

**A Study**  
**On**  
**Microfinance Program in Socio-Economic Women's**  
**Empowerment of Nepal**  
**(A Case Study of Deprosc Nepal)**

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## **RECOMMENDATION**

This is to certify that the Thesis

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Entitled:

# **A Study on Microfinance Program in Socio-Economic Women's Empowerment of Nepal**

**(A Case Study of Deprosc Nepal)**

Has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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## DECLARATION

I hereby declare that the work reported in this thesis entitled **A Study On Microfinance Program in Socio-Economic Women's Empowerment of Nepal (A Case Study of Deprosc Nepal)** Submitted to Shanker Dev Campus of Management, Tribhuvan University is my original work done in the form of partial fulfillment of requirement for Master's Degree of Business Study (MBS) under the supervision of **Asso. Prof Ruchila Pandey** of Shanker Dev Campus.

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## **ABBREVEATIONS**

VDC	:	Village Development Committee
GDP	:	Gross Domestic Product
HPR	:	Holding Period Return
LTD	:	Limited
NRB	:	Nepal Rastra Bank
TU	:	Tribhuvan University
IMF	:	International Monetary Fund
BHBFC	:	Bangladesh House Building Finance Corporation
HHs	:	House Holds
NGO	:	Non Government Organization
CGT	:	Compulsory Group Training
FINGO	:	Financial Institution for Non Government Organization
GRT	:	Group Recognition Test
MDG	:	Millennium Development Goals
MCPW	:	Micro Credit Project For Women
SFCL	:	Small Farmers Credit Ltd.
SFDP	:	Small Farmers Development Program
LWF	:	Lutheran World Federation
FEDO	:	Feminist Dalit Organization
PRA	:	Participatory Rural Appraisal

# CHAPTER-I

## INTRODUCTION

### 1.1 Background of the study

Micro-finance has been successfully used as development tool to reduce poverty in many countries. At present, micro-finance is being increasingly used in the form of development strategy for achieving the development goals. Microfinance is recognized as a powerful instrument for poverty reduction. The targeted groups of microfinance are small farmers and the rural poor women. Various aspects of microfinance are much discussed in development literature but one important area that always remains critical to analyze is the impact of microfinance in case of women empowerment. Issue of women empowerment and poverty reduction through microfinance has been much discussed since it becomes further relevant when national policy and strategies are focused towards this. So this research is done with the main purpose that how the NGOs are acting to the micro-financing sector in socio-economic empowerment of women and the problems they are facing while implementing the policies and programs of microfinance due to the increasing MFIs, NGOs/FINGOs etc. This research takes into its study as the case study of micro-finance program of DEPROSC Nepal in Lalitpur of Thaiba VDC.

Banks are the intermediaries between the saving unit and investing unit in the economy. Small accounts of scattered saving and pooled together which are then lent for the purpose of investment and facilitating other transactions. So, a well –regulated, soundly- operating and properly directed banking system plays a catalytic role in the transformation of the economy. An efficient role in the banks in tapping the resource mobilization and investment prospects of the economy thus fosters saving, investment, employment and economic growth. Mostly the people living in urban area are getting the bank service but more than 80% people live in the remote area that out of reach of banking service of financial service. The government is a supreme representative body entrusted with the responsibility of addressing the concerns and promoting and preserving the interests of the people and the nation as a whole. The government work for and on the behalf of the people while the bank works for and on behalf

of its shareholders, depositors and other stakeholders. The banks have specific functions of discharge; they work in a competitive environment. The government is accountable to the people in general and in the process, would like to launch various targeted programs or schemes aimed at poverty reduction, rural development, self employment promotion etc. For all this financial resource should be mobilized all over country not only in the urban area. We've found micro finance program very effective in creating self employment and poverty alleviation. But only the few areas are covered by the financial institutions providing such services. Till date there are 32 commercial banks, 68 development banks, 15 micro-finance development banks, 77 finance companies, 16 financial cooperatives and 45 financial intermediaries NGOs (Mid July 2011, NRB) doing limited banking activities licensed by the central bank under different legal framework. There still lack to cover all the rural area providing financial services. The NRB has been conducting various micro-finance programs in order to uplift the economic conditions of the poor, marginalized, minorities, and backwards people and the rural poor women. Microfinance institutions have been encouraged to expand their activities in the backward regions through availing credit at a concessionary rate in addition to supervising the micro-finance related projects. For the rural area NGOs have found to be effective in poverty reduction through microfinance programs. There are two national level institutions (Rural Microfinance Development centre and Small farmer Development Bank) have been engaged in wholesale financing for micro credit in Nepal. In addition, 16 cooperatives and 45 NGOs have been allowed to undertake the limited banking activities (*Source: NRB banking and financial statistics 2011*).

Micro-finance mainly focuses on and low income people living in remote areas with less access to basic amenities and education, water electricity, banking services, health services, market facilities etc. The poor people do not have enough land for farming. Opportunities of off farming employment are few and needs to be generated. They lack affordable and appropriate financial services to create small business of self and to improve their economic and social status. In this conditions micro-finance practitioners around world have found very effective tool for bringing up their economic and social status thereby assisting in poverty reduction because micro-finance credit to the poor which creates small business opportunities that help to improve the socio-economic condition of deprived communities especially in rural area and empower the rural women socio-economically.

In the developed country like Nepal, micro-finance is an important and powerful tool for gradual reduction of poverty and it is must to uplift the poor women and to make them Independent and make them feel they can also do something for their family and the community besides their household work. Micro-finance enables poor and encourages them to talk advantages of the exiting opportunities by providing them and appropriate financial service. It helps to generate self employment avenues, develops micro enterprises, raises income level, builds up selfs confidence, empowers women and provides opportunities to the poor under privileged caste and inequality. The clients of micro-finance are typically self employed and household based entrepreneurs. Micro-finance can help poor people to increase income, built viable business. It can also be a powerful instrument for self empowerment by enabling the poor, especially women to become economic agent of change. The worldwide micro-credit institutions and agencies have targeted poor women for their program. It is estimated that about 75% of microfinance clients are women. Commercial banks as well other exiting and forthcoming financial institutions and NGOs should give high focus on microfinance (Bhattarai; 2005:78).

Nepal has an experience of about three decades in micro-finance. It is recognized as a powerful instrument for poverty reduction and socio-economic development. Nepal Rastra Bank has done an effort for expediting various rural financial programs since 1970's aimed as poverty alleviation drive through the assistance of different participatory financial institutions such as commercial banks, development banks NGOs, microfinance institutions etc. There are many programs organized for poverty alleviation but only the micro finance program have found to be pro- poor and rural centered. Some salient feature of microfinance are as follows: (Source :*NRB News, 54<sup>th</sup> annual special copy,2068*)

- Saving emphasized as an integral part of the microfinance package.It is used for expected and unexpected expenses.
- It has clearly defined and identified market which is the low income household and their enterprises. The identification of the market means that the clients have economic activities so that they can use the funds productively and repay the loan.
- The relationship between the micro-finance institutions (MFIs) and clients are of business transactions. Their relationship is purely of business. MFI are the organizations which provide financial services to low income people.

- Traditional collateral requirements are replaced with peer –support or peer lending.
- Documentary requirements are processing are simpler and faster.

Apart from the above, the most important feature of microfinance is that many micro credit institutions and agencies worldwide have targeted poor women for their program.

### **1.1.1 Microfinance in the Context of Nepal**

History of Micro-credit program in Nepal can be track back to the beginning of first five –year plan, which commenced, with the establishment of cooperatives in 1956. However, official policy got recognition of important of this sector in alleviating poverty in forth five years plan with the establishment of small farmers Development program(SFDP) in 1975. Program to ensure that women, who traditionally have not had access to formal credit, have been started in 1981/82 with introduction of women Development Program(WDP) with in the operational framework of SFDP. Soon after in 1982, Women Development Division (WDD) of ministry of local development (MLD) introduced production credit for rural Women (PCRW) project with two public commercial Banks(Nepal Bank Ltd. And Rastriya Banijya Bank) and UNICEF as their partners. Microfinance is the provisions of a board range of financial service such as deposits, loans, payment service, money transfer, and insurance to poor and low income household and, their micro enterprises. Microfinance service are provided by three types of source: formal institutions, such as rural books and cooperatives; semiformal institutions, such as nongovernmental organizational; and Informal sources such as money lenders and shopkeepers (Baral; 2005:65).

Institutional microfinance is defined to include microfinance service provided by both formal and semiformal institutions. Microfinance institutions are defined as institutions whose major business is the provision of microfinance service.

In Nepal there is wide range of institutions active in this sector but four major types of microfinance institutions in Nepal are: saving and credit cooperatives, NGOs INGOs, and microfinance development banks. Each has its own way of going about the task of making financial service accessible to the poor. A short historic glimpse shows some development in Nepal in this sector. The first credit cooperative was established in 1950s for providing rural financial service to the agriculture sector. Next microfinance launched in Nepal at 1975s as a

small farmer development project from ADB/Nepal after the date, various organizations, were established by the support of national and international organizations, Nepal government and from Nepal Rastra bank too. From 1957, the history of financial service was started as establishment of NBL. Before that NRB was established in 1956. Then after, commercial banks were established turn by turn as NIDC in 1959, RBB in 1966, and agriculture development bank in 1968 and so on. Before 1984, the financial sector was closed for foreign institutions but after liberalization policy, government opened the way of foreign institutions. As a result, various foreign banks joint ventured to establish banking business in Nepal, the first of which was Nepal Arab bank limited established in 1982. Thus it creates a new glory to the Nepalese Financial sector (Mathema; 2007:87).

After various joint ventures bank were established in Nepal the establishment of various micro finance related program have also started. These programs ensure poor, particularly poor women and disadvantages group, access to financial services from organized sector are designed and implemented during that period.

Lists of micro credit development banks serving in microfinance till date are as follows:

**Table 1.1**

**Lists of micro credits development banks**

**Class D: Micro credit development banks**

<b>S. No</b>	<b>Names</b>	<b>Operation Date(A.D)</b>	<b>Head Office</b>	<b>Paid up Capital (Rs. Million)</b>
1	Purbanchal Grameen Bikas Bank	1993/03/28	Biratnagar, Morang	60.0
2	Sudur Pashimanchall gremin Bikas Bank	1993/03/28	Dhangadi, Kailali	58.5
3	Pashimanchall Gramin Bikas Bank	1995/04/01	Butwal-8 Rupandehi	60.0
4	Madhya Pashimanchal Gramin Bikash Bank	1995/04/01	Nepalgunj, Banke	60.0
5	Madhyamanchall Gramin Bikash Bank	1996/07/08	Janakpur, Dhanusha	60.0
6	Nirdhan Utthan Bank Ltd.	1999/04/13	Bhairahawa, Rupandehi	100.0
7	Rural Microfinance Development Center	1996/12/06	Putalisadak, Kathmandu	320.0
8	Deprosc Development Bank Ltd.	2001/07/03	Rtnanagar, Chitwan	22.6
9	Chhimek Development Banks Ltd.	2001/10/12/	Hetauda-4 Makawanpur	51.0

10	Shawalamban Laghu Bitta Bikas Banks Ltd.	2002/02/22	Janakpur, Dhanusha	61.5
11	Sana Kisan Bikas Bank Ltd.	2002/03/11	Bijulibazar, Kathmandu	119.8
12	Nerude Laghu Bitta Bikas Bank Ltd.	2007/06/07	Biratnagar, Morang	12.0
13	Naya Nepal Laghu Bitta Bikas Bikas Bank Ltd.	2009/03/20	Dhulikhel, Kavrepalanchok	12.0
14	Mithila Laghu Bitta Bikash Bikas Bank Ltd.	2009/04/29	Dhanusha	16.5
15	Ssamit Microfinance Development Bank Ltd.	2009/05/20	Jhapa	-

(Source: Banking and financial statistics, Mid January 2012, Nepal Rastra Bank)

### 1.1.2 An Overview of Lalitpur District

Lalitpur is located in central region adjoined with capital city with in the valley. The area of 385 square kilometers of the district has been divided into 1 Municipality and 41 village Development committee (VDCs). It is a melting pot of several castes, cultural, tribal and ethnic group such as: Newar, Chhetry, Brahman, Tamang, Magar, Rai, Grrung, Sarki, thakuri, and limbu; hower the Newar has the domination with 40.32%to the population of the 337,785. Average population of household is 2.9 and the population destiny per square kilometer is 877.(District Profile-2004). In spite of accessibility and productivity, Lalitpur lies behind in term of development measures. Lalitpur lies at 3<sup>rd</sup> position in terms of overall composite index of development among the 75 districts, 27.09 household have marginal farm. Likewise, farm size per household is 0.29 hectors only and more than 50% of population in Lalitpur lives in rural area. Around 43% people of working age group are unemployed in Lalitpur. Out of total area 39267 hector land, only 32.6%area is cultivated (*Mohammad; 2008:89*).

### 1.1.3 Micro-finance program in Lalitpur district of Nepal

In Lalitpur, Lutheran world federation (LWF) Nepal is delivering its services to marginalizeand por people though its different partner likes; feminist Dalit Organization (FEDO), who is expertise ov advocacy field. Center for environmental and Agriculture policy Research, extension and development (CEAPRED),who is expertise on agriculture and live stocks. Society and empowerment (STEP) who is expertise on HIV Aids. All above program is focused to the empowerment and economic growth of the various stakeholders (*Upreti; 2009: 58*).

#### **1.1.4 Micro Finance Program of DEPROSC Nepal in Lalitpur District**

When various stakeholder of Lalitpur needs financial support, they demand for their financial need. Development Project center (DEPROSC Nepal) came for implementing its micro credit program in Lalitpur of February 2005 to support their livelihood program. DEPROSC is delivering micro finance service from some of part of the eastern region and some part of the central region. In Lalitpur, DEPROSC had established three branches to deliver its services. It has six numbers of team in the field level in Thaiba, Lalitpur. Lalitpur program have already stated to delivers its services in one district and seven VDCs.

#### **Vision**

The vision of the microfinance program is to offer competent and sustainable microfinance services to poorest of the poor, particularly to rural women and thereby raise their socio-economic condition to the normal human standard.

