

CHAPTER 1

INTRODUCTION

1.1 Background

The status of women in Nepal has varied throughout history. In the early 1990s, like in any other Asian country, women in Nepal were generally subordinate to men in virtually every aspect of life. Nepal, like most societies in the present world, was a rigidly patriarchal society. Women's relative status, however, varied from one community to another. Nepal being a predominantly agricultural society, the senior female member played a commanding role within the family by controlling resources, making crucial planting and harvesting decisions, and determining the expenses and budget allocations. Yet women's lives remained centered on their traditional roles —taking care of most household chores, fetching water and animal fodder, and doing farm work. Their standing in society was mostly contingent on their husbands' and parents' social and economic positions. They had limited access to markets, productive services, education, health care, and local government. Malnutrition and poverty hit women hardest. Women usually worked harder and longer than men. By contrast, women from high-class families had maids to take care of most household chores and other menial work and thus worked far less than men or women in lower socioeconomic groups. But economic prosperity alone, decision making was left to the men in the family.(<https://en.wikipedia.org/wiki/Microcredit#History>).

The economic contribution of women was substantial, but largely unnoticed because their traditional role was taken for granted. When employed, their wages normally were 25 percent less than those paid to men. In most rural areas, their employment outside the household generally was limited to planting, weeding, and harvesting. In urban areas, those migrating from rural areas or with a lower economic status were employed in domestic and traditional jobs, as well as in the government sector, mostly in low-level positions. One tangible measure of women's status was their educational attainment. Although the constitution offers women equal educational opportunities, many social, economic, and cultural factors contributed to lower enrollment and higher dropout rates for girls. Illiteracy imposed the greatest hindrance to enhancing equal opportunity and status for women. They were caught in a vicious circle imposed by the patriarchal society. Their lower status hindered their education, and the lack

of education, in turn, constricted their status and position. Although the female literacy rate has improved noticeably over the years, the level in the early 1990s fell far short of the male level.

Microcredit is the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment and a verifiable credit history. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower women and uplift entire communities by extension. In many communities, women lack the highly stable employment histories that traditional lenders tend to require. Many are illiterate, and therefore unable to complete paperwork required to get conventional loans. As of 2009 an estimated 74 million men and women held microloans that totaled US\$38 billion. Grameen Bank reports that repayment success rates are between 95 and 98 percent. Microcredit is part of microfinance, which provides a wider range of financial services, especially savings accounts, to the poor. Modern microcredit is generally considered to have originated with the Grameen Bank founded in Bangladesh in 1983. Many traditional banks subsequently introduced microcredit despite initial misgivings. The United Nations declared 2005 the International Year of Microcredit. As of 2012, microcredit is widely used in developing countries and is presented as having "enormous potential as a tool for poverty alleviation"(Encyclopedia,2014).

Nepalese women who constitute half of the population of the country have always been involved in national development, although deprived of control over economic resources as property income and employment as well as other recourses. Nepalese women are underprivileged and disadvantaged in terms of their socio-economic status as compare to their male counterparts. Microfinance is a very powerful tool that can be used effectively to address poverty, empower the socially marginalized poor and strengthen the social fabric. Especially when directed at women, the benefits of microfinance multiply many folds. Through microfinance, it is believes that, it can enhance human as well as financial capital. Viewed in this perspective, the study has been devoted to the role of micro finance to uplift the socio-economic condition of rural poor women.

Co-operatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities.

Over the years, co-operative enterprises have successfully operated locally owned people-centered businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid change and increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that co-operatives offer. The co-operative sector, especially in developing countries also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (Bhattarai, 2005).

1.2 Statement of the Problem

Women of Nepal are suffering more than men due to complex social, cultural, traditional, geographical and economic characteristic. They lack access to health, education and economic resources. Nepalese women are underprivileged and disadvantaged in terms of their socio-economic status in comparison to their male counterparts.

Nepal is one of the poorest country in the world and the poorest in the South Asia region. Its poverty reduction rate is low. The main reasons for this low poverty reduction rate are: (i) low per capital income, (ii) concentrated urban growth, and (iii) high population growth rate. Out of a population of 23 million, 38% are in below the poverty line. Most of the poor people live in rural areas and have little opportunity. Micro-finance could help poor people who have no collateral, but a willingness to work and a desire to do some business activities from which he/she will acquire employment as well as income. Although many programmes have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as a poor targeted and rural based (cmf@mos.com.np).

Women's have to share with so-called higher caste directly or indirectly because the traditional occupations are not sufficient to fulfill their livelihood. Communities have been

affected by the development activities and they are compelled to change their socio-economic activities.

