (0.33 4)	0.005	3.5 5	0.112
6	15.433 (6.803)* *				0.167 (0.25 5)	0.085 (0.15 7)	0.019	3.5 6	0.818
7	15.072 (6.078)* *		0.096 (0.14 5)	0.307 (2.457)*	0.361 (0.49 9)		0.115	3.5 7	0.112

8	12.975 (4.312)* *	0.269 (2.226) *	0.272 (0.40 1)	0.077 (2.11) *	0.405 (0.56 1)		0.112	3.5 7	10.46 6
9	13.065 (4.297)* *	0.295 (2.229) *	0.221 (0.31)	0.088 (2.125)*	0.356 (0.47 2)	0.139 (0.23 9)	0.181	3.5 8	12.38 2
10	15.158 (6.012)* *		0.051 (0.07 3)	0.318 (2.47)*	0.318 (0.42 2)	0.12 (0.20 7)	0.121	3.5 9	12.21 1

Notes:

1. Figures in parentheses are t-values.
2. The asterisk signs (**) and (*) indicate that results are significant at 1 percent and 5 percent level of significance respectively.
3. Dependent variable is return on assets.

Table 3 shows that the beta coefficients for recruitment and selection are positive with return on assets. It indicates that better recruitment and selection process have positive effect on the return on assets of Nepalese commercial banks. This findings is consistent with the findings of Taylor and Collins (2000). Similarly, the beta coefficients for training and development are positive with return on assets. It indicates that better training and development have positive effect on the return on assets. This findings is similar to the findings of Mufti *et al.* (2016). Similarly, the beta coefficients for performance appraisal are positive with return on assets. It indicates that better performance appraisal have positive effect on the return on assets of Nepalese commercial banks. This findings is consistent with the findings of Delery and Doty (1996). Similarly, the beta coefficients for compensation are positive with return on assets. It indicates that better compensation practices have positive effect on the return on assets. This findings is similar to the findings of Olu *et al.* (2007). The result also reveals that the beta coefficients for recruitment and selection are significant at 5 percent level of significance.

Table 4 presents the regression results of recruitment, training and development, compensation, performance appraisal and communication on return on equity.

Table 4: Estimated regression results of recruitment, training and development, compensation, performance appraisal and communication with return on equity

The results are based on 180 observations using linear regression model. The model is $ROE_i = \beta_0 + \beta_1 RS + \beta_2 TD + \beta_3 CR + \beta_4 PA + \beta_5 COM + \varepsilon_i$, where the dependent variable is ROE (return on equity is the ratio of net profit after tax to total shareholders' equity, in percentage). The independent variables are RS (recruitment and selection is defined as a method of selecting the best candidate for the required position), TD (training and development is the act of providing required knowledge and skills to the employees in an organizations), CR (Compensation defined as providing necessary reward to the employees based on their performance), PA (performance appraisal generally means measure the performance of individuals in an organization), and COM (communication refers to the pattern of communication, feedback system, frequency of communication between superior and subordinate employees in an organization).

Model	Intercept	Regression coefficients of					Adj. R ²	SEE	F-value
		RS	TD	CR	PA	COM			
1	1.64 (7.00)* *	0.56 (8.88)* *					0.35	0.67	78.84
2	2.10 (9.01)* *		0.50 (7.00)* *				0.24	0.72	49.04
3	1.03 (4.83)* *			0.69 (12.89)**			0.53	0.57	166.36
4	2.48 (6.23)* *				0.39 (3.79)**		0.18	0.85	14.33

5	1.87 (6.56)* *					0.62 (7.58)**	0.47	0.75	57.51
6	0.30 (1.34)		0.21 (3.78)* *	0.42 (6.18)**			0.62	0.51	81.07
7	0.27 (1.18)	0.06 (0.95)	0.20 (3.44)* *	0.39 (5.21)**		0.31 (3.96)**	0.62	0.51	60.99
8	0.34 (1.30)		0.19 (3.32)* *	0.39 (5.20)**		0.32 (3.96)**	0.62	0.52	48.62
9	0.31 (0.99)	0.59 (0.85)	0.19 (3.22)* *	0.39 (5.12)**	0.02 (0.22)	0.32 (3.82)**	0.61	0.52	40.26

Notes:

1. Figures in parentheses are t-values
2. The asterisk signs (**) and (*) indicate that results are significant at 1 percent and 5 percent level of significance respectively.
3. Dependent variable is return on equity.