#### **Mission**

The mission of the micro finance program is to deliver microfinance service at the doorsteps at the poor and deprived section of the society through user friendly and cost effective model.

#### **Goal**

The goal of microfinance is to serve large rural poor by providing microfinance services and establish itself as an effective microfinance institution in the country for sustainability of the services being offered (*Source: DEPROSC annual report 2011*).

#### **Methodology and Steps**

The area is selected conserving the magnitude of poverty, existing microfinance institutions working in the area, market and access to transport and communication. Once the area is selected the next step is collection of the base line information using participatory rural appraisal (PRA) tools. PRA helps to determine the eligible members in the area and their socio-economic status using the tools such as wealth ranking. Organize the orientation meeting in the community on basic banking concept and methodology. Organized the Compulsory Guoup training (CGT) on basic concept, rules and regulation of the purposed micro credit

program for 7 to 10 days. Group Recognition Test (GRT) will be taken to assess the understanding level of the members after CGT.

## **1.2 Statements of the problems**

The 2002 financial sector study by World Bank revealed that the former micro finance sector has had limited impact to date in providing financial services to the rural poor. Of the estimated 20 million rural inhabitants, 31% of whom are classified as poor, only about 700,000 are served by the formal micro finance institution (MFIs) and the remaining majority of the poor have to look for traditional informal sector like money lenders, family members, friends, landlords etc for the financial support. Commercial banks are undergoing with tough competitions. They're extending their branches within the urban area and in sub urban area or in only the convenient places. CBs are not directly investing in microfinance due to high cost so they are investing through MFIs and NGOs in such sector. NGOs have found to be the best way to serve the poor people of rural areas.

Males and females are two wheels of same cart, but in practice we can not get such consideration. They are ignored in every aspect. Plans or policies consisting women supporting concept are only focusing few aspect of women which are not sufficient to empower women. They are not allowed to take decision though the decision is related to term. If they take part in various program such as social education women related, and then they are perceived badly and pronounced as "Pothe Baseko". Economically, Socially and Politically women are dominated by their counter partner. It is so, because Nepal is one of male dominated countries. All property and other financial activities are conducted by male women do not have access to finance, which can be caused to improve their life. Their mobility is made limited by social and family related barriers

Most of the Nepalese women lack skill and experiences to do new things; it is so, because of illiteracy and lack of proper supports. The main problems are stated below:

- In rural area in Nepal, is the main role of women is to look after the household and brings up children?
- If wives want to do something new like as business, service their husband other family member restricts or support?.

- What are the obstacles of rural women? After getting support on their doorstep how they react it?
- Is Economically, Socially and Politically women are dominated by their counter partner?
- Which can be beneficial to learn some new idea improve women comprehensive aspects?

### **1.3 Objective of the study**

This research is being made to fulfill the partial requirement for the degree of master of Business Studies (MBS). We know that every work is started to get a certain outcome which is known as the objective. Without many objective it is worthless to perform any task. Likewise this research also has some clear and distinct objectives beside the part of fulfillment of TU syllabus. The main objectives of the study are as follows.

- To study the economic impact of the microfinance program in women empowerment.
- To analyze the social impact of the microfinance program in women empowerment.
- To analyze the constraints faced by the women client because of the competitive microfinance service.

### **1.4 Importance of the Study**

Women participation is essential in each stage of development for which economic progress counts the most important. Women empowerment is the major issue of the south Asian country and Nepal also focus such a major issue. Women occupy the half sky of the world but in every step in development, also they are considered as backward. Similarly, microfinance becomes one of the major actions for poverty reduction which mobilizes money and also a saving mobilization. Women in micro finance get success in poverty alleviation and also empower the economic development of women. By it, Nepal gets in success in poverty alleviation in also empowers the women. Poverty alleviation helps rural development, increase the life standard of people and also give socio-economic status of people in society. Similarly, women empowerment motivates women to speak in their home for their self rights and duties, increase their life style and being independent from their family. So, this study of micro-finance is important in our country.

### **1.5 Limitation of study**

As being a student of MBS, this is part of TU syllabus to make research on a concentrated area so there might be some weakness in the research. The limitation and the constraints regarding the study are as follows:

- This study is conducted for the partial fulfillment of the requirements for the degree of master in business study of a prescribed time, so it is not enough for itself in its subject matter.
- Its result is not enough to talk decision so one cannot use it for generalization purpose.
- The whole study is based on primary and secondary data. So the reliability of study depends on the reliability of source of information.
- This is first attempt of researcher so the weakness and human error of his may reflect in the study.
- The study is limited with in the case of microfinance program of DEPROSC Nepal in Lalitpur district of Thaiba VDC. So the conclusion may not be generalized for all micro financial institutions and NGOs who have been working in the micro financial sectors.

### **1.6 Organization of the Study**

This research has been organized in the following manner:

**Chapter I – Introduction:** The first chapter deals with introduction. This includes background, statement of problem, focus of study, objectives of the study, and limitation of the study.

**Chapter II – Review of Literature:** Different books, journal, periodicals, review of various Journals, books, published or unpublished reports, articles and previous thesis are shown in this chapter.

**Chapter III – Research Methodology:** This chapter clarifies the nature of the whole research. It includes, research design, sources of data and collection procedure etc. similarly, data are analyzed using different tools and techniques and all of these techniques are briefly defined in this chapter.

**Chapter IV – Presentation and Analysis of Data:** The fourth chapter presents the data collected from different sources. In this chapter, the collected data were tabulated and analyzed by the use of various statistical tools, graphs and figures. Based on the data analysis, a major finding has been performed.

**Chapter V – Summary, Conclusion and Recommendation:** In the fifth chapter, summaries of the main conclusions are provided and suggestions i.e. recommendations for further improvement are offered.

After completion of these five chapters, a list of literature that was reviewed earlier is included alphabetically in **bibliography**. Likewise, data, information, calculation sheets etc. are incorporated in **appendix**.

## **CHAPTER -II**

### **REVIEW of LITERATURE**

Literature review is theoretical review through journal article, reports, manuals, Workshop proceedings, internet home pages and other studies into microfinance program which are available. This chapter has briefly presented the theoretical review of microfinance in general and conceptual review of socio economic empowerment of women through microfinance, critical review of empowerment through microfinance, evolution of microfinance in Nepal and profile of DEPROSC Nepal.

#### **2.1 Conceptual Framework**

##### **2.1.1 Evolution of Microfinance in Nepal**

The form of different informal institutions prevailed since immemorial time embedded with other traditional, cultural and social institutions such as Dhukuti originated from thakali community Bheja, it is used for community projects and ceremony (Baral, undated). popular from of micro saving and credit .Later these different forms evolved as user groups, mother groups and professional credit unions (ibid).

Formal sector financing began with the establishment of credit cooperatives from the government level in 1950s particularly to supply the production support to the farmers. Further, cooperative Bank established in 1963 was envisioned to supply adequate credit for the agriculture sector. Development financing through ADB was further focus when it introduced a separate program in 1975; Small Farmers Development program approached in tune with Integrated Rural Development (IGVGD) in Bangladesh introduced by BRAC and others – BRAC's IGVGD scheme devised in 1986 was considered to be successful and cost effective integrated package reaching the ultra poor (Halder and Mosley,2004). SFDP, estate sponsored and subsidized developmental credit program, has covered almost whole country. Since 1990s, such groups developed under SFDP were converted into Small Farmers Cooperatives Limited (SFCL) to hand over to the community along with shift in equity is a clear turn from subsidized credit to the concept of sustainable microfinance 1990s remained one of the most

influencing decades in the history for microfinance in Nepal as well. Number of donors, bi-lateral agencies, and international non-governmental organizations (INGOs) supported and subsidized for the promotion of microfinance through operation deficit, seed funds, capacity building and system development. Considering the enactment of Cooperative Act 1992, thousand solidarity groups were emerged out of which many legalized as saving and Credit Cooperatives (SCCs). A very few of them also obtained the limited banking license from NRB (*Ahmed; 2003:75*).

Further during 90s, NRB established Regional Rural Development Bank (RRDBs) with the partly support from government starting from 1992 to replicate the Grameen Bank of Bangladesh (Sinha, 2000). At present, there are five RRDBs, one in each development region. Following the move, five microfinance development banks (Nirdhan, Swabalamban, Deprosco, Chimek and Nerude) are also established from the private sector after the enactment of Development Bank Act 1996. Besides, during the decade, government, donors, central bank supported programs and many more projects based saving credit activities were and are being practiced. Overwhelmingly, many socio-economic projects and programs also emphasized savings and credit as one major component for poverty alleviation.

In addition to the promotion and facilities of solidarity groups; saving and credit cooperatives; and intermediary non-governmental organizations to carry out microfinance, many NGOs themselves started implementing microfinance activities once the Financial Intermediary Act 1999 allowed them for retailing. Certain number of SCCs and NGOs also scaled up with subsidized wholesale fund of Rural Self Reliance Fund (RSRF) created in 1991. Considering its astonishing success and over 95 percent repayment rate, this has been scaled up. But, NRB at the moment is in the process of transforming RSRF into a National Microfinance Development Fund. Later in 2000, Rural Microfinance Development Center (RMDC), in support of Asian Development Bank was established with the aim of providing wholesale fund at competitive rate. Recent development is the policy formulation which is yet to be approved (*Gautam, 2006:78*).

### **2.1.2 Brief profile of DEPROSC Nepal**

DEPROSC Nepal is a non-profit making organization established in September 1993 under Association registration Act 1978 as a non-governmental organization (NGO).As per social Welfare Council Act 1992,it is affiliated with SWC too. Nepal Rastra Bank had authorized DEPROSC-Nepal to carry out limited banking function in 1996 presently it is operating its microfinance activities under Financial Intermediary Non Governmental Organization (FINGO).DEPROSC Nepal is committed to enhance the participation of rural people in general and poorest of the poor, people of so called Dalit Caste, backward women, indigenous people and their children in development process DEPROSC-Nepal is headed by an Executive Director(ED) appointed by the Board of Directors. Four different professional sectors viz.(i) Livelihoods, (ii) Micro-Finance, (iii) Social and Infrastructural Development and (iv) Natural Resource Management are designed and operated its program (*Kibombo; 2006:76*).

#### **Vision**

Though committed to social justice, gender equity and human resources development, DEPROSC-Nepal firmly believes that attempts of social changes cannot materialize in isolation of economic activities. Therefore, economic promotion activities and social mobilization stands for creating environment where people in the difficult circumstances can be organized into their own institutions to develop and sustain their human potential under participatory framework and initiate positive change in societies.

#### **1.1.2 Mission**

DEPROSC-Nepal is committed to enhance the participation of rural people in general and poorest of the poor, women and marginalized ethnic groups in particular in their development process for ;

- Social Mobilization and Institutional Development.
- Community development,
- Income generation
- Micro-finance ,
- Education, Health and Nutrition

With primary focus on fostering the evolution of Community Based Organizations (CBOs) to carry out their socio-economic activities in cost-effective way, DEPROSC-Nepal enhances their capabilities through a package of technical, managerial and material inputs. It also attempts to ensure credit access to rural people for income generation.

**Objectives:**

DEPROSC-NEPAL aims at empowering rural people for attaining self-sustaining socio-economic uplift through a package of policy research, action research and training. Its specific objectives are;

- Promote equal access to opportunities, resources, ownership and participation for women and underprivileged societies.
- Provide micro-finance services in rural area,
- Social mobilization to sensitize and capacitate rural and underprivileged communities.
- Act as an intermediary between development programs of government, NGOs, bi-lateral and multi-lateral projects and local small/marginal farmer's groups,
- Enhance the capabilities of CBOs by organizing appropriate and involving them as partners in development intervention process,
- Organizing different skill based training programs for the dissemination of improved technology in agriculture, livestock and off-farm activities,
- Provide support services to local institution for the development of agriculture, irrigation, drinking water, cottage and rural industries, forestry and alternative energy and encourage them to undertake feasible and appropriate enterprises.

**Approach and strategy:**

DEPROSC-Nepal is working under the principles of sustainability, participatory development, time and cost-effective delivery of services to the people in rural areas. Within this overall framework, its approach and strategy includes;

Promoting people –centered development by mobilizing local resources (human as well as material),

- Organizing the target beneficiaries into groups (user's groups into CBOs representing all members of the groups,

- Involving women (at least 50%) in all activities from organization development to income generation,
- Involving target beneficiaries in all aspects of decision making process,
- Making CBOs sustainable and financially viable institutions within the intervention period ,
- Increase the awareness level of marginalized groups in terms of social justice and equality issue ,and
- Providing professional microfinance services by ensuring sustainability of
- DEPROSC Nepal itself.

## **2.2 Theoretical Review**

Professor Muhammad Yunus is considered as a leader and innovator in the modern microfinance world. Yunus first tried to connect the poor people With the bank located in the campus. It did not Work, The bank said that the poor are not creditworthy. Then he offered to become a guarantor for the loans to the poor. He was stunned by the result .The poor paid back their loans every single time. But he kept confronting difficulties in expanding the program through the existing banks. Several years later he decided to create a separate bank for the poor, to give loans without collateral. In 1983 Grameen bank was started. It now works all over Bengalis giving loans to 2.5 million poor people, 95 per cent of whom are Women .In cumulative way the bank has given a total loan of about us \$3.75 billion.Financially,It is self-reliant-it has stopped talking donor money since 1995,stopped talking loans from domestic market since 1998.It has enough deposits to carry out its lending programe.Impact studies done on Grameen Bank by independent researchers find that 5 percent of borrowers come out of poverty every year, children are healthier , educationande nutrition level is higher , housing conditions are better, child mortality was declined by 37 percent , status of women has been enhanced. Ownership of assets by poor women, including housing, has improved dramatically. Now the obvious that anybody might ask –if poor people can achieve all this through their own efforts within a market environment. Grameen type micro finance has spread around the world over the last two decades. Nearly 100 countries have Grameen type microfinance program. In 1997, a micro finance summit was held in Washington DC, with adopted a goal to reach 100 million poorest families with micro finance and other financial service, preferably

through the women in those families, by 2005. The result is encouraging thus the target has been extended to reach 175 million by 2015 (*Mohamud; 2008:125*).

