

# IMPACT OF MICRO CREDIT ON EMPOWERMENT OF WOMEN

## **A DISSERTATION**

Submitted to the Department of Population Studies, Faculty of  
Humanities and Social Science of TU in partial fulfillment of the  
requirement the Degree of MASTER OF ARTS in  
**POPULATION STUDIES**

By

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April 17, 2010

## **LETTER OF RECOMMENDATION**

This dissertation entitled **IMPACT OF MICRO CREDIT ON EMPOWERMENT OF WOMEN** is prepared by Sangita Osti in partial fulfillment of the requirements for the degree of Masters of Arts in population studies under my supervision. I hereby recommend this dissertation for approval by the dissertation committee.

Indra Prasad Poudel  
Supervisor

April 17, 2010

## **Acknowledgement**

Firstly I would like to thank Tribhuvan University for giving chance to prepare the thesis for a partial requirement to the fulfillment of M. A. program held under Tribhuvan University.

I would like to express sincere gratitude to my supervisor, Mr. Indra Prasad Poudel, Master Degree program co-coordinator of population studies of Maiya Devi Girl's College, for giving me his valuable time and guidance. This research work would have never been completed without his continuous guidance with valuable comments and kind support to me all way through this thesis.

I am also very much thankful to Harihar Pokhrel, Campus chief of Maiya Devi Girl's College, Likewise, I am also equally grateful to all my respected teacher and all staffs of Maiya Devi Girl's College for there suggestion and continuous support during the study period.

I would like to thank to Mr. C. M. Adhikari to complete computer solution for this dissertation. I am also very much heartily thank to all my friends and all my family members specially my spouse Mr. Manoj Bista for this support while preparing this thesis.

At last but not least, I am also very much thankful who provide me their valuable time to respond questionnaire and share their lifetime experience, likewise, I am hopeful that this task will be helpful to the student of population studies & to those who wants to make further researchers under this topic.

**April, 2010**

**Sangita Osti**

## **ABSTRACT**

Addressing the inaccessibility of finance to rural poor and to promote their access in income generating activities, various microfinance programs are being conducted in Nepal. The purpose of such program is to emphasize poor and landless women to the small- scale credit to promote their livelihood and to conduct various small scale earning activities by providing them access to credit without collateral. Broadly speaking, objectives of these programs are to raise income and involve women in community development process.

The study analyses the status of women due to impact of micro credit programs. This study has utilized both qualitative and quantitative techniques for data collection. Randomly, to those women who are involving in samuha are selected for study and they are interviewed using structured questionnaire.

It is observed that respondent women had poor social and economic status before joining in micro financing programs but after joining, they have been empowered and their poverty has been reduced to some extent. Therefore institutionalization of such micro credit programs is essential to raise the status of women.

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## LIST OF ABBREVIATIONS

ADB/N	=	Asian Development Bank/ Nepal
CBS	=	Central Bureau of Statistics
IBP	=	Intensive banking program
INGOs	=	International Non governmental Organizations
IRDP	=	Integrated Rural Development program
MCPW	=	Micro credits program for women
MFI	=	Micro Finance Institutions
PCRW	=	Production Credit for Rural Women
PDDP	=	Participatory District Development Program
PSCP	=	Priority Sector Credit Programs
SFDP	=	Small Farmers Development Program
VDC	=	Village Development Committee
WDD	=	Women Development Division
ARCM	=	Asia Resource Centre for Microfinance
CMF	=	Center for Microfinance
NPC	=	National Planning Commission

## **CHAPTER-ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

Nepal one of the least developed countries in the world is ranked 144<sup>th</sup> position as measured in terms of human development index. Nepal being of the world's poorest countries having \$250 per capita. Nepalese women are not also far from the above mentioned realities.

Women play very important role in the economy of the country. Nevertheless, the ideology of male domination, which pervades our lives, is changing only slowly and it is hampering development all sectors. Thirty eight percent of total population of the country is poor, among them proportion of women is higher. Among the total property ownership as house, land and livestock, only 0.8 percent of households reported all these are legally owned by women (Acharya, M. 2003).

Women have played a significant role in human civilization but their role in the context of Nepalese society has been minimized. Under prevailing condition, women have limited or almost no control over property and poor access to institutional credit services and facilities, restricting them in their ability to generate income and improve their socio economic status. This bitter truth is virtually a characteristic of poor Nepal one women in the third world countries.

They are extensively engaged in agricultural activities but hold the triple work responsibility of reproduction, house holding and employment. With the limited educational skills and few formal oppertunities, majority of women in Nepal are primarily involved in self employed activities as a means of

supporting their families. Most of these activities provide them insufficient income to alleviate their poverty. Women lack technical knowledge how, capital and managerial skills and accesses to credit, market and resources to make any significant improvement in their economic condition. Access of women to credit is severely limited due to lack of tangible collateral with them, high transaction costs and misconceptions about women capability as potential burrower, low literacy rate leading to procedural barriers, low profit margin of the activities in which usually involved, limited time available to women due to their involvement in time consuming household activities and ritual performances etc.

Credit has proved to be an important resource for those in self employment including land based forms, self employment but along with other sections of the poor, socially excluded groups have either found difficult to access finance or only been able to access such finance on usurious terms (Kabeer, N. 2006).

The Ninth five year plan (1997-2002) had considered the rural credit to be a key part of poverty reduction. The Tenth plan (2002-2007) also emphasized it for poverty reduction in targeted areas. Thus, micro-credit is expected to accelerate agricultural growth, reduction poverty and yield better status for women. It is argued that credit programmes empower women by strengthening their economic roles, increasing their ability to contribute to the family's income, helping them establishes their identity outside the family and giving them experience and self confidence in public sphere. Patriarchy society in developing countries precludes women's empowerment through provision of credit and under some circumstances, may even worsen their situations. Often women's income is controlled by their man (Bhattarai, B. 2005).

### **1.1.1 An overview of microfinance sector in Nepal**

Since Nepal is an agricultural based nation in which more than 76 percent of the labour force participation is in agriculture, agriculture based programs such as credit cooperatives were initiated as a first step in microfinance in the 1950s with the aim of providing credit to poor villagers for agriculture purposes (Center for microfinance, 2007). Several other organization such as Small Farmer Development Programmes was started under Asian Development Bank/Nepal(ADB/N) in 1975. The Intensive Banking Programme (IBP) was established in the 1981 with an aim of providing loans to all types of work force, and tried to involve commercial banks in micro-credit (center for microfinance, 2007). In 1992, the Grameen Banks model of microfinance was adopted in Nepal. Several other micro-credit organizations were opened later on by the central Bank as well as government of Nepal (center of microfinance, 2007).

### **1.1.2 Current state of microfinance in Nepal**

Many microfinance institutions have been established in Nepal with the mission of providing financial services to the poor. Commercial banks, development banks, Non Governmental Organization Banks and community based financial companies are the four major institutional sources of micro-credit in Nepal. Financing intermediaries like saving and credit cooperatives, saving and credit groups and traditional savings and credit groups are also involves in providing micro-credit to poor (center for microfinance, 2007)

The microfinance sector in Nepal can be divided into three broader heading.

- a) Formal sector: It comprises of 17 commercial banks, 10 development banks, 57 finance companies and 9 rural microfinance banks (ARCM, 2007)

- b) Semiformal sector: It comprises approximately 2300 saving and credit cooperatives societies and 44 financial intermediary NGOs form the semiformal sector.
- c) Informal sector: It comprises of innumerable community based organization and individual or group programmes like dhukuti, traditional group; its formation is popular in ethnic group communities for saving and credit purposes; dharam bhakari, grain associations in with each number provides an equal contribution of grain at harvesting time and can draw from it in time of need; and guthi, similar to dhukuti but the funds are used for communities welfare activities. (ARCM, 2007).

A joint venture of more than 4000 NGOs and 70 International Non Governmental organizations (INGOs) have launched more than 9000 saving and credit companies in total around the country, which add up to millions of dollars of financial assistance from donor countries and institutions. (Rankin, NK, 2001).

### **1.1.3 Cooperative Organization**

Co-operative refers to work together for common benefit. A cooperative organization is such an organization which is established by economically weak person. This organization functions under their mutual cooperation of all the members. Especially cooperative organization is such autonomous organization which is established voluntarily by the group of persons for the fulfillment of the social, economic and cultural expectations with the democratic control and management. If we analyze the history of it, we can find that it is the organization established by economically and socially exploited people from the rich businessman.

At the outset, cooperative organization came into existence after the establishment of consumer's cooperative society named as Rochdale society of equitable pioneers in England by Ribert Owen with the objectives of saving poor people from the economic exploitation to eliminate middle men and to make out the ideal society. After that, such cooperative organizations are established in Germany, Italy France and Japan. To save the farmers from exploitation of money lenders, in 1850 AD, Suji established the first cooperative organization in Germany and Refisen establish loan cooperative into rural areas of Germany to provide loan to the farmers at lower interest. A cooperative Bank was established in 1866 with the active participation of Lujati and a Rural Development Bank was established in 1833 AD with the active participation of Olemberg in Italy. As a result in 1895, International cooperative Alliance was established in England (Sedhai, C. 2009).

We can say that cooperative is the organized activities of similar interest group for their shake with some objectives. Their main objective is to canalize to the number of people in an organization to protect their financial interest. It is not capitalist and social into concept but it is an equitable concept. Entire profit or loss of cooperative organization is distributed among all the members of on the basis of their investment.

#### **1.1.4 Women Cooperative Organization**

For the women empowerment, some of the Governmental Organization and Non Governmental Organization have started the concept of cooperative organization. By which most of the women in village has benefited from this program. In our society firstly the Non governmental organization Participatory District Development Program (PDDP) initiated the program. Most of the women are participating in that program.

The main objectives of such cooperative were to improve the socio economic status of women in Nepal and promote their participation and integration in national development there by contributing towards poverty reduction. The objective was to increase opportunities to poor women in selected urban and rural area (Shrestha, N. 2008).

### **1.1.5 Micro-credit program particularly for women**

Numerous studies and evaluations have demonstrated a rise in incomes and other indicators of standard living from micro credit programs. A large number of these programs have focused on supporting women, who bear the burnt of poverty and have been left out of most poverty reductions programs in the past. In many programs women make up as many as 90 percent of borrowers. Lending to women is also assumed to result in a greater multiplier effect because women pass on the benefits to children, through increased spending on the household, education, nutrition. In many cases, micro credit has contributed to change in attitude about women's contribution and role specifically; micro credit has resulted in increased recognition of women's productive role.

Micro credit programs have increased the mobility and strengthened networks among women who were previously confined to the home. Borrowers build solidarity through their participation in lending circles and village organization. There are also studies that suggest even more far reaching social impact, including decreases in fertility rates, assumed to be linked to increased financial self reliance. The growth and expansion of micro credit programs has been impressive (Maskey, A. 2004).

## **1.2 Statement of the Problem**

Nepalese women who constitute more than half of the total population are under privileged and disadvantaged in terms of their socio economic status if



compared with their male counterparts. They have minimal access to resources, information and services both within and outside the household sphere. This shows the majorities of women in Nepal are suffering from hard work and have almost no need for launching of effective development programmes. Improving the situation of rural poor who form the major part of population should clearly be a prime concern, where in, the most under-privileged classes like women are to be especially targeted, can be an effective way for overall poverty alleviation of the country.

Various programs have been launched for raising the socio economic condition in Nepal. Such as Priority Sector Credit Program (PSCP), Small Farmers Development Program (SFDP), Integrated Rural Development Project (IRDP), Production Credit for Rural Women (PCRW) which are in fact intended to uplift the rural poor. Since 1994 for twelve districts and five urban areas, the government has launched Micro credit Project for Women (MCPW) to increase the substantial potential for the development of the rural poor women.

The women of Gitanagar VDC of Chitwan district are household members only, agriculture farmers and labours. They are laden with greater household responsibility than men. The ownership right over the family properties rests with the son and not with the daughter. In a community with a low income, low saving and low capital formation are found.

Partially considering with this fact in Gitanagar VDC, samuhas are undertaken for women in Gitanagar. Such cooperative provides the micro credit for income generating activities to the poor women in group even without any deposits as such and they could develop their skill in life time.

Such samuhas were made by the initiation of PDDP program in the beginning. Women were actively participated actively in the beginning but later as the

time went by, some loan provided by samuha appeared as bad debts. But also, the problem of such loan defaulters was removed by collective forces of women participation. Most of the women of Gitanagar VDC were participated in any one of the samuha. Some of the women are related with two or more than two samuha also. Nowadays they are being farsighted than previous. Most of the women thought that deposits at present will secure them in future. So that such programs influence them a lot.

In this regard, the volume of loan disbursement, the degree of repayment and the strong as well as sick areas of investment are to be identified. Benefits received by the target population are to be assessed. Beneficiaries, problems, perceptions and desires are to be examined; their prospects and potentials are to be explored.

In short, some research questions can be raised.

- ) What is the situation of credit disbursement and repayment of samuha?
- ) Is the program effective for improving the overall status of women?
- ) What are the problems being faced by the participants?

### **1.3 Objectives of the study**

The major objectives of this study are as follows:-

- To identify the socio-economic status of women at the study area.
- To examine the change in socio-economic condition of the rural women after participating in micro-financing program.

### **1.4 Significance of the study**

The income generating activities would definitely enhance the economic status of women in the family and the society. It provides support and assistant which

enable them to move towards self reliance through gainful employment and the income generating activities and develop confidence to become independent.

Semi formal sources of finance in society are the small size of deposits formed by mutual cooperation among women called “Mahila Samudayic Sanstha” or “Mahila Samuha”. Most of the women are participating in any one of the samuha. In this VDC, while forming samuha, it was very difficult to establish in society because of lack of knowledge of samuha. But nowadays the time being changed, everyone is being attracted by the samuha. It has solved daily problem of women and has furnished them quietly. The development of samuha is related with development of women in society.

The impact of the program on its intended beneficiaries depends on the qualities of its performance, which in turn depends on the integration of all related factors. So through the study on the impact of the project appears vital so that based on its findings attempts could be made to rectify possible defects and strengthen the prospects for success. The findings may also indicate target group members perception, desires, and problems. The knowledge of which could enables officials concerned to formulate the program accordingly. This research has its role in the context of poverty alleviation and improving the status if women of Nepal. So it has theoretical and practical relevance as well.

Although some studies were concerned about MCPW by related agencies like Asian Development Bank (ADB), Women Development Division (WDD) but there is no single detailed about the impact of the small cooperatives institution for women of the particular place in Nepal. So in the hidden philosophy of microfinance, plenty of research paper is available on micro-credit in the foreign context. So this research has its rational for fulfilling the scarcity on the semiformal sources of finance in the women development and related information as well as it gives the information of mechanism of such types of

other institution and it can suggest to the forthcoming researcher about the women development.

As we know that our society is the male dominated society. Most of the women are working at home. It is not thought that women are the sources of income in the households. So there is necessity of income earning program for women and a women organization that would make them organized and self dependent. From the last decades such cooperative are formed continuously it has been working. Now most of the women become literate, efficient for economic progress. This would be the matter for the forthcoming researchers too.

### **1.5 Limitation of the study**

This study has the following limitation.

- ) This research is concentrated in Gitanagar VDC only. This report has been prepared on the basis of research conducted with women who participated in samuha in Gitanagar only and not in Nepal.
- ) The result of the study will be reliable only for a certain time period due to the rapid growth of population variables.
- ) Some of the participants hesitated to flash their actual experience, income, and expenditure thus some data regarding the same may be fallacious.
- ) The study constitutes the women samuha only.
- ) Due to the different condition, recommendation made here may not be applicable for the other areas of country.

### **1.6 Operational definition of the terms “micro credit”**

In this study, micro credit constitutes a circle of borrowing, saving and investing in order to help the poor to climb out of poverty. It is designed to

meet the needs of poor with the very low interest rate and no collateral requirements. The size of loans depending on the borrower's needs and collected money.

For this study, micro-credit is viewed as a woman co-operative in rural areas known as "samuha". They can borrow required amount of loans without any deposits according to their needs and collected amount of money. They are able to run small scale business. The major impact of this samuha is that they have realized their strength. Due to this, they are able to raise voices against anti-social activities. Women are able to contact directly with different stakeholders about their issues and are enabled to run their own group very smoothly.

### **1.7 Organization of the study**

This study is organized with seven chapters. The first chapter is concerned with introduction of the study dealing with the statement of the problem, objectives, significance, limitation of the study, and operational definition of the micro credit. The relevant literatures have been reviewed in second chapter for this study. The third chapter deals with the methodology used in this study. In the fourth chapter, an introduction to the study area is presented. Fifth chapters deal with the social, economic, and demographic characteristics of sample population. The sixth chapter analyses the differential condition of people before and after participating in micro credit programs. The seventh chapter deals about the impact analysis of micro-credit. Finally, the eight chapters provide the main findings, summarizing the study as well as conclusion and recommendation. Some case studies are also illustrated in the appendix for comprehensive information about micro credit for women.

## **CHAPTER-TWO**

### **LITERATURE REVIEW**

Micro-finance refers to small scale financial services primarily credit and saving provided to people who farm or fish or herb; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired or sold; who provide services; who work for wage or commissions; who gain income from renting out small amount of land, vehicles, draft animals or machinery and tools; and to other individuals and groups at local level of developing countries, both rural and urban. Many such households have multiple sources of income (Robinson, M. 2001).

Micro-credit has been emphasized for the upliftment of the status of women. It is recognized that women's participation is invaluable to the development process. Although they are considered important and productive workers, their access to productive resources has remained limited. Several factors are responsible for the degrading status of women i.e. education, health, values, socio economic conditions, their legal status etc, but several efforts have been made to bring women together into the mainstream of development process and these programs have been formulated and executed to improve the status of women. According to this report, in order to enhance women's participation in the economic and social sector, Credit backed by technical knows how and entrepreneurship training has to be extended. Government should ensure programs that support on farm income earning activities which put more income in the hands of women (NPC, 1994).

The population of micro credit for the poor as a part of overall development process of a country has spread worldwide. There is an almost a global consensus on the importance of the micro credit services for the poor. Most

bilateral and multilateral donors are keen on funding the micro-credit projects of both governmental and non governmental organizations. With the popularity of micro-credit having reached global proportions any policy changes regarding credit for the poor inevitably has an impact on any remote micro-credit institution in any developing countries (Wood, Geoffrey D. and Iffath, A. Sharif; 1997).

As the micro credit project for women has been implemented successfully in Nepal. All the components of projects have been made the excellent progress except Rehabilitation of Training Centre under the Local Development Training Academy which has been concealed by the bank following the request from the government, the efforts made to implement MCPW is not only an initiative from which new modals of micro-credit delivery will stem but also a unique opportunity to test new model of cooperation between the government and NGO, it has been observed that more and numbers of beneficiaries are involved in the project activities every year within the project areas and considering the performance and impact of ongoing project activities, there is a strong need to approve the second phase of the project. However the experience and lessons learn during the first phase need to be considered while developing the implementation mechanism for second phase.

PCRW extended as credit facilities especially to rural women supposed to be an initial boost for them involve in income generating activities and subsequently achieve sustained self reliance has not been significant in its overall performances. Yet it is considered as a major breakthrough in the status of poor rural women (WDD, 1994).

## **2.1 Impact on poverty reduction of women**

The impact of micro-credit programmes on poverty is difficult to measure. Targeting credit to poor is one of the many instruments for poverty reduction. Broad based economic growth policies, for work and targeted wage employment schemes are noncredit instruments that also help reducing poverty (Sinha, S; 1998).

There are different views on micro-credit as a powerful development tools regarding its success in developing the lives of poor and sometimes these views are contradictory. However poverty is a global issues; it is the problem that even the wealthiest nation is facing. At government level and also at international level, many strategies are made everyday to control poverty. But now Dr. Younis gave a formula of micro-credit that successfully worked in all over the world (Mushtaq, A; 2008)

Micro-credit programs not only help families move out of poverty and improve their standards of living but also serves as a “bottom-up” tools for socioeconomic development of a nation (Roy, Am; 2003).

On average in Bangladesh, a loan of 100 Taka to a female borrower after it is repaid allows net consumption increases of 18 taka. In terms of poverty impact it is estimated that 5 percent of participant households are pulled above the poverty line annually (Khandkar, 1998).

## **2.2 Impact on empowerment of women**

It is argued that credit programs empower women by strengthening their economic roles increasing their ability to contribute to the family’s income, helping them to establish their identity outside of the family and giving them experience and self confidence in public sphere. For example, Hasheime, etal.



(1996) viewed that the participation in Grameen Bank is positively associated with women's level of empowerment defined as a function of her relative physical mobility, economic security, ability to make various purchases on her own, involvement in major household decisions, relative freedom from domination within the family, political and legal awareness and participation in public protests and political campaigning. The study concluded that involvement in credit program does empower rural women (Sinha, S; 1998).

A study from Bangladesh confirms improvements in women's physical mobility, economic security, ability to make own purchases, freedom from family domination and violence, positive participation as a result of more stable integration into microfinance circuits (Schuler and Hashemi, 1994).

Credit to women has positive effects on schooling of girls, it increases women's asset holding (except land) and is a significant determinant of total household expenditure (Pitt and Khandker, 1995). "Enhance women empowerment, such as increased self confidence and better cooperation with neighbors has also been observed in Thailand (Mk Nelly and watetip, 1993).

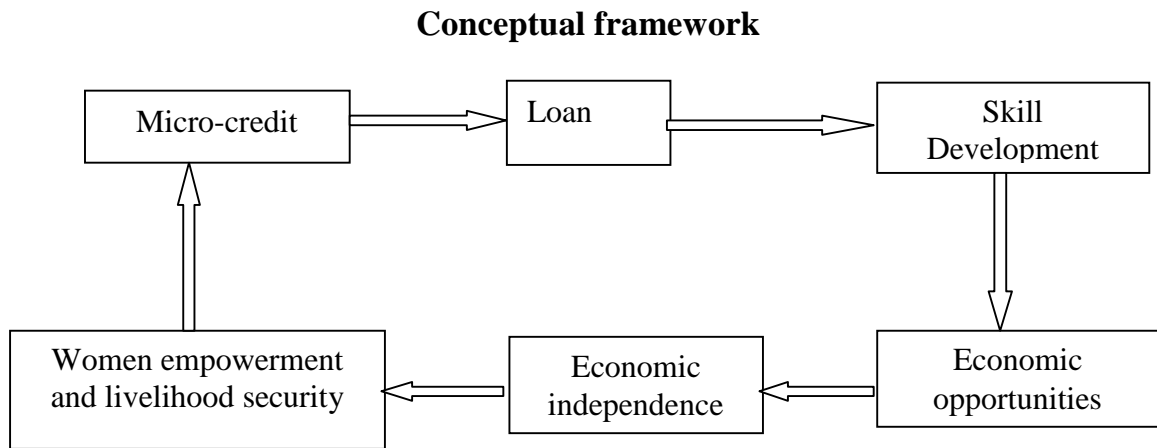
### **2.3 Poor women and credit**

Micro credit programs are expected to raise the welfare of poor especially women. They would help to raise social welfare by promoting human capital investment in childcare and education. However, the micro credit programs cannot be the sole instrument for poverty reduction. Micro credit requires an entrepreneurial skill that few people may have (Khandker, S.R; 1998).

### **2.4 Conceptual Framework**

The conceptual framework of this study is based on the above literature review with established relationship of women with MFIs and the economic

opportunities, income generating activities provided by the MFIs in the empowerment of women. The conceptual framework of this study is explained in the figure as follows.



## **CHAPTER-THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 An Introduction to the Study Area**

Nepal lies in the southern Asia in the world. According to 2001 census, the total population of Nepal is 2,31,51,423. The total male population is 11,56,3921 and total female population is 11,58,7502 and total households number is 45, 53220.

Nepal has divided in five development region. Chitwan district lies in Central Development region of Nepal. There are 36 Village Development Committees and 2 Municipalities. The district covers an area of 2218 sq.km. The total population of this district is 4,72,048 according to census 2001. The male and female ratio as 0.99 and residing the household number is 92863. The district has an annual growth rate of 2.84 percent and population density per sq.km.is 213 (CBS, 2001).

Gitanagar VDC is one of the VDCs of Chitwan district It is situated in the south of headquarter of the Chitwan. It is 12 K.M. far from the head quarter, having the total population of 12,281 with 6,062 male and 6,219 Female according to 2001 census.

Nepalese economy is strongly dependent with the foreign country for seeking employment. These problems also affect to this VDC too. Transportation facilities are available here but the roads are only graveled. Some other infrastructures has to be constructed here which is directly related with its development.

Women are still influenced by old customs and tradition and still engaging in unproductive works. Although they contribute hard labour, they do not have any possession in any economic power.

### **3.2 Research Design**

The present research design of the study is descriptive research. The purpose of the study is to describe the impact of micro credit on empowerment of rural women.

Those people were targeted who have taken micro credit so that the comparison of living standard before and after use of micro credit can be made and hence it can be seen that if there is any improvement in their living standard after using micro credit or not.

### **3.3 Site Selection**

This study is conducted at Gitanagar VDC of Chitwan district. This VDC is selected rationally because micro credit program has been launching since long time and most of the women are involve in micro credit programs.

### **3.4 Universe and Sampling**

The total number of micro credit groups formed till 2009 is 52 groups and the number of individuals is 468. Out of total individual 60 individuals have chosen as sample population for the study purpose. Out of 468 individual of 52 samuha, 60 individuals are taken as a sample population.

### **3.5 Sample Technique**

The list of number of participating individuals in ‘samuha’ of the Gitanagar VDC was provided by community learning center, Gitanagar. From that list,

applying simple random sampling without replacements drew a sample of sixty borrowers.

### **3.6 Nature and sources of data**

In this study two types of data will be used:

**Primary Data:** The major source of data for this study is the primary one, which are collected through household survey with the help of questionnaire, prepared prior to the field visit. Besides questionnaire, observations, key informant and focus group discussion will also be the source of primary data collection.

**Secondary Data:** To make the study more precise, secondary source of data will also be used during the study. Secondary data will be collected from different reports, journals, unpublished dissertations and other relevant literatures.

**3.7 Techniques of Data Collection:** The research is field based. To collect the data, the following techniques are used:

#### **a. The Field Survey:**

To collect the primary data, field survey has conducted using both structured and unstructured data prepared prior to the field visit. Questionnaire had filled at the time of discussion from the respondents.

#### **b. Observations:**

To know the impact of micro credit, the observation method has applied.

#### **c. Focus Group Discussion:**

To know the further more information the focus group discussion had conducted through interviews. Different kinds of questions regarding with

related persons, visitors, and researchers had to know their actual view towards the micro credit system adopted in the VDC.

**d. Key Informant Interview:**

To know the facing problems and their solutions from different aspects, structured interview will be taken with key informants such as related research projects running over there, local clubs etc.

**3.8 Data processing and Analysis**

Data were collected through various techniques from the field. They were analyzed by using descriptive statistical tools as well as quantitative presentation .In formation related to population structure, ethnic distribution, the proportion of credit distribution, education status and income level are presented in tables. Both qualitative and quantitative data were collected during field work. Both types of data were organized and analyzed in different parts and chapters as required by objectives. Simple mathematical and statistical tools percentages, bar graph and pie chart have been used to analyze the data for fulfilling objectives and for better evaluation and interpretation. After analyzing the information, the necessary conclusion and recommendations are made.

Data was analyzed by using computer software SPSS program for convenience.

## CHAPTER-FOUR

### CHARACTERISTICS OF SAMPLE POPULATION

In these chapter social, economic and demographic characteristics of selected women who are involving in MFIs is presented through the help of primary sources of data. This indicators help to compare the socio-economic status of study area and sample population.

#### 4.1 Demographic characteristics of Sample Population

**Table No. 1**

**Percentage Distribution of Demographic Characteristics of Sample Population**

<b>Age group</b>	<b>Number</b>	<b>Percent</b>
25-29	4	6.7
30-34	7	11.7
35-39	18	30.0
40-44	15	25.0
45-49	9	15.0
50+	7	11.6
<b>Family type</b>		
Joint	15	25.0
Nuclear	45	75.0
<b>Marital status</b>		
Currently married	53	88.3
Widow	5	8.3
Separated	2	3.4
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Field Survey, 2009

Demographic characteristics here described as age, family type and marital status in the present study which is demonstrated in table 1.

Table 1 shows that majority of women who are involved in MFIs are of 35-39 age group followed by 40-44. It may be due to their more responsibility over the age 35 in their household activities and decision making sectors then in their younger ages. Similarly, women over age 35 are courageous to take loan either from formal or informal sectors then in their younger age.

Above table also presents that majority of respondents live in nuclear family i.e. 75 percent among the total respondents. Most of the respondents are currently married i.e. 88.3 percent. The number of widow is also remarkable i.e. 8.3 percent.

#### **4.2 Social Characteristics of Sample Population**

In this study social characteristics are described in different categories like, caste/ethnicity, religion, occupation, language, household head and educational status. The following table shows all the characteristics of women.

Table 2 shows that most of the respondents reported Nepali as their language as well as mother tongue which is followed by Tamang and number of Newari language speaker is least in both group.

Head of the household has high respect in Nepalese society. Generally eldest male member of household is regarded as head. Being male dominated society, most of the household has usually reported the male member household regardless of age as a head. In this study also male are head of the household in majority of the household. 81.7 percent woman reported that male is head of the household whereas only 18.3 percent of women reported that female is head of household



**Table No. 2****Percentage Distribution of Social Characteristics of Sample Population**

<b>Caste/Ethnicity</b>	<b>Number</b>	<b>Percent</b>
Brahmin	30	50.0
Chhetri	10	16.7
Newar	1	1.7
Tharu	3	5.0
Damai	5	8.3
Magar	2	3.3
Tamang	9	15.0
<b>Religion</b>		
Hindu	50	83.3
Buddha	7	11.7
Christian	3	5.0
<b>Language</b>		
Nepali	52	86.6
Newari	3	5.4
Tamang	5	8.0
<b>Household head</b>		
Male	49	81.7
Female	11	18.3
<b>Educational status</b>		
Illiterate	0	0
Literate (no schooling)	45	75.0
Primary ( 1-5 class)	10	16.7
Secondary (5-10 class)	5	8.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Field Survey, 2009

Literacy is almost universal among the sample household. Seventy five percent women are literate but no schooling, 16.7 percent women have completed their primary schooling and 8.3 percent have completed secondary education.

### 4.3 Economic Characteristic of Sample Population

**Table No. 3**

**Percentage distribution of economic characteristics of sample population**

<b>Distribution of HH Land use pattern</b>	<b>Number</b>	<b>Percentage</b>
Own land	39	65.0
Other land	5	8.3
Own and given to other	9	15.0
No land	7	11.7
<b>Total amount of income Including all items ( Rs)</b>		
0	3	5.0
Under 5000	20	33.3
5000-1000	13	21.7
10000-15000	11	18.3
15000-20000	8	13.3
20000+	5	8.4
<b>Size of land holding</b>		
No land	12	20.0
Less than 1 Kattha	20	33.3
1-5 Kattha	12	20.0
5-8 kattha	11	18.3
8+	5	8.4
<b>Food Adequacy</b>		
Yes	39	65.0
No	21	35.0
Total	60	100.00

Source: Field Survey, 2009

Sixty five percent of total respondent reported that they have their own land whereas parentage of own having no land is 7.9 percent women have their land to other for cultivation and 5 percent women have others land. Among the total respondents 33.3 percent women reported that total yearly amount of production is less than 5000. It may be due to small amount of land holding for most of the member of samuha. Similary, total year production including all items is more than Rs. 20000 is reported by 8.4 percent of total respondents. Among the total respondent women 8.4 percent women reported that they have more than 8 kattha. Twenty percent women reported that they no land. Most of the respondents i.e.33.3 percent reported that they have less than 1 kattha.

## CHAPTER-FIVE

### DATA ANALYSIS AND PRESENTATION

In this chapter, we analyze the collected data received from questionnaires, observations and informal discussion regarding the objectives. The main objectives of samuha is to provide credit for women to income generating activities. Here data analysis is related with awareness about the samuha, loan amount ,duration of membership, loan repayment, times of loan taken etc.

#### 5.1 Awareness about the samuha

Human being is one of the best creatures. Though they have good sense in many more situations, they are backward. The awareness about the samuha inspired by different sectors are given below.

**Table No. 4**  
**Awareness About the Samuha**

<b>Awareness about the Samuha</b>	<b>Number</b>	<b>Percentage</b>
Family members	5	8.4
Friends	11	18.3
Women development office	30	50.0
Village development office	14	23.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Field Survey: 2009

Research shows that most of the women in Gitanagar VDC were firstly initiated by Women Development Office to form the samuha. As we know that 50 percent of women were come to close in samuha through WDO and 23 percent were organized by Village Development Office.18 percent said, they

are organized by their friends and 8 percent women were closed by their family member.

## 5.2 Reason for Joining samuha

For what purpose did they join in samuha? It is the reasonable questions for transformation of their behaviour. So one of the question was asked and different views were taken and listed in table below.

**Table No. 5**

**Percentage distribution of respondents regarding reasons for joining samuha**

<b>Reasons for Joining samuha</b>	<b>Frequency</b>	<b>Percentage</b>
To generate more income	10	16.7
To be self dependent	43	71.7
To be organized with friends	5	8.3
Others	2	3.3
<b>Total</b>	<b>60</b>	<b>100</b>

Source: Field Survey, 2009

Note: Others; to develop leadership skill, to practice social justice etc.

Out of the 60 individuals, some of the individuals had two or more than two reasons for joining samuha. They were answering boundlessly. So more than one answer were also taken freely.

Most of the individuals wanted to be economically strong and self dependent. 16 percent women wanted to generate more income, 71 percent of women to be self dependents, 8 percent want to give company to their friends and 3 percent of women had other purposes.

### 5.3 Duration of Membership

Most of the members of samuha are being member from 5-8 years. I.e.40 percent and only 3.3 percent women's duration o membership is less than one year.

**Table No. 6**

**Percentage distribution of respondents by duration of membership**

<b>Duration of Membership of Samuha</b>	<b>No of women</b>	<b>Percentage</b>
Less than 1 year	2	3.3
1-5 year	11	18.3
5-8 year	24	40.0
8+ year	23	38.4
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Field Survey, 2009

Most of the members of samuha are being member from 5-8 years. I.e.40 percent and only 3.3 percent women's duration o membership is less than one year.

### 5.4 Loan Amount

Women borrowed different amount of money for different purposes from samuha. The range of money landed for the income generation was 2000-20000 depending upon the activities of the program.

Table shows the scenario of the loan amount and percentage of total borrowers. Out of the 60 borrowers 8.3 percent have taken the loan amount of Rs. 10,000

and 46.6 percent have taken the loan amount of 15,000 and 11.7 percent has taken the loan amount Rs.20, 000.

**Table 7: Percentage distribution of borrowers by the amount of Loan**

<b>Loan amount</b>	<b>Number of borrowers</b>	<b>Percentage of total borrowers</b>
2000	7	11.7
5000	13	21.7
10000	5	8.3
15000	28	46.6
20000	7	11.7
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source; Field survey, 2009

## **5.5 Times of Loan Taken**

**Table No. 8**

**Percentage Distribution of Respondents by Times of Loan Taken**

<b>Times of loan taken</b>	<b>Number</b>	<b>Percentage</b>
No	0	0
One time	4	6.7
Two time	9	15.0
Three time	4	6.7
More than 3 times	43	71.6
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source: Field Survey; 2009

From the above observation we came to know that all individual took the loan at least one time. It seems that each and every individuals benefited by the loan. 71.6 percent of individuals have taken the loan three times, 15 percent have taken the loan two times and 6.7 percent have taken the loan only one time.

And none of the individuals are there who have not taken the loan at least one time.

They said that they have taken their loan for the household work, business, child education etc. So; all the individuals are fond of the loan of samuha than the bank due to easiness of getting and paying back.

### **5.6 Repayment of Loan**

The loan repayment is another crucial aspect of lending activity of any financial institutions. If the loans are not repaid on time, it will not only affect the turnover capacity of financial institutions but also affect on the sustainability of the financial institution and disturb the borrowing and lending environment between the financial institution and the borrowers and among the borrowers themselves.

**Table No. 9**

#### **Percentage Distribution of Respondents Regarding Repayment of Loan**

<b>Repayment of loan</b>	<b>No. of respondents</b>	<b>Percentage</b>
Totally paid	34	56.5
Partially paid	17	28.3
Not paid at all	9	15.3
<b>Total</b>	<b>60</b>	<b>100.0</b>

Source; Field Survey, 2009

Although there is lack of accurate data of repayment of loan, among the sample households it is found that 56.7 percent has partially paid and 15 percent has not paid at all.



## **CHAPTER-SIX**

### **IMPACT ANALYSIS OF MICRO CREDIT**

Here impact of micro credit is made from comparative study of situation of women before Joining Samuha and after joining samuha and their qualitative changes. Priority is given to the poverty reduction, improved living standard, their independence which supports for their empowerment.

#### **6.1 Impact on poverty reduction of women**

Micro credit scheme is being one of the major instrument to reduce poverty in the society and poverty reduction is major prerequisite for measuring empowerment. Though it is not possible for the researcher to measure how micro credit programme of Gitanagar VDC is uplifting women's economic status , it is fact that samuha has played an important role to reduce poverty of women which becomes clear after analyzing data obtained from sample respondents before joining and after joining samuha.

##### **6.1.1 Monthly Income of Women Before and After Joining Samuha.**

In this study, income denotes the earning of the member of Samuha through any income generating activities. The income may be form of money articles as food grains and other physical products. To Know the changes in income before and after joining samuha, personal questionnaire has been used.

**Table No. 10**

**Differential monthly income of women before and after joining samuha.**

Income Range	Before Joining samuha		After Joining Samuha	
	Number	Percentage	Number	Percentage
500 -1000	20	33.3	1	1.7
1000 -1500	16	26.7	2	3.3
1500 -2000	8	13.3	7	11.7
2000 -2500	7	11.7	8	13.3
2500 -3000	5	8.3	6	10.0
3000 -3500	4	6.7	6	10.0
35000 -4000	-		9	15.0
4000 -4500	-		8	13.3
4500 -5000	-		6	10.0
5000 -5500	-		3	5.0
Above 6000	-		4	6.7

Source; Field Survey, 2009

Above Table shows that income effect before and after joining samuha, in the study area. The income effect is positively changed after joining in Samuha. Before joining Samuha, there were 60 percent of total sample respondent having income below Rs. 1500 per month. Where as, it has declined to 5 percent after joining Samuha. Likewise, before joining Samuha, there was no any member having income of 3500 or above. Where as, it has reached 30 percent after joining Samuha. This fact has proved that the members associating with Samuha have significantly increased their income after implementation of micro-credit program.

### 6.1.2 Income Sufficient to Maintain Daily Expenses before Joining and after Joining Samuha

**Table No. 11**

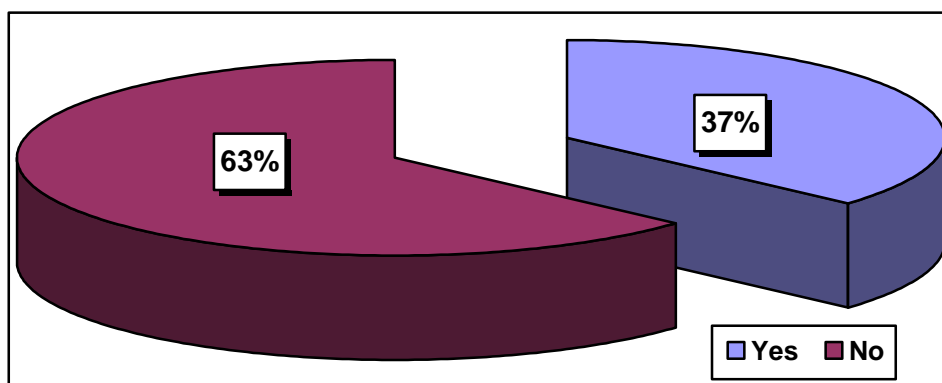
**Percentage distribution of respondents regarding sufficiency of income to maintain daily expenses before joining and after Joining samuha**

Income Sufficient to Maintain Daily expenses	Before Joining samuha		After Joining samuha	
	Number	Percentage	Number	Percentage
Yes	22	36.7	45	75.0
No	38	63.3	15	25.0
<b>Total</b>	<b>60</b>	<b>100</b>	<b>60</b>	<b>100</b>

Source: Field Survey, 2009

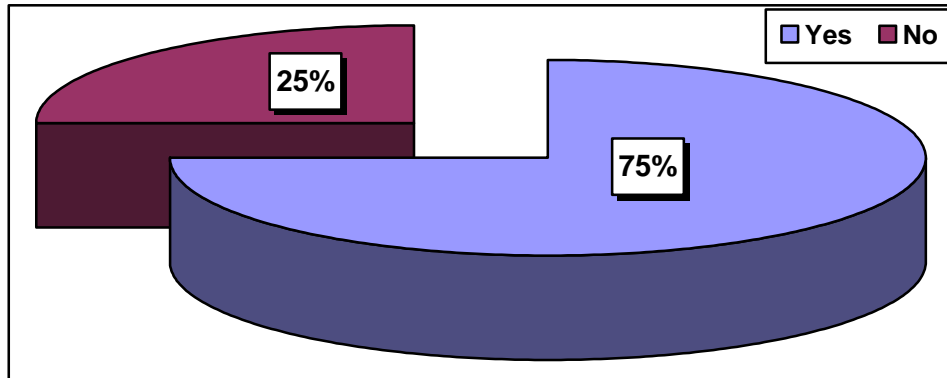
**Figure No. 1**

**Income Sufficient to Maintain Daily expenses of Women (Before Joining Samuha)**



Source: Table No. 11

**Figure No. 2**  
**Income Sufficient to Maintain Daily expenses of Women**  
**(After Joining Samuha)**



Source: Table No. 11

Out of total sample respondents nearly 75 percent reported their last month income was sufficient to maintain daily expenses for their households where as only 36 percent women reported their last year income was sufficient to Maintain daily expenses before involving in Samuha.

Though, it can not be exactly said that loan of MFIs is important for the sufficiency of daily expenses for their Family members. There may be other reasons behind it. e.g., husband's job and other sources of income. But in this study, there is positive impact of micro-credit for the sufficiency of daily expenses.

### 6.1.3 Annual Amount of Saving of Respondents before and after Joining Samuha

**Table No. 12**  
**Percentage Distribution of Annual amount of saving of Respondents**  
**before and after Joining Samuha**

Annual amount of saving	Before joining samuha		After joining samuha	
	Number	Percentage	Number	Percentage
0	45	75.0	0.0	0.0
Under 5000	9	15.0	12	20.0
5000 -8000	6	10.0	19	31.7
8000 – 12000	-	-	25	41.7
12000-15000	-	-	4	6.6
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>

Source; Field Survey, 2009

From the table, it is clearly reflected that average income is better after being member of Samuha. 41.7% amount has average annual saving of Rs.8,000 – 12000 after joining Samuha where as there was no any women having annual saving of Rs.8,000 – 12,000 before joining Samuha.

Small amount of saving is compulsory for the member of Samuha either weekly or monthly. Similarly, when any member takes loan she has to save 25 percent of total amount of loan yearly. Thus, the saving habit of member of Samuha has been better than before joining Samuha.

### 6.1.4 Occupational Change among the Member Samuha

In the Study area, Women are involved in different income generating activities such as agriculture, laboring, tailoring, trade, tailoring etc.

**Table No. 13****Occupational change of respondents before and after joining samuha**

Occupation	Before joining sanuha		After joining samuha	
	Number	Percentage	Number	Percentage
Agriculture	25	41.6	15	25.0
Raising milk	4	6.7	8	13.3
Wage labor	15	25.0	7	11.7
Tailoring	4	6.7	5	8.4
Hotel	3	5.0	2	3.3
Retail	4	6.7	8	13.3
Degery	-	5.0	4	6.7
Job	-	6.7	2	3.3
Cottage industries	-		1	1.7
Poultry farming	-		6	10.0
others	5	8.3	2	3.3
<b>Total</b>	<b>60</b>	<b>1000</b>	<b>60</b>	<b>100</b>

Source, Field Survey, 2009

Table shows that member of Samuha were involved in different occupation before joining in Samuha Such as agriculture, raising milk, wage labour, tailoring, Retail business etc. Out of total respondents 41.6 percent in agriculture, 25 percent in wage labor and others in different work. Where as, after joining Samuha, out of the total respondents 13.3 percent have started raising milk, 13.3 percent have started retail business, 10 percent started poultry faming, 3.3 percent involved in job in the project conducted by Samuha, Women involved in agriculture has decreased than before and reached to only 25 percent. Similarly, borrowers having different skill and view

point have started different occupation according to their own desire and entrepreneurship talent.

## **6.2 Living Standard:**

Living standard of the borrower of samuha is analysed in terms of consumption pattern, clothing pattern, sheltering, health and sanitation situation.

### **6.2.1 Health and sanitation situation**

Access of communication media like radio, television, daily newspaper, telephone is important in the present global context for all people. Further to improve the health and educational status of people these things are necessary. Similarly, for the empowerment of women in most of the developing countries access to communication media is compulsory.

House is the basic need of human being. The type of house and housing condition are influenced by local environment and the level of development. The term housing means the household or family accommodation indwelling units, its structure type and facilities such as drinking water, cooking fuel, toilet etc.

Thus, in this unit comparative study among the number of samuha before joining and after joining in Samuha is done. On the basis of their access to toilet facility, fuel for cooking, access to communication media, sources of drinking water and knowledge and current use of family planning.

**Table No. 14****Differential Health and Sanitation Situation of Sample Respondents before and after Involving in Samuha.**

<b>Type of Fuels for Cooking</b>	<b>Before joining samuha</b>		<b>After joining samuha</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
Firewood	48	80.0	35	58.3
Kerosene	9	15.0	7	11.7
Bio-gas	1	1.7	13	21.7
Others	2	3.3	5	8.3
<b>Type of toilet</b>				
Local toilet	45	75.0	39	65.0
Flush toilet	10	16.7	20	33.3
No toilet	5	8.7	1	1.7
<b>Items of Communication Media</b>				
Radio only	49	81.7	35	58.3
TV and Radio only	10	16.7	20	33.3
TV, Radio and daily newspaper	0	0	3	5.0
Others	1	1.7	2	3.4
<b>Source of Drinking Water</b>				
Own tap	18	30.0	30	50.0
Local tap	20	33.3	10	16.7
Own well	20	33.3	20	33.3
From river	2	3.4	0	0
<b>Current use of Family Planning</b>				
Yes	20	33.3	50	83.4
No	40	66.7	10	16.6
<b>Knowledge at Family Planning</b>				
Yes	60	100	60	100
No	0	-	0	-
<b>Total</b>	<b>60</b>	<b>100</b>	<b>60</b>	<b>100</b>

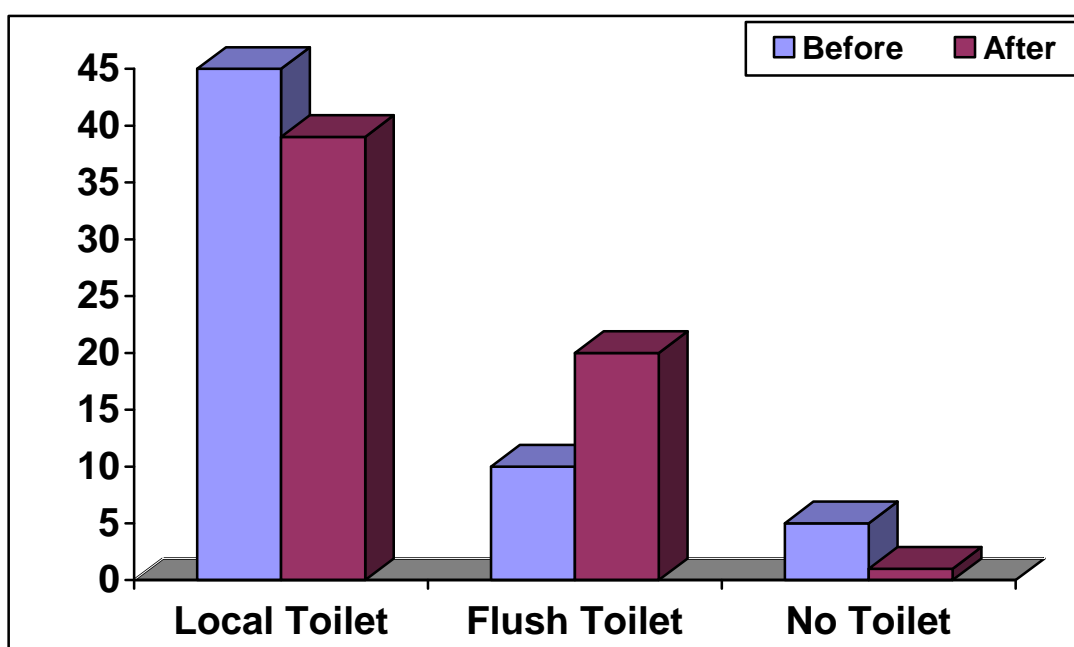
Source: Field Survey, 2009



Wood is the major source of cooking in Nepal. Nearly two in three house holds depends on firewood for cooking purpose. The Second Common Source of Cooking fuel is Kerosene (CBS, 2001).

Forty Eight percent of total respondent reported they had used fire for their cooking purpose, which decreases after joining in Samuha. Number of women using biogas increases after joining in samuha i.e.13 percent.

**Figure No. 3**  
**Toilet facility of member of Samuha**



Source: Table No. 14

In this study, two types of toilet have been given focused namely local and flush. Local toilet is defined as those simple toilets made with least cost without only help of professional and generally made by household members themselves where is not need of pouring water to clear the toilet. Second type of toilet i.e. flush is defined as pan system toilet i.e. flush is defined as pan system toilet where is the need of pouring water to clean the pan of toilet including those entire toilets where automatic flush system is available.

Toilet facility is Major component of sanitation. Thus, in this study, question about access of toilet facility and its type is asked which the researcher thinks it would help to find out the impact of micro-credit on the health and sanitation behavior of women from the comparative study.

In Nepal access to toilet facility is to some extent better. At national level toilet facility is available in 33 percent of house holds (CBS 2001).

The table 14 shows that toilet facility was not access to 5 percent of women's household before joining samuha. Similarly, more then 39 percent of women reported that they are using local toilet which situation of toilet facility seems better among the respondents after joining in Samuha. The comparative study on the basis of toilet facility shows that positive relationship between access to toilet facility and membership of MFIs.

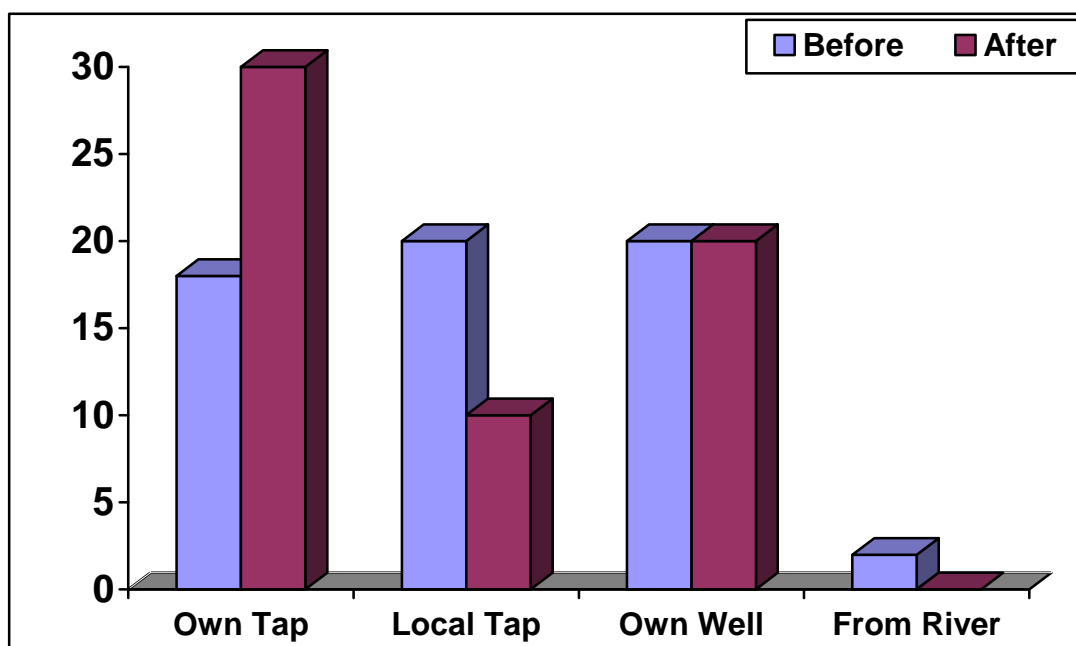
A nowadays radio is being easily accessible for the most of the people even in developing countries. In Nepal, more than half of the households has radio facility where as TV is limited to less that one fourth of the households (CBS, 2003). So, The researcher also focus the question of access to Communication media for the comparative study of status of women thinking that access to credit help people to have radio and other communication media.

The table14 presents that there is positive relationship between the participants of Samuha and access to communication media though, there may be other different reasons behind it, not only access to small scale of credit. Table shows 58 percent of participants of Samuha reported that they have only access to radio facility after joining Samuha. More than 33 percent reported they have access to radio and TV facility. Further this percent is very smaller before joining Samuh.Many participants of Samuha are involved in business and trade like Groserly shop and tea stall. Thus for the service of clients, newspaper is

necessary to some extent. As a result, 5 percent of women reported that they have also access to newspaper.

**Figure No. 4**

**Sources of Drinking water used by participants of Samuha**



Source: Table No. 14

Table 14 also reflects that piped water is major source of drinking water. In this study piped water is classified into two classes namely; own tap and public tap. Before joining samuha, only 30 percent of women had reported that they had used own tap while this percentage has increased and reached to 50 percent after joining Samuha. Similarly, river water is not in use after joining samuha.

Knowledge of family planning is universal in Nepal among the currently married women of reproductive ages (CBS, 2001). The above table also shows knowledge of family planning is universal i.e. 100 percent. But in case of current use, more number of women, i.e 83.4 percent women are using contraceptive after joining Samuha while only 33 percent had used before joining.

Above table presents the positive impact of micro credit in family planning.

### 6.2.2 Consumption Pattern

Before joining Samuha, most of the people had traditional food. After joining samuha, they were aware of nutritious food. So, they add milk, meat, egg in their consumption pattern. This fact is shown by the table.

**Table No. 15**  
**Consumption Pattern**

<b>Fooding</b>	<b>No. of Members</b>	
	<b>Before Joining</b>	<b>After Joining</b>
Traditional food like rice, bread, pulse and vegetable	51	24
Non traditional fooding (adding milk, egg, meat in the traditional food)	9	36
<b>Total</b>	<b>60</b>	<b>60</b>

Source: Field Survey, 2009

The table shows that Consumption pattern has changed after joining samuha. Before joining 51 people had the traditional food and only 9 People had non-traditional food but after joining samuha, this number is increased to 36 from 9 people. So it shows that living standard has increased after joining samuha.

### 6.2.3. Clothing Pattern

Previously, most of the borrowers used to wear dirty, rough and cheap quality clothes. But after joining Samuha, the rural poor women used to wear clean and expensive clothes. After receiving microfinance services from samuha, they can able to earn more than previous, by involving different income generating activities. Similarly, samuha provide various types of education for the women.

So they realized that used to wear dirty clothes were harmful for their health and social status. So, they have been found to use clean clothes after borrowing loan from samuha It proves that has been significant improve in their clothing and their health. Following table prove that facts.

Table shows that clothing pattern has changed after joining samuha. Before joining, 42 women had worn dirty traditional clothes and only 18 women had worn clean and expensive clothes, but after joining samuha the number of person wearing dirty and traditional clothes is decrease in 12 and wearing clean and expensive clothes is 48.

From the above analysis we can said that there exist positive changes in living standard of the women after joining Samuha.

**Table No. 16**  
**Clothing Pattern**

<b>Cloth Description</b>	<b>No. of Members</b>	
	<b>Before Joining</b>	<b>After Joining</b>
Dirty traditional cloth of cotton, telicotton and cheep clothes	42	12
Clean clothes and expensive quality	18	48
<b>Total</b>	<b>60</b>	<b>60</b>

Source: Field Survey, 2009

### **6.3 Benefit after Joining MFIs.**

In this unit only the situation of women who are members of MFIS are selected to present, benefit after joining MFIs are analyzed.

The main objectives of establishing MFIs is poverty reduction i.e to bring out the poor prepare from their absolute poverty. With this major objective micro-

credit program has various economic as well as other non economic benefit also like health, sanitation, education and knowledge of family planning.

**Table No. 17**  
**Benefit after joining MFIs**

<b>Economic Benefit from MFI</b>	<b>No. of Women</b>
Easy to take loan	37
Curtail unproductive expenses	10
Develop Saving habit	10
Others	2
<b>Non-Economic Benefit from MFI</b>	<b>No. of Women</b>
Social awareness	42
Lowered social evils	9
Health and sanitation	9
<b>Total</b>	<b>60</b>

Source, Field Survey, 2009

Among the total respondents women reported that one of the major advantage is easy to take loan which is followed by 10 women who reported curtail unproductive expenses as the economic benefit after joining MFIs Only 2 Women reported saving mobilization and 1 woman reported other benefits of MFIs.

42 women reported social awareness as the non- economic benefit after joining MEIs, followed by 9 women who reported lowered social evils and the same number reported knowledge of health and sanitation. Most of the widow or separated women reported lowered social evils as the major advantage after joining MFIs. It may be due to their group strength. The group guarantees basis of loan disbursement without deposit of collateral makes the women of group members more helpful and cooperative to each other. In Nepalese society and

culture the widow and separated women are neglected and generally accused of witch and other social evils. So, they feel safe from such kinds of accusation of social evils after joining MFIs, which is one of the major non-economic and positive impacts of micro- credit for the empowerment of poor, helpless women.

#### **6.4 Measuring Empowerment of Women Through Micro-Credit.**

Various Changes on women's status and attitude have been observed after their participation in the programmes. The description of empowerment in this case is seen through micro-credit programme's contribution to the women's decision making power, economic independence, increase in mobility, Change in Social, political and psychological situation which were observed from their position in the household and confidence in Community. It was done from the observation whether the women could make the household decisions on their own or do so in consultation with their husband.

##### **I. Economic Independence**

Women who are involved in micro-credit program regarded their ability to earn and be independent as a source of empowerment compared to those who are not involved. Women were not dealing directly with cash and had little decision making power before joining where as after joining samuha, women are highly involved in decision making activities either it is related to cash or other household concerns. Their new income generating activities had made more active, confident and enthusiastic.

##### **II. Increased in mobility**

One of the indicators to measure the empowerment of women is their increased ability for mobility. Women's confinement to households had made them limited to their thinking and had limited their social interactions AS the women of MFIs came out from the household for group meetings and started new income generating activities, their social contacts had extended, had become more knowledgeable about the

external world, were able to speak in public and also know to deal with different people. But such opportunities were rare before joining samuha.

### **III. Women's Group Work as a Source of Empowerment**

One of the indicators to measure the empowerment of women was their participation in community and group activities. According to the respondent women, their joint effort had made them economically strong. Due to their group work, they become able to take loans and do their individual business and hence generate more income. After being member of one samuha they form different community saving groups with different names. Group work provides them a chance to share their ideas and techniques; through group work they got physical and mental support which in return provided them more confidence than before.

### **IV. Change in social situation**

It is already reflected that economic status of women of member of samuha has comparatively improved. So it is obvious that on the basis of economic status, social prestige or respect depend. Most of respondents reported that micro credit programme had broadened their external world, where as before joining samuha they were confined within the household activities. The participant of micro credit programmes revealed that their social relationships and level of contact had extended and so they became able to understand the world better and the training and other activities had made them able to fight against the traditional values. This case had highly impact towards the widows and separated than the currently married women. Besides when they had their own income, they felt proud, confident and prestigious in the society. During the household observation, almost all of them seem quite, open glad and enthusiastic. They seemed ready to face any kind of challenges that came along in their way. On the other hand, before joining samuha they had never got chance for group meeting and there is no opportunities either for idea sharing or group discussions between other women.



## CHAPTER-SEVEN

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 7.1 Summary

The majorities of women in Nepal are illiterate and engaged in agriculture and agricultural activities for their livelihood. The status of women is very low to that of male. So the improvement of women status is vital issues.

Women are important sources of energy for the development and their groups can be an effective channel funds aimed at meeting the needs of the poorest people in rural areas of third world. Their potential can be realized if they integrated into the whole spectrum of development programs, rather than relegated to the marginal sector currently reserved for man.

In recent years there has been a growing realization in many nations regarding the importance of women's participation in the development process and the need for their advancement. As a consequences numerous national as well as international organization has been established which carry out program varied in native and target at enabling women to become aware of their situation and their potential to gain relative economic independence together with a better position in their household as well as society. Provision of credit is aptly regarded as one of the potentiality strongest forces to propel action towards achieving this goal. Micro finance, since its evolution has been proved as an effective tool to strengthen various programs to poverty alleviation and itself as a way to attract poverty.

In the rural area of Nepal, women are facing different types of economic and social problems. The efforts of the government and international organization

to solve these problems and encourage women to participate in the development activities of the nation, have let to effectively mobilize their participation of human resources for development. This study shows that this program to solve this problem as an instrument to the women's development.

Realizing this fact, 'Samuha' are undertaken in most of the rural areas of Nepal and this study is carried out to analyze the comparative study of status of women before joining and after joining samuha. Confidence building, taking leadership, social awareness are some of the major indicators of empowerment.

To study the empowerment of women through micro credit, this research is conducted in Gitanagar VDC of Chitwan district during the month of January to March 2009. A sample of 60 households was taken for study who were participants of samuha.

The factor contributing to the success of samuha lie in its integrated approach to women's development and the emphasis placed upon mobilizing women to top their existing skills and knowledge to motivate them to improve their lives.

Income alone does not raise the status of women. The problem must tackled both socially and economically by raising the awareness of women and all community members.

Under this program Gitanagar VDC's are being benefited .it has served women from a wide varieties of ethnic groups including Brahmins, Chhetri, Newar, Tamang, Kami and others.

## **7.2 Conclusion**

Conclusions of study are given below.

- Most of the women came to know about the samuha from women development office as well as village development office.

- Women are wanted to be self dependent through samuha and economically they wanted to be sound.
- Monthly income is increase after joining samuha.
- Saving habits has been improved after joining samuha.
- Most of the borrowed reported that their ability to run any kind of business has been improved after joining samuha.
- Occupation has changes i.e. from agriculture to non agriculture activities among the borrowed.
- Due to the strength of group formation, most of the women especially widows are feeling proud for not being accused of various social evils.
- Only 22 percent reported that last year's income is sufficient to maintain daily expenses before joining samuha whereas this percentage has increased and reached to 75 percent after joining samuha.
- There was great change in their perspective, attitude, authority, prestige, knowledge, ability and social relationship and so the programme had also helped them to fight against the drudary and social evils in the society. it has provided them an opportunity to identify their power, think differently about their situation, hold their duties and carry their responsibility very well.
- However all the women had not progressed at the same level. Widow from nuclear family much empowered compared to the women from extended families. Likewise the poorest of the poor women had gain more then the so called poor women and the women from lower middle poor women and the women from the lower middle class. The existing domination in these families had limited their progress than the others.

- The research shows that the income alone does not raise the status of women. The problem must be tackled both socially and economically, by raising the awareness of women and that of the community members. This will then bring about change in the attitude of the community people and make them equal partner in development.

### **7.3 Recommendation**

Analyzing and verifying the information obtained from the primary and secondary sources the following recommendation may be applicable to make the program more effective and target oriented.

- Institutional development training helps people more aware about the program and make familiar to further problems. Some client during the survey said that they need refresher training. So much training should time to time.
- Right leader can give right direction of development and to move a large number of groups in a way of success. It should be lead by a group of federation. If groups federation is established they can bargain and can give pressure to the related agencies. So, selecting the delegate from each group should make a valid federation.
- After conducting the programme higher level personnel of MFI should regularly evaluate and monitor the activities of women whether credit is changing their lifestyle or not.
- To empower as well as reducing poverty MFI should not be limited within more facilitated area of Terai and valley but in other hill and mountain areas identifying the poverty areas where informal credit sectors are dominating.

- There is fixed amount of credit ceiling, where is insufficient compare to the willingness of members to start new enterprises. So looking at the interest and feasibility the ceiling should be increased.
- Women cooperative society should be made for further empowering the women.
- Samuha should be legalized.
- Loan must be flowing on other sectors than cattle farming and agriculture for the further empowering and development.
- It has been observed that samuha only provided training on certain field. These training were in health, nutrition and women right. It is recommended to find out what the participants more interested in and what they are good at. This will improve the participants more interest in that field and would decrease the risk factors on the success.

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## QUESTIONNAIRE

### 1. General Information

- a) Name of the respondent    b) Age  
c) Sex                                    d) ward No  
e) Occupation                        f) cast and ethnic group  
g) Religion                              h) Language  
i) Family type                         j) marital status

### 2. Educational level

3.    a) Name of the household head    b) Age  
      c) Marital status                      d) Educational level

### 4. Information about the household member:

S.N.	Relation of respondent	Sex	Age	Education/Literacy	Occupation

**Total male:**

**Total female:**

**Total:**

### 5. What was your main occupation ?

Before joining samuha                      After joining samuha

### 6. Average monthly income (in Rs.)

Before joining samuha                      After joining samuha :

### 7. Is income sufficient to maintain daily expenses ?

Yes    No

### 8. What is the annual amount of saving?

### 9. What are the sources of income?

Before samuha                                      After samuha

**10. How did you know about the samuha?**

- I. Family Members
- II. Friends
- III. Women Development Office
- IV. Village Development Office

**11. What is the duration of membership of samuha?**

- I. Less than one year
- II. 1-5 years
- III. 5-8 years
- IV. More than 5 years

**12. Why did you join samuha?**

- i) To earn money
- ii) To give company to the friends
- iii) To become self-dependent
- iv) Others (specify)

**13. Have you taken loan from samuha?**

Yes                      No

**14. What was the amount of taking loan?**

**15. How many times did you take the loan?**

Not taken                      One time                      Two times  
Three time                      More than three times

**16. Did you pay the loan?**

Paid  
Partially paid  
Not paid at all

**17. If not what was the problem for paying loan?**

Intentionally

Household problem

Others (specify)

**18. Are you benefited from loan?**

Yes

No

do not know

**19. What types of fuels does your family usually use for cooking ?**

a) Firewood

b) Kerosene

c) Bio- gas

d) Others

**20. What types of toilet does your family member use?**

a) Local toilet

b) Flush toilet

c) No toilet

**21. Items of communication:**

a) Radio

b) Television

c) Daily newspapers

d) Others

**22. What sources of drinking water is being used by your family ?**

a) From own tap

b) Local tap

c) Own well

d) from river

**23. Knowledge of family planning**

Yes

No

**24. Either you or your husband has used any method of family planning currently?**

Yes

No

**25. Mention your consumption pattern, Is it changed after joining the samuha?**

If yes, mention please

Before the program

After the program

**26. What was your clothing pattern? Is it change after joining samuha?**

Yes

No

If yes, then mention

Before the program:

After the program:

**27. What type of benefit do you get after joining samuha ?**

a) Economic benefit

i) Saving mobilization      ii) Easy to take loan

iii) Curtail unproductive expenses      iv) Develop saving habit

b) Non- economic benefit

i) Develop social concept      ii) social awareness

iii) Lowered social evils      iv) Health and sanitation      v) Others

**28. Do you think poverty has been reduced by joining samuha ?**

Yes

No

Do not know

**29. What kinds of change have you felt in the following subject?**

1) Your family perception

2) Education

3) Health

4) Living standard

5) Any other (specify)

**30. Except income generating activities, what type of other activities do you perform?**

i) Community development activities

ii) Literacy classes

iii) Training

iv) Others (specify)

**31. How do you spend your income?**

i) Independently ownself

ii) Depending on others

**32. Please mention the decision making**

i) Inside the household

ii) Out side the household

**33. Do you think that, now you can live alone, if you haven't any support?**

Yes

No

If yes justify please

**34. Do you thinking of society towards you has changed after joining samuha ?**

Yes

No

Don't know

**35. Any suggestion for betterment of Samuha.**