

# **IMPACT OF MICROFINANCE PROGRAMME ON WOMEN EMPOWERMENT**

**(A case study of Laxmi Laghubitta Bittiya Sanstha Ltd, Palpa District)**



**Keshab Khati**

TU Reg.No:7-2-49-624-2003

Roll No. 2013/71

**A Thesis**

**Submitted to**

**The Faculty of Management,**

**Central Department of Public Administration, Tribhuvan University**

**Kathmandu, Nepal**

**In partial fulfillment of the requirements of Masters of Philosophy (MPhil)**

**April 2017**

# **IMPACT OF MICROFINANCE PROGRAMME ON WOMEN EMPOWERMENT**

**(A case study of Laxmi Laghubitta Bittiya Sanstha Ltd, Palpa District)**



**Keshab Khati**

TU Reg.No:7-2-49-624-2003

Roll No. 2013/71

**A Thesis**

**Submitted to**

**The Faculty of Management,**

**Central Department of Public Administration, Tribhuvan University**

**Kathmandu, Nepal**

**In partial fulfillment of the requirements of Masters of Philosophy (MPhil)**

**April 2017**



**TRIBHUVAN UNIVERSITY**

**FACULTY OF MANAGEMENT**

**CENTRAL DEPARTMENT OF PUBLIC ADMINISTRATION**

**Balkhu, Kathmandu, Nepal**

**Date: April 10, 2017**

## **RECOMMENDATION**

This is to certify that the

Thesis Submitted by

**Keshab Khati**

**Entitled**

**Impact of Microfinance Program on Women Empowerment**

**(A Case Study of Laxmi Laghubitta Bittiya Sanstha Ltd. Palpa District)**

Has been prepared as approved by this programme in the prescribed format of the Faculty of Management. I recommend this thesis for its final evaluation and acceptance.

-----

Prof. Dr. Rajib Bikram Rana

**Thesis Supervisor**

# VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

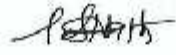



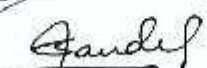
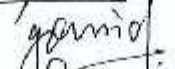
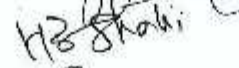





Submitted by

**Keshab Khati**

Entitled:

**Impact of Microfinance Programme on Women Empowerment: (A Case Study of Laxmi Laghubitta Bittiya Sanstha Ltd. Palpa District)** and found the thesis to be the original work of the student and written according to the prescribed format. We recommended the thesis to be accepted as the partial fulfillment of the requirements of Masters of Philosophy.

EVALUATION COMMITTEE:      SIGNATURE

|                                  |   |
|----------------------------------|---|
| 1. <u>Tej Nath Dhakal</u>        |  |
| 2. <u>Prachandya Bhatta</u>      |  |
| 3. <u>Ganesh P. Adhikari</u>     |  |
| 4. <u>Rajib Bikram Lona</u>      |  |
| 5. <u>Narendna R. Paudel</u>     |  |
| 6. <u>Ganesh P. Dhakal</u>       |  |
| 7. <u>Hari Bhatta Shakti</u>     |  |
| 8. <u>Shree Krishna Shrestha</u> |  |
| 9. <u>Batma Raj Niroula</u>      |  |
| 10. <u>Bishnu Hari Koirala</u>   |  |
| 11. <u>Naba Raj Adhikari</u>     |  |
| 12. <u>Purnakanta Sharma</u>     |  |

13 April, 2017

## DECLARATION

Hereby declare that the present thesis entitled **Impact of Microfinance Program on Women Empowerment (A Case Study of Laxmi Laghubitta Bittiya Sanstha Ltd. Palpa district)** is all my own work and the sources of information and material I have used have been fully identified and properly acknowledge as required. It is pioneering work of award of Master of Philosophy.

Signature:

Name: Keshab Khati

TU Registration No.: 7-2-49-624-2003

Roll No: 2013/71

Date: 2073/12/28 (April 10, 2017)

## **ACKNOWLEDGMENTS**

I wish thankful to the Central Department of Public Administration, T.U. Kathmandu, Nepal for allowing me to pursuing Master of Philosophy thesis paper. I would like to express my deep gratitude my supervisor Prof. Dr. Rajiv Bikram Rana who provides me valuable time to guide me from the inception to finish of this thesis.

I also wish to convey my sincere respect and thanks to Prof. Dr. Tek Nath Dhakal, Prof. Dr. Shree Krishna Shrestha , Prof. Dr. Govinda Dhakal, Prof. Dr. Rajiv B. Rana, Prof. Ratna Raj Niraula and M.Phil. Co-ordinator Dr. Narendra Paudyal for their intellectual sharing during M. Phil classes and all staffs of CDPA provided me with such a wonderful and enabling environment for the reference materials. I am very grateful to Mr. Mohani lal Gaire who always me to make hard efforts for Research idea. Especially thanks for Mr. Prakash Raj Sharma, CEO of Laxmi Laghubitta Bittiya Sanstha Ltd. who always me to make hard efforts for guide to me Microfinance Sector.

Nepal Government bodies, linkage with civil society organizations, Social Welfare Council, Nepal Rastra Bank, District Administration Office, Palpa, Laxmi Laghubitta Branches and all key respondents and institutional representatives, who provides me valuable information and supporting for research periods. I would like to extend heartfelt thanks to all staffs of Laxmi Laghubitta.

I got consistent and above the broad support, inspiration and encouragement from my Family and fully supports to my wife Mrs. Kriti G.C to undertake this study. I have no words to express my gratitude to them. Finally I appreciate the support all my respondents.

Keshab Khati

2017

## ABSTRACT

This study examined the **Impact of Microfinance Programme on Women Empowerment: (A Case Study of Laxmi Laghubitta Bittiya Sanstha Ltd. Palpa District)**. Microfinance is not simply banking for the poor; it is a development approach with a social mission and a private sector-based financial bottom line that uses tested and continually adjusted sets of principles, practices and technologies. The key to successful microfinance lies in the ability of the provider to cost-effectively reach a critical mass of clients with systems of delivery, market responsiveness, risk management and control that can generate a profit to the institution. Typically, this profit is ploughed back to ensure the long-term survival of the institution, i.e. the continuous provision of services demanded by its clients. The two long-term goals of microfinance are thus substantial outreach and sustainability. This thesis examines the effects of women's participation in group-based micro-credit programs on a large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The results are consistent with the view that women's participation in micro-credit programs helps to increase women's empowerment. Credit program participation leads to women taking a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power compared with their husbands, and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns. Ecologically, the higher impact on women's empowerment was noticed in hill.

## TABLES OF CONTENTS

|                            | <b>Page</b> |
|----------------------------|-------------|
| Declaration                | i           |
| Recommendation             | ii          |
| Viva- Voce Committee Sheet | iii         |
| Abstract                   | iv          |
| Acknowledgements           | v           |
| Table of Content           | vi          |
| List of Tables             | xi          |
| List of Figures            | xii         |
| List of Appendices         | xii         |
| Abbreviations              | xii         |



## **CHAPTER-I**

### **INTRODUCTION**

|     |                           |    |
|-----|---------------------------|----|
| 1.1 | Background of Study       | 1  |
| 1.2 | Statement of Problem      | 7  |
| 1.3 | Objectives of the Study   | 8  |
| 1.4 | Significance of the Study | 8  |
| 1.5 | Rational of the study     | 9  |
| 1.6 | Limitation of the Study   | 10 |
| 1.7 | Structure of the Study    | 10 |

## **CHAPTER –II**

### **LITERATURE REVIEW**

|         |  |    |
|---------|--|----|
| 2.1     | Introduction                                 | 11 |
| 2.2     | Microfinance: Perspective & Dimensions       | 11 |
| 2.2.1   | Economic Factor                              | 16 |
| 2.2.2   | Women empowerment Process                    | 16 |
| 2.2.3   | Micro Finance and poverty                    | 17 |
| 2.2.4   | Micro Finance debates and challenges         | 20 |
| 2.2.4.1 | Interest Rates                               | 20 |
| 2.2.4.2 | Use of Loans                                 | 22 |
| 2.2.4.3 | Reach vs. Depth of Impact                    | 22 |
| 2.2.4.4 | Gender                                       | 22 |
| 2.2.5   | Benefits and Limitations of Micro Finance    | 24 |
| 2.2.6   | History & Evolution of Microfinance in Nepal | 25 |
| 2.2.7   | Micro Finance Standards and Principles       | 27 |
| 2.2.8   | Micro Finance and social Intervention        | 28 |
| 2.3     | Women Empowerment                            | 29 |

|       |  |    |
|-------|--|----|
| 2.3.1 | Meaning of Empowerment                       | 30 |
| 2.3.2 | Meaning of Women empowerment                 | 31 |
| 2.3.3 | Women in Nepalese Societies                  | 32 |
| 2.3.4 | Nepalese Women conditions in Rural Areas     | 34 |
| 2.3.5 | Microfinance and women's empowerment         | 35 |
| 2.3.6 | A Socio Cultural Framework                   | 39 |
| 2.3.7 | Cultural and Organizational challenges       | 40 |
| 2.4   | Analysis of Laxmi Laghubitta Bittiya Sanstha | 41 |
| 2.4.1 | Strategy of LLBs                             | 44 |
| 2.4.2 | Missions                                     | 44 |
| 2.4.3 | Goals  | 45 |
| 2.4.4 | Target clients                               | 45 |
| 2.4.5 | Areas of Operations                          | 46 |
| 2.5   | Review of Related Studies                    | 48 |
| 2.5.1 | Journal                                      | 48 |
| 2.5.2 | Review of Books                              | 50 |
| 2.5.3 | Review of Articles                           | 52 |
| 2.5.4 | Review from Different Website                | 53 |
| 2.5.5 | Review of Related Thesis                     | 54 |

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

|       |                            |    |
|-------|----------------------------|----|
| 3.1   | Introduction               | 59 |
| 3.2   | Research Design            | 59 |
| 3.3   | Variables of the Study     | 60 |
| 3.3.1 | Independent Variables      | 60 |
| 3.3.2 | Dependent Variables        | 60 |
| 3.4   | Data collection            | 61 |
| 3.5   | Sources and Nature of data | 62 |

|         |                              |    |
|---------|------------------------------|----|
| 3.5.1   | Primary data                 | 62 |
| 3.5.1.1 | Semi structured interview    | 62 |
| 3.5.1.2 | Focus group discussion       | 63 |
| 3.5.2   | Secondary data               | 64 |
| 3.6     | Sample                       | 64 |
| 3.6.1   | Convenience Sample           | 65 |
| 3.6.2   | Sample size and area         | 65 |
| 3.7     | Data Analysis Approach       | 66 |
| 3.8     | Data Collection & Processing | 66 |
| 3.9     | Ethical Consideration        | 67 |

## **CHAPTER- IV**

### **PRESENTATION & ANALYSIS**

|      |  |    |
|------|--|----|
| 4.1  | Introduction   | 68 |
| 4.2  | Data Analysis  | 68 |
| 4.3  | Data Interpretation  | 69 |
| 4.4  | Age, Education and Cast of Respondents                         | 69 |
| 4.5  | Marital Status, Family Size and Family Head of the Respondents | 70 |
| 4.6  | Benefits from LLBS   | 72 |
| 4.7  | Purpose of Join in Micro-finance Programs.                     | 72 |
| 4.8  | Main Occupations of the Respondents before this Program        | 73 |
| 4.9  | Main Functions of MFI in Local Level                           | 73 |
| 4.10 | Main Occupation of the Respondents after this Program          | 74 |
| 4.11 | Status of Loan uses in Specific Objectives.                    | 74 |
| 4.12 | Saving is used for the Purpose                                 | 75 |
| 4.13 | Awareness Status of the Respondents                            | 75 |
| 4.14 | Effect of Training to the Respondents.                         | 76 |
| 4.15 | Status of life Standard of the Family Member.                  | 77 |

|      |  |    |
|------|--|----|
| 4.16 | Changes in Clothing Pattern of the Respondents     | 77 |
| 4.17 | Status of Pure Drinking Water of the Respondents.  | 78 |
| 4.18 | Changes in Food Consumption of the Respondents     | 78 |
| 4.19 | Effectiveness of Program                           | 79 |
| 4.20 | Appropriate and Effectiveness in women empowerment | 79 |
| 4.21 | Satisfied with the MFIs Activities                 | 80 |

## **CHAPTER-V**

### **SUMMARY, CONCLUSION & RECOMMENDATIONS**

|     |                 |    |
|-----|-----------------|----|
| 5.1 | Summary         | 81 |
| 5.2 | Conclusions     | 85 |
| 5.3 | Recommendations | 88 |
|     | Bibliography    | 90 |
|     | Appendix        | 94 |

### **List of Tables**

|               |   |    |
|---------------|---|----|
| Table No. 1:  | Composition of FGD                                      | 63 |
| Table No. 2:  | LLBS operating areas in Palpa District                  | 64 |
| Table No. 3:  | Sample Area   | 64 |
| Table No. 4   | Sample size   | 66 |
| Table No.5    | Composition of the Respondents by Age and Education     | 69 |
| Table No. 6:  | Composition of the Respondents by Cast                  | 70 |
| Table No. 7:  | Composition of the Respondents by Marital Status        | 70 |
| Table No. 8:  | Composition of the Respondents by Family Size           | 71 |
| Table No. 9:  | Composition of the Respondents by Family Head           | 71 |
| Table No. 10: | Benefits from LLBS                                      | 72 |
| Table No. 11: | Purpose of Join in Micro-finance Programs.              | 72 |
| Table No. 12: | Main Occupations of the Respondents before this Program | 73 |
| Table No. 13: | Main Functions of MFI in Local Level                    | 73 |
| Table No. 14: | Main Occupation of the Respondents after this Program   | 74 |

|  |    |
|--|----|
| Table No. 15: Status of Loan uses in Specific Objectives.        | 74 |
| Table No. 16: Saving is used for the Purpose                     | 75 |
| Table No. 17: Awareness Status of the Respondents                | 75 |
| Table No. 18: Effect of Training to the Respondents.             | 76 |
| Table No. 19: Status of life Standard of the Family Member.      | 77 |
| Table No. 20: Changes in Clothing Pattern of the Respondents     | 77 |
| Table No. 21: Status of Pure Drinking Water of the Respondents.  | 78 |
| Table No. 22: Changes in Food Consumption of the Respondents     | 78 |
| Table No. 23: Effectiveness of Program                           | 79 |
| Table No. 24: Appropriate and Effectiveness in women empowerment | 79 |
| Table No. 25: Satisfied with the MFIs Activities                 | 80 |

### **List of Figures**

|   |    |
|---|----|
| Figure No. 1 Map of Nepal (Covered by Laxmi Laghubitta in District) | 46 |
|---|----|

### **List of Appendices**

|  |                |
|--|----------------|
| 1. List of Microfinance in Nepal                               | Appendix –I    |
| 2. List of Micro Finance Institution working in Palpa District | Appendix –I    |
| 3. Micro Finance regulation Act                                | Appendix - III |
| 4. Survey Questionnaire  | Appendix - IV  |

## Abbreviations

|        |  |
|--------|--|
| ADB    | Asian Development Bank                               |
| MFIS   | Micro Finance Institutions                           |
| CDPA   | Central Department of Public Administration          |
| DAO    | District Administration Office                       |
| LLBS   | Laxmi Laghubitta Bittiya Sanstha Ltd.                |
| DDC    | District Development Committee                       |
| DFID   | Department for International Development             |
| GDP    | Growth Development Per capita                        |
| NRB    | Nepal Rastra Bank                                    |
| INGOs  | International Non Government Organizations           |
| ILO    | International Labour Organization                    |
| NGOs   | Non Government Organizations                         |
| FGD    | Focus Group Discussion                               |
| UNFPA  | United Nations Population Fund                       |
| USAID  | United States Agency for International Development   |
| UNDP   | United Nations Development Program                   |
| VDC    | Village Development Committee                        |
| WB     | World Bank   |
| ADB/N  | Agriculture Development Bank Nepal                   |
| EAFS   | Enhancing Access to Financial Services               |
| FI-NGO | Financial Intermediaries Non Government Organization |
| FWDR   | Far-western Development Region                       |
| GDP    | Gross Domestic Product                               |
| GNI    | Gross National Income                                |
| GoN    | Government of Nepal                                  |
| HDI    | Human Development Index                              |
| HMG/N  | His Majesties Government of Nepal                    |
| IBP    | Intensive Banking Program                            |
| MA     | Masters in Arts                                      |
| MFDB   | Microfinance Development Bank                        |
| MFI    | Microfinance Institution                             |
| MWDR   | Mid-western Development Region                       |

|        |  |
|--------|--|
| NGO    | Non Governmental Organization                  |
| NLSS   | Nepal Living Standard Survey                   |
| NRB    | Nepal Rastra Bank                              |
| PCRW   | Production Credit for Rural Women              |
| PGBBL  | Purbanchal Grameen Bikas Bank Limited          |
| PPP    | Purchasing Power Parity                        |
| PSLP   | Priority Sector Lending Program                |
| RMDC   | Rural Microfinance Development Centre Limited  |
| RRDB   | Regional Rural Development Bank                |
| RSRF   | Rural Self Reliance Fund                       |
| SFCL   | Small Farmer Cooperatives Limited              |
| SFDP   | Small Farmer Development Program               |
| SPGBBL | Sudur Paschimanchal Grameen Bikas Bank Limited |
| UNDP   | United Nations Development Programme           |
| US     | United States of America                       |
| VDC    | Village Development Committee                  |