Table 4 shows that the beta coefficients for recruitment and selection are positive with return on equity. It indicates that better recruitment and selection process have positive effect on the return on equity of Nepalese commercial banks. This findings is consistent with the findings of Osemeke (2012). Similarly, the beta coefficients for training and development are positive with return on equity. It indicates that better training and development have positive effect on the return on equity. This findings is similar to the findings of Darwish *et al.* (2015). Similarly, the beta coefficients for performance appraisal are positive with return on equity. It indicates that better performance appraisal have positive effect on the return on equity of Nepalese commercial banks. This findings is

consistent with the findings of Singh and Rana (2014). Similarly, the beta coefficients for compensation are positive with return on equity. It indicates that better compensation practices have positive effect on the return on equity. This findings is similar to the findings of Goodarzi and Bazgir (2015). The result also reveals that the beta coefficients for recruitment, training and development, compensation, performance appraisal and communication are significant at 1 percent level of significance.

4. Summary and conclusion

Human resource management is one of the most important, yet one of the least emphasized functions affecting organizational performance. The use of high performance work practices, including comprehensive employee recruitment and selection procedure, incentive compensation and performance management system, and extensive employee involvement and training can improve the knowledge, skills and abilities of a firm's current and potential employees, increase their motivation, reduce shirking, and thus enhance firm's performance.

This study attempts to examine the impact of human resource management practices on the financial performance on Nepalese commercial banks. The study is based on primary and secondary data of 25 commercial banks with 180 respondents.

The study shows that recruitment, training and development, compensation, performance appraisal and communication have positive impact on return on assets. Similarly, the study also shows that recruitment, training and development, compensation, performance appraisal and communication have positive impact on return on equity. The study concludes that better use of HR management practices in banking sector has significant impact on the financial performance. The study also concludes that compensation followed by recruitment and selection is the most influencing factor that explains the changes in financial performance of Nepalese commercial banks.

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Knowledge Management

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Abstract:

Powerful organizations are those that manage their power factors efficiently; organizational resources are considered vital power factors, and Knowledge is one of the most important resources to manage. There is no universally accepted Knowledge Management process, but it is known that establishing the appropriate knowledge flows in the organization is the main goal of organizational knowledge management. A Knowledge Management System is an information system which supports the knowledge management process, mainly by providing the required knowledge and enhancing its flow. Organizations increasingly feel the need for appropriate methodologies for developing their target knowledge management system. However, existing knowledge management system development methodologies are not comprehensive enough to satisfy all organizational needs. In this paper, we propose an abstract knowledge management system development methodology which alleviates the weaknesses of existing methodologies while reusing their strengths. Method engineers can develop concrete methodologies by instantiating the proposed abstract methodology.

Introduction

The idea of knowledge management has received international attention and is gaining new power in the world economy. In recent years, there has been a growing interest in knowledge management due to the emergence of globalization and international trade, which has resulted in an increase in business complexity and new expectations for greater corporate citizenship and transparency. Global economic is increasingly being

characterized as a “knowledge economy “ knowledge is considered the main distinguishing factor of business success and is seen as the foundation of competitive advantages .companies no longer compete on the basis of tangible assets of materials and labor but on intangible assets in today’s business environment , companies need to know what they have in term of knowledge resources and competencies, and how they can use them more effectively to gain or sustain competitive advantages.

According to Albert “knowledge management is the process of collecting, organizing, classifying and disseminating information throughout an organization so as to make it purposeful to those who need it.”