The present study was made to seek the solution of these questions:

1. What is the present socio-economic status of women ?
2. What are the existing problems among them in Micro Credit and change process?
3. What are the changes in socio-economic status of women from micro-credit program?

1.3 Objectives of the Study

The general objective of this study is to investigate and examine the various socio-economic changes in women after Micro-Credit Program.

The specific objectives of this study are:

1. To examine the change in socio-economic status of women at the study area after the micro-credit program.
2. To examine social changes and empowerment of women in the selected VDC through the micro-credit program.
3. To find out the problems of Women?

1.4 Significance of the Study

The socio-economic situation of the population in general and women in particular, is quite grim. The plans, programs and projects made in Kailali with the help of donors, usually flow like ripples the surface and leave these hard-core poor, who lie like bed rocks at the bottom completely untouched. There are good reasons to target women. Gender equality turns out to be good for everybody. The World Bank reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living. Women are poorer and more disadvantaged than men.

Women who are not only better off economically as a result of access to financial services, but they are empowered as well. Simply getting cash into the hands of women (by way of working capital) can lead to increased self-esteem, control and empowerment by helping them achieve greater economic independence and security, which in turn gives them the chance to contribute financially to their households and communities.

The study is important in Nepal because the government has initiated micro credit programs through the government agencies and non-government agencies. Microfinance is now a proven strategy for reaching poor women.

Thus through this study, the impact of the programs has been assessed and attempts made to rectify possible defects and strengthen these programs. The findings may also reveal target group members' perceptions, desires and problems, the knowledge of which could enable officials concerned to modify the program activities accordingly.

1.5 Limitations of the Study

No study can be free from its own limitations. So, the present study has also some limitations. This study is simply presented to fulfill a partial requirement of M.A. degree in Rural Development. So it is not a comprehensive study and is focused to analyze certain aspects of micro-credit.

Some limitations can be enlisted below:

-) This study is specific in socio-economic studies. The conclusion might not be generalized for the whole.
-) The study is fully based on the student's financial resources and it is to be conducted and submitted with a time constraint. Further, the study is not a final study on the subject as it is a study prepared in the partial fulfillment of requirement for Master degree thesis.
-) Simple statistical and financial tools are used in this study.

) This study completely based on and limited to the beneficiaries groups and credit institutions formed and operating within the territory of Darakh VDC, Kailali.

1.6 Organization of the Study

The thesis of the study is organized into six main chapters in order to make the study more specific, precise and more impressive. The first chapter is an introductory chapter which provides general introduction about women and need of micro-credit for their socio-economic upliftment. Similarly, chapter also provides statement of problem and the objectives of the study.

Chapter second describes the theoretical review of previous study and application of present conceptual framework. It includes review of the books, various published and unpublished reports, articles, journals and empirical studies. Chapter third deals with the research methodology, which includes research design, source of data, data gathering procedure, tools for analysis.

Chapter four deals with the Profile of Study Area and its Respondents. Chapter five attempt to analyze and evaluate the data with the help of analytical tools and interpret the results so obtained. Finally Chapter six sums up the results obtained through analysis and state the summary, conclusions and recommendations of the study.

A bibliography and appendices was enclosed at the end of the study.

CHAPTER- 2

LITERATURE REVIEW

This chapter deals a brief review on women's studies in micro-credit. On the basis of review, a conclusion to lead the frame of the study is derived in order to follow it as a guideline for this study.

2.1 Theoretical Review

2.2 Micro - Credit Programs in Nepal

This sub headings deals with the development of micro-credit in Nepal, policies specially derived by past experiences based on the secondary information.

2.2.1 Small Farmer Development Program

Small Farmer Development Program, a well-structured and pioneer group based and physical collateral free micro-credit program to cater financial needs of the small farmers, was initiated as a pilot project in November, 1975 by Agricultural Development Bank (ADB\N). The program which covers the entire country, aims at organizing "Small Farmer "into small credit groups and provide credit on a group guarantee basis. The main objective of this program is to improve the overall wellbeing of the small farmers through provision of basic inputs e.g. micro-credit, technology, training, and other related social and community development services.

The program also provides training and other inputs and technician services to assist the small farmer productive activity. A process of institutionalizing the small farmer groups into the "Small Farmer Co-Operative Limited (SFCL)" has been initiated since 1993/94. The purpose of this initiative is to create locally-owned and managed MFIs that can take over the activities of SFDP on a self sustaining basis. 'By mid January 2003, 125 such SFCLs are in operation in 32 districts. Up to that period SFCLs has been providing Rs 1829 million, here Rs.849 million rupees have been recovered where as saving amount was reached to Rs.165 million (NRB , 2003/4). It is considered a land mark in this front that for the first time the marginal population was included into the net of minor-credit.

It was thought that service delivered through SFDP to men would automatically 'trickle down' to the family but a conference on the occasion of international decade for women held in Kathmandu in the late 70s concluded that the development program broadly aimed to improving the condition of rural people often failed to benefit women and their conditions were still deteriorating. Therefore women groups were formed in the name of women development program (WDP) first in two and second in five in the preceding years in SFDP areas. The observation found positive impact of the program implementation so that women development program was initiated in SFDP in 1981/82. Later the program was expanded to cover wider geographical areas and women population. It represented an important attempt to integrate women in economic development plan. The program became very successful to create awareness and consequently a desire among poor to participate in micro-credit program for development activities.

The main objective of the WDP is to improve the socio economic status of rural women establishing self reliant women's group with regular credit delivery system to enable them to initiate and promote various income generating activities and strengthen the organizational capacity of women. Except providing credit for income generation, training and community development activities are also integrated to develop skill and productive endeavor of women.

2.2.2 Production Credit for Rural Women (PCRW)

The ministry of local development (MLD) in collaboration with UNICEF, NRB, CBs and ADB/N initiated the first women focused socio- economic program "Production credit for Rural Women (PCRW)" in 1982. It is a gender based program. This program involved organization of poor women into small credit groups and appropriate skill training by the MLD staff and extension of group based loans by the participating banks.

The main objective of this program is to uplift the socio-economic status of rural women. For this, the program increases the income of rural women by participating them into productive activities associating with regular credit facilities and other technical services. It needs to form the self reliance women's group because in it women are able to tackle their problem and fulfill their needs. The program also strengthens the ability of the banks to serve women in rural areas. The program had covered 67 districts by July 2000. As of mid-July 2000, CBs and ADB/N disbursed a total loan of more than Rs.831.2 million to 74571 rural women

through 163 bank branches in 67 districts. Total outstanding loan has been estimated as 546 million (ADB/N, 2001).

The program follows a simple implementation mechanism. The women development division (WDD) motivates women to form group of appropriate size from layer of low income and helps to obtain credit from different banks. Loans are delivered for productive activities such as agriculture, livestock, cottage industries, small enterprises, and trade and service sectors. PCRW has presented a unique feature that it utilizes commercial bank's financial resources allocated and disbursed under the priority sector program of intensive banking program and the credit funds made available through ADB/N and donors. Here it is noted that by mid-July 1997, over 260,000 borrowers of all categories were benefited by the IBP of commercial bank with outstanding loan of Rs.2.2 billion. Unlike SFDP, women member of PCRW receive bank credit with out any physical collateral up to Rs.30 thousand at a concessional rate of interest under the priority sector lending program. The women development section (WDS) also encourages women members of the group to save regularly. Different mechanisms are used to mobilize saving i.e. either compulsory or voluntary saving schemes. Savings have been used for financial formation as well as consumption needs of the group members into productive activities. The activities like training, group organization, community development inputs and services etc. required for capacity development of the groups are delivered in assistance of multilateral and bilateral donors arranged by the government. The capacity measures are found to be instrumental in making credit more productive.

PCRW program has helped women to work together engage in individual or group level productive work to generate income. It has stipulated them to show their hidden talents and ability. The sign of 'trickle down' effect to the family and child welfare has been clearly seen through participation of women in PCRW.

2.2.3 Micro-Credit Project for Women (MCPW)

Learning lesson from the PCRW program, micro-credit project for women (MCPW) was initiated in 1994 by the government of Nepal under financial assistance of Asian Development Bank (ADB) with an objective of developing NGOs as appropriate financial intermediaries that would provide quality micro-credit services to the rural poor women over time. 'The project is under implementation through 95 NGOs in 12 districts and 5

municipalities. As of 31 December, 2001, these MFIs had 1619 borrowers with an outstanding loan of Rs18.13 million (NRB, 2004:289). Nepal Rastra Bank (NRB), however, occupies sole responsibility to administer these program by channeling funds through commercial banks, agricultural development banks, Nepal Bank limited (NBL), and FI-NGOs. And it is noted that bank loan is made available to women beneficiaries initially through WDS in the recommendation of NGOs.

To provide an access of credit to the women in both the rural and urban areas is the primary objective of this program while issues like poverty reduction and human development are regarded as secondary objective. The over all objective of this program is however to improve the socio-economic status of women and promote their participation in national development. In order to have this goal, the aim of this project is to generate income and employment in selected rural and urban areas.

Like other targeted credit programs, the program has been designed to cater financial services such as credit and savings. Non- financial services such as organizing women in group, providing skill and training etc. are also provided to stimulate their ability of handling productive activities. First of all poor women are identified on the basis of per capita level less than or equal to Rs.4400 and mobilized and organized into self help group of 25members. These members are provided bank credit for multiple purposes such as agro-farming, small business and enterprises. The amount of loan ranges from 30 thousand to 250 thousand per borrower. Members are encouraged to save regularly and cultivate saving habits. Group savings thus deposited are lent to its members for productive as well as consumption purposes.

The program has become successful in bringing large number of poor, deprived and disadvantaged women into the safety net of formal credit and helps them to generate self employment opportunities initiating income generating activities which would uplift their socio- economic status through reducing poverty of their family, village, and the country as a whole(ADB/N, 2001).

2.2.4 Grameen Banking Model

During the period of 1992-1996, five regional development banks (Grameen Bikash Banks), following the Grameen Bank model of Bangladesh were set up to cater the financial needs of the deprived sections of the society in rural areas especially women for undertaking

income generating activities. In the beginning, the rural development banks, one each in the eastern and for western development regions, were established towards the end of 1992. By June 1996, other three banks, one each in the other three development regions, were also set up. In aggregate, NRB and HMG hold about 33% and 10% respectively.

The basic objective of these banks is to provide financial resources required for different types of income generating activities by forming group of deprived women of rural areas and help reduce the level of poverty among the rural households. Identification and motivation of targeted groups, compulsory training about rules and regulation of bank and its lending procedure, easy loan at door step without any physical collateral, 2+2+1 lending scheme to observe the performance of preceding loan receiver and compulsory saving scheme are some of the sound features of Grameen Banking. These features have partly stimulated the clients to achieve high and more stable income with proper employment generation and which in turn raise the repayment rate. The present fragmentary studies have shown that repayment rate of Grameen banks is as high as 95% so that these banks occupies in better position than earlier launched programs.

The operation modalities of Grameen Bank is first to identify the poor women in the village. Then motivate and organize women in group of five. Each woman are given compulsory training among the group members for at least seven days to provide information on banks credit and their lending procedures and made women aware of their farming and business. The training also makes women to read and write even their own name. The Grameen Banks provide and collect loans at the door step and loans are distributed to individual group members against group guarantee in the field of agriculture, micro-enterprises, trade, and service sectors, Any rural women from rural households with less than 0.6 hector in Tarai and 0.5 hector in hills are eligible to join the group recognition test then the group member becomes eligible for the loan. The loans are extended following 2+2+1 model means in the group, rest wasfacilitated at last observing the performance of earlier member. There may be four weeks gap between first and second phase and within sixteen weeks all borrowers get loan. The bank goes to the borrowers themselves during the group meeting at the villages. The purpose of loan is to provide an opportunity to the rural women for undertaking and promoting their farming, small enterprises, and trade and service activities. The bank lends credit up to 5 thousands rupees per borrower in the first phase and this amount gradually increases up to Rs.25 thousands in the successive period. The banks regulate 20% interest

rate per annum for all purposes. In this respect it is severely higher than the loan provided by Banijaya Banks due to their high service delivery cost and it is not considerable. Again rural people need banking services at the doorstep rather than high interest rate. Although the interest rate of development bank is high, the program is highly satisfactory because clients have been able to achieve high and more stable income with massive employment opportunities and which are the reasons of high repayment rate. Saving in group is compulsory and each week every member has to save Rs.1 or 2 in the group fund where Rs.1 daily during training period and 5 percent of received credits is also deposited. The group fund is mobilized for emergency purpose or to over come the problem of households' credit.

By mid- January 2005, these banks have already formed 35,435 groups through the 4,961 centers of 1,003 VDCs of 43 districts and forwarded micro-credit without collaterals to 147,949 members for income generating activities by mobilizing local skills. As of now, these banks have provided micro-credits totaling Rs11.55 billion. Of this, Rs10.16 billion has been recovered with Rs1.39 billion as outstanding in credit. Total amount of saving deposited by these groups reached Rs471.60 million including collective savings Rs.416.80 million and individual savings Rs.54.80 million by mid January 2005 (Ministry of Finance, 2004/5:16).

2.2.4 Rural self Reliance Fund (RSRF)

Rural self reliance fund was established in 1990 by the government of Nepal, as a pilot-scheme, with the objective of providing wholesales loan to financial intermediaries (SCCs and NGOs) that had difficulty in obtaining access to credit for on lending to the rural poor. Nepal Rastra Bank Development Finance Department is the executing agency of this program. This program is the first step in Nepal in the direction of exploring alternative means of credit delivery to the poor. RSRF provides credit on the installment basis based on the performance of the borrowing institutions. The internal rate charged by the fund is just 8% and it returns 75% of interest if the concerned institutions repay principal and interest on the schedule time- so that the effective interest rate is just 2 percent.

The targeted group of the fund is the individual households holding less than 15 ropanis of land in the hills or less then 1 bigah of land in the Terai. The SCCs or NGOs who act as financial intermediaries between the fund and the beneficiaries (target group) are responsible for social mobilization, group formation, skill training, saving mobilization, demand assessment, loan approval, disbursement and supervision and flow ups. Loan is provided up

to Rs. 30,000 without any physical collateral depending on group approach or liabilities. The SCCs or NGOs may on lend the loan from the fund only in those VDCs and municipalities where no more than 3 commercial bank or their branches (including banking offices of Agriculture development Bank) have been operating at present.

But SRSF stopped lending to the NGOs since 1998/99 for the reason that financial intermediary society Act, 1998 had not allowed NGOs to accept saving, and RSRF's one of the policies being that of lending a SCC or NGO to the extent of ten times the saving it had collected. Now the amended version of FISA allows FI-NGOs to collect saving from their group members, therefore, NRB needs to take initiatives to make RSRS funds available to the FINGOS as earlier. For RSRF to continue lending to FI-NGOs does not have to wait for amendment in the financial intermediary society by laws. It can be done internally with little bit of push from NRB. Such an initiative would improve access of RSRF fund to the FI-NGO that are not served by RMDC its strict eligibility criteria.

“It has disbursed loans equivalent to Rs. 72.8 million through 50 NGOs in 26 districts and 159 co-operatives in 40 districts as of mid July 2004, hence 8996 households of 47 districts were benefited as mid July 2004. NRB has been contributing to this fund from its profit each year. In FY 2003/04 NRB provided the fund with Rs. 74.8 million. From FY 2003/04, the fund has been successful to operate on its own income”(NRB, 2003/4:26).

2.2.5 Rural Micro-Finance Development Center (RMDC)

Rural micro-finance development center was established by Nepal Rastra Bank in 1998 realizing the fact that the MFIs operating in the micro finance market had sever shortage of funds for on lending and also needed assistance in enhancing their institution capabilities. However, RMDC became operational since 2000 only. Twenty-one banks and financial institutions, including NRB own the share of this second tier-institution.

It started functioning with the objective of contributing “to improving socio-economic condition of the poor, the landless, and the assets less through increasing their access to resources for productive undertakings and employment”(RMDC, 2003:8) Its disaggregate specific objectives are many that include, among other, to provide wholesale funds to potential and viable micro finance institutions for on lending to the ultimate borrowers for undertaking their productive activities; to help build and strengthen institutional capacity of

the partner organization (POs); to provide financial and technical supports to MFIs; to undertake research and development activities to promote new micro-finance products and develop sound practices; to strengthen their capacity through training and exposure visits and to act as a financial intermediary to channelize the resources.

Till July 2004, RMDC has approved a total loan amounting to Nrs. 444.48 million for 32 MFIs and disbursed NR's 363.71 million (81.8%) to 28 MFISs. Among 28 MFIs, 2 regional Grammen Bikas Bank, 4 private micro credit development banks 18 micro finance NGOs and 4 co-operatives societies (RMDC, 2007).

Observing the functioning of RMDC sound satisfaction has been found in case of development of micro-finance market but, it is true, it alone can not meet the financial need of MFIs in Nepal. some more institutions are urgently needed. In this context, NRB needs to come up with appropriate policy measures that would create conducive environment for entry to other second tire institutions. Without a few more second tier institutions with provision of providing wholesale loans to MFIs, it was impossible to achieve the target of reducing population below poverty line by the end of tenth plan period.

2.2.5 The Center for Microfinance

The Center for Microfinance is a non government organization of microfinance sector. It is an autonomous organization established in July 2000 as a non profit organization. It is an outcome in response to growing demand for a national focal point for the microfinance sector. This organization was previously a project implemented by Canadian Centre for International Studies (CECI), a leading INGO engaged in microfinance in Nepal. With a vision of sustainable access to microfinance services for the poor, CMF mission is to promote and strengthen microfinance services through capacity building, training, knowledge management, research, policy lobbying, consultancy and net working with mutual trust and co-operation among service recipients practitioners and stake holders. The Center has program management partnership with 80 MFIs in 39 districts in Nepal. With the twin goal as such strengthen micro-credit institutions that serve the poor, particularly and excluded groups and enhance service delivery capacity of development partners that promote the micro-credit sector (CMF, 2007).

3.2 Empirical Literature

It was calculated by the United Nations Fund for Women (UNIFEM) that absolute poverty among women in the developing world, has grown by 50 percent in the past two decades (www.unifem.org, 2001).

Ojha, (2002), Micro finance program in poverty alleviation, “The participating families were benefited as their income had increased and they had to pay fewer amounts as interest than from local money lenders”. The history of MF program within the Kathmandu valley seems new and immature. Remaining in the periphery of the capital city, MFP reached to Machegaun VDC just twenty back with the objective to uplift the economic condition of women. This study has been done on Machhegaun VDC to find the impact of MFP on the economic upliftment of women where not a single study has been done on this regard as far.

Acharya (2009) conducted research on Micro-Credit and Women Empowerment: A Case Study of Dudharakshaya VDC Rupandehi. The objectives of the study are to identify the socio-economic status of women at the study area and to examine livelihood security as well as empowerment of women in the selected VDC through the micro-credit program. This study is mainly focused on micro-credit program. It is applied to analyze and interpret the qualitative and quantitative data collected from the concerned field. The purpose of this case study is to describe the impact of micro-credit on women socio-economic status and their empowerment. This study is based on the primary as well as secondary data, but the focus is given to the primary data, which is collected from field survey using structured questionnaire, observation and interaction with different respondent. The secondary data for research is collected from the published, unpublished documents, articles, dissertation, journals, books, economic survey etc. The study is conducted at Dudhrakshaya VDC of Rupandehi district. The Rational of choosing this VDC is, as the micro-credit programme has been launching since 10 years by the 'Janasewa Swabalamban Multipurpose Co-operative'.

He found that, today women are able to make decision about their spending income, cooperative loan and repayment, selling and buying assets, sending children for school, children's marriage and family planning because of financial assistance of JSMC. This indicates that MCP has improved the women clients. More than 50 percent respondents have

paid loan, income earning from investing loan. Rural women are started to take part on social discussion and participation of women on MCPs has been positively taken by the society. This shows that women are socially uplifted. All the respondents have paid the loan in time ,out of 38, 12 have been paid fully and 26 have been paid partially.

Soti, B. (2012), Micro credit program and socio-economic upliftment of women, “Involvement in the MCPW program has empowered women in varying degree. It has offered opportunities for poor women to come out of their household confined to organize themselves in groups and to work in productive and social activities”

Shakya (2015) states in his thesis entitled "Women Empowerment Through Vegetable Market ".The general objective of the study is to explore gender empowerment of women traders in agricultural marketing business at Balkhu Fruit Vegetable wholesale market. The specific objectives of the study are:

- 1) To analyze socio-economic condition of women traders.
- 2) To explore the processes of women empowerment through vegetable marketing.

To explore the issue of women empowerment through vegetable marketing, descriptive and analytical research design was applied. It describes the current status and answers the formulating questions of the subject of study. The research data are both qualitative and quantitative in nature.

This is one of the important professions to uneducated and illiterate and semi-educated and semi-literate women, as this is the major source of earning money and meets the household needs. Because of this business women have become able to provide education for their children, to maintain health condition and to sustain other kinds of multiple needs. More than 86.66% woman traders suggests to involve in this profession because it is very easy to carry out, it doesn't need academic qualification, even the illiterate woman can handle the business efficiently, no need to invest large amount of money to start.

This study conducted by Paudel (2011) "Micro Finance and it's Impact on Economic Upliftment of Women has mentioned" Savings and credit cooperatives (SCCs) provide a variety of microfinance services to various households living in the Hills, Terai, and Kathmandu valley. Nearly all Nepali SCCs are self- funded. Most of these SCCs are

profitable, including those located in poor remote areas of the hill region. Key regions for the SCCs strong financial performance include reliance on member savings and control of administration costs.

Singh et .al. (2006) had published their work under the title "Enhancing farmers marketing capacity and strengthening the local seed system. Action research for the conservation and used of Agro-biodiversity in Bara District, Nepal". They concluded that social and gender issues are important to be considered in agriculture research, policy and extension activities, especially in a country like Nepal where the majority of the population depends on agriculture. The challenge of bridging the gap between the improved local field experience and policymaking remains. Their works aims to make a small contribution on this, but more efforts are required by researchers, extensions and policy makers Micro-finance is coined as the financial service rendered to the deprived group of the people and small entrepreneurs to help them in developing self-employment opportunities and various income generation activities. Usually, micro-finance is a program that serves a large number of clients with reference to women/deprived people and works at a grassroots level with financial sustainability. The main objective of a micro-finance program is to provide quality service to the largest number of the deprived population (Devkota, 2002).

Nepal has three decades of experience in micro-finance. Although many programs have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as pro-poor and rural based.

CSD (2000) wrote the realization of the fact that the lack of capital has prevented majority of rural people from utilizing their skills for productive purposes, CSD has initiated Self-help Banking Program (SBP), an micro-finance program based on Grameen Banking system of Bangladesh in September 1993 with the broad objective of advancing micro-credit without collateral security to the poor and disadvantaged rural women. Presently SBP has been implemented in the selected VDCs and municipalities of Siraha, Saptari, Udayapur, Dhanusa, Mahottari and Dang District through 2 project offices and 23 branch offices. Supported by different international agencies and loan fund has been received from Grameen Trust, Rural Self-Reliance Fund and different commercial banks of the country.

NRB (2007) in its research work outlined that the institutions that deliver these services can develop within few years, into sustainable organizations with steady growing outreach.

Economic transformation of the poor and deprived rural population lies on the shift in rural economic activities from subsistence to commercial. The savings and investment of the rural population are low due to low earnings. To mitigate the saving investment gap in the rural economy, universal access to rural finance would be desirable. Despite the various endeavors, the outreach of financial institutions has covered only 30 to 35 percent of the population. It means that there are still 65 to 70 percent people relying on merchants, money lenders, traditional cooperatives, etc. for financing on socio-economic activities with high interest rates. In the absence of access to formal sources of credit, the poor of the rural areas continue to be subjected to exploitative terms (high interest, gift, premiums, free labor, bonded labor, etc.) feeding the perpetual cycle of indebtedness and poverty.

Mathema (2008) analyzed that micro-finance practitioners around the world have found very effective tool for bringing up their economic and social status thereby assisting in poverty reduction. It is because micro-credit to the poor creates small business opportunities that help to improve the socio-economic condition of deprived communities especially in rural areas. In the Nepalese context too, micro-finance has been used and more importantly could be a powerful too for gradual reduction of poverty. It enables poor and destitute to take advantages of existing opportunities, builds up their assets, generates self-employment avenues, develops micro enterprise, and raises income level. Build-up self-confidence empowers women and provides opportunities to escape from object poverty and inequality.

Sharma (2003) has tried to analyze problem faced by MFIs/ Programs in attaining financial sustainability. The presentation begins describing theoretical concept and ends connecting it with Nepalese context. Financial sustainability refers to the extent to which a MFI, in addition to being financially viable, mobilizes its own financial resources internally, that is, through equity, deposits, and retained profits instead of depending on govt. or donor resources.

The study explains two types of hurdle in reaching financial sustainability i.e. operational and financial self sufficiency. Expenses such as salaries and other administrative cost, depreciation of fixed assets, interest on borrowings and deposits (i.e. cost of loan able funds), and provisioning for loan loss (i.e. the cost of loan principal lost to default) out of fees and interest income are included in operational self sufficiency. Where as financial self sufficiency requires MFIs to cover all administrative costs, loan losses, and financing costs

from operating income, after adjusting for inflation and subsidies and treating all funding as if it had a commercial cost. Without crossing first hurdle, second can not be expected and once this second is crossed, subsidies in the form of concessional funds are no longer required and also inflation does not erode the value of MFI's capital. Theoretically, increasing staff productivity, efficiency and loan quality, and curtailing unnecessary staff and thereby administrative cost may reduce the service delivery cost then MFIs can attain operational self sufficiency which is necessary condition of sustainability.

Out of a population of 25 million, 31 percent are in below the poverty line. Most of the poor people live in rural areas and have little opportunity. Micro-finance could help poor people who have no collateral, but a willingness to work and a desire to do some business activities from which he/she was acquire employment as well as income. Although many programs have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as a poor targeted and rural based.

CHAPTER- 3

RESEARCH METHODOLOGY

3.1. Research Design

A research design is a plan for the collection and analysis of data. It presents a series of guide posts to enable to researcher to progress in the right direction in order to achieve the goal. The design may be a specific presentation of the various steps in the research process. These steps include the selection of a research problem. This study is mainly focused on micro-credit program. Descriptive research design was used in this study.

The purpose of this case study is to describe the impact of micro-credit on women, their socio-economic status and empowerment through comparative study between loan takers and non-takers.

3.2 Nature of Data

This study was based on the primary as well as secondary data, but the focus is given to the primary data, which was collected from field survey using structured questionnaire, observation and interaction with respondents. The secondary data for research was collected from the published, unpublished documents, articles, dissertation, journals, books, economic survey etc.

3.3 Site Selection

Site for the study was selected as Darakh VDC Ward No. 5 of Kailali district. This VDC is selected rationally because micro-credit program has been launching since five years by the local people and it has been possible among the participants of micro-credit program . The rationale behind selection of this district as well as the wards is because there is high chances of findings data for research and the researcher has a close relationship with VDC which is important considering the natural and precision of the data used for the study.

3.4 Population and Sampling

There are 72 households in Ward No.5 Among them 36 households was selected by simple random sampling. Thus the study only focuses on those active members. All the respondents are women as the purpose of the study is to analyze the socio-economic impact of women due to micro-credit program. The sample is 50 percent of universe.

3.5 Sample Technique

Sampling method was used to fill up the questionnaires and observation and interaction is made for cross-checking. From the list of sample, 36 members are drawn by applying simple random sampling without replacement.

3.6 Data Collection Techniques

For the case study approach primary data or information was collected from various procedures. First of all the researcher visited the Nagroad Ghodaghodi Bahuudasiya cooperative' and after taking the information about the program, the field survey is made.

I. Questionnaire Survey

To get the primary data, the structured questionnaire is developed, and the questionnaire was filled up by the researcher visiting all selected households.

II. Interview

A checklist has been developed for the interview of the household head, the purpose of interviewing household is to cross-check the information obtained from filled up questionnaires.

III. Observation:

The researcher was visited the study area and observed the women's situation with the help of some well reputed, active and literate person of study area.

3.7 Data Presentation and Analysis

To make the study more reliable qualitative study is also made. The collected data are first processed through validation, editing and coding. Secondly the processed data are presented in tabular form. Simple statistical tool like percentage has been used to present data.

CHAPTER- 4

PROFILE OF THE STUDY AREA

4.1 An Overview of Kailali District

Kailali district belongs to Seti zone of Far Western Development Region, in the different aspects this district makes national space, agriculturally this district is famous for its grain productivity, in aspect of tourism this district has different areas of tourism possibilities namely they are Chisapani Area, Ghodaghodi Area, Tikapur Area and Godawari Area according to DDC Kailali. The total area occupied by this district is 3235 kilometers, among which 40 percent of its area is composed of Chure hills and 60 percent of the area is plain land. Sub-tropical, temperate and cool temperate are the climate found here. Temperature rises up to 40-45 degree centigrade in summer season and falls down to 7-5 degree centigrade in winter season. The average rainfall of 1840 millimeters occurs here. There are 42 VDCs in Kailali district among them 35 VDCs lies in plain land called Terai and 7 VDCs lies in Chure range and two municipality lies in this district namely Dhangadhi and Tikapur, district have 6 election areas. This district lies between 28⁰22' north to 29⁰05' latitude and 80⁰30' east to 81⁰18' east longitude.

Among the facts, about how the district got its name; one is in Darakh VDC, Kailali is a village where a fort is located between 1968 to 1978 and after the district got its name from the fort. Another fact is that during the Rana Regime in the country there were market areas in this district namely Sukhad , Sandapani, Palahmanpur as Kailali Market Area which lies in between of all and because of whifter the district got its name from.

Boundary of the District

East → Karnali River, Bardiya District, Surkhet District

West → Kanchanpur District, Dadeldhura District

North → Doti District, Dadeldhura District, Surkhet District

South → Lakhimpur Khiri District of India

Kailali district lies in the height of 109 meters to 1950 meters from sea level, district has ecological, environmental, natural, cultural diversity because as district covers Terai land and Chure Range also, different wetlands and forests added the beauty of the district, and about half of the area of the district is covered by forest and suburbs. The most fertile area of the district are Malakheti, Bauniya, Rajipur, Manipur, Loharpur, Darak, Manikapur, Joshipur, Munuwa, Satti, Bhajani etc.

The large rivers of Kailali district are Karnali, Gauriganga, Mohana, Khutiya, Pathariya, Godawori, Kanara and small rivers are Doda, Gulara, Chaumala, