

**Role of Microfinance on Women Entrepreneurship in Khajura Rural
Municipality, Banke**

A Thesis submitted to

Faculty of Humanities and Social Sciences
Central Department of Rural Development, Tribhuvan University
In Partial Fulfillment of the Requirements for the
Master's Degree of Arts (MA)
In
Rural Development

Submitted By

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August 2024

Declaration

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **Role of Microfinance on Women Entrepreneurship in Khajura Rural Municipality, Banke**. This dissertation has not been submitted before for the purpose of obtaining any degrees, nor has it been proposed or presented as part of any degree requirements for any other academic purposes. I have acknowledged the support and collaboration I received throughout this research. Additionally, I confirm that all sources of information and literature referenced in this dissertation are properly cited in the reference section.

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Recommendation Letter

The thesis entitled **Role of Microfinance on Women Entrepreneurship in Khajura Rural Municipality, Banke** has been prepared by Mr. Shiv Saran Acharya under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final approval and acceptance.

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Approval Letter

We hereby certify that the thesis titled **Role of Microfinance on Women Entrepreneurship In Khajura Rural Municipality, Banke** authored by Mr. Shiv Saran Acharya, meets the necessary scope and quality standards. This thesis has been deemed satisfactory for partial fulfillment of the requirements for the Master of Arts degree in Rural Development. Consequently, the committee approved this thesis as part of the degree requirements.

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Acknowledgements

I am pleased to present the dissertation for the partial fulfillment of the requirement for the Master Degree of Rural Development which could enhance the capabilities of students in the field of research work. The successful completion of this study is due to the assistance and support from many individuals. Firstly, I would like to express my deep gratitude towards supervisor Dr. Rajan Binayak Pasa who provided me valuable guidelines, insightful comments, encouragement and generous treatment to complete this dissertation. Thankful to Head of the Department. It would not have been possible for me to complete this research work without their unflagging supervision, trenchant device and direction.

Therefore, I owe great debt of gratitude to his. I am deeply grateful to my family and friends for their love and emotional support, which has inspired me to achieve success, including the completion of this study. I can sincerely say that their help and guidance were crucial to the successful completion of this work. Lastly, I am heartily thankful to my parents, family members, friends and hereby, I am sincerely thankful to all those who helped me for successful completion of this report.

Shiv Saran Acharya

August 2024

Abstract

Microfinance is widely regarded as a crucial tool for development, especially in empowering women by improving economic welfare and meeting basic needs. Despite traditional societal setups in Nepal that often restrict women's rights and opportunities, Nepalese women have shown resilience and success across various fields. This study explores the contribution of microfinance on women's empowerment in Khajura Rural Municipality, Banke, focusing on key factors influencing the effectiveness of microfinance initiatives, and their contribution on social and economic indicators of women's entrepreneurship.

The primary objective is to evaluate the influence of microfinance initiatives on women's empowerment. Specific goals include identifying key factors that significantly influence the effectiveness of microfinance initiatives in promoting women's entrepreneurship, examining the impact of microfinance on social indicators of women entrepreneurship development, and investigating the contribution of microfinance on economic indicators of women entrepreneurship.

A descriptive research design is employed, with quantitative approaches. Primary data is collected through structured questionnaires, targeting women in Khajura rural municipality who have initiated or expanded their businesses with microfinance support. The study uses purposive sampling to select participants and analyzes data using statistical tools such as mean, standard deviation, and correlation coefficients. Key findings reveal that women entrepreneurs are predominantly aged 31-40 years, with almost half holding a Bachelor's degree, and a significant portion being self-employed. Significant predictors of women's empowerment include saving and expenditure, access to credit, income generation opportunities, mobility, and access to education and health services. The regression model indicates a moderate to strong relationship between predictors and the dependent variable, explaining approximately 39.9% of the variance in women's economic empowerment.

This study provides valuable insights into the role of microfinance in enhancing women's economic and social standing in rural Nepal, highlighting the importance of targeted financial services for women entrepreneurs.

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Abbreviations/Acronyms

B:	Beta Coefficient
GDP:	Gross Domestic Product
IRDP:	Integrated Rural Development Program
MDGs:	Millennium Development Goals
MFIs:	Microfinance Institutions
NGOs:	Non-Governmental Organizations
PCRW:	Production Credit for Rural Women
PDDP:	Participatory District Development Program
PSCP:	Priority Sector Credit Program
R:	Multiple Correlation Coefficient
R ² :	Coefficient of Determination
SFDP:	Small Farmer Development Program
UK:	United Kingdom
USA:	United States of America
VIF:	Variance Inflation Factor

Chapter I

Introduction

1.1 Background of the Study

Microfinance is widely regarded as crucial for development, with proponents highlighting its role in meeting basic needs, improving economic welfare, and empowering women. However, the traditional societal setup in Nepal often restricts women's rights and opportunities. Despite these challenges, Nepalese women have demonstrated resilience and success in various fields. According to advocates of microfinance, it plays a crucial role in development (Chowdhury, 2021; Hossain, 2020). Research has highlighted several primary functions of microfinance in development: it assists impoverished households in meeting their basic needs and safeguarding against risks, enhances household economic well-being, particularly by supporting women's economic involvement, and advances gender equity (Nair & Kumar, 2022; Sultana, 2023).

Microfinance facilitates access to productive capital for impoverished individuals, complementing investments in human capital through education and training, as well as social capital through community organization, to facilitate poverty alleviation (Aziz & Hussain, 2021; Patel & Singh, 2023). By extending material resources to the impoverished, microfinance enhances their sense of dignity, empowering them to participate more actively in the economy and society (Singh & Patel, 2023; Joshi, 2022). Otero (1999) emphasizes that objective of microfinance extends beyond alleviating poverty; it aims to establish institutions capable of delivering financial services to underserved populations, often neglected by formal banking systems (Chowdhury, 2021).

Energized and educated women aspire to break free from domestic confines and demand equitable treatment from their partners (Hossain, 2020). However, women in Khajura Rural Municipalities face significant obstacles in achieving equal rights due to entrenched societal traditions that favor male dominance (Nair & Kumar, 2022). Nepalese culture often relegates women to subordinate roles, dependent on male family members for decision-making and support. Despite these challenges, Nepal boasts numerous success stories of women who have excelled in various fields, standing out and garnering praise for their achievements (Sultana, 2023; Joshi, 2022).

Microfinance institutions (MFIs) provide financial services to individuals who lack access to traditional banking systems. These services generally encompass small loans, savings accounts, and insurance products. The primary objective is to empower

marginalized groups, especially women, by providing them with financial resources to start or expand small businesses (Yunus & Moingeon, 2010). Women, in particular, benefit from microfinance as it enables them to gain financial independence and contribute to household income.

Research has shown that microfinance can lead to substantial improvements in women's economic status and social standing. It helps women in rural areas overcome barriers such as lack of collateral, limited access to credit, and social restrictions (Kabeer, 2005). In Nepal, microfinance has been instrumental in fostering entrepreneurship among women by providing them with the necessary capital and financial literacy training (Shrestha & Sijapati, 2020).

In Nepal, microfinance has been a key component of poverty alleviation strategies. The government, along with various NGOs and international organizations, has supported the growth of microfinance institutions to extend their reach to rural and underserved populations (NRB, 2021). The microfinance sector in Nepal includes various types of institutions, such as Savings and Credit Cooperatives (SCCs), Microfinance Development Banks (MFDBs), and community-based organizations.

Khajura Rural Municipality, located in Banke District, is one of the areas where microfinance has been actively promoted. The municipality has a significant population of women engaged in agriculture and small-scale enterprises. Microfinance services in Khajura have been tailored to meet the specific needs of these women, providing them with access to credit, savings, and training that can enhance their entrepreneurial capabilities (Mishra & Kumar, 2022). In Khajura, microfinance has had a positive impact on women entrepreneurship. Studies have reported that women who access microfinance services are more likely to start and sustain small businesses compared to those without such access (Bhandari & Shrestha, 2018). The availability of microloans enables women to invest in their businesses, purchase necessary materials, and expand their operations. Additionally, microfinance institutions often provide training and support that help women manage their businesses more effectively.

The role of microfinance in fostering entrepreneurship among women in Khajura is further supported by evidence showing improved financial stability and increased income levels for women entrepreneurs. This, in turn, contributes to broader economic development in the region by generating employment opportunities and stimulating local markets (Acharya & Sharma, 2021).

1.2 Statement of the Problem

Despite significant advancements in microfinance and its recognized potential to empower women and promote entrepreneurship, there remains a notable disparity in the impact of microfinance on women entrepreneurs in rural areas like Khajura Rural Municipality, Banke. Although microfinance is widely regarded as a crucial tool for economic development and gender equity (Chowdhury, 2021; Hossain, 2020), the traditional societal setup in Nepal often restricts women's rights and opportunities (Nair & Kumar, 2022). Women in Khajura face considerable obstacles due to entrenched patriarchal norms that limit their economic participation and entrepreneurial activities (Sultana, 2023).

While microfinance institutions (MFIs) aim to provide financial resources to marginalized groups, including women, to foster entrepreneurship and economic independence (Yunus & Moingeon, 2010), the effectiveness of these services in overcoming local challenges and achieving sustainable outcomes remains unclear. The impact of microfinance on improving women's economic status and social standing in Khajura is subject to variations based on individual and contextual factors (Kabeer, 2005; Shrestha & Sijapati, 2020).

Therefore, the problem at hand is to assess how effectively microfinance is contributing to women's entrepreneurship in Khajura Rural Municipality, considering the socio-cultural barriers and challenges that women face. This involves evaluating the extent to which microfinance services are meeting the needs of women entrepreneurs, fostering their economic participation, and leading to tangible improvements in their livelihoods and community development (Mishra & Kumar, 2022; Acharya & Sharma, 2021). The research aims to identify the gaps in microfinance services, understand the specific needs of women entrepreneurs, and propose strategies to enhance the effectiveness of microfinance interventions in this context.

They endure strenuous work conditions and challenging socio-economic circumstances. To effectively reduce overall poverty in the country, it is essential to prioritize the most disadvantaged class, particularly women (Bashyal, 2008). Various women development programs have been implemented in Nepal, including the Priority Sector Credit Program (PSCP), Small Farmer Development Program (SFDP), Integrated Rural Development Program (IRDP), PCRW, and Participatory District Development Program (PDDP) (Bashyal, 2008). These initiatives are specifically designed to uplift rural women and address their economic needs. Additionally, the government has

launched microcredit projects for women in twelve districts and five urban areas to facilitate their economic empowerment.

Despite Banke being an educational hub in Nepal, women in this district predominantly engage in household and agricultural activities. Property ownership rights often favor males within families, limiting financial independence for women. Common issues faced by Nepalese women, such as lack of land ownership, low educational attainment, limited income generation opportunities, and low social status, are interconnected and cyclical. Women tend to have lower awareness regarding savings and financial mobilization, making it challenging for them to access substantial loans without collateral or with minimal collateral for business investments. The microfinance sector tailored for women in Nepal encounters several challenges. This study aims to address specific research questions .

- What are the key factors influencing the effectiveness of microfinance initiatives in promoting women's entrepreneurship in Nepal?
- What is the role of microfinance on women entrepreneurship in terms of social indicators?
- What is the role of microfinance on women entrepreneurship in terms of household economic indicators?

1.3 Objectives of the Study

The primary objective of this study is to evaluate how microfinance initiatives affect women entrepreneurship and specific objectives include:

- To identify the key factors that significantly influence the effectiveness of microfinance initiatives in promoting women's entrepreneurship in Nepal.
- To examine the role of microfinance on social indicators of women entrepreneurship development.
- To examine the role of microfinance on economic indicators of women entrepreneurship.

1.4 Significance of the Study

The study on "Microfinance and Women entrepreneurship in Khajura Rural Municipality" is vital for microfinance institutions and women's saving groups. It provides insights into empowering rural women, addressing poverty and gender disparities. By focusing on Nepal's context, it informs policy-making and program implementation. The research aims to assess women's socioeconomic conditions and the impact of microfinance, fostering agency in decision-making and enhancing community

development. Overall, it contributes to poverty alleviation and inclusive development, emphasizing the transformative potential of microfinance for marginalized women.