Substantially more prevalent among large businesses than among small and medium-sized businesses (SMEs). However, there is no discernible difference in the state of knowledge management activities between businesses in the banking industry and those in the non-banking sector. The reputation of banks is enhanced by good knowledge management.

There are some research problems of this study these are as below:

1. What is the systematic process consisting of creating, acquiring and organizing disseminating and using knowledge to right people at the right in organization ?
2. How the knowledge management is helps manager in effective decision making?
3. What should be properly applied so that it creates value for the organization?

Following are the objectives of this research:

1. To analysis the systematic process consisting of creating, acquiring, and organizing, disseminating and using knowledge to right people at the right time in organization.
2. To evaluate the Knowledge management helps managers in effective decision making.
3. To examine the knowledge should be properly applied so that it creates value for the organization.

Material and Method

Methods are carried out to shape and provide the appropriate outlook by describing, explaining and predicting a basic framework on which study is based. The study is exploratory in character and cross-sectional in design. To evaluate knowledge management activities of Nepalese organizational, secondary data had to be gathered, and content analysis techniques had to be used. The secondary data of knowledge management practices of Nepalese organization will be collected from published and unpublished sources. Agrawal, 2012. the empirical components of this article compares primary research that will carry out in the Nepalese organizations. In order to evaluate the conceptual understanding knowledge management theory and practices,

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Financial Inclusion in Economic Growth of Nepal

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Abstract

The major purpose of this study is to examine the relationship among financial inclusion and economic growth in Nepal. Financial inclusion refers to a process that ensures the ease of access, availability and usage of the formal financial system for all members of an economy. Policymakers view this as a mechanism to improve people's livelihoods, lower poverty, and advance economic development. Financial sector development plays the importance role in mobilizing the economy and bringing the efficiency in the role of financial intermediaries.

The study utilizes judgmental sampling, also known as purposive or authoritative sampling, to select variables affecting the real GDP of Nepal's economy. It employs descriptive, correlation, and regression analyses to analyze secondary data collected from 2013/14 to 2023/24. The study relies on secondary data sources including the World Bank database, International Monetary Fund database, Nepal Rastra Bank publications, and central bureau of statistics. These sources provide overall macroeconomic data for Nepal and data specific to commercial banks in the country.

The study concludes that there is a significant relationship between financial inclusion and economic growth. The study also concludes that all the financial inclusion variables are significant influencing factors that explain the economic growth in Nepal. The study found that there is positive impact of private sector credit, broad money supply, loans to deposit ratio, deposit of commercial bank, loans from commercial bank and commercial bank branches on GDP in Nepal. Hence, to achieve high economic growth rate policymakers should such types of independent variable play significant role. This study

is based mainly on secondary data. Thus, the further study can make much more comprehensive by using primary source such as survey, questionnaire, special group discussion etc. The qualitative phenomena can be considered for the research in future.

Keywords

Credit to private sector to GDP ratio, Broad money supply to GDP ratio, Loans to deposit ratio, Commercial bank loans, Commercial bank deposits, Number of commercial bank branches, Loan to rural areas

1. Background

Financial inclusion, described as ensuring access, availability, and utilization of formal financial services for all members of an economy, is seen as vital for improving livelihoods, reducing poverty, and fostering economic development (Sharma, 2021). Scholars have defined financial inclusion in various dimensions, ranging from the usage of financial services by individuals and firms to access to formal financial opportunities such as credit, savings, and insurance (Kochhar & Chakrabarty, 2009; Hariharan & Marktanner, 2012). It has garnered global attention, with initiatives such as the World Bank's aim for universal financial access by 2020 and the development of national financial inclusion strategies in many countries (Rillo, 2018).

In Nepal, the financial system comprises various institutions, including commercial banks, development banks, microfinance institutions, and insurance companies, regulated by the Nepal Rastra Bank (Gautam, 2014). Efforts have been made to increase financial access, but challenges remain, particularly in rural and remote areas (Pant, 2016). Market liberalization has been advocated to build public trust in the financial system, emphasizing the importance of both expanding financial services and enhancing public confidence (Paudel, 2005).