The biggest problem for expanding the outreach is not the lack of capacity, but strangely, the lack of availability of donor money to help microfinance program get through initial years until reach the break-even level, these programs can expand their outreach with loans from the market or from deposits. In most countries micro finance program are not allowed to take deposits by the regulatory bodies. If microfinance program could open the doors for taking public deposits, expansion of outreach could open the doors for taking public deposits, dependence on donor money. It is a very strange phenomenon in many countries to that conventional banks with repayment rate of below 70 percent are allowed to take huge amounts of public deposits year, but microfinance institutions with record of over 98 percent recovery are not allowed to take public deposits. The most important step to end poverty is to create employment and income opportunity for the poor. But orthodox economics recognized only wage –employment. It has no room for self-employment. But self-employment is the quickest and easiest way to create employment for the poor. Credit can be self-employed instantaneously. Why wait for others to create a job for you when a person can create his/her own job (*Fisher & Sriram; 2002:245*).

Can we really reduce extreme poverty by half by 2015, the millennium development goal? The answer is probably yes, if microfinance can really contribute for socio-economic uplift as stipulated. Each human being is too resourceful and intelligent. Poverty and the human species just do not go together. But in reality it has happened because we created wrong mindset, which does not allow poor people to know their own potential. All we have to do is to remove the heavy crust that keeps their abilities unknown to them. Enabling people to explore their full potential is an agenda we must take up seriously, to make sure our efforts to reach 2015 goal because a thumping success.

The several impact studies done in microfinance program can bring a lot of positive change in the lives of the poor. However .the fundamental challenge of microfinance is to reach ever-increasing number of poor people through sustainable financial institutions. Ensuring that people ,especially those who are very poor , do receive access to ensure that the poor and the

poorest of the poor are indeed served. The consultative Group to Assist the poor(CGAP) client targeting centre has been designed to provide information on the targeting tools.

Microfinance is generally about providing formally financial institutions. Many microfinance institution, by working in rural areas or in poor urban neighborhoods, by providing small loans for actives that low income groups would normally engage in., by imposing specific conditions of borrowing such as seeking small regular repayments, ensure that the poor are served and the wealthy are excluded. However, Many MFIs point out that without a more proactive identification of the poor, and especially the very poor and the more vulnerable. They would continue being systematically excluded from financial on increasing the depth of outreach.

Micro-finance as one of the most powerful tools for alleviating poverty. Micro-finance institutions (MFI) in Nepal are serving primarily the micro-enterprises. Accesses of micro-entrepreneurs to micro-finance services provide them with an important tool for improving their efficiency, productivity, and welfare while reducing risk. In other words, MFI is both formal and informal, providing financial services which helps in creating job opportunities to the micro-entrepreneurs (*Fukaya & Shadagapan; 2001:175*).

### **2.3 Conceptual Review on Socio-economic Empowerment of Women through Microfinance:**

According to Muhammad Yunus, founder of the Germeen bank, women have plans for themselves, for their children, for their home, the meals. They have a vision. A man wants to enjoy himself. The women's world banking program has found that men will only invest about 40-50 percent of their earnings into the family, while women will invest 92 percent of their earnings into their families (NSCDP1999).Studies conducted in the field to evaluate women's empowerment as a result of access to credit have looked at a variety (Hashemi et al; 1996:245). In their vigorous study of Bangladesh chose to examine the following as their indicators of empowerment.

- Geographical mobility.
- Economic security.
- Ability to make small or large purchases.
- Involvement in major decisions.

- Relative freedom from family domination.
- Political and legal awareness and
- Participation in public protests political campaigning.

A study based in Nepal chose to examine leadership development, confidence, increase in individual expenditure, change in attitude, participation in community activities, and increase in saving amongst women (NSCDP1999).

Many supports from woman's organization worldwide have charged micro credit or microfinance organization with the responsibility of affecting change at the grassroots level. Since women represent a majority of the poorest of the poor. Such programs have already targeted them. Economic empowerment has been shown to occur in most microfinance programs as the most natural result of microfinance.

The Grameen Bank and other microfinance organization specially targeted their loans to female clients. Economic empowerment has been measured in terms of

- Women having control over the credit , profit and savings,
- Flexibility or autonomy on decision making on financial matters particularly the expenditure and assets creation.
- Family assistance in enterprise,
- Taking products to market and
- Doing most of the accounting themselves.

*(Grant; 2002:156)*

The National saving and credit development project in Nepal noted that 85 percent of the women polled in their study had control over their loan expenditures, and 68 poverty alleviation and the enhancement of women's social and economic status. Micro credit programs have aimed to reduce poverty prevailing among the rural. People of Nepal Credit are believed to remove financial constraints as bringing economic power, engaging women in productive work and earn an income. Not only to level percent of female respondents had control over the saving generated from their enterprises (NSCDP,1999).The study based in Bangladesh found that women participating in micro finance programs had higher degrees of economic empowerment than the control group of women with no loans (Hashemi et al ,1997).

Many programs claim that there are other social benefits resulting from their income generating activities. Perhaps the most significance of these has been the opportunity for ;

- Women to meet regularly.
- Build solidarity.
- Share ideas.
- Interface with the local officials and development personnel and
- Better understand their country's political and power systems.

*(Hashemi; 1998:89).*

Important psychological benefits have been observed in that women participating in these programs tend to develop an improved sense of self-esteem. In some case women leaders have emerged and developed their skills and knowledge.

The Grameen Bank, as a pioneer of microfinance programs in South Asia, is also known for being catalyst for social change in Bangladesh. It added features to its simple group lending model that have led “public transcript” of the Grameen Bank is to;

- Increase women are earning capabilities to bring faster changes in household social economic conditions.
- Organize women in groups to raise their collective consciousness for social empowerment.

Creation components of the Grameen bank programs have served to help it work toward these goals. The “Sixteen Decision “ of Grammen Bank have tried to expose women to ideas about nutrition and childcare. In addition, the Grameen Bank encourages women who have been repeat borrowers, to take out loans for their home .One caveat to this program is that must put the property title in their own names and not their husbands. Over 400,000 men have agreed to allow their wives hold the little to their home because housing is so scarce in Bangladesh. This enables a woman to have more control over her life and can increase her status in her husband's eyes (Janvry & McIntosh ; 2005: 68).

The Nepal study found that over half of the woman participants felt that their families treated them with more respect than before they had joined the program. An additional 40 percent felt

that they were respected as equals to their husbands by their families (Sharma and Upreti; 2003). Therefore, all of these targeted programs focus on poverty alleviation and the enhancement of women's social and economic status. Micro credit programs have aimed to reduce poverty prevailing among the rural people of Nepal. Credit is believed to remove financial constraints as well as bringing economic power, engaging woman in productive work and earn an income for household consumption, generating saving and future investment.

#### **2.4 Critical Review Empowerment of Women through Microfinance**

The strategy of loan to women as a tool of empowerment is quite debatable. Access to and control over resources, participation in the household level decision making process (Kabeer, 2003) and fulfillment of other gender needs are considered as the empowerment of women through the access to microfinance. Kabeer (2003) explicitly says, 'the entire family is much more likely to benefit personally and socially, when loans are directed at women rather than men'. Sample MFI also claims in the same line. 'Once the women have their own income (access to and control over resources). It is most likely to help their children for the improvement of nutrition, education and health. In addition, the women in the groups have increased awareness, developed self-confidence, become aware of their rights and have high participation in decision-making process' (DEPROSC –Nepal, 2011). While the critics say it is merely a strategy to assure higher repayment rather than empowerment (Kabeer; 2003: 176). Moreover, Ahmed et al ; (2003) have concluded based on their study on Bangladesh Rural Advancement Committee's (BRAC) clients that involvement of women in microfinance and income generating activities has created emotional, anxiety and. Symptoms of depression are also reported in some cases. Kabeer (2002) also pointed the intensification of tension within the household because of delay in repayment.

#### **2.5 Importance of Microfinance for women**

Microfinance is a part of development finance rural or urban toward specific groups of people male or female falling in the lower bracket of society. Microfinance is a program which provides opportunities to those who are usually considered non-bankable due to poverty, lack of sufficient property for the collateral purpose. Moreover who do not have capacity to save small amount of money, receive loan at their doorsteps without collateral in a very simple way which can be used to build their economic foundation and empowerment.

The most important features of microfinance are that many micro credit institution and agencies worldwide have targeted poor women for their program because poverty is seen in family and in the children of that family. The living standard of children, their food, clothing, education, health, etc clearly depict the status of their family. In the world, women have the responsibility of caring the children and managing the house. If women get money they spend for the food, clothing's, health and education of their children and family members .This is the reason that worldwide an estimated 77 percent of microfinance clients are women. world the experience have shown that women repay loan better than men and observed that loans to women tend to more often benefit the whole family than loans to men do. Giving women the control and the responsibility of small loans raises their socio-economic status. Microfinance is a powerful instrument for self empowerment by enabling the poor especially women to become economic agent of change.

Prof.Muhammad Yunus, founder of Grameen Bank in Bangladesh says 'for women to be granted the loans has a definite effect on the family. There is no need to do more research on that today. Children benefit automatically with better clothes and food. We can see the changing. Men often spend the money on themselves; women spend it on the family. Therefore, the microfinance is important for the socio-economic development of poor and rural people through the women empowerment. Women should be encouraged to participate in such programs and should be empowered .

## **2.6 Review of Related Studies**

Under this heading effort has been made to review some related books, thesis, articles Journals, presentation paper and annual reports.

### **2.6.1 Review of Journal and Articles**

**Koirala, (2009)** chief secretary of HMG presents the paper “*Poverty alleviation and the role of co-operatives*” present the role of micro-finance is as follows: Realizing the limitations, shortcomings and weaknesses of the formal financial structure, HMG encouraged the development of micro-credit institutions to contribute to the goal of poverty reduction through improved financial saving mobilization and credit extension in micro level. One of the strategies on Nepal’s financial sector reform is to gradually formalize the informal rural

financial markets besides strengthening micro credits to improve production and employment opportunities in the rural areas. Micro finance according to the World Bank (World Development Bank Report

2008/2009), is “the provision of financial services to low-income clients including self-employed. It includes both financial intermediation and social intermediation. It is not simply banking, it is a development tool”. It is also defined as the provision of saving, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve living standards. The objectives of micro-financial services are to ensure the availability of these services to the doorsteps of the poor and low-income household. It is an important financial service to uplift the level of income of low income households. Micro-finance framework, if properly designed and implemented, can thus attain the objectives of poverty alleviation in the developing countries like Nepal.

**Sharma (2009)** In the article “*Micro finance Against Poverty; the Nepalese Scenario*” has Expressed the role of micro-finance as follows: Micro-finance is the financial service such as deposits, loan, payment service, money transfer and insurance to poor and low income households and their micro-enterprises”. Studies in Nepal and elsewhere have clearly indicated micro-finance as one of the most powerful tools for alleviating poverty. Micro-finance institutions (MFI) in Nepal are serving primarily the micro-enterprises. Accesses of micro-entrepreneurs to micro-finance services provide them with an important tool for improving their efficiency, productivity, and welfare while reducing risk. In other words, MFI is both formal and informal, providing financial services which helps in creating job opportunities to the micro-entrepreneurs, both wage and self-employment and thereby generating income among the poor.

**Uprety (2010)** In the article "*Micro-finance in Nepa*" concludes that in the last decade of the 20<sup>th</sup> century it is accepted that micro-finance is one of the most significant contributors for poverty alleviation. The article further claims that in Nepal the poverty reduction rate is slower. If proper model is used in the hill and terrain region, the life standard of the poor people could be raised very fast.

**Dhakal (2011)**, highlights that "*Financial Services Would Assist to Improve Incomes and Build Assets of Poor Populace*". He stresses that the poor needs sound financial services and specialized activity with a long term commitment Dhakal points out that direct link exists between micro-finance and Millennium Development Goals (MDG). Hence, Dhakal mentions that micro-finance instructions can fulfill the objectives of MDG. Further, he highlights that strong management and efficient operations are required in micro-finance institutions to reach the million of people targeted financial services in Nepal. Finally, Dhakal concludes the article by stating that micro-finance activity could not be considered as the substitution of investment in Education, health or infrastructure.

Micro-finance has evolved as an economic development approach intended to benefit low-income groups. The term refers to the provision of financial services to low income clients, including the self employed. Financial services generally include saving and credit, and some microfinance organizations also provide insurance and payment services. Microfinance activities usually involves:

- Small loans, typically for working capital
- Informal appraisal of borrowers and investments
- Access to repeat larger loans based on debt capacity and repayment performance
- Streamlined loan disbursement and monitoring
- Secure savings products

Micro-finance clients are typically self-employed, low-income entrepreneurs in both urban and rural areas. Clients are often traders, street vendors, service providers (hairdressers, tricycleoperators), small restaurant operators, artisans, and small cottage industries. Usually their activities provide a stable a source of cash flow and income (often from more than one activity).

### **2.6.2 Review of Related Thesis**

**Poudyal, (2005)** who conducted research on the topic "*Micro-finance and its impact on Economic Upliftment of Women*" by taking main objectives as:

- To analyze the impact of micro finance on the economic upliftment of women.
- To suggest appropriate measures to improve micro-finance on the basis of economic

upliftment of women.

### **Major Findings**

- Micro-finance program is the best way to uplift women economically as well as socially.
- MFP is fruitful initiative as it reaches door to door of rural poor and promotes them to save and do economic activities especially women.
- MFP should widen their area by appointing staff to hear. Understand their problem and find out alternative as well as solution. So that they should not be victimized by excess burden of debt. Poudyal has done a research in good manner. But she has used only economic perspective. Economic upliftment is affected by other things like their social awareness, and consumption pattern of food. But she neglects these aspects of women. She is only limited on economic aspect (income, occupation, saving). So, my research will be another piece to study on economic impact of micro-finance in Nepal.