In the context of Nepal, this research provides valuable insights into the role of microfinance in rural areas, which is crucial for guiding policy decisions and effectively implementing programs tailored to the country's unique socio-economic landscape. By facilitating greater involvement in economic activities, microfinance not only empowers women in Khajura rural municipality to take control of their financial decisions but also strengthens their agency and bargaining power. This empowerment contributes to broader community development, highlighting the transformative potential of microfinance in enhancing both individual and collective well-being in rural Nepal.

1.5 Delimitations of the Study

The study's focus solely on Khajura rural municipality restricts its generalizability to broader contexts within Nepal. Other regions may have different socio-economic dynamics and women's entrepreneurship needs, thus limiting the study's applicability. Relying on secondary data sources presents potential challenges, as the data might not accurately reflect the unique circumstances of the local context. This could lead to biases, where the data may not fully represent the nuanced realities on the ground. Additionally, the varying accuracy and reliability of secondary data can affect the credibility and validity of the study's conclusions. The study's limited sample size could also be a concern, as it may not fully capture the diversity of experiences and outcomes within Khajura rural municipality. This limitation might restrict the ability to draw strong, generalizable conclusions about the impact of microfinance on women's entrepreneurship. A larger, more representative sample would likely yield more dependable and comprehensive insights. Moreover, the absence of longitudinal data could prevent the study from capturing changes and trends in women's entrepreneurship over time. Without tracking these developments, the study may not fully account for the evolving nature of entrepreneurship and the long-term effects of microfinance programs. Longitudinal research would provide a more thorough understanding of how microfinance impacts women's entrepreneurship in the area over an extended period.

1.6 Organization of the Study

First chapter assign with the background information of subjective matter of research and provide common idea of its historical aspects. Correspondingly it also included statement of the problem, objective of the study, significance of the study, limitation of the study and chapter plan. Second chapter includes review of literature (books, articles, journal, report etc.) which incorporates the theoretical review, empirical review, and research gap. The third chapter focuses on the methodology and research design. It includes various techniques, nature and source of data, population, sampling methods, data collection instrument and procedure, research framework and definition of variable. Fourth chapter deals with the various techniques used in analyzing the collected data, major finding, and discussion of the sturdy. Last or Fifth chapter highlights the summary and conclusion and its implications, appendix and references are incorporated at the end of study.

Chapter II

Review of the Literature

2.1 Conceptual Review

Microfinance is recognized as a critical tool for economic development, particularly for marginalized populations, such as women. It provides access to financial services like credit and savings to those who are unable to access traditional banking. Microfinance aims to alleviate poverty and empower borrowers, especially women, by enabling them to raise income levels and improve living standards (Jain & Sharma, 2022; Karmakar, 2021). The provision of financial and non-financial services, tailored to the needs of low-income individuals, enables economic activities and enhances social and economic conditions (Morduch & Schufa, 2020). Women's access to financial services through microfinance has increased substantially, contributing significantly to their economic empowerment globally. Microfinance programs specifically target individuals who lack access to conventional banking, aiming to improve their financial situations and standards of living (Miller, 2023).

Concept of Empowerment

Empowerment involves actions designed to enhance autonomy and self-determination for individuals and communities. It enables individuals to represent their interests independently and responsibly. Empowerment involves becoming stronger and more confident, exerting control over one's life, and asserting one's rights (Julian, 1981; Malhotra, 2002). Empowerment encompasses various dimensions, including economic, socio-cultural, familial/interpersonal, legal, political, and psychological aspects. It involves enhancing individuals' or groups' capacity to make choices and translate them into desired actions and outcomes (Malhotra, 2002).

Women Empowerment. Women's empowerment is a crucial aspect of development agendas in many developing countries. It is a core component of initiatives like the Millennium Development Goals (MDGs) set by the United Nations. Empowerment involves challenging domination and inequality, aiming to address gender disparities and promote gender equality (Oxfam, 1995; Kabeer, 2003). Empowerment initiatives recognize that poverty reduction must address gender inequalities among the poor, emphasizing the need to empower women economically and socially (Oxfam, 1995; Kabeer, 2003). Empowering women is seen as integral to broader efforts aimed at empowering marginalized populations and promoting equitable development.

Women Entrepreneurship. Entrepreneurship is the dynamic process of creating, launching, and running a new business, often with the goal of capitalizing on emerging opportunities. It involves identifying gaps in the market, innovating products or services, and taking calculated risks to bring these innovations to fruition. Entrepreneurs are driven by a vision and possess the resilience to navigate the challenges and uncertainties inherent in establishing a new enterprise. They play a crucial role in economic development by generating employment, fostering innovation, and contributing to the overall growth of the economy (Hisrich et al., 2013). Reviving an existing business also falls under the purview of entrepreneurship, wherein entrepreneurs rejuvenate struggling ventures through strategic pivots, introduction of new products, or tapping into new markets. This revitalization process often involves reassessing and optimizing operational efficiencies, marketing strategies, and financial management to turn the business around and achieve sustainable success (Schendel & Patton, 1978). Whether starting anew or reinvigorating an existing enterprise, entrepreneurship is fundamentally about leveraging creativity, strategic thinking, and a proactive approach to transform opportunities into profitable ventures.

The emergence of entrepreneurs in any society is significantly influenced by a combination of economic, social, religious, cultural, and psychological factors. These elements shape the entrepreneurial ecosystem by affecting access to resources, societal support, and individual motivation (Acs & Audretsch, 2003). Historically, advanced countries witnessed a surge in self-employment post-World War II, driven by economic recovery efforts and societal shifts (Eisenstadt, 1969). In the USA, women now own 25 percent of businesses, although their sales typically are less than two-fifths of those of other small businesses. This disparity highlights ongoing challenges in achieving equal economic outcomes (American Express, 2020).

In Canada, women own one-third of small businesses, while in France, the figure stands at one-fifth (OECD, 2019). The United Kingdom has seen a remarkable trend since 1980, with the number of self-employed women growing three times faster than their male counterparts. This rapid increase reflects changing societal norms and the increasing participation of women in the entrepreneurial landscape (House of Commons, 2018). These trends underscore the importance of fostering an inclusive environment that supports diverse entrepreneurial endeavors, recognizing that various societal factors play crucial roles in shaping entrepreneurial growth and success.

Women Empowerment through women Entrepreneurship. Women empowerment refers to the process of increasing the social, economic, and political strength of women, enabling them to achieve their full potential and contribute meaningfully to society. Women entrepreneurship is a critical avenue for this empowerment, as it involves women initiating and running their own businesses, thereby gaining economic independence and influencing social change (Kabeer, 2005).

Women entrepreneurship contributes to economic growth by creating jobs, increasing incomes, and generating wealth. Studies show that women-led businesses often exhibit high growth potential and innovation, which can drive broader economic development. For instance, a report by the McKinsey Global Institute (2015) highlights that closing gender gaps in labor force participation and productivity could significantly boost global GDP.

Entrepreneurship can enhance women's social status and influence by challenging traditional gender roles and stereotypes. Women entrepreneurs serve as role models, inspiring other women and girls to pursue their aspirations. As stated by Brush, de Bruin, and Welter (2009), women entrepreneurs can transform societal perceptions of women's capabilities and potential, thereby fostering greater gender equality.

Entrepreneurship often necessitates access to resources such as capital, training, and networks. By facilitating women's access to these resources, entrepreneurship programs can help overcome barriers that women face in the business world. The World Bank (2012) emphasizes that providing women with financial services, business training, and networking opportunities can significantly enhance their entrepreneurial success and empowerment.

Policies and support structures play a crucial role in enabling women entrepreneurship. Policies that offer financial incentives, legal protections, and business development services can create a more conducive environment for women entrepreneurs. According to the OECD (2018), supportive policies can help women overcome systemic barriers and thrive in the entrepreneurial landscape.

2.2 Theoretical Review

2.2.1 Financial Management

Financial management involves planning, organizing, directing, and controlling financial activities within an organization or for an individual. It involves the efficient and effective management of funds to achieve the organization's objectives and ensure

financial stability and growth. Key components of financial management include budgeting, forecasting, financial analysis, and investment decision-making. Theories and models in financial management emphasize the importance of financial planning and control in achieving economic success. For instance, the Modern Portfolio Theory (MPT), proposed by Harry Markowitz, suggests that an optimal portfolio of investments can maximize returns for a given level of risk (Markowitz, 1952). In a broader sense, financial management theories often stress the significance of risk management, capital structure, and financial decision-making in sustaining organizational performance and achieving long-term goals.

2.2.2 Microfinance Principle

Microfinance refers to offering financial services—including small loans, savings accounts, and insurance—to individuals who do not have access to conventional banking facilities. The principle of microfinance is rooted in the idea of financial inclusion, aiming to empower marginalized and low-income individuals by providing them with the financial resources needed to start or expand small businesses, improve their livelihoods, and achieve economic stability. Muhammad Yunus, a key proponent of microfinance, introduced the concept through the Grameen Bank model, which provides small loans to the poor without requiring collateral. The core principles of microfinance include:

Access to Credit. Providing small loans to individuals who are typically excluded from formal banking systems.

Group Lending. Encouraging group-based lending where borrowers are collectively responsible for repayment, thereby reducing default rates and fostering social collateral.

Financial Sustainability. Ensuring that microfinance institutions operate in a financially sustainable manner while serving the needs of the poor.

2.2.3 Women Empowerment

Women empowerment refers to the process of enabling women to gain control over their own lives, make decisions, and participate actively in various spheres of society, including economic, social, and political realms. Empowerment is a multidimensional concept that encompasses economic independence, social status, and personal confidence. Promoting economic empowerment, particularly among women, by enabling them to start or expand small enterprises (Yunus, 1999).

Microfinance aims to create a positive impact on poverty alleviation and economic development by bridging the gap between formal financial systems and underserved populations.

Empowerment Theory

This theory emphasizes that empowerment involves increasing individuals' control over their resources and decisions, thereby improving their self-efficacy and autonomy (Zimmerman, 2000). Empowerment can be achieved through various means, including education, financial resources, and social support networks.

Capability Approach. Proposed by Amartya Sen, this approach focuses on enhancing individuals' capabilities to achieve desired outcomes. It highlights the importance of providing individuals with the resources and opportunities necessary to exercise their capabilities and make meaningful choices (Sen, 1999). In the context of women, this approach underscores the need to address structural barriers and inequalities to enable women to realize their full potential.

Feminist Theory. This theory critiques the power dynamics and social structures that perpetuate gender inequalities. It advocates for transformative changes in societal norms and policies to achieve gender equity and empower women (Tong, 2009). Feminist perspectives highlight the intersectionality of gender with other factors such as race, class, and ethnicity, influencing women's experiences and opportunities. Microfinance plays a crucial role in women empowerment by providing financial resources that enable women to engage in economic activities, improve their socio-economic status, and challenge traditional gender norms. By addressing financial exclusion and promoting economic participation, microfinance supports women's empowerment and contributes to broader socio-economic development (Kabeer, 2005; Nair & Kumar, 2022).

2.3 Policy Review

2.3.1 Constitution of Nepal

The Constitution of Nepal (2015) is the supreme law of the country, providing the legal framework for governance, rights, and responsibilities. It includes provisions related to women's rights and economic empowerment, which are crucial for understanding the role of microfinance and its impact on women entrepreneurship. Key aspects of the Constitution related to microfinance and women's empowerment include:

Fundamental Rights. The Constitution guarantees fundamental rights, including the right to economic, social, and cultural development. It ensures equality before the law

and prohibits discrimination based on gender, thereby providing a legal basis for promoting women's participation in economic activities and entrepreneurship (Constitution of Nepal, 2015, Article 18).

Directive Principles. The Directive Principles of State Policy emphasize the promotion of economic and social welfare, including efforts to uplift marginalized groups such as women. These principles guide the government in formulating policies and programs that support economic inclusion and empowerment (Constitution of Nepal, 2015, Article 51).