2. Literature Review

Financial inclusion refers to ensuring that individuals and businesses have access to suitable and affordable financial products and services that cater to their needs, including transactions, payments, savings, credit, and insurance, in a responsible and sustainable manner. This concept has gained prominence as a key strategy for reducing poverty and income inequality, leading policymakers and regulators worldwide to prioritize its implementation. Despite the emphasis on financial inclusion in Nepal's policy framework, a significant portion of the population remains excluded from formal financial services.

In Nepal, various policy initiatives aimed at expanding financial outreach are underway, aligned with the country's long-term development goals. These initiatives are integral to Nepal's strategy to graduate from its least developed country status by 2022, achieve the UN Sustainable Development Goals, and attain middle-income country status by 2030. Financial inclusion plays a crucial role in advancing these objectives by facilitating collaboration with bilateral and multilateral partners to realize Nepal's vision for 2030.

Bakari et al. (2021) investigated the impact of financial inclusion on poverty reduction in sub-Saharan Africa, using annual country data from 1980 to 2017. The study found that savings, private sector credit, access to ATM, access to information technology, inflation, and government expenditure significantly contributed to poverty reduction in the region, while interest rates and economic growth were associated with increased poverty.

Eton et al. (2020) explored the role of financial inclusion in economic growth in selected districts of western Uganda, surveying 194 respondents through random and purposive sampling techniques. They found that financial inclusion supports economic growth by promoting equitable distribution of benefits, transforming livelihoods, enhancing credit creation, and empowering individuals to access relevant financial services.

Williams et al. (2017) examined the relationship between financial inclusion, poverty reduction, and economic growth in Nigeria using panel data from 2006 to 2015. They found that indicators such as active ATMs, bank branches, and government expenditure

were robust predictors of poverty reduction, emphasizing the importance of infrastructural development to enhance banking services.

Park and Mercado (2015) analyzed the impact of financial inclusion on poverty and income inequality in developing Asian economies, using data from 37 countries. They found that factors such as per capita income, rule of law, and demographic characteristics significantly influenced financial inclusion, which in turn contributed to poverty reduction and lower income inequality.

Rasheed et al. (2016) examined the role of financial inclusion in financial development using international data from 97 countries. Their analysis revealed a significant positive impact of financial inclusion on financial development, with GDP per capita also positively associated with financial development, thus indicating its contribution to economic development.

Pant (2020) conducted a descriptive and analytical study assessing past policy measures and proposing steps to promote financial inclusion in Nepal. Utilizing secondary data primarily from the Department of Cooperatives and various departments of Nepal Rastra Bank, as well as sources like the International Monetary Fund and World Bank, the study emphasized the importance of financial inclusion for Nepal's economic growth. It identified factors such as low financial literacy and inadequate infrastructure hindering significant progress in financial inclusion. The study recommended implementing policies on financial literacy, promoting bank account usage, enhancing digital financial services, developing a financial inclusion roadmap, and granting special roles to Microfinance Institutions (MFIs) to enhance financial inclusion.

Rana (2020) examined the impact of inflation and money supply on output growth in Nepal using time series annual data from mid-July 1975 to mid-July 2019. Retrieving data from various issues of economic surveys and quarterly economic bulletins, the study applied the Autoregressive Distributed Lag (ARDL) model to investigate the long-run and short-run relationships between the variables. The results indicated that inflation and money supply were cointegrated with economic growth over the study period, with

money supply stimulating output growth in both the long-run and short-run.

3. Research Methodology

3.1 Research design

The research design undertaken in this study consists of descriptive and longitudinal research design to deal with the fundamental issues associated with relationship between financial inclusion and economic growth in Nepal. The descriptive research design has been adopted for fact finding and searching adequate information about factors affecting financial inclusion. Descriptive research is a process of accumulating facts. It describes phenomenon as they exist. Such design involves the systematic collection and presentation of data to give clear picture of a particular situation. Descriptive research design helps to reduce data into manageable form. The descriptive research includes multiple variables for analysis such as descriptive statistics, correlation matrix and regression analysis from which the best fitted models are developed and then analyzed. Hence, the research design adopted in this study is of descriptive type.

3.2 Nature and sources of the data

The study is based on secondary source of data. This section elaborates on how data were collected to carry out this study. Without any data, nothing can be studied. The variables used in the study are categorized into independent variables (private sector credit to GDP, broad money supply to GDP, loans to deposit ratio, commercial bank deposits, commercial bank loans and number of commercial banks branches per 100,000 population), and dependent variable (GDP). The secondary data are collected for the period of 2011 to 2021. The main sources of secondary data are World Bank database, International Monetary Fund, financial access survey, various publications of Nepal Rastra Bank, central bureau of statistics. The secondary data are analyzed using the Microsoft excel. The data have been employed to understand and analyze the role of financial inclusion on economic growth in Nepal.

The secondary data and information have been collected from annual supervision report, banking and financial statistics published by Nepal Rastra bank and annual financial report of World Bank.

3.3 Method of the data analysis

The main purpose of data analysis in the study is to examine the relationship among financial inclusion and economic growth in context of Nepal. Therefore, this section deals with statistical and econometric models used for the purpose of analysis of secondary data. Descriptive, correlation and regression methods of analysis are used in the study.

3.4 Model specification

The econometric models employed in this study tries to analyze the relationship between financial inclusion and economic growth. The following regression model is used in the study to examine the empirical relationship between financial inclusion and economic growth of Nepal. Thus, the following model equation is designed to test the hypothesis. From the conceptual framework the function of dependent variables takes the following form:

$$GDP = f(D2, M2, LDR, LCB, DCB \text{ and } BBranch)$$

In this model, the dependent variable is gross domestic product (GDP) measured as a proxy to economic growth. Private sector credit to GDP ratio, broad money supply to GDP ratio, loans to deposit ratio, commercial bank deposits, commercial bank loans and number of commercial bank branches are independent variables which are tested on GDP. The model is presented as follows:

$$GDP_{it} = \beta_0 + \beta_1 D2_{it} + \beta_2 M2_{it} + \beta_3 LDR_{it} + \beta_4 LCB_{it} + \beta_5 DCB_{it} + \beta_6 BBranch_{it} + e_{it} \dots \dots \dots (I)$$

Where,

GDP = Gross Domestic Product, defined as the sum of gross value added by all resident in the economy, Rs. in billion.

D2 = Private sector credit to GDP ratio, defined as the financial resources provided to the private sector, in percentage.

M2 = Broad money supply, defined as all the currency and other liquid instruments in a country's economy, in percentage.

LDR = Loans to deposit ratio, defined as ratio of bank's total loans to its total deposits for the same period, in percentage.

DCB = Total Deposits of commercial banks, defined as money placed into banking institutions for safekeeping, Rs. in billion.

LCB = Loans from commercial banks, defined as total amount of credit available to a business or individual to borrow from a banking institution, Rs. in billion.

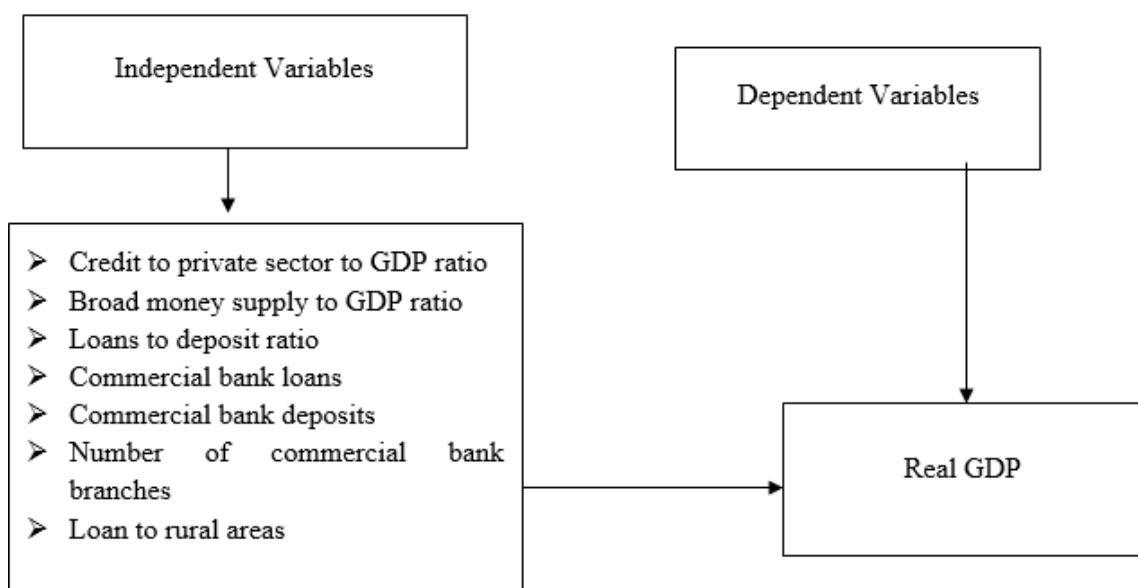
BBranch = Commercial bank branches per 100,000 adults, indicated how accessible the banks are to the bank user, in number per 100,000 adults.

e_{it} = Error term

β_0 is the constant term and $\beta_1, \beta_2, \beta_3, \beta_4$, and β_5 are the beta coefficients of variables.

3.5 Research framework

A research framework is an analytical tool with several variations and contexts. It can be applied in different categories of work where an overall picture is needed. It is used to make conceptual distinctions and organize ideas. Strong conceptual frameworks capture something real and do this in a way that is easy to remember and apply. Given figure shows the theoretical framework of the study. Credit to private sector to GDP ratio, loans to deposit ratio, broad money supply to GDP ratio, commercial bank loans, commercial bank deposits and commercial bank branches denote independent variables. Dependent variable is real GDP. All these independent variables are expected to influence the dependent variables.



4. Results

4.1 Descriptive statistics

The descriptive statistics used in this study consists of minimum, maximum, mean and the standard deviation associated with variables under consideration. Therefore, descriptive statistics enables to present the data in a more meaningful way, which allows simpler interpretation of the data. Table summarizes the descriptive statistics for the financial inclusion variables used in this study during the period 2013 through 2023 of Nepal.

Table 1

Descriptive statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
GDP	13.67	36.29	24.64	8.14
D2	53	90.25	73.23	13.85
BMS	75.8	110.02	97.18	12.73

LDR	76.79	88.41	76.61	4.87
LCB	511.53	3224.45	1572.58	1802.06
DCB	687.567	3611.58	1626.47	941.65
BBranch	7.4	23.3	13.04	5.36

Source: SPSS output

Table 1 shows the descriptive statistics of dependent and independent variables selected under this study. Clearly, gross domestic product ranges from a minimum of Rs. 13.67 billion to a maximum of Rs. 36.29 billion, leading to an average of Rs. 24.64 billion. Similarly, average private sector credit to GDP ratio varies from a minimum of 53 times to a maximum of 90.25 times, leading to an average of 73.23 times. Likewise, the broad money supply to GDP ratio ranges from a minimum of 75.8 times to a maximum of 110.02 times, leading to an average of 97.18 times. Furthermore, the commercial bank loans ranges from a minimum of Rs. 511.53 billion to a maximum of Rs. 3224.45 billion, leading to an average of Rs. 1572.58 billion. However, the commercial bank deposits ranges from a minimum of Rs. 687.567 billion to a maximum of Rs. 3611.58 billion, leading to an average of Rs. 1626.47 billion. Similarly, the number of commercial bank branches per 100,000 adults ranges from a minimum of 7.4 people to a maximum of 23.3 people, leading to an average of 13.04 people.

4.2 Correlation analysis

Table 2

Correlation analysis

Variab les	GDP	D2	M2	LDR	LCB	DCB	BBranch
GDP	1						
D2	0.95	1					

	65						
M2	0.88 48	0.95 69	1				
LDR	0.66 52	0.55 36	0.45 74	1			
LCB	0.98 42	0.93 65	0.84 93	0.75 90	1		
DCB	0.98 85	0.94 3	0.86 96	0.74 19	0.99 83	1	
BBran ch	0.94 56	0.86 62	0.75 06	0.83 21	0.97 84	0.97 41	1

Source: SPSS output

Table 2 shows that there is positive relationship between Private sector credit to GDP ratio (D2) and Gross Domestic Product (GDP). This means that higher the Private sector credit to GDP ratio, higher would be the Gross Domestic Product. The value or correlation 0.95 indicates that the relationship between D2 and GDP is highly correlated. Similarly, the Correlation between broad money supply (M2) and GDP is 0.88 indicate that the variable Broad money supply and Gross Domestic Product is highly correlated. Same as, The variable broad money supply and private sector to credit is also highly correlated it indicate that Higher the broad money supply, higher would be the private sector credit. The results also shows high level of correlation between Loans to deposit ratio(LDR) and Gross Domestic Product i.e. 0.66 and moderate level of correlation between LDR,D2 and M2. The relation between loans of commercial bank, GDP, D2, M2 and LDR is highly correlated because the value of correlation of this variable is 0.98, 0.93, 0.84 and 0.74 respectfully. It indicates that these variables are highly affected to each other. Similarly, the results also show variables (commercial bank deposit (DCB), gross domestic product, private sector credit, broad money supply, loans to deposit ratio

and commercial bank loan) are highly correlated. Similarly, The Commercial bank branches per 100,000 adults (BBranch) is highly correlated with GDP,D2,M2,LDR,LCB and DCB because the correlation value of BBranch with these other variable are 0.94,0.86,0.75,0.83,0.97 and 0.97 respectfully. Shows that private sector credit to GDP is also positively and correlated real gross domestic product. It indicates that increase in private sector credit contributes to an increase in real gross domestic product. Likewise, broad money supply positively and significantly correlated to real gross domestic product. It indicates that higher the broad money supply higher would be real gross domestic product. The study also shows that loan to deposit ratio has positive and significant relationship between real gross domestic product. It reveals that higher to loan to deposit ratio higher is real gross domestic product. Similarly, total loan of commercial bank is positively and significantly related to real gross domestic product. It indicates that greater the loans disbursed by commercial banks greater would be real gross domestic product. Likewise, there is positive and significant relationship between total deposits by commercial banks and real gross domestic product. It shows that larger the deposits collected by commercial banks larger would be real gross domestic product. The study also shows that the number of commercial bank branches has positive and significant relationship with real gross domestic product. It indicates that increase to number of commercial banks branches leads to increase in real gross domestic product.

4.3 Regression analysis

Table 3

Regression Analysis

	<i>Coefficients</i>	<i>Standard Error</i>	<i>tStat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	29.05567	21.6935	-1.236203	0.0273	-39.9827	98.09408	-39.9827	98.09408
D2	0.02994	0.292938	0.8122	0.0642	-0.90232	0.962199	-0.90232	0.962199
M2	-0.11554	0.338486	-2.25136	0.0421	-1.19276	0.961668	-1.19276	0.961668
LDR	-0.19461	0.352261	-2.92246	0.0477	-1.31566	0.926441	-1.31566	0.926441
LCB	-0.00654	0.01946	-3.0604	0.0360	-0.06847	0.05539	-0.06847	0.05539
DCB	0.01871	0.02378	0.96748	0.0884	-0.05697	0.09439	-0.05697	0.09439
BBranch	-0.48302	1.276055	-0.88530	0.0807	-4.544	3.577955	-4.544	3.577955

SPSS Output

Table 3 shows beta coefficient of credit to private sector 0.0299 indicate that If there is 1 percentage change in Credit to private sector(D2) than real GDP changes by 0.0299 billion rupees. Similarly beta coefficient of Broad money supply -0.115 indicate that if there is 1 percentage change in broad money supply than real GDP changes by 0.115 billion rupees and beta coefficient for loans to deposit ratio 0.194 indicate that if there is 1 percentage change in loans to deposit ratio than real GDP changes by 0.194 billion rupees. Similarly, if there is 1 billion rupees changes in commercial bank loan and commercial bank deposit then real GDP changes by 0.0065 and 0.018 billion rupees respectfully. Beta coefficient of BBranch 0.483 indicate that every unit of changes in number of commercial bank branches changed real GDP by 0.483 billion rupees.

5. Discussion

The study has mainly focused on the relationship between financial inclusion and economic growth in Nepal. The study considered the financial inclusion variables: private sector credit to GDP ratio, broad money supply to GDP ratio, loans to deposit ratio, commercial bank deposits, commercial bank loans and number of commercial bank branches. The dependent variables measured in terms of real gross domestic product for economic growth. The results are based on the time series data during the period 2013 to 2023 for Nepal. The result has been derived by using descriptive statistics, correlation analysis and multiple regression analysis. The secondary data has been collected from the World Bank database, IMF database, Nepal Rastra Bank publications, and central bureau of statistics of Nepal.

The results revealed that real GDP of Nepal has recorded Rs. 13.67 billion in 2011 and it reaches to Rs. 36.29 billion in 2021. The structure and pattern of the data shows that real GDP of Nepal has been in increasing trend over the study period. Similarly, average private sector credit to GDP ratio varies from minimum of 53 times to maximum of 90.25 times, leading to an average of 73.23 times. Likewise, the broad money supply to GDP ratio ranges from minimum of 75.8 times to maximum of 110.02 times, leading to

an average of 97.18 times. Furthermore, the loans by commercial banks ranges from minimum of Rs. 511.53 billion to maximum of Rs. 3224.45 billion, leading to an average of Rs. 1572.58 billion. However, the total deposits of commercial banks ranges from a minimum of Rs. 687.567 billion to a maximum of Rs. 3611.58 billion, leading to an average of Rs. 1626.47 billion. Similarly, the number of commercial bank branches per 100,000 adults ranges from minimum of 7.4 people to maximum of 23.3 people, leading to an average of 13.04 people.

The descriptive statistics shows that the average gross domestic product is Rs. 24.64 billion. Likewise, average private sector credit to GDP ratio is 73.23 times. The average broad money supply to GDP ratio is 97.18 times. Furthermore, the average loans by commercial banks are Rs. 1572.58 billion. The average total deposits of commercial banks are Rs. 1626.47 billion. Similarly, the average is 13.04 people in Nepal during the study period 2011 to 2021.

6. Conclusion

The major conclusion of the study is that the private sector credit, broad money supply, loans to deposit ratio, commercial bank branches, commercial bank loans, number of commercial bank branches are statistically significant factors that affect gross domestic product in Nepal as a proxy to measure economic growth. So, higher the value of private sector credit to GDP, higher would be gross domestic product. Similarly, higher the value of broad money supply to GDP, higher would be gross domestic product. Likewise, higher the value of loan to deposit ratio, higher would be gross domestic product. Similarly, larger the amount of commercial bank loans, higher would be gross domestic product. Likewise, larger the amount of commercial bank deposits, higher would be gross domestic product in Nepal.

Finally, the study concludes that there is a significant relationship between financial inclusion and economic growth. The study also concludes that all the financial inclusion variables (private sector credit, broad money supply, loan to deposit ratio, commercial

bank deposits, commercial bank loans and number of commercial bank branches) are significant influencing factors that explain the economic growth in Nepal.

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