**Joshi, (2006)** who conducted research for M.A. degree on the topic "*Impact of Grameen Bikas Bank on Income Generation of Rural Women in Butwal*" by taking main objectives as follows:

- To analyze the impact of GBB on income generation of rural women in the study area.
- To examine the change in socio-economic condition of the rural people especially women before and after participating in GBB.
- To suggest measures for more effective implementation of the GBB program. Her study gives following conclusions:

### **Major findings:**

- The majority of women in Nepal who are illiterate and have no other skill and means of generating income are engaged in agriculture activities. So, before borrowing 42.85 percent of the total borrowers were engaged in agriculture activities. But after borrowing only 20 percent of the total members were engaged in non-agricultural activities. This proves that the rural women, also, if encouraged, can show their entrepreneurial skill and change their activities from traditional to non traditional activities.

- After the GBB intervention consumption pattern has significantly improved which shows that the living standard of rural poor is improving.
- Education status of the rural poor women is improving which has a direct impact on the living standard, employment and income generating activities of those women and her family.
- Before borrowing there were 80 percent of the total members that had income less than Rs. 2,000 per month but after borrowing 28 percent of borrowers had income in this group. This shows that their income level has increased after borrowing.
- Grameen Bikas Bank has helped the rural poor women in the study area to generate income and uplift poor women's economic condition through the bank credit.

Being the major objectives to undertake an overview on income generation of rural women, Joshi has used only the programs of Grameen Bikash Bank although there are other financial institutions working in the field of micro-finance. She is silent about the new types of occupation. So, this research will bridge to this gap also.

**Regmi (2007)** has done the research on '*women, Micro Credit and poverty alleviation; A case study of Micro –credit project for women (MCPW) in Mangalapur VDC of Chitwan*'. Has following objectives and major findings.

**Objectives:**

- To assess the impact of MCPW on beneficiary's earnings and living standard
- To examine the improvement in the status of women by MCPW.
- To evaluate the impact in the context of poverty alleviation, and
- To suggest with appropriate measures.

**Major Findings:**

- The thesis is doing comparing the women before and after where 70 women samples are taken out of 372. Major indicators used include loan amount, loan disbursement by purpose, income, living standard and women status.
- Living standard is analyzed with consumption pattern –traditional food to none traditional food –clothing pattern. Similarly, women status is reviewed by land

ownership by women, none land assets, women's autonomy, control over decision making and relative access to resources.

- Income is raised but at marginal level; there are positive social impacts on child education, family planning, sanitation and other social reform; repayment rate of MCPW is low (75%) where some 20 percent clients have not paid at all and 50 percent clients have paid partially.
- Program is biased against poor, loan purpose is not identified well, and volume of loan size is not enough.
- Impotently, the project has not been able to income raising opportunity thus potential use of loan has not happened and women clients need to rely on their husbands. Therefore, women have further lost their independence.

**Lekhak, (2009)** conducted research for MBS on the topic "*Micro-finance in Nepal A case study*

*of SFCL Anandavan, Rupandehi*" the objective of this study are as follows :

- To know the facing changes of society after Small Farmers Co-operatives Ltd.
- To norms, empowerment of backward people, and access to potentialities and local resources to the
- To improve micro-finance on the basis of economic upliftment of women.

#### **Major Findings:**

- It is observed that awareness towards development; sanitation, literacy attainment, community and social development were major contribution of Small Farmers Credit Ltd. He concluded that SFCL particularly emphasize democratic
- There is no any kind of analytical statistical tools and test to find conclusion. But statistical tools and test has played a vital role to find actual facts. So, this research will bridge to this gap.

**Thapa, (2010)**, conducted dissertation of Master level on "*Micro-finance Programs and Economic upliftment of women.*" This dissertation has analyzed the impact of Micro-finance in uplifting the economic condition of women which objectives and major findings are as follows

**Objectives:**

- To find Women's mobility in socio- economic empowerment.
- To analyze the microfinance program improved the economic upliftment of women.
- To examine whether the Involvement in the micro-finance program has empowered women or not.

**Major findings:**

- MIF program has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities.
- The program puts its focus on group activities and poor generation.
- Training for improving farming techniques and micro-enterprises has helped members to shift agriculture to cash crop production, which yields higher returns.
- Awareness of health care, including women and children's health, family planning sanitation and reduction in smoking, alcohol consumption. Women's mobility has increased due to their participation in monthly meetings.
- MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt. Probably the most serious shortcoming of the program is the selection of the target group. There in some sound indication of the possible bias in favors of those who did not represent the poorest of the poor.
- There is difficult to repay the amount (share of principle and interest) within a month those who are working in the field only.

**Ghimire (2012)** who conducted research on “*Small Farmers Development Program’s role in Nepalese Rural Development and its Institutional Develop*” for MA faculty by taking those main objectives and major findings are as follows:

**Objectives:**

- To find out the position of SFDP in rural area for its development.
- To find out the position of women employment by the SFDP.
- To find out poverty reduction through SFDP.

## **Major findings**

- This program changes the society because it helps poor people to change socio-economic condition of them through micro-credit.
- In Nepal about 25 million American dollars spent in those fields by different organization.
- .For rural people this help to reduce poverty, improve their lif style, improve society from education field as well as developing other activities.
- Micro-finance program is the best way to uplift women economically as well as socially.
- MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt.
  - It enables the poor to take advantage of existing opportunities.
  - It improves their purchasing power and there by consumption.
  - It enhances domestic savings and improves financial market.
  - It provides escape route from poverty.
- Manuals for operation (Savings and loan, accounting, administrative, financial, PGT/ refresher)
- There is Effective monitoring and follow up system and Effective communication and coordination system

## **2.7 Research Gap:**

A thesis study on Microfinance Program in Socio-Economic Women's Empowerment of Nepal .A case study of thaib VDC, Lalitpur of Deprosc bank. The sample of 90 household from wards has the objective of identifying and comparing socio-economic status of women microfinance clients with the control group. Specially, this thesis attempted to examine livelihood security as well as empowerment of women through micro credit program has used indicators like curtail unproductive benefits, develop saving habit. Savings has mobilization to assess economic benefit and indicators such as social awareness, lowered social evils, health and sanitation to assess none economic benefits. This research has findings such as; land holding and food adequacy is better among clients; saving habit has increased; client women are more entrepreneurial; widows and other women have face less discrimination. Average

annual income has increased; and clients' women's perspectives, attitude, authority, prestige knowledge, ability and social relationship have improved. This research further trace out that Grameen Bank program has focused relatively active women rather than poorest of the poor, the increased income has not raised the overall status of women and she further criticized the methodology of microfinance if women have to empower.

In this way different research papers who related to this research paper gives the conclusion that only micro-finance becomes successful to alleviate the poverty of the country. In current approach, there is gap in essentials of micro-finance is targeted to the poor, group approach, no tangible collateral, doorstep service, small loan size, frequent repayment, sustainable interest rates, simple procedure of operation, free choice of economic activities by clients ,disciplined clients, effective pre-group training . Micro-finance is an emerging issue to overcome the poverty. Basic ingredients of overcoming poverty are packed inside each poor person. There are several organizations working in the area of micro-finance. All of those took the single mission to reduce poverty and poured a lot of money. Bangladesh is the pioneer in this field. Several researches were undertaken to find out the impact of micro-finance. However some researches were done in Nepal in this field but those were not empirical and hypothetically tested research. Previous research did not present the clear picture of the impact of micro-finance on the status of rural women. This study was aimed at exploring the impact, prospects of micro-finance in Nepal and making broad recommendations to make program effective. This study has also made an effort to raise general awareness among the socio-economic empowerment of women has happened in many aspect such as developing saving habit, exposing them to external world, providing them opportunity to self employment and sustainability of the sample saving and credit cooperatives itself.

## **CHAPTER –III**

### **RESEARCH METHODOLOGY**

Methodology of this research is a comparative one. Socio-economic empowerment of women is compared based on their status prior joining the microfinance program with the present situation. The study is analytical based on the primary information obtained through field survey. This chapter presents the details of the methodology applied.

#### **3.1 Population and Sample**

DEPROSC Nepal has been implementing micro finance programme in 7VDCs out of 41 VDCs lalitpur among which Thaiba VDC is the one where some 900 woman clients (one from each household) are served.

Out of the total population of 900 micro finance clients of DEPROSC Nepal, 10 percent clients (90 clients) are selected in this study as sample. The sample is selected randomly among the centers which are formed for more than five years. Prior to that, samples are categorized base on geographical distance and proximity to the market. Additionally, frontline credit officers (field Supervisors) of respective area are also selected as sample to interview.

#### **3.2 Data Source**

Data required for conducting this research is basically obtained from primary source conducting field survey. However, secondary source of information is used to some in the relevant areas reviewing official documents, periodic reports of DEPROSC Nepal and other related literature.

##### **3.2.1 Primary Source**

Individual microfinance clients, frontline field supervisors and group of microfinance clients are the primary source of information. Besides, key local level stakeholder, Branch manager and executive Director of DEPROSC Nepal have remained the primary source of information in the process of preparing key institutional issues, policy issues and their perceptions. The

questionnaires are not given to the women, only the certain problems and prospects are asked on the basis of questionnaires.

### **3.2.2 Secondary Source**

In the process of literatures review and collecting key information, some secondary source of information is also collected which included review of official documents including program implementation guideline, annual plans, periodic progress, approach papers, strategy papers, manual and guidelines.

### **3.3 Primary Data Collection Tools**

One set of semi-structured questionnaire is prepared in collecting information from individual clients and two focus group discussion (FGD) are conducted with (i) group of women and (ii) front lines field supervisors (credit official).

Individual visit is done to the primary stakeholder (local service providers, line agencies representatives, and relevant donor's representative), Branch manager and Executive Director for analyzing the policy issues and perceptions on socio-economic empowerment of women.

### **Indicators of analysis by Objectives**

#### **Microfinance Methodology**

DEPROSC Nepal has adapted Grameen model of Bangladesh, however, a slight change has been done to make the methodology more compatible to our local situation. The details are as below.

1. Base line data is collected using participatory Rural Appraisal tools. The secondary data are also used to collect detail information.
2. Selection of VDCs is done based on the available information, priority has given to the cluster or hamlet with dense population of poor and vulnerable families,
3. Orientation programs are organized to disseminate objective of the program in the community. The group, local leaders and representatives from line agencies participated in the orientation,

4. The interested households organized into informal group themselves constituting 5 women members per group. There are 2-8 groups in one cluster/centre. Facilitation is done to form homogenous groups.
5. The informal group have trained on basic concept of savings and credit program , called Compulsory Group Training (CGT). The duration of this training is generally seven days, but the duration varies with the learning capacity of the members.
6. The participants of the CGT training should pass Group Recognition Test (GRT) to be eligible for further action. A test is conducted at the end of the training in order to ensure the members are aware of program methodology.
7. Once the members pass the test called GRT, registration of the group in DEPROCE-Nepal field office is done defining the group number and the centre venue for fortnight meeting.
8. The members deposit Rs. 50/- to open the savings account. In the subsequent months they deposit at least Rs. 30/- monthly as group savings and Rs 5/- fortnightly as individual savings. The members can draw their individual savings as and when required but monthly savings can be withdrawn only maintaining at least Rs. 5000/- balance.
9. Members will deposit Rs 30 in the first loan cycle and Rs 50 from the subsequent loan cycles as member insurance premium in turn they are insured with Rs 3000 and Rs 5000 in the first and subsequent years. Husbands of the clients are insured with half of the clients with same premium.
10. All the transactions are recorded in the passbook and the passbook are distributed to the individual member.
11. Out of 5 members in a group, only 3 can get loan in the first phase (except chairperson and secretary). Remaining two members can get loan after the paying back two installments of the loan obtained by previous members. The initial loan size other than project loan does not exceed Rs. 10000/- and the upper limit for second, third, fourth and fifth onward loan is Rs. 13000/- Rs. 15000/-Rs.18000/- and Rs. 20000 respectively However, the project loan is ranged between 13000/- to 25000/- as per nature of project.

12. The loan has to be repaid in ten equal installments after two months gestation period. The interest rate is 10 percent flat or 18 percent effective charged on remaining balance method.
13. The group solidarity and centre commitment acts as collateral for the loan, there is no requirement of physical collateral to obtain the loan.
14. All the actives such as savings collection, loan disbursement and loan collection are performed in the fortnight centre meeting organizing group discussions.
15. Whole methodology is based on centre discipline which assures loan utilization and timely loan collection.

Based on their program implementation methodology, the characteristics of the model can be summarized as under

- Concentration to the poorest of the poor, landless ,tenants, schedule casts and rural women,
- Solidarity group approach as the basis of the program,
- Solidarity group federated in the centre for revving saving and credit service,
- Loan disbursement on group and centre guarantee without any physical collateral,
- Saving as integral part of the program having substantial share in the program resource.
- Savings in groups maintaining individual ownership,
- Savings being used as partial security of the loan,
- Cost effective centre delivery system,
- Intensive coverage in the project areas,
- Fortnight meeting to maintain the discipline and effective monitoring,
- Loan repayment within one year,
- Monthly installment system,
- Exclusive target to women,
- Attractive interest rate to savers and competitive interest to borrowers,
- Repayment rate maintaining more than 99 percent,
- Ensuring financial viability within 5 years period,
- Provision of 2 percent risk cost for probable loan losses,
- Continues members and staff training for experience professionals,

- Most compatible to the local condition and situation.

### **3.4 Data Analysis Technique**

Obtained information is analyzed using the spreadsheet. Different mean based statistical tool and frequency counts are applied as per requirement. Specifically, quantitative analysis tools are applied to assess the economic impact and qualitative indicators are used to assess the socio economic empowerment. Generally, tabulation and cross tabulation is done to analyze the casual relations and effect across the relevant variables. Qualitative Information is based on observation and perceptions which are analyzed and interpreted by researcher. Further, qualitative information obtained through individual interview, focused group discussion is blend together with quantitative data to draw implications and conclusions.

### **Diagram and Graphical Representation**

Diagram and graphs are visual aids that give a bird eye view of a given set of numerical data .They represent the data in simple and reality comprehensive form. Hence, the various bars, charts and graphs are used to present the data and data analysis in this study.

## **CHAPTER - IV**

### **DATA PRESENTATION AND ANALYSIS**

Presentation and analysis of data is very important stage of research study. Its main purpose is to change the unprocessed data into understandable form. It is the process of organizing the data by tabulating and then placing that data in presentable form by using various tables, figures and sources. Present chapter has discussed the various aspects of loan management and their actual accomplishment. In the process of fulfilling objectives and this research, data revealed are tabulated and presented followed by analysis and interpretation in this chapter. Furthermore, the finding of this research is also presented at this chapter. As mentioned in the research methodology, the data are presented and analyzed in accordance with the flow of questions; (i) socio impact (ii) Economics impact and (iii) constrains faced by women and critical issues of women focus microfinance.

Family size of sample 90 women is ranged between 5 to 9 members. The average family member is 7 which are more or less close to average family size of Thaiba VDC (5/6) the sample VDC. The sample members of have 4 children in an average which seems relatively higher as compared to the normal standard of 2. The analysis is based on the sample questions which are listed in questionnaires asked in women.

#### **4.1 Indicators Used in Collecting and Analyzing Data**

The main objective of this study is to analyze the socio-economic empowerment of Women through MIFs program. For this, the analysis is based on descriptive manner. Moreover, data are mainly based on primary sources based on questionnaire through fieldwork survey. The presented questionnaire sample is shown in appendix also. In order to fulfill the above mentioned objectives of this research, the following indicators are used and analyzed.

**Table 4.1**  
**Indicators Used in Collecting and Analyzing Data**

<b>Objectives</b>	<b>Major Indicators</b>	<b>Source of data</b>
1. To study the economic impact of the microfinance program in women empowerment	<p><b>Assets creations (physical and financial)</b></p> <p>Landholding , Building , Livestock holding Other household Assets, Saving, Food security, Income and Expenditure pattern, Loan borrowing and repayment Employment, Creation</p>	Field survey with the sample of focused group women clients.
2. To analyze the socio impact of microfinance program in women empowerment.	<p><b>Empowerment at household level</b></p> <ul style="list-style-type: none"> <li>• Decision making and participation in household level</li> <li>• Level of awareness of basic issues</li> <li>• Keeping and using of profits and fund</li> <li>• Household level discrimination and family cooperation</li> <li>• Household responsibilities and family support</li> </ul> <p><b>Empowerment at external level</b></p> <ul style="list-style-type: none"> <li>• Traveling outside from the home</li> <li>• Awareness on political and legal issues</li> <li>• Participation on social activities</li> <li>• Exposure at the community level.</li> <li>• Trust and respect from other</li> <li>• Visit and demand services from lines agencies</li> <li>• Confidence</li> <li>• Participation of the women group in the program organized by MFIs</li> </ul>	<p>Field survey with the sample of focused group women clients and interaction with DEPROSC Nepal personnel</p> <p>Field visit and survey on the focused group women clients and the interview with the related DEPROSC Nepal personal</p>

	<ul style="list-style-type: none"> <li>• Evaluation of the effectiveness of the organized program in women empowerment</li> </ul>	
3. To analyze the constraints faced by the women clients because of the competitive microfinance services.	<p>Constraints faced</p> <p>Opportunities gained from the MFIs</p>	<p>Discussion with focus group women clients</p> <p>Interview with the related personnel of DEPROSC Nepal and their stakeholders.</p>

#### **4.1.1 Economic Impact (MFP) in women empowerment**

The first and foremost objective of this study is to analyze the socio-economic empowerment of Women through MIFs program. Economic impact of microfinance women are measured through some of the visible indicators that sample women have felt. The physical assets land building livestock and other household amenities saving income and expenditure patterns, food security, loan borrowing, employment and vulnerability are measured and analyzed.

#### **4.1.2 Assets Creation (Physical and financial)**

Land, livestock and home to live are the three major assets which significantly affect the overall passion of a poor household. Fundamentally, these three are the indicators that DEPROSC Nepal has been using the identifying a women to be their member. Therefore, measuring impact of microfinance seems much more relevant using them thus has analyzed the changes revealed in the surveyed sample clients.

#### **4.1.3 Landholding**

The microfinance program itself is focused in landless, Marginal landholders and deprived people. Land is the primary assets that everyone aspires to have in since this is the primary

source of livelihoods in the agricultural country like Nepal. The survey revealed that majority of clients does not have sufficient land for cultivation. Probably all the clients have their own home and somehow little kitchen garden before involving in the microfinance program. After involving in such microfinance program also there is no differences found in creation the fixed assess like landholding. This shown that the impact of microfinance doesn't show any positive movements for adding for land. May be being the VDC within the valley they might not be able to add the land. So from the survey done it is found that the clients are not able to add the land. After the involvement in the provided microfinance program.

#### 4.1.4 Building

Home to live poses higher value to anyone in other parts of the country and the world. According to the interviewed women, they value home in their life mainly on the two grounds (i) from the Safety and comfort, and (ii) social value. They prefer to improve the quality of the house by changing their roof, making ground cemented, plastering and walls etc. Women feel proud to say and show that changed the thatch roof into the CGI sheet. During the interview, the obvious happiness could be observed because of this improvement.

Among the sample clients, merely 18% have renovated their home prior joining the program but during the survey, it revealed that almost all clients have renovated their home. In that sense, the microfinance has been very much helpful in making them prospects.

**Table 4.2**

**Number of Client's Households Renovating and Building New House**

Particulars	Status	Status After
	Before	
Clients having home	100%	100%
Clients renovated their home	15%	90%

*Source: Field survey 2012*

DEPRPOSC Nepal does not provide loan or home repair and maintenance thus there is no chances of using the loan fund for this purpose and monitoring of loan utilization is also very much strict thus it is apparent that the revenue generated is used for this purpose which

signifies the benefit of joining microfinance program. From the table 4.1 also exhibits that clients renovated their home are increasing i.e.15% to 90% after launching the program.

#### 4.1.5 Livestock Holding

Holding livestock is an integral part of livelihoods in any rural part of Nepal like in rest of the developing world. Livestock provides revenue as well as safety measure. Probably that is why; rating the household level prosperity with the number of animal head hold is very common in Nepal. The similar notion applies to the type of livestock hold. Large animal like buffalo and ox represents the magnitude of wealth and security compared to small scale livestock such as goat and chickens. Therefore, this study has analyzed the changes taken places in these different types of animal. Among the surveyed clients also, keeping animal is an integral part of their life. The survey revealed that there has been significant improvement in their livestock holding but due to the lack of their own sufficient land and animal feeding problem there no clients holding large animals like cow and buffalo but mostly they've small scale livestock like goat and chickens. After joining the microfinance program it is found that some client has taken initiation in keeping pigs and chickens and making them the source of income generation.

**Table 4.3**

**Number of Clients household holding livestock before and after**

Number of Clients household holding livestock	Number of Clients HHs (Before)	Number of Clients Households (After)
Large livestock (Cow, Buffalo and Ox)	15%	95%
Medium size livestock (Goat, Pig and Sheep)	20%	50%
Small scale Livestock (Chicken and Duck)	15%	30%

*Source: Field survey 2012*

Table 4.2 depicts the number of clients household holding livestock before and after. Large livestock (cow, buffalo and ox) number of clients after launching the program is increased

from 15% to 95%, likewise medium size; is 20% to 50% and small scale livestock (chicken and duck) is 15% to 30% respectively.

#### 4.1.6 Other Assets

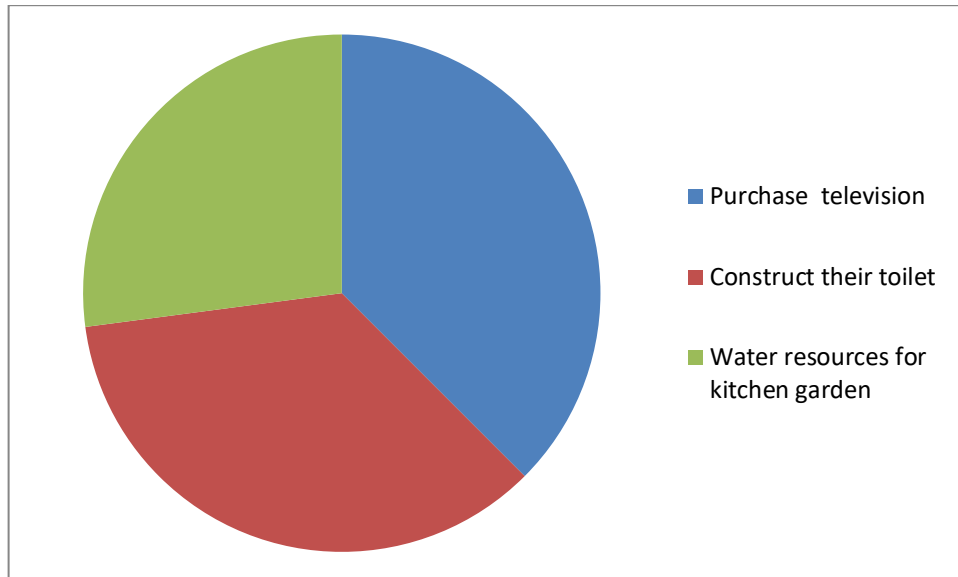
In addition of the land and livestock possession of other basic assets was analyzed in this study. The field survey revealed that 90 percent client household has purchased television within these five years periods. Similarly, 85 percent have constructed toilet at their home premises. Having well is also one of the priority areas of women since this reduces the work load of women in one hand and improves the sanitation and hygiene situation of the household on the other. Besides, use of water resources for kitchen gardening is also preferred by sample women. The survey revealed that some 65 percent households have installed well at their home yard. Besides, most of the clients utilize the loan by investing in shop where the family members could get involved in it. According to the survey about 55% they talk loan to start a business especially a small scale shop. It is more clear from the following table figure.

**Table 4.4**  
**Number of Clients Households (After)**

Household	Number of Clients HHs (Before)	Number of Clients Households (After)
Purchase television	15%	90%
Construct their toilet	25%	85%
Water resources for kitchen garden	20%	65%

*Source: Field survey 2012*

**Figure 4.1**  
**Number of Clients Households (After)**



#### **4.1.7 Savings**

Savings has been acknowledged as an integral part of the micro-finance program. Experience shows that, the savings service is equally important to as credit service. Poor are bankable and they would have active participation in savings program, if proper savings products are designed and implemented. Saving as developed ownership in the participating members act as collateral to the loan disbursed , help to maintain credit discipline, establish saving habit, provides flexibility to women, generates confidence among them, increase risk bearing capacity of borrowers, control unnecessary expenses and make program sustainable in long run. There are five types of saving product sample women are participating(i) compulsory monthly group savings @Rs.30 per month (Rs.50 to open the account) ii) personal savings at individual level iii) loan guarantee fund, 4% of the loan disbursed. iv) centre fund collection managed by centre itself and v) Child savings. These products have helped sample women to generate quite a significant amount.

#### **4.1.8 Food Security**

Level of food security directly reflects the economic impacts on a particular household. Food security has been broadly defined with two perspectives. The first production from own land and the second is to be able to buy from the market from their other regular earnings. But in the case of Thaiba VDCs no one is depended on the food by their production because of

sufficient land for cultivation. Often these two are defined by different terminology: food sufficiently and food security. Here the food security is calculated considering their own production and the capacity to buy from their regular business and sale of other agricultural products but has definitely excluded the coping mechanism adopted to by food.

Here in the figure in the below, we can observe the significant change in the food security situation of sample women. Prior joining the program there were some 55% households with less than 3 months food from their own production and earning. Similarly, there were some 35% household had for only 4 to 6 months, however this has remained constant but there has been a greet shift in the category having food for 7-9 months and more than 9 months. Percents of household having food for more than 9 months was merely 10% where as at percent some 20% household have food for more than 9 months. The case of similar with 7 to 9 months food sufficiency category. In an average sample client’s families had food for 4 months before joining the program where as at present they have food for 7 months with the net increment of food for 3 months. It seems that the microfinance program has significantly improved their food security situation. Based on this analysis, we can suggest that clients of all categories have a significant shift having food for higher months than before joining the program. It is more clear from following table and figure.

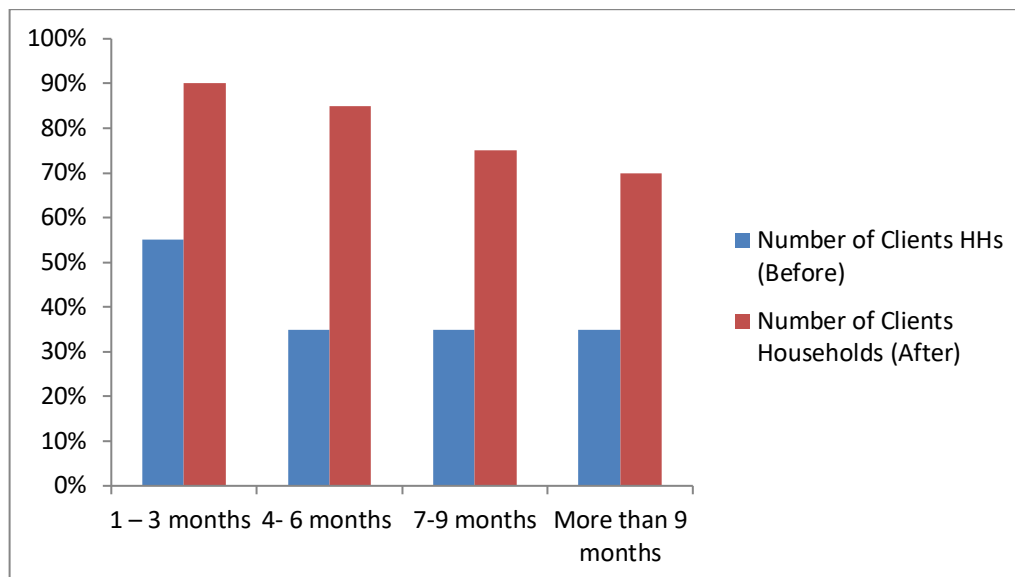
**Table 4.5**  
**Percent of Sample client Households with food Sufficiency Status**

Household	Number of Clients HHs (Before)	Number of Clients Households (After)
1 – 3 months	55%	90%
4- 6 months	35%	85%
7-9 months	35%	75%
More than 9 months	35%	70%

*Source: Field survey 2012*

**Figure 4.2**

**Percent of Sample client Households with food Sufficiency Status**



**4.1.9 Earning Capacity or Clients borrowing to buy Food**

The survey has revealed that all most all clients have adopted some means of coping mechanisms. Among wage earning is one major 90% clients fulfilling their food requirements by wage earning which is still a valid source of earning for around 80% clients. Wage earning include agricultural labor, industrial labor and migration to major other cities to sell their labor.

Beside the wage earning some of the sample client even have to borrow locally to buy food. It is more clear from the following table and figure.

**Table 4.6**

**Average Clients Borrowing to buy Food**

Particulars	Before	After	Net Changes
Number of Clients households borrowing to buy food	45.6%	15.4%	30.2%
Average amount borrowed (Rs.)	1650	850	800

*Source: Field Survey 2012*

Around 45.6 % clients were adopting this mechanism to fulfill the daily food need. There has been a significant reduction to 15.4% among the clients to borrow to buy food. Similarly, the

amount of borrowing to buy food has net changed by around 30.2%. Previously the average loan amount borrowed for this season was Rs.1650 per annum which is Rs.850 at present with net reduction of Rs.800 in an average.

#### **4.2 Income and Expenditure Pattern**

Analysis of source of income among the surveyed women clients shows that there has a slight shift. Daily wage earning and the sale of live stocks products were the main source of income before joining the program but after joining the microfinance program the survey shows that the sources of income has shifted to the small scale business and the sale of agricultural products. The pattern of income and expenditure is shown below before and after joining to the microfinance program.

**Table 4.7**  
**Percentages Wise Distribution of source of Income before and after joining the MF Program**

	BEFORE	AFTER
Agricultural Production	10	18
Small Scale Business	8	30
Sale of Livestock products	25	35
Daily Labour	25	15
Seasonal Labour Migration	35	16
Other	15	14

*Source: Field Survey 2012*

**Figure 4.3**

**Percent wise Distribution of source of Income before and after Joining the MF Program**

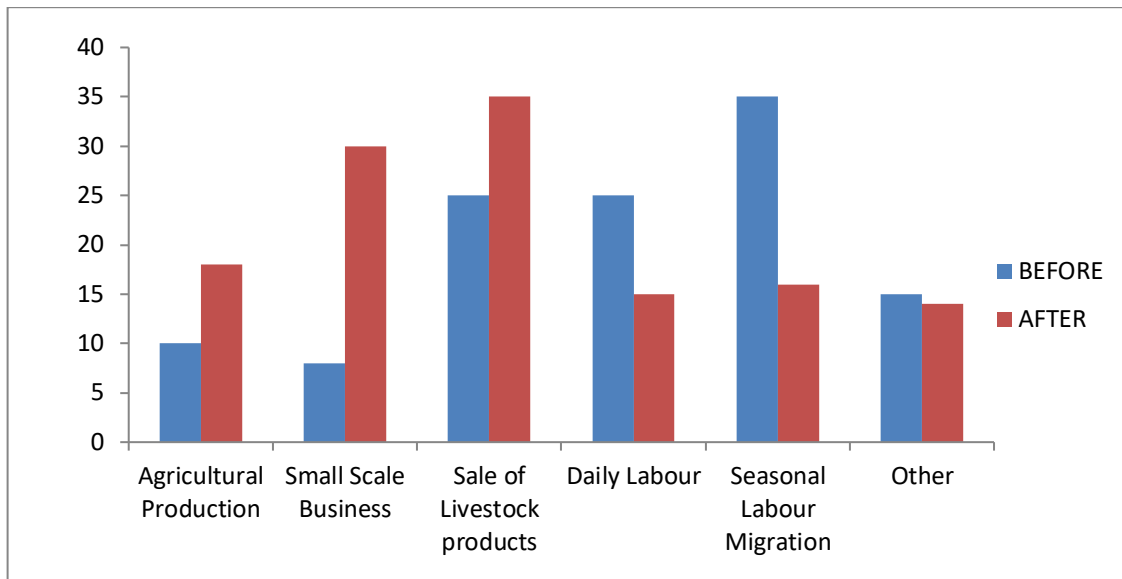


Table 4.6 and figure 4.3 reveals that Percentages Wise Distribution of source of Income before and after joining the MF Program. The Analysis seems very much consistent with the notion of microfinance program that has financed for agricultural production, small scale business and livestock development. Agriculture production before launching the MJF program is 10% which is increased to 18% after launching the microfinance program. Likewise, small business scale, sales of livestock products, daily labour seasonal labour migration and other reached to 30%, 35%, 15%, 16% and 14% respectively. Hence, MJF program help to increase the self generating income of individual. Microfinance service, have contributed towards generating own income from small scale business, agriculture and livestock holding there by reducing the burden of daily labor.

The Analysis seems very much consistent with the notion of microfinance program that has financed for agricultural production, small scale business and livestock development. The same is the findings on increment of small scale business and increase number 4 of livestock. Therefore, we can say, microfinance service, have contributed towards generating own income from small scale business, agriculture and livestock holding there by reducing the burden of daily labor.

**Table 4.8**

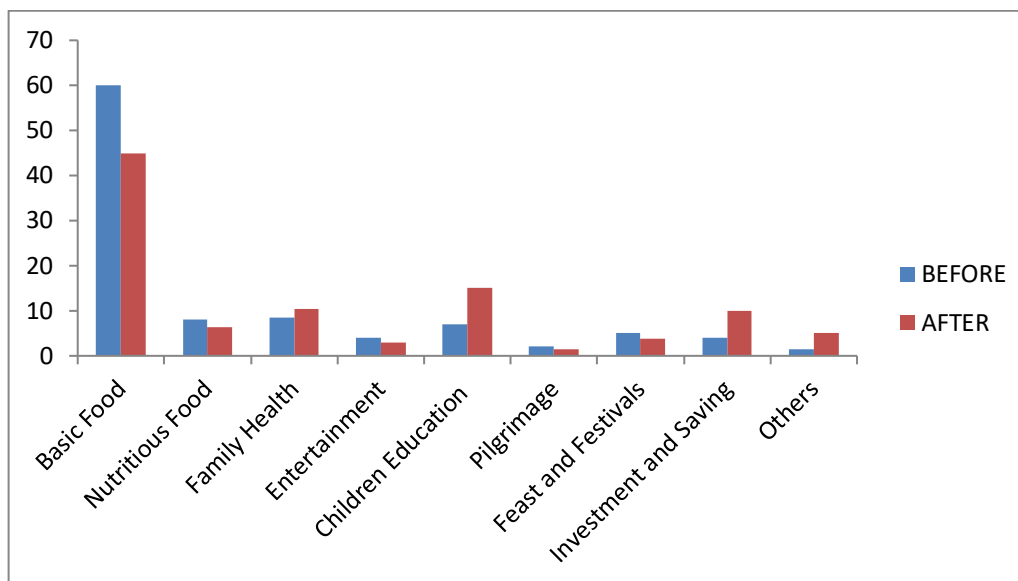
**Expenditure Pattern of Sample clients Before and After Participating on MF Program (%)**

Expenditure pattern	BEFORE	AFTER
Basic Food	60	45
Nutritious Food	8	6.3
Family Health	8.5	10.5
Entertainment	4	2.9
Children Education	7	15
Pilgrimage	2	1.5
Feast and Festivals	5	3.9
Investment and Saving	4	9.9
Others	1.5	5

*Source: Field Survey 2012*

**Figure 4.4**

**Expenditure Pattern of Sample clients before and after Participating on MF Program**



Expenditure pattern is analyzed to have an impression how the expenditure among the surveyed clients have changed because of having additional revenue. The general accepted principle about the expenditure is that higher the poverty the deprivation, higher is the proportion of expenditure done for food and basic amenities.

Here table 4.7 and figure 4.4 shows in the expenditure pattern. Expenditure done on acquiring basic food before and after is 60 percent and 45 percent respectively. Similarly, expenditure on nutritious food such as meat, milk, fruits and fresh vegetables is reduced after launching the program. Likewise increment on expenditure proportion has taken place in children's education, investment and saving, and other unidentified areas.

The reduction on expenditure on client's, her husband's and children's health shows relatively better health position of the clients family members which perfectly coincides with the increment of expenditure on nutritious food. The analysis further shows that, save proportion of expenditure likely to have invested for children's education. Moreover the requirement of spending less amount of their earning for basic food shows their increased income. However the analysis also shows trivial changes on the expenditure made on entertainment and pilgrimage.

### **4.3 Loan Borrowing, Repayment and Employment Generation**

The prime objective of clients participate on the microfinance program is to have access to credit fund so as to initiate income generation activities for the creation of the self employment. The sample is taken mostly among the older ones who have been participating for around 5 years. Therefore, all the sample clients have obtained loan for four times or even more. since the repayment is scheduled for one year; next loan is not provided unless the previous loan is cleared, all the members have already mobilized and repaid at least three loan. The sample clients have obtained loan mainly in the following areas (i) small business (ii) vegetable farming and (iii) animal husbandry. Discussion with the clients and DEPROSC Nepal field staff reveals that all the clients have been paying back their loans in time. There is not even a single loan default at present. Good repayment rate reflects not only the discipline among the clients but also the assured return from their investment.

One of major objectives for microfinance program is to create self employment at local level. The survey has revealed that this program has created employment for 1.5 persons in an average. Further discussion with the women clients revealed that they themselves and their husbands are involved in the business, enterprises and cultivation related to their investment

done from the borrowed fund. In some case where women have invested for business has created employment for four persons of the family.

### **Vulnerability**

Level of vulnerability also equally reflects the socio economic situation. Rural families are normally characterized by low level of security and a back fold measures, limited or none existence of investment and saving therefore, they have very much vulnerable with even the small incidences such as drought, ill of family members, celebrating feast and festivals and even sometimes the death of live stocks. In the sense, analysis of such vulnerability seems relevant. The survey has revealed that the vulnerability of sample woman has been reduced once they joined the microfinance program and started income generating activities.

Among the causes of vulnerability before joining the microfinance program, some 45 % sample clients mentioned the expenditure needed for health treatment and to celebrate feast and festivals as the major causes making them vulnerable. The expanses required for school admission of children is a cause of vulnerability for 25% sample clients followed by drought and heavy rain for 15% and death of livestock to 5 % sample members. Probably, it is co-incident that none of the sample members are vulnerable because of flood.

The survey revealed that there has been a substantial decrease in the percent of household become vulnerable once they joined the microfinance program. At present, 28% client's household mentioned them vulnerable for illness and festivals whereas 4% clients find them vulnerable with drought and heavy rain. But it is surprising to know that in the increment in average livestock holding –as mentioned earlier –has made 5% clients vulnerable with the death of livestock. Probably, clients might have purchased livestock to use in productive sector with the borrowed fund thus perceived it as a major threat making them more vulnerable. In general, discussion with the sample women has revealed that repayment of loan installments are often associated with the earning they made from the return of their investment on livestock. Nevertheless, in totality prior joining the microfinance program some 59% clients find them vulnerable because of any one of the reasons mentioned above. This has been decreased to 43 % clients once they participated in the microfinance program.

#### **4.4 Social Impact of MF Program in Women Empowerment**

Women empowerment is analyzed at two different stages; (i) household level and (ii) external level. Household level empowerment is assessed through decision making and participation on household affairs, awareness level on basic household issue, access to and control over resource, cooperation and discrimination at household level. External level empowerment is assessed mobility, awareness, exposure, social capital and confidence. Based on these the discussion is as under.

#### **4.5 Women Empowerment at Household Level**

For analyzing the gender dimensions and empowerment through microfinance among the sample clients, a FGD was done. Surveyed sample clients expressed their autonomy in obtaining membership and purpose of loan to borrow. Selection of MFI, amount of loan to borrow, and spending the borrowed cash are done jointly by husband and wife. In one sense, participation of husband in these crucial decisions related to resource.

Particularly, joint decision and involvement of husband in managing regular savings, arranging loan installments and finding coping mechanisms to repay the loan in time might justify husbands talking ownership to the loan. Keeping cash received from the enterprises by husband- definitely not in favors of empowering women – can be seen along with the role of managing daily household expenditure by them. But, controlling over the decision related to deposit and withdrawal of personal savings by husband clearly explains the high magnitude of their control over women member's autonomy. Decisions related to personal savings are optional thus member could enjoy the flexibility but they do not. Furthermore, women expressed their increased level of confidence, increased awareness on other developmental such as education, nutrition, sanitation, and increased participation and acknowledgement in the household level decision making process.

**Table 4.9****Magnitude of Empowerment on Other Domestic Issue after Joining the MF Program**

S.N	Issues	Improved Slightly	Highly Improved	Has no Difference	I am unaware	Total of respondents
1	Child Education	30%	67%	3%	0	100
2	Child Health	40%	60%	0	0	100%
3	Procurement of goods	39%	58%	3%	0	100%
4	Selling of Products	27%	63%	4%	6%	100%
7	Keeping and use of profits and funds	50%	44%	5%	1%	100%
5	Decision making at HH level	42%	55%	3%	0	100%
6	Reduction on HH pressure and Discrimination	48%	38%	12%	2%	100%
8	Household level cooperation	44%	54%	2%	0	100%

*Source: Field Survey 2012*

The survey table 4.7 shows that some 67 % sample clients expressed highly improved child education situation. Similarly, some 60% clients expressed the highly improved knowledge on child health and therefore their health situation. Likewise, the microfinance program has impacted to a larger scale for around 58 % sample clients on procurement a household good and selling of their products. Remarkably, almost 54% sample clients mentioned that the household level cooperation has increased and family level discrimination has been reduced. Exceptionally, 2% sample clients mentioned that participation of microfinance program has not make any differences on household level discrimination. Despite these, the strategic needs such as structural issue, power dynamics with in the household, traditional roles of women and ownership to land and other assets are still under ambiguity which has not covered in this study.

#### **4.5.1 Empowerment at External Affairs**

Women empowerment that begins from the household level will not be institutionalized unless it is reflected to the external affairs. In order to identify the impacts of microfinance on women regarding some strategic needs of women and developing of social capital which ultimately ensures the women empowerment, sample clients were interviewed whether there has been improvement or not. Responses of 90 sample women clients have been summarized. Among sample respondents 54 % said their traveling outside home has increased slightly where as 36% respondents mentioned it has increased substantially. Exceptionally, microfinance has not improved to the traveling of 5 % women clients.

Awareness on political and legal issues such as political parties, women rights are slightly improved to 62 % sample clients where as 12 % sample clients find there has no improvement in those issues. Some 19% clients in fact are unaware of the issues as such thus replied as they are unaware. Social capital as defined earlier, the reciprocal cooperation, trust and respect among the community people, exposure and participation on the social and community level activities and visit of line agencies to put pressure and demand services were also asked. The field survey result in this area is found to be very much optimistic expect in one.

Participating sample clients have increased social capital. Almost all sample clients (98%) mentioned their increased participated on social and community level activities however the magnitude varies among them. Trust and mutual respect are also increased to 96 % sample clients. Exceptionally, around 33% sample clients mentioned visiting of government and other developmental line agencies to put pressure and demand support service have not happened. For those, who mentioned it has happened is also at low magnitude. Only 10 % sample clients mentioned it has happened with higher magnitude. Based on this result, we can say that women participating on microfinance have increased their social capital however the magnitude varies among them.

Besides microfinance clients have enhanced their understanding and capability in many areas. The increased awareness and confidence to various aspects of life skill and economy are presented below as mentioned by sample women during the individual survey and focus group discussion.

**Table 4.10**  
**Women’s Perceptions on the Benefits of Microfinance Program**

• Helped in participating on economic transaction- talking loans.
• Taught the importance of time and time management.
• Involvement in social program and knowledge about economic scenario of the region.
• Brought about the feeling of community living.
• Taught the importance of child education.
• Uplift the rural and the backward class people.
• Made them capable and self sufficient so as to share the similar screen as the other education people.
• Made than able to handle various monetary transactions.
• Taught the importance of money.
• Enhanced the awareness about nuclear family.
• Made us more up to date in the field of economic development and social engagement.
• Realized the importance of investments and saving.
• Made awareness of the harmful effects of narcotic drugs and timely reduction of its uses so as to save ones life and property.
• Made us more disciplined and mannered.
• Knowledge about handing responsibilities.

**4.6 Constrains and Critical Issues of Women Focused Microfinance**

In the process of analyzing the critical aspects, constrains faced by women are captured and analyzed. Moreover, the field survey has revealed further critical issues related to women focus microfinance for their socio-economic empowerment and poverty reduction which are discussed at length here below. Some of these are even related to policy issues whereas some are related to the pressure faced by MFIs and market phenomena.

#### 4.6.1 Constrains Faced

Despite the number of positive socio-economic impacts that women sample clients have enjoyed from microfinance, they are facing number of constrains since the microfinance program is a discipline based thus every activities has to be done with limited flexibility. Major constrains face include, the increase pressure, tension, difficulty in time management, difficulty in talking care of child, pressure of arranging loan installments, risk of need to fulfill fellow members loan installment if someone fails. The details of the constrains faced by sample clients are presented in the table below.

**Table 4.11**  
**Major Constrains Faced by the Sample Clients**

<ul style="list-style-type: none"><li>• Talking loans and borrowing money has increased irrational feeling amongst the sample females because the loan has been passed in their name.</li><li>• Male counterparts are keeping less interest and wanted to be free from any household responsibility which has increased out tension.</li><li>• The installments need to be paid on specified days. Even in females are ill, it has to be managed anyway which is difficult.</li><li>• Women are facing problems if they need to go out however, there is a provision of forwarding application. If application is not put in time, we have to pay penalty.</li><li>• Regular meetings and discussions have brought difficulty in managing household activities.</li><li>• Discussions which extends till late in the evening have created problems at home as elderly members do not allow females to be out that let.</li><li>• Entire process has to be done by the females and under their presence which put them in pressure and made them worry as they have their family and children to look after. Further, problems are seen to feed and send children to school.</li></ul>
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Among the various constrains faced by women the most affecting constrains is the pressure of repayment. This has been discussed at length here below.

#### **4.6.2 Repayment Pressure**

Maintaining repayment rate more than 95% is considered as good among MFIs. DEPROSC Nepal has succeeded to maintain its repayment rate at more than 99%. DEPROSC Nepal further claims selection of borrowers, increased borrowers knowledge on program, their commitment to pay in time, group peer pressure, centre discipline, loan utilization and credit worthiness of the borrowers, commitment of the field Supervisor (credit officer), good CGT and GRT, enterprise feasibility analysis are the key elements to obtained higher repayment. However, discussion with sample clients and DEPROSC Nepal itself reveal that it might have been possible mainly because of two reasons: group guarantee enforcement and back fold strategies adoption. Group guarantee includes talking responsibility of repaying by rest four members of same group if one member fails.

Fellow members partly contribute in cash or allow transfer her personal saving to repay other loan as a reciprocal help. If this does not happen and the client remain absent, all the members of the centre-including members from others group –make defaulter’s home visit to collect the installment. Sometimes, members are also threatened to seize physical assets as practiced in some MFIs in Bangladesh (Devine, 2005). Unless the default installment is received, the centre meeting of that day does not close formally. This definitely forces clients to repay the loan in time. But such practice not only creates tension and harassment but also effect the social image of the clients. However, DEPROSC Nepal has never used security force for repaying default loan so far. Rather, in some genuine cases of project failure, deaths, natural calamities and blockades, repayment dates are also rescheduled.

Back fold strategies applied include transferring of installment equivalent amount from the centre saving- centre savings is a some of money accumulated from the penalty from clients and staff for different reasons and regular deposit of members to that specific saving product. This fully remains under the control of centre management which is often mobilized as supplementary loan and emergency loan- which helps maintaining cent percent repayment. Once the client bring default installment, centre saving is returned . This option seems more amicable since it fulfils the requirements of DEPROSC Nepal as well as gives a solution to the client. Application of these types of strategies seems popular therefore the repayment rate is higher. The repayment rate to a certain extent indicates the sustainability of MFIs but clients

adoption of coping mechanisms to repay and the capital output of their investment are not generally considered. Maintaining higher repayment rate ignoring these possibilities might put them at risk thus indicates challenges of sustainability in the long run. Besides, repayment rate along might not reflect the actual portfolio position because of loan write off and default ageing policies.

#### **4.6.3 Critical Issues**

In addition to the above mentioned major constrains faced, women focused microfinance consists of some critical issues which need to be duly considered. These include the (i) exclusion of bottom poor women,(ii) client duplication and its potential risk and (iii) lack of support service. Further detail discussion on each of these is done here under.

#### **4.6.4 Exclusion of Bottom Poor Women**

While discussing the issues of none participation or exclusion of bottom poor women in the microfinance, interviewed DEPROSC Nepal field Supervisors explained following eight more reasons: (i) their fallback position is weak so more probable to default their loan: (ii) they normally do not have experience of handling enterprises including livestock raising and marketing; (iii) their loan absorption capacity is low so outstanding portfolio will be lower thus impacting negatively the financial viability of MFIs (iv) cost of providing services are high because they need rigorous efforts to bring into the methodological track, for example they might need more than seven days Compulsory Group Training (CGT)(v) THEY are instable because of not having permanent home and cultivable land which increases the risk of default ; (vi) they have higher chances of loan being used for consumption purpose which again increase the default risk; (vii) they are regular in the group meeting; and finally (viii) they are often not being helped by fellow members – absence of social capital – in fulfilling their installment if they became unable. That is why their access is denied. Despite these all, access to microfinance is also hindered by political unrest: restriction on mobility and blockades in general.

These reasons question the microfinance service to deprived bottom poor women. Intensive implementation of preparatory and capacity building program, arrangement of support services and re-distribution of resource base seem urgent for which external support and government

intervention and incentive mechanisms are must. Otherwise, it is highly probable that desperate poor women are excluded from the microfinance services.

#### **4.6.5 Member or Client Duplication and its potential Risk**

Discussion with microfinance field supervisors revealed that there is a competition among MFIs to serve large number of clients thus prevail client duplication. ‘The most prominent implication of MF competition discussed within the MF industry even in Bangladesh is also the “overlapping”- a term whose definition itself has undergone changes over the years. The term was first use very broadly to denote similar service providing NGOs working within a geographical area. In recent times, the term is used to indicate multiple microfinance membership at the level of the household ‘(Martin, undated). Client duplication has fundamental two perspectives. MFIs , it is a fast track to attain sustainability but risky option as it increase default possibility. For clients it is an option to cross finance projects and enjoy the fungibles but remains the risk of falling into debt trap. Both might enjoy it looking forward the bright part but may fall into the downside.

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geographical area.. In recent time, the term is used to indicate multiple microfinance membership at the level of the household' (Martin, Undated). Client duplication has fundamental two perspectives. For MFIs, it is a fast track to attain sustainability but risky option is at increases default possibility. For clients it is an option to cross finance projects and enjoy the fungibles but remains the risk of falling into debt trap. Both might enjoy it looking forward the bright part but may fall into the downside.

MFIs in Lalitpur have overestimated the need and potentiality of a client in the process of sharing targeted market. This has happened in most of the Latin American countries resulting over – indebtedness of clients thereby degrading the portfolio of all MFIs in the market. Similarly, research in Bangladesh also shown higher repayment rate in remote areas where the alternatives are fewer (Morduch, 2000). If the magnitude of client duplication is increased, it will result impending disaster. This will be further worse if a field supervisors or a branch continues to assign with targets on outstanding portfolio or number of member to attain financial viability. However, MFIs are not alone responsible for duplication since clients always secure adoption to go to informal money market.

One of the major clients perspective identified from the study of Bangladesh is that multiple membership is a short-term attempt to cross-finance and manage repayment regularity--- it fails to be sustainable for most clients (Martin undated: 2). Uganda has also faced deteriorating repayment caused by multiple loan (de janvry et al, 2007).

#### **4.6.9 Lack of Support Service**

DEPROSC Nepal with donors support has carried out limited quantity of preparatory and support services. These include: awareness raising campaign; vaccination campaign; literacy programs; information, education and communication sessions; and skills development training. Technical inputs and marketing arrangement as support services after the credit are also provided. These program because of low in quantity have not has visible impacts but have spread a positive impression to join DEPROSC Nepal. Beside, microfinance members have not obtained such support services from the government system because of various reasons. These include; limited financial and human resource; no working incentives to the staff; limited tools, equipments and machineries; and poor coordination and collaboration

arrangements in the government system. Whatever level of support is available, local elites and those having better social capital with this sector exploit them. In this way, sample women clients are excluded from this support services. Principally under the market economy, private sector should render Business Development Services (BDS) but they are confined at the district headquarter if any. Virtually, microfinance clients have no access to BDS therefore; issues of access to such support services to the microfinance clients become more pertinent.

#### **4.7 Major finding of the study**

Land holding, numbers of livestock, quality of home to live and possession of other household amenities have increased among the sample surveyed clients. Moreover, food security has been increased, and health, child education and sanitation situation are improved. Importantly, vulnerability has decreased livelihoods pattern of microfinance clients has been shifted from wage base to the agriculture and self employment base. Awareness, capability, confidence and social capital have also been significantly improved. In general, the survey has revealed that socio-economic conditions of the sample clients have substantially improved. The details of the research finding are as follows.

##### **Assets Creation (Physical and financial)**

Land, livestock and home to live are the three major assets which significantly affect the overall passion of a poor household. Fundamentally, these three are the indicators that DEPROSC Nepal has been using the identifying a women to be their member.

##### **Landholding**

After involving in such microfinance program also there is no differences found in creation the fixed assess like landholding. This shown that the impact of microfinance doesn't show any positive movements for adding for land. May be being the VDC within the valley they might not be able to add the land. So from the survey done it is found that the clients are not able to add the land. After the involvement in the provided microfinance program.

##### **Building**

DEPRPOSC Nepal does not provide loan or home repair and maintenance thus there is no chances of using the loan fund for this purpose and monitoring of loan utilization is also very

much strict thus it is apparent that the revenue generated is used for this purpose which signifies the benefit of joining microfinance program. Clients renovated their home are increasing i.e. 15% to 90% after launching the program.

### **Livestock Holding**

The survey revealed that there has been significant improvement in their livestock holding but due to the lack of their own sufficient land and animal feeding problem there no clients holding large animals like cow and buffalo but mostly they've small scale livestock like goat and chickens. After joining the microfinance program it is found that some client has taken initiation in keeping pigs and chickens and making them the source of income generation. The number of clients' household holding livestock before and after. Large livestock (cow, buffalo and ox) number of clients after launching the program is increased from 15% to 95%, likewise medium size; is 20% to 50% and small scale livestock (chicken and duck) is 15% to 30% respectively.

### **Other Assets**

The field survey revealed that 90 percent client household has purchased television within these five years periods. Similarly, 85 percent have constructed toilet at their home premises. Having well is also one of the priority areas of women since this reduces the work load of women in one hand and improves the sanitation and hygiene situation of the household on the other. Besides, use of water resources for kitchen gardening is also preferred by sample women. Likewise, 65 percent households have installed well at their home yard. Besides, most of the clients utilize the loan by investing in shop where the family members could get involved in it.

### **Savings**

There are five types of saving product sample women are participating (i) compulsory monthly group savings @Rs.30 per month (Rs.50 to open the account) ii) personal savings at individual level iii) loan guarantee fund, 4% of the loan disbursed. iv) centre fund collection managed by centre itself and v) Child savings. These products have helped sample women to generate quite a significant amount.

## **Food Security**

The significant change in the food security situation of sample women. Prior joining the program there were some 55% households with less than 3 months food from their own production and earning. Similarly, there were some 35% household had for only 4 to 6 months, however this has remained constant but there has been a great shift in the category having food for 7-9 months and more than 9 months. Percents of household having food for more than 9 months was merely 10% where as at percent some 20% household have food for more than 9 months. The case of similar with 7 to 9 months food sufficiency category. In an average sample client's families had food for 4 months before joining the program where as at present they have food for 7 months with the net increment of food for 3 months. It seems that the microfinance program has significantly improved their food security situation. Based on this analysis, we can suggest that clients of all categories have a significant shift having food for higher months than before joining the program.

## **Earning Capacity or Clients borrowing to buy Food**

Around 45.6 % clients were adopting this mechanism to fulfill the daily food need. There has been a significant reduction to 15.4% among the clients to borrow to buy food. Similarly, the amount of borrowing to buy food has net changed by around 30.2%. Previously the average loan amount borrowed for this season was Rs.1650 per annum which is Rs.850 at present with net reduction of Rs.800 in an average.

## **Income and Expenditure Pattern**

Agriculture production before launching the MJF program is 10% which is increased to 18% after launching the microfinance program. Likewise, small business scale, sales of livestock products, daily labour seasonal labour migration and other reached to 30%, 35%, 15%, 16% and 14% respectively. Hence, MJF program help to increase the self generating income of individual. Microfinance service, have contributed towards generating own income from small scale business, agriculture and livestock holding there by reducing the burden of daily labor.

Similarly, Expenditure done on acquiring basic food before and after is 60 percent and 45 percent respectively. Similarly, expenditure on nutritious food such as meat, milk, fruits and fresh vegetables is reduced after launching the program. Likewise increment on expenditure

proportion has taken place in children's education, investment and saving, and other unidentified areas.

### **Loan Borrowing, Repayment and Employment Generation**

Discussion with the clients and DEPROSC Nepal field staff reveals that all the clients have been paying back their loans in time. There is not even a single loan default at present. Good repayment rate reflects not only the discipline among the clients but also the assured return from their investment.

### **Vulnerability**

Among the causes of vulnerability before joining the microfinance program, some 45 % sample clients mentioned the expenditure needed for health treatment and to celebrate feast and festivals as the major causes making them vulnerable. The expenses required for school admission of children is a cause of vulnerability for 25% sample clients followed by drought and heavy rain for 15% and death of livestock to 5 % sample members. Probably, it is coincidence that none of the sample members are vulnerable because of flood.

### **Social Impact of MF Program in Women Empowerment**

67 % sample clients expressed highly improved child education situation. Similarly, some 60% clients expressed the highly improved knowledge on child health and therefore their health situation. Likewise, the microfinance program has impacted to a larger scale for around 58 % sample clients on procurement a household good and selling of their products. Remarkably, almost 54% sample clients mentioned that the household level cooperation has increased and family level discrimination has been reduced. Exceptionally, 2% sample clients mentioned that participation of microfinance program has not make any differences on household level discrimination. Despite these, the strategic needs such as structural issue, power dynamics with in the household, traditional roles of women and ownership to land and other assets are still under ambiguity which has not covered in this study.

### **Major Achievements Gained by MF Clients**

Increased awareness and knowledge on education, health, sanitation, family harmony, enterprises handling: enhanced skills of financial transactions and trade;being more

responsible and disciplined ;realization of disadvantages of social evils and bad habits are some of the major achievements gained by sample clients.

### **Major Constrains Faced by MF Clients**

Despite number of advantages, sample clients are facing many constrains since the microfinance program is a discipline based thus every activity has to be done with limited flexibility. Women are burdened with household as well as external works since participation on microfinance program does not excuse them from completing household works rather responsibility of loan related enterprises is added. Constrains face include the increased pressure to manage household finance, difficulty in managing time among home, children, enterprises and participation on community activities, and risk of need to repay other default loan are some of the constrains faced by sample women . Above all, the pressure of repayment is the major one.

### **Critical Issues**

In addition to these difficulties, there are number of critical issues related to women focused microfinance. These include (i) there exists high probability of excluding bottom poor women because of not having resource based and social capital, (ii) the present microfinance program can put them into dept trap because of unhealthy competitions among the MFIs, and (iii) sample clients, even through they participated on microfinance program, are deprived from any business development and support services to strengthen their micro enterprises to come out of poverty.

### **Repayment Pressure**

Maintaining repayment rate more than 95% is considered as good among MFIs. DEPROSC Nepal has succeeded to maintain its repayment rate at more than 99%. DEPROSC Nepal further claims selection of borrowers, increased borrowers knowledge on program, their commitment to pay in time, group peer pressure, centre discipline, loan utilization and credit worthiness of the borrowers, commitment of the field Supervisor (credit officer), good CGT and GRT, enterprise feasibility analysis are the key elements to obtained higher repayment.

## CHAPTER – V

### SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter has summarized the research in general followed by conclusions of the study. Based on the findings and conclusion some recommendations are also put forwarded to be considered by DEPROSC Nepal in particular, and policy makers, academicians, researchers and microfinance practitioners in general.

#### 5.1 Summary

Government of Nepal amongst others has emphasized that access to microfinance to women not only impact on socio-economic life of women but also empower them effectively thereby reducing the poverty therefore, has promoted it. MFIs are also expanding their services targeting to women with the same notion, however MFIs have a pressure of sustaining their program through the attainment of financial viability. Therefore, the interest of having good microfinance - better repayment - may have direct negative effect on socio economic empowerment of women. At the same time, the debate on microfinance whether it should be completely business oriented or it should carry some social responsibility of social development, capacity building, linkage and coordination also exist. Thus this thesis is conducted with the objectives of exploring consequences of such microfinance targeting to women through analyzing socio-economic empowerment and the critical issues prevailed.

In order to fulfill its broader objectives, it has three different objectives which have focused on economic impacts; thereafter women empowerment at household and external level; and the constraints and critical issues of such women focused microfinance for poverty reduction. It has considered the physical and financial assets, food security, borrowing and employment creation and vulnerability as major indicators to analyze the economic impacts. To fulfill the objective of analyzing women empowerment, their participation and decision making at household level, awareness on health education, sanitation, financial transaction, family cooperation, discrimination, exposure, traveling,

social capital and confidence are analyzed. Observations and perceptions are analyzed for tracing out the constraints and critical issues. The study based on comparative analysis is done with 10 per cent sample, 90 clients) of DEPROSC Nepal's a FINGO coverage in Thaiba VDC of Lalitpur district. Data required is collected from the field survey with randomly selected samples. Individual interview of samples using semi structured questionnaire and focus group discussion are done. Individual interview of concern stakeholders, academicians and DEPROSC Nepal executives are also done. Simple statistical tools such as percentage, mean, frequency counting are done for quantitative data where as observation, interpretation and perception analysis is done for qualitative information. Data received are presented in tabular form, bar diagram and pie charts comparing pre and post situation. Magnitude of empowerment on qualitative information is presented on a categorical basis - no impact, low, high, very high impact. General observations and perceptions are interpreted and summarized in boxes and paragraphs.

However, the research done within a very short period taking samples from only one VDC of one district using limited methods and approaches might not represent the whole microfinance industry of the country; its findings could be useful not only to DEPROSC Nepal and the participating clients but also to the policy makers, decision makers, academicians and other microfinance practitioners.

## **5.2 Conclusion**

Access to microfinance services offered by DEPROSC Nepal has positive impacts on the life of surveyed sample women in Thaiba VDC of Lalitpur district. Positive social impacts are observed in their livelihood structure and have empowered women in many ways such as awareness and knowledge on basic issues such as importance of educating children, child health and hygiene, importance of money management, their role in household economy etc. Satisfactory economic impacts are not observed in assets creation and self employment creation but the microfinance services provided have helped them to improve their better livelihood structure like: enhanced food security; improved health, sanitation and nutrition status; and reduction on vulnerability of drought, heavy rain, illness and cost of social rituals (feast and festivals). Land holding, numbers of livestock, quality of home to live and

possession of other household amenities have increased among the sample surveyed clients. Moreover, food security has been increased, and health, child education and sanitation situation are improved. Importantly, vulnerability has decreased livelihoods pattern of microfinance clients has been shifted from wage base to the agriculture and self employment base. Awareness, capability, confidence and social capital have also been significantly improved. In general, the survey has revealed that socio-economic conditions of the sample clients have substantially improved. The program has made participating client women more disciplined and conscious on time management. Further, awareness on enterprises handling, trading and local economic scenario has upgraded. Their social interaction and community level, harmony, mutual cooperation are magnificently increased, however at the same time the treat of having social conflict has raised because of group liability to repay loan. Domestic level violence and discrimination has also been reduced and their role on household level economic activities and participation on decision making process has been acknowledged.

Despite these all, women are also facing problems created through participation on microfinance program like released responsibility to look after household as well as external affairs therefore, difficulty in time management. Sample women are not empowered to that level that they can unite and put pressure to the government line agencies and other developmental organization to demand services. On top of these, sample clients are very much cautious in maintaining their social dignity by repaying the loan installment in time thus felt most pressured; however it has been said that their husbands are also taking responsibility. Probably, this is one of the main reasons that microfinance is focused towards women. Sample clients even have to adopt some coping mechanisms sometimes - borrowing from more than one places - to repay the loan in time which has enlarged the threat of putting them into a debt trap. However, good repayment cannot be rationalized only with discipline and pressure but also with better return from their investment which has been proven from the analysis.

Besides, the notion of microfinance services to women is to capacitate them historically. For which, availability of support services: input supply, infrastructure development, market and friendly legal environment become integral part which are not adequately addressed. Moreover, the loans are mostly invested on small scale business, medium and small livestock

and somehow in agriculture (in growing seasonal vegetable) ,since participating women are not capacitated with upgraded skills and knowledge for market oriented value addition in micro enterprises.

Despite of having number of areas to improve and strengthen, microfinance services targeted to women clients have open up lots of avenues of empowering them. The significant social impacts, increased awareness, confidence and living in a more dignified life itself and somehow the improvement in economic level are remarkable achievements in the field of poverty reduction and women empowerment thus cannot viewed only with the strategy of successful microfinance. In addition of providing loan and other financial facilities to women they should also be given training to develop their skill and knowledge in micro enterprises so that they can do better to sustain economically.

### **5.3 Recommendation**

Based on the analysis, findings and conclusions, the following recommendations are done at three different levels.

- Microfinance methodology of DEPROSC Nepal is highly welcomed by liens except the rigidity of time. Therefore, microfinance methodology should be revised in such a way that women client's time involvement in the process should be reduced.
- Social impacts of microfinance services targeted to women is significant thus should further be encouraged. But still there is not satisfactory economic impact in the clients regarding assets creation so there should be the provision of counseling and in case of need skill related training or program can be given to make them able to start a small and medium scale of enterprises.
- There has been tremendous pressure on women regarding the repayment of loan so it has to be shared among the family members of the microfinance clients. The microfinance service delivery methodology should be designed in such a way that husband's also feel equally accountable and responsible in repaying the loan installment.
- DEPROSC Nepal has provided very limited skills transformation and capacity building activities to sample clients which are not sufficient thus government line agencies, other development agencies should focus on such technical capacity

building activities.

- Microfinance clients are very much empowered on the basic issues and have also increased their access to financial services but unfortunately, mostly the control of such financial services are with their male counterpart thus, microfinance client's family need to be sensitized for strategic gender needs.
- Business development services and support services available to microfinance clients are virtually not in existence thus arrangement has to be done for such services particularly in the area where private sector is reluctant.
- Microfinance institutions including DEPROSC Nepal should develop other products and working methodology to bring the excluded ones into the orbit of microfinance services.
- The role of government seems important in issuing policy measures - preferably the incentive based - so that such excluded could be covered.
- The implemented microfinance program should be evaluated and monitored timely so that the effective strategy can be followed in right time to make the program effective.
- Every MFIs should keep in mind that only providing small scale loan and serving their financial problem is actually not the motto of microfinance program, so all the MFIs should try to empower their clients socio-economically by showing them the correct way either by training or counseling and of course helping financially.

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**ANNEX-I**  
**Questionnaire**

Dear Respondents,

This questionnaire is a part of my research work entitled “**Microfinance Program in Socio-Economic Women’s Empowerment of Nepal**”. I request you all to fill this questionnaire with sincerity. Your response will have direct impact on research outcome, so I request you to be honest.

**Personal Information:**

Name: ..... Occupation: .....

Age/Sex: ..... Education: .....

Address/Phone No.....

**Objective Questions**

1) Do you have any idea of Women’s empowerment?

- a) Don’t know ( )      b) Somewhat ( )  
c) Yes, I know properly ( )

2. What are the sources of information about Microfinance socio-economic Program?

- a) Through Media ( )    b) Through microfinance organization ( )  
c) Friends and relatives ( )    d) others ( )

3. Are women’s empowerment building the self employment through microfinance?

- a) Yes ( )    b) Not at all ( )    c) No ( )

4. Why women value home in their life?

- (a) Safety and comfort ( )    (b) social value. ( )    C) others ( )

5. What types of Number of Clients household holding livestock?

- a) Large livestock (Cow, Buffalo and ox)
- b) Medium Size livestock ( Goat, pig and Sheep)
- c) Small Scale Livestock (Chicken and Duck)

6. For what purpose women take loan?

- (a) Purchase television ( )
- b) Start Business ( )
- c) Construct their toilet ( )
- d) Water resources for kitchen garden ( )

7. What types of saving product sample women are participating?

- a) Compulsory monthly group savings @Rs.30 per month (Rs.50 to open the account) ( )
- b) Personal savings at individual level ( )
- C) Loan guarantee fund, 4% of the loan disbursed ( )
- d) Centre fund collection managed by centre itself ( )
- e) Child savings ( )

8. In which period microfinance program has significantly improved their food security?

- a) 1-3 months ( )                      b) 4-6 months ( )      c) 7-9 months ( )
- d) More than 9 months ( )

9. How women improved source of Income after joining the MF Program?

- a) Agricultural Production ( )
- b) Small Scale Business ( )
- c) Sale of Livestock products ( )
- d) Daily Labour ( )
- e) Other ( )

10. In which purpose women borrowing loan after launching Micro finance program?

- a) Small business ( )
- b) Vegetable farming ( )
- c) Animal husbandry ( )

11. In which level social impact of MF Program in women empowerment?

- a) Household level ( )
- b) External level ( )

12. In which purpose DEPRPOSC Nepal provide the loan for women's empowerment?

- a) Clients having home ( )
- b) Clients renovated their home ( )

**Thank You!**

.....

**Raju Subba**  
**Researcher**