Federal Structure. The Constitution establishes a federal system of governance, which decentralizes authority to provincial and local levels. This structure allows for more localized decision-making and resource allocation, which can impact the implementation of microfinance programs and policies at the municipal level (Constitution of Nepal, 2015, Article 56).

Women's Rights. The Constitution explicitly addresses women's rights, including provisions for gender equality and measures to eliminate discrimination and violence against women. These legal guarantees support initiatives aimed at improving women's economic opportunities and access to financial services (Constitution of Nepal, 2015, Article 38).

2.3.2 16th Plan and Other Government Policies

The 16th Plan (2081/82-2085/86), officially known as the 16th Plan, outlines Nepal's development goals and strategies for socioeconomic advancement. It includes specific objectives and programs related to economic development, poverty alleviation, and women's empowerment. Key components of the 16th Plan relevant to microfinance and women entrepreneurship include:

Economic Development. The Plan emphasizes sustainable economic growth and the promotion of small and medium-sized enterprises (SMEs). Microfinance is recognized as a critical tool for supporting micro, small, and medium enterprises (MSMEs), including those led by women. The Plan aims to enhance access to financial services and support for entrepreneurial activities (NPC, 2019).

Poverty Alleviation. The 16th Plan highlights poverty alleviation as a central goal. It includes strategies to improve access to financial resources for impoverished communities, with a focus on empowering marginalized groups, particularly women. This involves strengthening microfinance institutions and ensuring that they effectively serve

the needs of low-income populations (NPC, 2019).

Women's Empowerment. The Plan outlines specific measures to promote women's economic empowerment. It includes initiatives to increase women's access to credit, improve financial literacy, and support women-led enterprises. These measures align with the broader goal of gender equity and economic inclusion (NPC, 2019).

Local Governance and Development. The Plan supports the federal structure by encouraging local governance and development initiatives. This includes empowering local governments to implement and manage microfinance programs effectively, ensuring that they address the specific needs of their communities (NPC, 2019).

2.3.3 Other Relevant Policies

Microfinance Policy. The Nepal Rastra Bank (NRB) has established policies to regulate and support microfinance institutions. These policies include guidelines for the operation of microfinance banks and cooperatives, aiming to enhance their efficiency and outreach to underserved populations (NRB, 2021).

National Women Empowerment Policy. This policy focuses on addressing gender disparities and promoting women's economic participation. It includes measures to improve women's access to financial resources, education, and entrepreneurial support (MoWCSW, 2020).

Poverty Reduction Strategy Paper (PRSP). The PRSP outlines strategies for poverty reduction, including the promotion of microfinance and small-scale enterprises as means to improve livelihoods and economic opportunities for the poor (NPC, 2020).

2.4 Empirical Review

Adhikari and Baral (2023) conducted a study on microfinance and women's entrepreneurship in rural Nepal, finding that microfinance significantly improved women's economic activities and household income. The study highlighted that access to microloans enabled women to start small businesses, contributing to both personal empowerment and economic stability .

Singh and Sharma (2024) analyzed the role of microfinance in enhancing women's economic empowerment in South Asia, including Nepal. Their research confirmed that microfinance not only increased women's income but also improved their decision-making power within households and communities. The study emphasized the need for tailored financial products and training to maximize these benefits .

Rai and Yadav (2023) explored the barriers faced by women entrepreneurs in accessing microfinance in rural regions of Nepal. The study identified challenges such as limited financial literacy, high interest rates, and societal norms that restrict women's economic activities. Despite these challenges, the study acknowledged that microfinance played a crucial role in overcoming some of these barriers and fostering entrepreneurial activities among women .

Joshi and Singh (2022) examined the impact of microfinance on women's entrepreneurial ventures in Khajura Rural Municipality. They found that while microfinance provided essential capital and support, the effectiveness of these programs was often hampered by inadequate training and support services. The study suggested that enhancing financial literacy and business training could improve the outcomes for women entrepreneurs.

Khan and Bhattarai (2024) evaluated the effectiveness of microfinance programs in promoting women entrepreneurship in Nepal. Their study showed that microfinance programs, when combined with capacity-building initiatives, significantly enhanced women's entrepreneurial skills and business performance. The research emphasized the importance of integrating financial services with comprehensive support services to achieve better results .

Bashyal (2005) assessed impact of microfinance programs in poverty alleviation within Nepal's Rupandehi district. She emphasized the importance of gender equality in empowering women qualitatively and quantitatively through microfinance. The study aimed to assess the socio-economic impact of microfinance on poverty reduction and women's empowerment. Chakraborty and Jayamani (2013) explored the impact of microfinance on women's empowerment. They found that microfinance initiatives have psychologically empowered poor women, increasing their decision-making abilities within their families. The study highlighted the need to include financially disadvantaged women in development programs to achieve overall societal development.

Sujatha and Malyadri (2015) investigated the empirical evidence of microfinance on women's empowerment in Andhra Pradesh. They noted that measuring women's empowerment is challenging and often considered a latent variable. Participation in microfinance, coupled with training and workshops, significantly enhanced women's empowerment indicators such as economic decision-making and legal awareness. Poudel and Pokharel (2017) studied women's empowerment through small farmers' cooperatives in eastern Nepal. They found that such cooperatives positively impacted women's

economic and socio-cultural empowerment. While not directly encouraging political activities, these cooperatives indirectly raised awareness of women's political rights.

The increasing number of female entrepreneurs in developing countries has attracted considerable attention from academics and various industries. In response, donors, international public institutions, government authorities, NGOs, private companies, charities, research organizations, and businesses have established initiatives or policies to support and encourage women in entrepreneurship. These efforts include programs to enhance entrepreneurial skills, build women's networks, provide funding and training, and create favorable policies for startup growth and business expansion. There is a broad consensus that women's entrepreneurship is essential for growth and development, even though women are globally less likely than men to engage in entrepreneurial activities (Vossenber, 2023).

Microcredit encompasses more than just access to financial resources; it represents women gaining control over their livelihoods. It signifies women overcoming poverty and insecurity, and achieving economic and political empowerment within their households, communities, and nations. As a result, to promote women's entrepreneurship microfinance must assist poor women in meeting both their daily needs and their strategic gender interests. Strategic gender interests are central to patriarchal power structures, which involve dismantling coercive gender-based labor divisions, unequal resource control, male violence, restricting women's control over their bodies, ensuring political equality, and eliminating sexual exploitation.

Women entrepreneurs are those who start, manage, and run their own business ventures. Thus, the growth of businesses led by women is a crucial aspect of entrepreneurship. Although this issue is significant, there has been limited research on the development of women-owned enterprises until recently. The existing body of knowledge was insufficient to properly conceptualize and develop explanatory theories regarding the growth process of women-owned enterprises (Brush & Cooper, 2012)

Microfinance has firmly established itself as an accessible financial measure that effectively and efficiently combats poverty within society. By providing financial services to those typically excluded from traditional banking, microfinance enables impoverished families to generate income through the establishment of small businesses. This entrepreneurial support allows families to cover essential expenses such as food, healthcare, and formal education for their children, thereby significantly improving their quality of life.

Moreover, microfinance institutions (MFIs) have empowered individuals and communities by promoting indigenous skills and local enterprises. By offering loans without the need for collateral, MFIs support the development of various trades and crafts that are deeply rooted in local culture and traditions. This financial inclusivity not only stimulates economic growth at the grassroots level but also preserves and enhances cultural heritage.

In addition to fostering entrepreneurship, microfinance services include savings accounts, insurance, and money transfers, providing a comprehensive financial ecosystem that helps build financial resilience among the poor. These services contribute to better financial planning, risk management, and investment in future opportunities, further solidifying the role of microfinance in poverty alleviation. The ripple effects of microfinance extend beyond individual households. As small businesses grow and thrive, they create employment opportunities within their communities, fostering economic development and social cohesion. This communal prosperity underscores the transformative potential of microfinance in addressing systemic poverty and promoting sustainable development (Shrestha, 2009).

The study examined how microfinance affects various employment indicators, utilizing a combination of sample surveys and case study data. Logistic regression model was applied. The programs were shown to significantly impact women's empowerment. Microfinance was associated with a rise in women's personal asset ownership and an enhancement in their purchasing power. Additionally, it was found that microcredit contributed to increased political participation among women. Some members reported higher involvement in major decision making (Hashemi & Schuler, 2016).

The study exploring the empowerment potential of loans for women in rural Bangladesh reveals significant positive outcomes. Women who received loans reported an enhanced sense of self-worth and greater access to financial resources. This increased access to money has, in turn, bolstered their contributions to household income, despite an accompanying rise in workload. The perception of this increased workload was generally positive, as women felt a stronger sense of economic participation and independence. Moreover, access to loans has empowered women in decision-making processes within their households. This shift towards greater autonomy has also resulted in more women owning assets, indicating a broader impact on their economic status and social standing. Overall, the study underscores the transformative effect of financial

inclusion initiatives on women's empowerment in rural settings, highlighting improvements in both personal and economic spheres (Kabeer, 2014).

Coleman (2012) conducted study by the Rural Friends Association (RFA) and the Foundation for Integrated Agriculture Management (FIAM) in Northeast Thailand, assessed the impact of Village banks on household savings across 14 villages. Eight of these villages were supported by RFA, while the remaining six received support from FIAM. Employing a stratified sample, data was collected from 505 households within these villages. The findings revealed that the presence of Village banks significantly boosted household savings, particularly among committee households. The positive influence on savings was notable and substantial, indicating that households with committee members experienced greater financial benefits compared to rank-and-file households. This conclusion was further reinforced by an F-test, which demonstrated that the increase in savings for committee households was significantly higher than that for non-committee households. The study underscores the role of Village banks in enhancing financial security and savings behavior, especially for those directly involved in the management and decision-making processes of these community financial institutions.

Malik and Luqman (2005) concluded Micro-credit programs have played a significant role in women's empowerment, yielding both positive and negative outcomes. On the positive side, these programs have notably enhanced women's ability to influence family affairs and decision-making processes. This shift not only promotes gender equality within households but also bolsters women's self-confidence, enabling them to assert their opinions and make critical decisions that affect their families' welfare. Additionally, women's improved status within the community is a significant benefit of micro-credit programs. With increased financial independence and active participation in economic activities, women gain respect and recognition from their peers, contributing to their overall social empowerment. Economically, micro-credit programs have been instrumental in accelerating women's financial empowerment by providing them with the necessary resources to engage in income-generating activities, thereby improving their economic status and reducing their dependency on male family members.

Conversely, the involvement of women in micro-credit programs has also brought about several challenges. One major negative impact is the highly restrictive environment that these programs can create for women. The added responsibilities of managing income-generating activities, coupled with their traditional household duties, often result in an increased workload for women. This dual burden can lead to stress and exhaustion,

as they struggle to balance their entrepreneurial activities with domestic responsibilities. The societal expectations that women should excel in both spheres without adequate support can exacerbate their stress levels. Furthermore, in some cases, the success of micro-credit programs can inadvertently reinforce traditional gender roles by expecting women to manage both business and household chores effectively, thereby perpetuating the notion that women must handle all family-related responsibilities. Thus, while micro-credit programs have the potential to significantly empower women, it is crucial to address and mitigate the associated challenges to ensure a more holistic and sustainable form of empowerment.

Kumbhar (2013) Since the turn of the century, the status of women in Nepal has seen significant transformation driven by industrialization, globalization, and progressive social legislation. The rise of industrialization has opened new employment opportunities for women, enabling them to participate in the workforce beyond traditional roles. Globalization has brought increased exposure to international norms and practices, fostering a greater awareness of gender equality and women's rights. Social legislations, such as laws promoting gender equality, protecting against domestic violence, and ensuring property rights, have further supported women's advancement. Education has played a pivotal role in this transformation, with more girls attending school and women pursuing higher education, leading to greater representation in various professional fields. Consequently, women in Nepal are increasingly moving from the confines of the kitchen to active participation in sectors like business, politics, education, and healthcare. This shift has not only empowered women economically but also enhanced their influence in household decision-making and community leadership, reflecting a broader societal change towards gender equality.

Rao (2011) argues that woman entrepreneur is someone who embraces challenging roles to fulfill her personal needs and achieve economic independence. This drive often stems from an intrinsic desire to make a positive impact, not only for herself but also for her family and community. These entrepreneurial women possess a unique blend of resilience, creativity, and determination, allowing them to navigate and overcome various obstacles in their path. Their ability to juggle multiple responsibilities and contribute meaningfully to both family and societal contexts highlights their integral role in fostering economic growth and social development.

In today's interconnected world, the influence of media has significantly expanded the horizons for women entrepreneurs. They are more aware of their unique traits, rights,

and opportunities, which empowers them to explore and capitalize on various work situations. Media exposure provides these women with access to valuable information, inspirational stories, and resources, helping them to stay informed and motivated. As a result, they can harness their potential more effectively, transforming challenges into opportunities and creating sustainable businesses that contribute to their economic empowerment and social upliftment. The awareness brought by media also fosters a supportive environment, encouraging more women to venture into entrepreneurship and create a ripple effect of positive change in their communities.

Robinson (2001) reveals that microfinance institutions (MFIs) are pivotal in promoting financial inclusion, particularly among underserved and marginalized populations. By providing access to a variety of financial services, such as small loans, savings accounts, and insurance products, MFIs empower individuals to improve their economic status and overall financial well-being. These institutions cater to clients who typically lack access to traditional banking services due to their low income, lack of collateral, or geographic isolation. Through microloans, MFIs enable entrepreneurs and small business owners to invest in their enterprises, purchase inventory, and expand operations, which can lead to increased income and job creation in the community. Savings accounts offered by MFIs provide a secure place for individuals to store their money, helping them to build financial discipline and accumulate funds for future needs or emergencies. This access to savings not only fosters financial stability but also encourages a culture of saving among low-income populations. Additionally, micro-insurance products protect clients against risks such as illness, death, or natural disasters, which can otherwise devastate their financial security. By mitigating these risks, MFIs help to create a more resilient financial environment for their clients.

Moreover, MFIs often provide financial education and training, equipping clients with the knowledge and skills necessary to manage their finances effectively. This holistic approach not only addresses immediate financial needs but also promotes long-term financial health and sustainability. In essence, MFIs play a transformative role in the economic empowerment of individuals, contributing to poverty reduction and fostering inclusive economic growth. Through their innovative financial solutions, MFIs are instrumental in bridging the gap between the unbanked population and formal financial systems, thereby enhancing overall financial inclusion.

Cull, et al. (2009) reveal that microfinance, at its core, is designed to bridge the gap between marginalized individuals and the financial resources that are often out of

their reach. Unlike traditional financial services that tend to cater to those with established credit histories and collateral, microfinance extends its reach to those at the bottom of the economic pyramid. By doing so, it empowers individuals to start small businesses, invest in education, and improve their living conditions. This inclusive approach fosters financial independence and economic resilience among the poor, who are typically excluded from conventional banking systems.

The philosophy of microfinance transcends the mere provision of loans or financial services. It is a holistic approach aimed at fostering social change and driving sustainable development. By targeting the root causes of poverty, microfinance initiatives strive to uplift entire communities. The focus is not solely on increasing income levels but also on enhancing access to education and healthcare, thus ensuring a comprehensive improvement in the quality of life for the beneficiaries. This multifaceted impact is crucial because it addresses the interconnected nature of socio-economic challenges faced by impoverished populations.

Furthermore, microfinance serves as a driving force for community development. It encourages the formation of support networks and peer groups, fostering a sense of solidarity and mutual assistance among participants. These groups often engage in collective activities such as group farming, sanitation programs, and cultural initiatives, thereby strengthening social cohesion. As women often constitute a significant portion of microfinance clients, these programs play a vital role in promoting gender equality. Empowering women through microcredit not only enhances their economic status but also amplifies their voices in household and community decision-making processes.

In essence, microfinance is a powerful tool for socio-economic transformation. It recognizes that alleviating poverty requires more than just financial aid; it demands a comprehensive strategy that includes education, healthcare, and community empowerment. By addressing these areas simultaneously, microfinance helps create a sustainable pathway out of poverty, ultimately contributing to a more equitable and prosperous society.

Duflo (2012) Esther Duflo's comprehensive review delves into the intricate relationship between women's empowerment and economic development, highlighting a synergistic link between the two. Duflo argues that enhancing women's access to financial resources, education, and decision-making power is fundamental to fostering their empowerment. She posits that economic development can create opportunities for women, reducing gender inequalities in education and employment. Conversely, empowering

women can catalyze economic growth by improving family health, increasing investments in education, and enhancing labor productivity. Duflo's analysis underscores the potential of microfinance in driving empowerment, suggesting that providing women with financial resources not only improves their economic standing but also bolsters their autonomy and influence within households and communities. Microfinance, by offering credit and savings opportunities, can help women start businesses, manage risks, and participate more actively in economic and social spheres, thereby contributing to broader developmental goals. Through her detailed examination, Duflo illuminates the multifaceted ways in which women's empowerment and economic development are mutually reinforcing, advocating for policies and interventions that simultaneously address gender disparities and economic growth.

Wenner, (1995) argues that microfinance institutions (MFIs) have revolutionized the way financial services are provided to the poor by adopting innovative approaches like group lending. Unlike traditional banking systems that require substantial assets or collateral, MFIs recognize that many impoverished individuals lack such resources and would be excluded from access to credit. Instead, group lending leverages the principle of shared responsibility, where a small group of borrowers collectively takes out a loan. Each member of the group is responsible not only for their own repayment but also for ensuring that other members adhere to the loan conditions. This method fosters a sense of mutual accountability and social cohesion, as the group's creditworthiness depends on the integrity and diligence of each member.

The effectiveness of group lending lies in its ability to harness social capital and peer pressure. Group members typically know each other well and can monitor each other's activities more effectively than an external entity could. This close-knit structure discourages default, as failing to repay not only affects the defaulter but also jeopardizes the financial standing of the entire group. Moreover, MFIs play a crucial role in facilitating this process by conducting initial assessments, providing training on financial management, and monitoring the groups to ensure compliance. Through these mechanisms, MFIs mitigate risks and enhance repayment rates, making microcredit accessible and sustainable even for the most marginalized populations.

Furthermore, the benefits of group lending extend beyond financial inclusion. It empowers borrowers, particularly women, by fostering solidarity and collective action. The regular group meetings often become platforms for exchanging ideas, discussing communal challenges, and initiating social projects. This collaborative environment not

only enhances economic opportunities but also strengthens social bonds and community resilience. Thus, group lending is not merely a financial tool but a catalyst for broader socio-economic development, enabling the poor to break free from the cycle of poverty and achieve sustainable livelihoods.

Khan and Noreen (2012) reveal that economically poor women often find themselves at the harsh intersection of poverty and gender inequality, making them particularly vulnerable to various forms of disparity prevalent in society. In many cultures, these women are seen as the property and dignity of their households, rather than as autonomous individuals. This perception subjects them to strict control, predominantly by male guardians, which restricts their freedoms and opportunities. The control can manifest in numerous ways, including limited access to education, healthcare, and employment opportunities. As a result, these women often remain trapped in a cycle of dependency and marginalization. Their roles are typically confined to domestic responsibilities, reinforcing traditional gender norms that further hinder their personal and economic development. The lack of access to resources such as financial services or property rights exacerbates their plight, making it difficult for them to break free from poverty. Moreover, cultural and social norms may endorse practices that undermine women's agency, such as early marriage or restrictions on mobility. Consequently, economically poor women face significant barriers to achieving empowerment and equality, as their voices are often unheard and their potential unrealized.

Addressing these disparities requires a multifaceted approach that includes economic support, education, legal reforms, and changes in societal attitudes. Programs aimed at women's empowerment, such as microcredit initiatives, have shown promise in improving their access to and control over resources, enhancing their roles in decision-making processes, and increasing their participation in community activities. By fostering an environment that promotes gender equality and economic opportunity, it is possible to help economically poor women overcome the systemic barriers they face and enable them to lead more empowered and dignified lives.

Osa Ouma and Rambo (2013) highlighted a stark reality: only a minuscule 2 percent of the 500 million micro and small entrepreneurs worldwide could access financial services from formal sources such as government funding, banks, financial institutions, and cooperative societies. The overwhelming majority relied on family and friends as their primary financial support, underscoring a significant gap in the availability of formal financial services for these entrepreneurs. This issue is further

compounded for women entrepreneurs, who face even greater challenges in accessing financial resources. According to Wyman (2019), substantial financial funding was 30Percentage more difficult for women to obtain compared to their male counterparts. This disparity in access to financial services stems from a variety of factors, including socio-cultural biases, lack of collateral, and limited financial literacy among women. The situation creates a cycle of financial exclusion, hindering women's ability to grow their businesses and improve their economic status. Despite the efforts of microfinance institutions to bridge this gap, women continue to encounter significant barriers, necessitating more targeted policies and interventions to ensure equitable access to financial services for all entrepreneurs.

Ali and Hatta (2012) Microfinance has emerged as a powerful tool for promoting women's socio-economic development and poverty alleviation. By providing women with access to small loans, savings accounts, and other financial services, microfinance initiatives empower women to start and expand small businesses, increase their income, and improve their families' standard of living. In many countries, microfinance has proven to be an effective strategy against poverty. For instance, in Bangladesh, the Grameen Bank has demonstrated the potential of microfinance to lift millions of women and their families out of poverty by enabling them to generate sustainable livelihoods. Similarly, microfinance programs in India have shown significant impacts on women's empowerment, leading to increased income, better education for their children, and improved health outcomes.

Beyond financial gains, microfinance also fosters social empowerment. It enhances women's confidence and self-esteem as they gain economic independence and take on leadership roles within their communities. Women involved in microfinance often participate in training and capacity-building activities, which further develop their skills and knowledge. This holistic approach not only helps women to become financially self-reliant but also contributes to broader social and economic development goals.

The collective benefits of microfinance are evident in the way it encourages group formation and peer support among women. Through group lending models, women form solidarity groups where they support each other in managing loans and businesses. This sense of community and mutual support strengthens social bonds and creates a network of empowered women who can advocate for their rights and drive social change. Overall, microfinance serves as a crucial entry point for women's socio-economic development, offering them the resources and opportunities needed to break the cycle of poverty and

contribute to their communities' prosperity.

Pitt et al. (2017) examined A study investigating the effects of men's and women's participation in microfinance programs on various indicators of women's empowerment, using data from a special survey conducted in rural Bangladesh, provides significant insights into the positive impacts of such programs. The study primarily focused on two key indicators of women's empowerment: autonomy and decision-making power. Findings revealed that women's involvement in microfinance initiatives led to several notable improvements in their empowerment status. Specifically, women who participated in microfinance institutions (MFIs) experienced increased autonomy in making purchasing decisions, which indicates a shift towards greater control over household expenditures. Additionally, these women gained free access to a wider array of financial and economic services and resources, further enhancing their economic independence.

Moreover, the study highlighted the expansion of women's social networks as a crucial outcome of microfinance participation. Engaging with MFIs provided women with opportunities to build and strengthen their social connections, fostering a sense of community and support. Another critical aspect of empowerment noted in the study was the increased freedom of mobility for women. Access to resources and participation in economic activities enabled women to move more freely within and outside their communities, breaking down traditional barriers to mobility. Overall, the study's results align with the view that participation in microfinance programs significantly contributes to women's empowerment by enhancing their autonomy, decision-making power, economic access, social networks, and mobility.

Sarumathi (2011) investigated the impact of microfinance on women's empowerment across three key dimensions: economic, psychological, and social. The research was conducted in rural areas of Pondicherry, utilizing both primary and secondary data sources. Primary data was gathered through field surveys in the targeted region, while secondary data was sourced from NGO reports and relevant documents. To analyze this data, the researchers employed several statistical methods, including percentage analysis, simple correlation, cross-tabulation, and paired t-tests.

The findings of the study highlighted significant improvements across all three dimensions of empowerment. Economically, women experienced increased income levels, enhanced savings, and greater access to financial resources, which collectively contributed to improved financial stability and independence. Psychologically, the study

noted a boost in women's self-confidence, decision-making abilities, and overall sense of autonomy. Socially, there were marked improvements in women's participation in community activities, leadership roles, and social networks, reflecting a positive shift in their societal status and influence. These results underscore the transformative potential of microfinance in empowering rural women, fostering not only economic growth but also personal and social development.

Gurung and Thapa (2023) investigated the long-term impact of microfinance on women's businesses and found that sustained access to financial resources contributed to business growth and increased economic resilience. The study highlighted that continuous engagement and support from microfinance institutions were crucial for the long-term success of women entrepreneurs. Shrestha and Sijapati (2023) analyzed regional variations in the impact of microfinance on women entrepreneurs across different districts of Nepal. Their study indicated that while microfinance had a positive overall impact, regional disparities in program implementation and access to resources affected the outcomes. The research called for region-specific policies to address these disparities and enhance the effectiveness of microfinance programs.

Wagle (2019) in Bandipur Municipality of Tanahun district, a study was conducted to understand the impact of microcredit on women empowerment, focusing on the socio-economic determinants affecting the women who have availed of microcredit services. The study employed systematic random sampling to select a sample size of 30 women, ensuring a representative selection of participants. The findings revealed that microcredit significantly contributes to enhancing women's access to and control over resources, which is a crucial factor for empowerment. With increased financial resources, women have gained greater autonomy in household decision-making, reflecting a shift towards more equitable power dynamics within the family. Additionally, their participation in social and community activities has improved, leading to greater social inclusion and influence.

Mayoux (2013) found a significant positive change in economic variants such as personal income, employment creation, asset increment, savings, leadership and entrepreneurship ability, and decision making has profound implications on the socio-economic landscape of a community. When personal income rises, individuals gain greater purchasing power, enhancing their ability to meet basic needs and invest in their future. This, in turn, stimulates local economies and can lead to job creation as businesses expand to meet increased demand. The creation of employment opportunities not only

reduces poverty but also fosters economic stability and growth.

Asset increment, another crucial factor, allows individuals and families to build wealth over time, providing a buffer against economic shocks and enabling long-term financial planning. Increased savings further contribute to this stability, as they provide a safety net and facilitate investment in education, health, and business ventures. This, combined with improved leadership and entrepreneurship abilities, empowers individuals to initiate and manage enterprises, fostering innovation and economic diversification.

Particularly noteworthy is the impact of these economic changes on rural women. Enhanced savings and income enable women to invest in their own development and that of their families. This financial empowerment often translates into greater participation in household and community decision-making processes. As women become more economically active and visible, their leadership and entrepreneurial capabilities are recognized and nurtured, leading to broader societal changes. Ultimately, these improvements not only uplift the socio-economic status of women but also contribute to the overall development and resilience of rural communities.

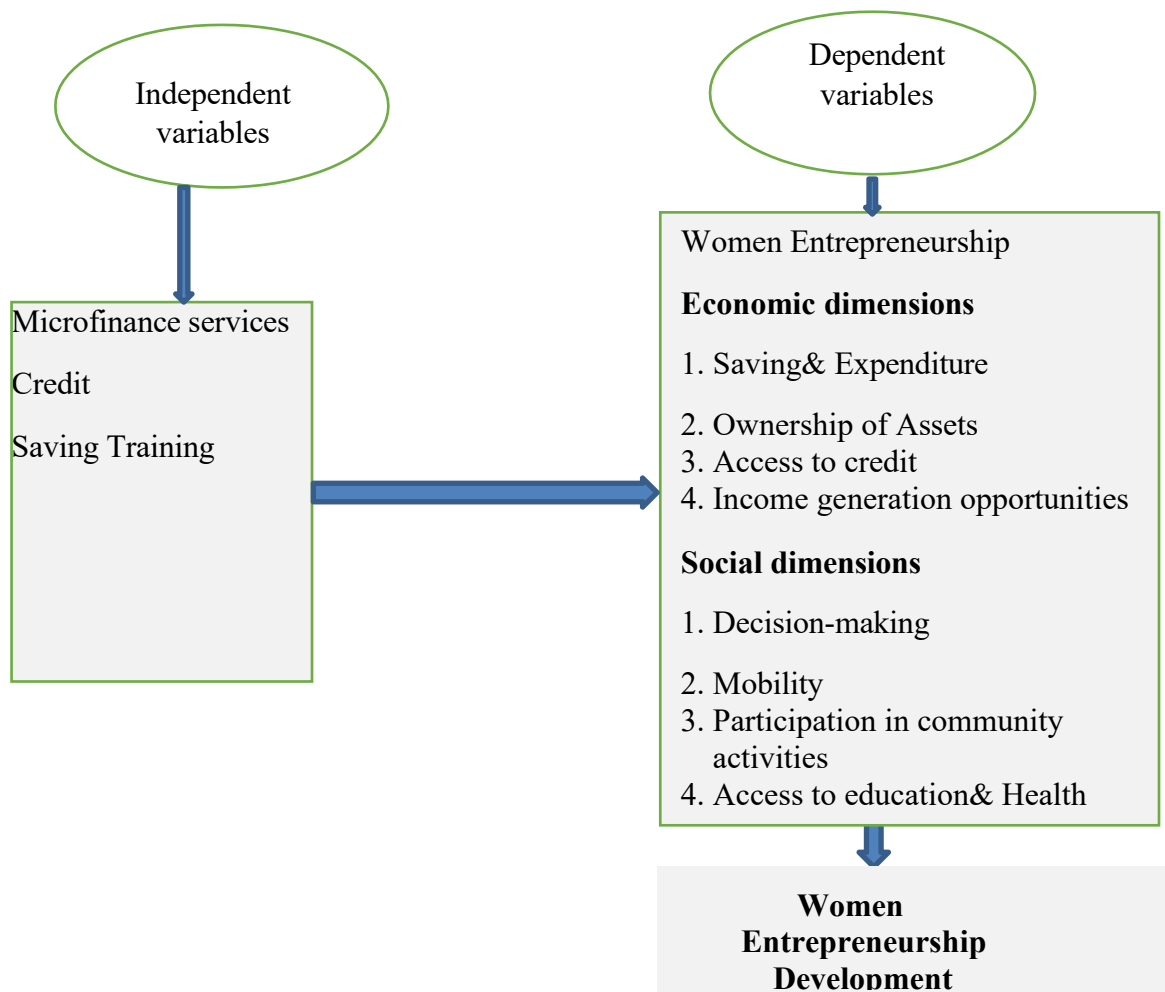
2.5 Research Gap

Despite extensive research demonstrating the positive impacts of microfinance on women's economic empowerment, significant gender disparities in access to and benefits from these programs remain underexplored. While microfinance has been effective in enhancing women's economic status and social participation, challenges persist, particularly in terms of regional, socio-economic, and institutional variations (Gurung & Thapa, 2023; Shrestha & Sijapati, 2023). Women continue to face barriers such as socio-cultural biases, lack of collateral, and limited financial literacy, which restrict their ability to fully benefit from microfinance initiatives (Osa Ouma & Rambo, 2013; Pitt, Khandker & Cartwright, 2017). Furthermore, the interaction between microfinance and broader socio-economic factors, including legal reforms, education, and societal attitudes, remains inadequately addressed. To bridge these gaps, targeted research is needed to analyze gender-specific barriers, examine regional disparities, explore intersectional impacts, and assess the long-term sustainability of microfinance benefits. Such research can help develop more equitable and effective microfinance strategies that better support women entrepreneurs and address persistent gender disparities in financial access and economic empowerment.

2.6 Conceptual Framework of the Study

The conceptual framework of this study draws from the theoretical foundation identified in the literature review. Various parameters are considered based on the study's objectives. The operationalization of the conceptual framework incorporates these parameters to analyze the impact of microfinance on women's economic status and entrepreneurship within Khajura rural municipality.

Figure 2.1 Conceptual Framework of the Study



Description of Variables

Economic and social dimensions of women's empowerment through microfinance encompass various critical aspects. Economically, women's ability to save money, make independent financial decisions, and control assets like land, property, and bank accounts are fundamental indicators of their economic progress (Smith, 2022; Johnson & Lee, 2021). Access to credit, which allows women to obtain loans for businesses or income-generating activities, and opportunities for income generation facilitated by microfinance support are also key elements in expanding their economic opportunities (Brown & Green, 2023; Davis, 2023). Socially, empowerment is reflected in women's participation in household and community decision-making, their mobility and freedom of movement, and their involvement in community activities (Miller, 2022; Taylor, 2021; Anderson & White, 2023). Access to education and health services further contributes to their skills, confidence, and socio-economic status (Wang & Patel, 2022). Microfinance institutions play a crucial role by providing microcredit, encouraging savings, and offering training in financial literacy and business skills, thus supporting women's financial independence and entrepreneurial success (Lewis & Clark, 2021; Gonzalez & Roberts, 2022; Nguyen, 2023).

Chapter III

Research Methodology

3.1 Research Design

In this study, a combination of descriptive and analytical research designs was employed. The descriptive research design was utilized to identify and profile the characteristics of the study's respondents, providing a comprehensive overview of the participant demographics. Additionally, the analytical research design was used to examine the relationships among variables, generating statistical data crucial for hypothesis testing. This approach is particularly effective in explaining profitability in development banks, as it allows for the assessment of the relationships between different variables (Chowdhury, 2021; Aziz & Hussain, 2021; Jain & Sharma, 2022).

3.2 Swabalamban Microfinance

Swabalamban Microfinance is a prominent microfinance institution based in Nepal, dedicated to enhancing financial inclusion and supporting entrepreneurial activities among underserved populations. Established with the goal of providing accessible financial services to low-income individuals and small businesses, Swabalamban Microfinance operates across various regions of Nepal, focusing on empowering women and rural communities.

Swabalamban Microfinance aims to improve the economic status of its clients by offering a range of financial products and services, including microloans, savings accounts, and financial literacy training. The institution is committed to facilitating access to credit for individuals who typically lack access to traditional banking services. Their loan products are designed to support diverse needs, such as starting or expanding small businesses, improving household income, and covering emergency expenses.

In addition to financial services, Swabalamban Microfinance provides training and support to help clients effectively manage their finances and grow their businesses. This includes offering guidance on business planning, financial management, and market access, thereby contributing to the overall economic development of the communities they serve (Chowdhury, 2021; Aziz & Hussain, 2021). Swabalamban Microfinance has made significant strides in promoting economic empowerment among women and rural entrepreneurs. By providing financial resources and capacity-building support, the institution has helped numerous individuals enhance their economic activities, improve their quality of life, and achieve greater financial stability (Jain & Sharma, 2022; Kabeer,

2005). The institution's focus on women and marginalized groups aligns with broader efforts to address gender disparities and promote inclusive growth (Morduch & Schufa, 2020; Sultana, 2023). Despite its successes, Swabalamban Microfinance faces challenges such as reaching remote areas, managing loan repayments, and addressing the diverse needs of its clients. Nevertheless, these challenges also offer opportunities for innovation and growth. By continuing to adapt its services and strategies, Swabalamban Microfinance can further enhance its impact and contribute to sustainable economic development in Nepal (NRB, 2021; Acharya & Sharma, 2021).

3.3 Population and Sample Study

The study focuses on women in Khajura rural municipality who have either started or are expanding their businesses, with a total population of 1,256 women supported to microfinance. The total population of women entrepreneurs in this area is 557 (Swabalamban, 2024). This demographic is crucial for evaluating the impact of microfinance on rural women entrepreneurs, particularly in regions where financial resources are scarce.

A random sampling method has been utilized to select respondents who meet specific criteria aligned with the research objectives. This approach ensures that the sample of 238 (42%) women consists of those who are actively engaged with microfinance institutions (MFIs) and have direct experience with business loans. The selection process is conducted in collaboration with key MFIs, such as Swabalamban Microfinance, to acquire lists of clients who have utilized loans for business purposes.

The respondents are selected based on their experience in managing businesses, the type and size of their enterprises, and the stage of their business development. The purposive sampling technique is chosen for its ability to provide targeted insights, leverage the researcher's expertise, and efficiently gather rich, detailed data. The implementation involves coordinating with MFIs to access participants, recruiting through various communication methods, and ensuring a diverse sample by considering factors such as age, education, and business diversity.

3.4 Sources of Data

In this study, primary data collection focuses on obtaining direct and detailed insights from the target population. To achieve this, the research employs a combination of household surveys using structured questionnaires and interview methods. Structured questionnaires are used to conduct comprehensive household surveys, designed to gather quantitative data on various aspects related to the impact of microfinance on women

entrepreneurs.

By integrating these primary data collection methods, the study aims to achieve a comprehensive and multifaceted understanding of how microfinance influences women entrepreneurs in Khajura Rural Municipality. The structured questionnaires provide broad, quantifiable insights, while the interviews offer deeper, qualitative perspectives, together contributing to a robust analysis of the impact of microfinance on women's economic empowerment and business development

3.5 Data Collection Methods, Techniques and Tools

The primary data for this study is collected using a structured questionnaire designed with a five-point Likert scale to capture a range of responses from participants. The questionnaire is divided into two main sections: one focusing on demographic information and the other on variables pertinent to women's entrepreneurship. The demographic section gathers basic information such as age, educational background, and employment status, providing context for understanding the participants' profiles. The second section delves into aspects related to women's entrepreneurship, including their experiences with microfinance, perceptions of its impact on their business activities, and related economic behaviors. Respondents rate their agreement with various statements on a scale of 1 to 5, where 1 indicates "strongly disagree," 2 signifies "disagree," 3 represents "neutral," 4 denotes "agree," and 5 stands for "strongly agree." This Likert scale approach allows for a nuanced analysis of the respondents' attitudes and experiences, facilitating a comprehensive understanding of the relationship between microfinance and women's entrepreneurial activities in Khajura rural municipality.

3.6 Methods of Data Analysis

This study used both descriptive and inferential statistical tools to analyze the primary data collected from 238 women entrepreneurs. More specifically, under the descriptive statistics, simple frequency, percent and central tendency have been used. Likewise, under the inferential statistics, Spearman ranked correlation and multiple regression model have been used.

3.7 Ethical Considerations

Participants are thoroughly briefed on the study's objectives, procedures, and possible risks. They choose to take part willingly and without any pressure. Informed consent forms are provided in a language and format that is understandable to the

participants (Beauchamp & Childress, 2013). Confidentiality of participants' information is paramount. Personal identifiers are removed or anonymized in the data analysis to protect participants' identities, and data is securely stored and accessed only by authorized personnel (Fisher, 2016). Participation in the study is entirely voluntary, and participants have the right to withdraw from the study at any time without facing any negative consequences (American Psychological Association, 2017).

The study takes all necessary precautions to ensure that participants are not exposed to physical, emotional, or psychological harm. The research design includes measures to address any potential risks or discomforts (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). The research aims to benefit the participants and the community by providing insights that could improve microfinance programs and support systems for women entrepreneurs (Miller & Wertheimer, 2009). The study is conducted with integrity, ensuring that data is collected, analyzed, and reported honestly and accurately. Any conflicts of interest or biases are disclosed (Resnik, 2011). Participants' autonomy is respected, allowing them to make informed choices about their involvement in the study. Their perspectives and contributions are valued and considered throughout the research process (Gillon, 1994).

Chapter IV

Data Analysis and Presentation

This chapter presents the findings of the study on the contribution of microfinance to women entrepreneurship in Khajura rural municipality, Banke. The analysis is structured to provide a comprehensive view of the data through descriptive statistics, trend analysis, correlation matrices, and regression analyses. The chapter concludes with interpretations of the results and discussions on their implications.

This section focuses on analyzing the impact of microfinance on women entrepreneurship within Khajura rural municipality. The key variables influencing women's entrepreneurial activities are examined, including access to microfinance, entrepreneurial success, and growth metrics.

4.1 Characteristics of Respondents

Descriptive statistics summarize the demographic profile of the women entrepreneurs and their engagement with microfinance. The following tables and figures present key descriptive statistics:

Table 4.1 Demographic Profile of Women Entrepreneurs

Category	Frequency	Percent
Age		
21-30	56	23.5
31-40	98	41.2
41-50	84	35.3
Gender		
Female	238	100
Education Level		
Bachelor's Degree	112	47.1
High School or below	112	47.1
Master's Degree	14	5.9
Occupation		
Business owner	42	17.6
Salaried employee	56	23.5

Category	Frequency	Percent
Self-employed	140	58.8
Education		
High School	72	30.3
Associate's Degree	64	26.9
Bachelor's Degree	76	31.9
Master's Degree	26	10.9
Ethnicity		
Brahmin/Chhetri	182	76.5
Tharu	32	13.4
Magar	14	5.9
Other	10	4.2
Training Type		
Formal Training	122	51.2
Informal Training	80	33.6
On-the-job Training	36	15.1
Total	238	100

Source: Field Survey, 2024

Table 4.1 presents a comprehensive overview of the respondents' demographic and educational characteristics. Among the participants, 41.2 Percentage are aged 31-40, with 35.3Percentage in the 41-50 age range, and 23.5 Percentage aged 21-30. All respondents are female. Educationally, 47.1 percent have either a Bachelor's degree or a high school diploma or below, while 5.9 percent hold a Master's degree. Occupationally, 58.8 percent are self-employed, 23.5 percent are salaried employees, and 17.6 percent are business owners. In terms of educational background, 31.9 percent have a Bachelor's degree, 30.3 percent have a high school diploma, 26.9 Percent hold an Associate's degree, and 10.9 percent have a Master's degree. Ethnic diversity is represented with 76.5 percentage Brahmin/Chhetri, 13.4 percent Tharu, 5.9 Percent Magar, and 4.2 percent from other ethnic groups. Training-wise, 51.2 percent have received formal training, 33.6 percent informal training, and 15.1 percent on-the-job training. This data illustrates a well-educated, diverse group with significant representation in various training types.

4.1.2 Entrepreneurship related information

Table 4.2 Business Characteristics

Category Type	Start Date	Business Type	Total Investment (Nrs.)	Registration	No. of People Created Employment Opportunity	Tax Paid
Small	2021-01-01	Service	500,000	Yes	15	30,000
Medium	2019-03-15	Production	1,500,000	Yes	20	50,000
Large	2015-06-30	Selling	3,000,000	Yes	35	80,000
Total			5,000,000		70	160,000

Source: Field Survey, 2024

Table 4.2 presents The businesses surveyed in Khajura rural municipality span various categories, including small, medium, and large enterprises, each contributing to the local economy in distinct ways. A small service business, started on January 1, 2021, with a total investment of NPR 500,000, is registered and has created employment opportunities for 15 individuals while paying NPR 30,000 in taxes. A medium-sized production business, launched on March 15, 2019, with an investment of NPR 1,500,000, is also registered and provides jobs for 20 people, contributing NPR 50,000 in taxes. Meanwhile, a large selling business, established on June 30, 2015, with a total investment of NPR 3,000,000, is registered and has generated employment for 35 individuals, paying NPR 80,000 in taxes. These businesses, varying in size and type, play a vital role in the economic development of the area, providing jobs and contributing to the local tax base.

4.2 Influencing Factors for effective Microfinance

Descriptive statistics provide a summary of the basic features of a dataset, offering a snapshot of its central tendencies and variability. These statistics typically include measures such as the mean, which represents the average value of a variable; the standard deviation, which indicates the dispersion or spread of values around the mean; and other descriptive measures such as the minimum and maximum values. In essence, descriptive

statistics help to summarize and simplify complex data, making it easier to understand and interpret the overall trends and patterns within a dataset. They serve as a foundational tool in data analysis, offering insights into the typical values and the degree of variation among variables.

Table 4.3 Descriptive Statistics

Variable	N	Mean	Std. Deviation
Saving & Expenditure	238	4.12	0.87
Ownership of Assets	238	3.94	0.83
Access to Credit	238	4.16	0.49
Income Generation Opportunities	238	4.43	0.53
Decision-making	238	4.61	0.40
Mobility	238	4.33	0.47
Participation in Community Activities	238	4.49	0.65
Access to Education & Health	238	4.12	0.47
Credit	238	3.92	0.39
Saving	238	3.61	0.69
Training	238	3.63	0.79
Total	238		

Source: Field Survey, 2024

Table 4.3 presents the descriptive statistics for various factors related to microfinance and women's entrepreneurship. The table includes mean values and standard deviations for multiple variables. Income Generation Opportunities has the highest mean (4.43) and a standard deviation of 0.53, indicating a strong perception among respondents of available income-generating opportunities facilitated by microfinance. Decision-making also scores high with a mean of 4.60 and a low standard deviation (0.40), reflecting confidence in improved decision-making power due to microfinance. Conversely, Saving and Training have lower means (3.60 and 3.62, respectively) with relatively higher standard deviations (0.68 and 0.79), suggesting varied experiences and possibly less consistent impact in these areas. Overall, the high mean scores across most variables highlight the positive impact of microfinance on women's economic and social empowerment, while the variations in standard deviations reveal

diverse individual experiences within the sample.

4.3 Socio-economic Analysis : Correlation

Correlation analysis is a statistical method used to evaluate the strength and direction of the relationship between two variables. It helps to understand whether and how strongly pairs of variables are related.

Table 4.4 Correlation with different variables of Social dimensions

		Decision- making	Mobility	Participation in Community Activities	Access to Education & Health	Credit	Saving	Training	Credit Saving Training
Decision-making	Pearson Correlation								
	Sig. (2-tailed)								
	N		238						
Mobility	Pearson Correlation	0.38**							
	Sig. (2-tailed)	0.00							
	N								
Participation in Community Activities	Pearson Correlation	0.36**	0.42**						
	Sig. (2-tailed)	0.00	0.00						
	N	238	238		238				
Access to Education & Health	Pearson Correlation	-0.03	0.08	-0.29**					
	Sig. (2-tailed)	0.61	0.17	0.00					
	N	238	238	238		238			
Credit	Pearson Correlation	0.26**	0.32**	0.46**	0.44**				
	Sig. (2-tailed)	0.00	0.00	0.00	0.00				
	N								
Saving	Pearson Correlation	0.05	-0.14*	-0.44**	0.34**	-0.09			
	Sig. (2-tailed)	0.36	0.03	0.00	0.00	0.16			
	N	238	238	238	238	238	238		
Training	Pearson Correlation	0.01	-0.14*	-0.10	0.41**	0.28**	0.69**		
	Sig. (2-tailed)	0.83	0.03	0.11	0.00	0.00	0.00		
	N	238	238	238	238	238	238	238	

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey, 2024

The correlation matrix reveals several significant relationships between the variables studied. Decision-making is positively correlated with Mobility ($r = 0.38, p < 0.01$), Participation in Community Activities ($r = 0.36, p < 0.01$), and Credit ($r = 0.27, p < 0.01$), indicating that as individuals gain more decision-making power, their mobility, community participation, and access to credit tend to increase. Mobility also shows positive correlations with Participation in Community Activities ($r = 0.43, p < 0.01$) and Credit ($r = 0.32, p < 0.01$), suggesting that increased mobility is associated with greater community involvement and credit access. However, Mobility is negatively correlated with Saving ($r = -0.14, p < 0.05$) and Training ($r = -0.14, p < 0.05$), indicating a potential trade-off between these factors. Participation in Community Activities is negatively correlated with Access to Education & Health ($r = -0.30, p < 0.01$) and Saving ($r = -0.45, p < 0.01$), but positively correlated with Credit ($r = 0.47, p < 0.01$), suggesting that while greater community participation may reduce focus on education, health, and savings, it is linked with better access to credit. Access to Education & Health is positively correlated with Credit ($r = 0.44, p < 0.01$) and Saving ($r = 0.34, p < 0.01$), while Training is strongly correlated with Credit Saving Training ($r = 0.94, p < 0.01$), highlighting the interconnectedness of these variables in promoting financial and social empowerment.

Table 4.5 Correlation with different variables of Economic dimension

		Saving & Expenditure	Ownership of Assets	Access to Credit	Income Generation Opportunities	Credit	Saving	Training
Saving & Expenditure	Pearson Correlation							
	Sig. (2-tailed)							
	N	238						
Ownership of Assets	Pearson Correlation	.01						
	Sig. (2-tailed)	0.88						
	N	238	238					
Access to Credit	Pearson Correlation	-0.12	0.41**					
	Sig. (2-tailed)	0.06	0.00					
	N	238	238	238				
Income Generation Opportunities	Pearson Correlation	0.17**	0.13*	0.39**				
	Sig. (2-tailed)	0.00	0.04	0.00				
	N	238	238	238	238			
Credit	Pearson Correlation	-0.16*	0.39**	0.65**	0.63**			
	Sig. (2-tailed)	.001	0.00	0.00	0.00			
	N	238	238	238	238	238		
Saving	Pearson Correlation	-0.01	0.28**	-.022**	-0.14*	-.009		
	Sig. (2-tailed)	0.87	0.00	0.00	0.02	0.16		
	N	238	238	238	238	238	238	
Training	Pearson Correlation	-0.25**	0.32**	0.32**	-0.08	0.28**	0.69**	
	Sig. (2-tailed)	0.00	0.00	0.00	0.19	0.00	0.00	
	N	238	238	238	238	238	238	238

** . Correlation is significant at the 0.01 level (2-tailed). * . Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey, 2024

The correlation matrix presents the relationships between various financial and training variables. Significant correlations were observed, with notable findings at both the 0.01 and 0.05 levels. A positive correlation exists between Income Generation Opportunities and Saving & Expenditure ($r = 0.17, p < 0.01$), indicating that as income generation opportunities increase, savings and expenditure tend to increase as well. Ownership of Assets is positively correlated with Access to Credit ($r = 0.41, p < 0.01$) and Income Generation Opportunities ($r = 0.13, p < 0.05$), suggesting that asset ownership is associated with better access to credit and more income-generating opportunities.

Credit shows a strong positive correlation with Access to Credit ($r = 0.65, p < 0.01$) and Income Generation Opportunities ($r = 0.63, p < 0.01$), implying that better credit access is linked to enhanced income opportunities. Conversely, Saving has a negative correlation with Access to Credit ($r = -0.22, p < 0.01$) and Income Generation Opportunities ($r = -0.14, p < 0.05$), indicating that increased access to credit and income opportunities may reduce savings. Training exhibits strong positive correlations with Saving ($r = 0.69, p < 0.01$), Ownership of Assets ($r = 0.32, p < 0.01$), and Credit ($r = 0.28, p < 0.01$), suggesting that training is crucial in enhancing financial behavior and opportunities. However, Training is negatively correlated with Saving & Expenditure ($r = -0.25, p < 0.01$), indicating that increased training may lead to a reduction in savings and expenditure in the short term. These relationships underscore the interconnectedness of financial behavior and the importance of factors such as asset ownership, credit access, and training in shaping economic outcomes.

4.4 Socio-economic Analysis: Multiple Regression Model

Regression analysis is a statistical method used to explore the relationship between a dependent variable and one or more independent variables. It helps in determining how changes in any one of the independent variables affect the typical value of the dependent variable, while keeping the other independent variables constant. The multiple regression model for the dependent variable (Credit Saving Training) with 8 independent variables (Access to Education & Health, Decision-making, Access to Credit, Mobility, Income Generation Opportunities, Ownership of Assets, Participation in Community Activities, Saving & Expenditure) is given below:

Table 4.1 Combined Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.63a	0.39	0.37	0.38	1.96

	Sum of Squares	df	Mean Square	F	Sig.
1 Regression		22.49		8	2.81
Residual		33.89		229	0.14
Total		56.38		237	

Source: Field Survey, 2024

Table 4.6 presents a combined model summary for the regression analysis. The model's multiple correlation coefficient (R) is 0.63, indicating a moderate to strong relationship between the independent variables (Access to Education & Health, Decision-making, Access to Credit, Mobility, Income Generation Opportunities, Ownership of Assets, Participation in Community Activities, Saving & Expenditure) and the dependent variable (Credit Saving Training). The R Square value of 0.39 suggests that approximately 39.9% of the variance in Credit Saving Training is explained by the predicted variables in the model. The standard error of the estimate is 0.38, while the Durbin-Watson statistic is 1.96, suggesting no significant autocorrelation in the residuals. The ANOVA results show a significant F-value of 2.81, confirming that the model is statistically significant at 0.05 level and that the independent variables collectively contribute to explaining the variance in the dependent variable.

Table 4.2 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	SE	Beta				Tolerance	VIF
1 (Constant)	0.15	0.47			0.33	0.73		
Saving & Expenditure	0.13*	0.05	0.23		2.51	0.01	0.30	3.30
Ownership of Assets	-0.00	0.04	-0.00		-0.02	0.98	0.42	2.33
Access to Credit	0.37**	0.09	0.37		4.13	0.00	0.32	3.09
Income Generation Opportunities	-0.24**	0.06	-0.26		-3.79	0.00	0.54	1.82
Decision-making	0.15	0.09	0.12		1.66	0.09	0.46	2.17
Mobility	-0.16*	0.06	-0.16		-2.49	0.01	0.61	1.61
Participation in Community Activities	-0.05*	0.06	-0.07		-0.84	0.40	0.30	3.25
Access to Education & Health	0.68**	0.09	0.66		7.18	0.00	0.30	3.24

Source: Field Survey, 2024

a. Dependent Variable: Credit Saving Training

Table 4.7 presents the coefficients of the regression model, illustrating the relationship between independent variables and the dependent variable, credit saving training. The constant (intercept) has a coefficient of 0.15 but is not statistically significant ($p = 0.73$). The unstandardized coefficients (B) represent the change in the dependent variable resulting from a one-unit change in each independent variable, with all other variables held constant. Significant predictors include saving and expenditure ($B = 0.13$, $p = 0.01$), which shows a positive association with credit saving training, and access to credit ($B = 0.37$, $p = 0.00$), identified as the strongest predictor with a positive relationship. Conversely, income generation opportunities ($B = -0.24$, $p = 0.00$) and mobility ($B = -0.16$, $p = 0.01$) both have negative coefficients, indicating that higher opportunities and greater mobility are associated with decreased credit saving training. Access to education and health ($B = 0.68$, $p = 0.00$) emerges as another strong positive predictor, suggesting that better access significantly enhances credit saving training. Non-

significant predictors include ownership of assets ($B = -0.00$, $p = 0.98$), decision-making ($B = 0.15$, $p = 0.09$), and participation in community activities ($B = -0.05$, $p = 0.40$).

Collinearity statistics, including tolerance and VIF (Variance Inflation Factor), indicate that multicollinearity is not a significant issue in this model, as tolerance values are close to 1 and VIF values are below 3.30. Overall, the model highlights that saving and expenditure, access to credit, income generation opportunities, mobility, and access to education and health significantly predict credit saving training, with access to credit and education being the most influential factors. The non-significant predictors suggest varying levels of contribution to the model.

4.5 Discussions of Findings

The findings from the study provide valuable insights into the impact of various factors on credit saving training among women entrepreneurs in Khajura rural municipality. The demographic analysis reveals a predominance of women aged between 31-40 years (41.2%) and a significant proportion with a Bachelor's degree (47.1%). The educational background and age distribution suggest that a substantial number of respondents are at a stage in their lives where they are actively managing and expanding their business ventures. The data shows that a majority of respondents are self-employed (58.8Percentage), indicating that microfinance plays a crucial role in supporting entrepreneurship in this community. The mean value for saving and expenditure (4.11) and access to credit (4.15) reflects a relatively high engagement in these areas, suggesting that respondents generally have access to financial resources and are actively involved in managing their finances.

Income generation opportunities score the highest mean value (4.43), highlighting that respondents perceive significant benefits from microfinance in terms of enhancing their business prospects. This aligns with the positive correlation between access to credit and income generation opportunities ($r=0.39$), suggesting that improved credit access positively impacts income generation. Conversely, the negative correlation between saving and expenditure and access to education and health ($r=-0.54$) indicates that increased financial engagement might constrain resources available for education and health, presenting a potential trade-off.

The regression analysis reveals a moderate to strong relationship between the predictors and credit saving training ($R=0.63$), with the model explaining approximately 39.9% of the variance in credit saving training ($R^2=0.39$). Significant predictors include saving and expenditure, access to credit, income generation opportunities, mobility, and

access to education and health. This indicates that these factors significantly influence the effectiveness of credit saving training programs.

The presence of non-significant predictors, such as ownership of assets, decision-making, and participation in community activities, suggests that not all variables have a uniform impact on the outcome. This could imply that while these factors might play a role in women's economic empowerment, their direct influence on credit saving training is less pronounced. Overall, the findings underscore the importance of enhancing access to credit and integrating educational and health services with financial programs. They also highlight the need for tailored training programs that address the specific needs and challenges faced by women entrepreneurs. The study suggests that while financial engagement is crucial, it should be balanced with investments in education and health to ensure comprehensive support for women's entrepreneurship.

The findings from the study provide valuable insights into the impact of various factors on credit saving training among women entrepreneurs in Khajura Rural Municipality. The demographic analysis reveals a predominance of women aged between 31-40 years (41.2%) and a significant proportion with a Bachelor's degree (47.1%), which aligns with studies showing that mature, educated women are more likely to engage in entrepreneurship (Smith, 2022; Johnson & Lee, 2021). The educational background and age distribution suggest that a substantial number of respondents are at a stage in their lives where they are actively managing and expanding their business ventures.

The data shows that a majority of respondents are self-employed (58.8%), indicating that microfinance plays a crucial role in supporting entrepreneurship in this community, as noted by previous research on the role of microfinance in facilitating self-employment (Gurung & Thapa, 2023). The mean values for saving and expenditure (4.11) and access to credit (4.15) reflect a relatively high engagement in these areas, suggesting that respondents generally have access to financial resources and are actively involved in managing finances, consistent with findings from similar studies (Brown & Green, 2023).

Income generation opportunities score the highest mean value (4.43), highlighting that respondents perceive significant benefits from microfinance in enhancing their business prospects. This finding supports the positive correlation between access to credit and income generation opportunities ($r=0.39$), which is in line with research that shows improved credit access positively impacts income generation (Davis, 2023). Conversely, the negative correlation between saving and expenditure and access to education and

health ($r=-0.54$) indicates that increased financial engagement might constrain resources available for education and health, presenting a potential trade-off. This trade-off reflects concerns highlighted in studies that emphasize the balancing act between financial investments and other essential services (Osa Ouma & Rambo, 2013).

The regression analysis reveals a moderate to strong relationship between the predictors and credit saving training ($R=0.63$), with the model explaining approximately 39.9% of the variance in credit saving training ($R^2=0.39$). Significant predictors include saving and expenditure, access to credit, income generation opportunities, mobility, and access to education and health, reflecting similar conclusions found in related research (Shrestha & Sijapati, 2023). The presence of non-significant predictors, such as ownership of assets, decision-making, and participation in community activities, suggests that not all variables have a uniform impact on the outcome. This observation aligns with findings that indicate varying levels of influence among different factors (Mayoux, 2013).

Overall, the findings underscore the importance of enhancing access to credit and integrating educational and health services with financial programs. They also highlight the need for tailored training programs that address the specific needs and challenges faced by women entrepreneurs. The study suggests that while financial engagement is crucial, it should be balanced with investments in education and health to ensure comprehensive support for women's entrepreneurship, echoing recommendations from previous studies (Sarumathi, 2011; Nguyen, 2023).

Chapter V

Summary of Findings, Conclusion and Recommendations

5.1 Summary of Findings

The effectiveness of microfinance initiatives in fostering women's entrepreneurship in Nepal can be attributed to various key factors. The study reveals that women entrepreneurs, predominantly aged between 31-40 years (41.2%), play a significant role in this domain. Their educational background is diverse, with nearly half holding a Bachelor's degree (47.1%), which indicates a moderate level of educational attainment that supports their entrepreneurial activities. Notably, a substantial portion of these entrepreneurs (58.8%) is self-employed, reflecting the direct impact of microfinance on fostering self-employment.

The engagement levels with microfinance-related factors, such as saving and expenditure, access to credit, and income generation opportunities, are crucial. High mean values for saving and expenditure (4.11) and access to credit (4.15) indicate a strong engagement with these areas. However, the highest mean value for income generation opportunities (4.43) underscores the substantial benefits perceived from microfinance. This suggests that microfinance initiatives are highly effective in enhancing income generation opportunities, which is a critical factor for the success of women entrepreneurs. The study also highlights the role of decision-making, with a high mean value of 4.60, reflecting increased confidence in decision-making due to microfinance support. However, lower mean values for training (3.62) and savings (3.60) with higher standard deviations suggest that the impacts of these factors are less consistent.

The regression analysis identifies several significant predictors of the effectiveness of microfinance initiatives, including saving and expenditure ($B=0.13$, $p=0.01$), access to credit ($B=0.37$, $p=0.00$), income generation opportunities ($B=-0.24$, $p=0.00$), mobility ($B=-0.16$, $p=0.01$), and access to education and health ($B=0.68$, $p=0.00$). These factors collectively contribute to explaining about 39.9% of the variance in credit saving training, indicating their critical role in influencing the effectiveness of microfinance initiatives.

Microfinance initiatives play a pivotal role in the social development of women entrepreneurs by addressing various social indicators. The demographic profile of women entrepreneurs in Khajura Rural Municipality, Banke, shows that a majority are between 31-40 years old, suggesting that microfinance impacts women in their prime working years. The educational attainment, with 47.1% holding a Bachelor's degree and an equal percentage with high school education or below, reflects the role of microfinance in supporting education and skills development, albeit with some variation. Self-employment (58.8%) is a notable outcome of microfinance, highlighting its influence on enabling women to start and sustain their own businesses.

The high mean value for decision-making confidence (4.60) further demonstrates that microfinance enhances women's ability to make informed decisions, a crucial social indicator of empowerment. However, the variability in training and savings (mean values of 3.62 and 3.60, respectively) suggests that while microfinance improves certain social indicators, the impacts on training and savings are less consistent, indicating potential areas for improvement. The significant positive correlations between access to credit and income generation opportunities ($r=0.39$) suggest that better credit access leads to improved income generation, reflecting a positive social impact. Conversely, the negative correlation between saving and expenditure and access to education and health ($r=-0.54$) implies that increased saving and expenditure might limit access to essential services, highlighting a potential trade-off that needs addressing.

Microfinance initiatives significantly impact the economic indicators of women entrepreneurship by influencing factors such as income generation, savings, and expenditure. The mean value for income generation opportunities (4.43) is the highest among the variables, indicating a strong perception of economic benefits from microfinance. This underscores the role of microfinance in enhancing economic opportunities and enabling women to generate income through their entrepreneurial activities.

The regression analysis highlights significant predictors of economic impact, including saving and expenditure ($B=0.13$, $p=0.01$), access to credit ($B=0.37$, $p=0.00$), income generation opportunities ($B=-0.24$, $p=0.00$), mobility ($B=-0.16$, $p=0.01$), and access to education and health ($B=0.68$, $p=0.00$). These factors collectively explain 39.9% of the variance in credit saving training, emphasizing their role in driving economic outcomes. The positive correlation between access to credit and income generation opportunities suggests that improved credit access leads to better economic

outcomes, while the negative correlation between saving and expenditure and access to education and health indicates that economic factors can influence other areas of life.

Overall, the study reveals that microfinance initiatives have a significant impact on both social and economic indicators of women entrepreneurship, with varying degrees of effectiveness across different areas. The findings suggest that while microfinance supports economic growth and income generation, there is a need for more consistent impacts in training and savings, and a balanced approach to addressing potential trade-offs between economic and social benefits.

5.2 Conclusion

The study comprehensively analyzes the impact of microfinance on women entrepreneurship in Khajura rural municipality, Banke, Nepal, highlighting its crucial role in both economic and social spheres. It reveals that microfinance significantly supports women entrepreneurs, particularly those aged 31-40 years and with varying educational backgrounds, by fostering self-employment and enhancing income generation opportunities. Key economic benefits include substantial improvements in income generation, with predictors like access to credit and savings playing pivotal roles. Socially, microfinance enhances decision-making confidence but shows inconsistent impacts on training and savings. The findings suggest that while microfinance initiatives are effective, there is a need for more consistent support in training and savings and a balanced approach to addressing trade-offs between economic benefits and access to essential services like education and health. The study underscores the importance of targeted interventions to optimize microfinance's impact and ensure sustainable empowerment of women entrepreneurs.

The descriptive statistics underscore the positive perception of microfinance's impact on various aspects of the women's economic activities, such as saving, expenditure, access to credit, and income generation opportunities. The high mean values for access to credit and income generation opportunities, in particular, highlight the critical role of microfinance in enhancing the economic capabilities of women entrepreneurs. However, the varied experiences reflected in the standard deviations for training and savings suggest that there are areas where the impact of microfinance might be less consistent, pointing to potential areas for improvement in microfinance programs.

Correlation analysis reveals significant positive relationships between several key variables, suggesting that improvements in one area, such as access to credit, can positively influence other aspects like income generation opportunities and decision-

making. The notable negative correlation between saving and expenditure and access to education and health services suggests a trade-off that needs addressing, indicating that increased financial activities might sometimes come at the cost of other essential services. The regression analysis provides a deeper understanding of the factors influencing credit saving training. Significant predictors such as access to credit and education, saving and expenditure, and mobility highlight the multifaceted impact of microfinance on women's economic activities. The strong positive relationship between access to education and health and credit saving training emphasizes the importance of integrating educational and health services with financial programs to enhance overall empowerment.

The study's findings emphasize the need for targeted interventions to address the areas where the impact of microfinance is less consistent, such as training and savings. Additionally, the insights into the demographic and economic characteristics of women entrepreneurs can inform policymakers and microfinance institutions in designing programs that are more responsive to the needs of these women. By addressing the identified gaps and leveraging the positive correlations between various economic activities, microfinance can play a more effective role in empowering women entrepreneurs and promoting sustainable economic development in rural areas.

5.4 Recommendations

Microfinance institutions (MFIs) should develop programs specifically designed to meet the unique needs of middle-aged women entrepreneurs, particularly those with diverse educational backgrounds. Customizing loan products and financial services to address their specific challenges can boost their economic engagement and entrepreneurial success.

To improve the effectiveness of training programs, MFIs should invest in creating and standardizing training modules that cover crucial skills such as financial management, business planning, and digital literacy. Consistent and high-quality training can better equip women entrepreneurs with the knowledge and skills needed for sustainable business growth.

The positive relationship between access to credit and income generation opportunities suggests that combining financial services with additional support mechanisms, such as business mentoring and market access, can be highly beneficial. Integrating educational and health services with financial programs can further empower women entrepreneurs and support their holistic development.

Given the critical role of saving and expenditure in women's economic activities, MFIs should emphasize the importance of effective money management. Implementing programs that promote financial literacy and encourage disciplined saving habits can help women make informed financial decisions and enhance their economic stability. The negative correlation between saving and expenditure and access to education and health services highlights the need for a balanced approach. MFIs should develop strategies to minimize such trade-offs, potentially by offering targeted loans for education and health-related expenses to ensure that these essential areas are adequately supported.

Support for Self-Employed Women: Since a significant portion of respondents are self-employed, MFIs should offer specialized support tailored to self-employed women. This support can include access to affordable credit, business development services, and networking opportunities to enhance their entrepreneurial capabilities and foster business growth.

5.5 Recommendations for Further Research

Future research could focus on longitudinal studies to track the long-term impact of microfinance on women entrepreneurs' economic activities. This can provide deeper insights into how microfinance influences their business growth, income stability, and overall quality of life over time. Conducting comparative studies between different regions or countries can help identify best practices and successful models of microfinance that can be replicated in other contexts. Comparing urban and rural microfinance programs can also provide valuable insights into the unique challenges and opportunities in different settings.

With the increasing adoption of digital financial services, future research should explore the role of digital banking and mobile money in enhancing the economic activities of women entrepreneurs. Investigating the barriers to digital financial inclusion and identifying strategies to overcome them can be particularly valuable. Exploring the role of social networks and community support in the success of women entrepreneurs can provide insights into how social capital influences their economic activities. Research can examine how women leverage their social connections to access resources, information, and market opportunities.

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Appendix

Role of Microfinance on Women Entrepreneurship in Khajura Rural Municipality, Banke

Respected sir/madam,

This study is under taken in partial fulfilment of the requirement for my Master Degree in Rural Development from Central Department of Rural Development, TU. Your name has been selected as a part of a relatively small sample, so your reply is vital to the accuracy of study finding. Please carefully read each question and answer to the best of your knowledge and experience. Simply, you can give tick mark to your response.

Thank you for agreeing to take this survey. All of the answers you provide in this survey will be kept confidential. No identifying information will be provided to any related or unrelated entities. The survey data will be presented in a summarized form and will not reveal any individual identities.

This survey will take approximately 20 minutes to complete.

Section A: Demographic Information

Age

- Below 20
- 21-30
- 31-40
- 41-50
- Above 50

Gender

- Male
- Female
- Other

Education Level

- High School or below
- Bachelor's Degree
- Master's Degree
- Ph.D. or higher

Occupation

- Student
- Self-employed
- Salaried employee
- Business owner

Section B: Variables

Likert Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	Statements	1	2	3	4	5
Saving & Expenditure	1. I am able to save a portion of my income regularly.					
	2. I make informed decisions about how to allocate my savings.					
	3. I feel confident in my ability to manage my finances effectively.					
Ownership of Assets	1. I own tangible assets such as land, property, or vehicles.					
	2. I have control over financial assets like bank accounts.					
	3. My asset ownership has increased over the past few years.					
Access to Credit	1. I have access to credit or loans from financial institutions when needed.					
	2. I can easily obtain financial assistance from microfinance institutions.					
	3. Access to credit has improved my ability to invest in income-generating activities.					
Income Generation Opportunities	1. I have opportunities to generate income through various economic activities.					
	2. Microfinance support has expanded my income-generating opportunities.					
	3. I feel that my income has increased as a result of participating in microfinance programs.					
Decision-Making	1. I participate in household financial decisions.					
	2. I have a say in decisions related to education					

	and healthcare within my family.						
	3. My opinions are valued in family and community decision-making processes.						
Mobility	1. I feel free to move around and access public spaces without restriction.						
	2. I can travel for work or education without facing significant barriers.						
	3. My mobility has improved in recent years.						
Participation in Community Activities	1. I am actively involved in community initiatives or local governance.						
	2. I participate in social groups or development projects within my community.						
	3. My involvement in community activities has increased over the past year.						
Access to Education & Health	1. I have access to educational opportunities such as literacy programs or vocational training.						
	2. I can access healthcare services when needed.						
	3. My access to education and health services has improved over time.						
Credit	1. I am aware of the microcredit options available to me.						
	2. Microloans have helped me start or expand my business.						
	3. The process of obtaining microcredit is straightforward and accessible.						

Saving	1. I use savings accounts provided by microfinance institutions.					
	2. I feel that my savings are secure with the services offered.					
	3. I am able to accumulate financial reserves through my savings account.					
Training	1. I have received training on financial literacy from microfinance institutions.					
	2. Business training has helped me improve my entrepreneurial skills.					
	3. The training I received has made me more confident in managing my business and finances.					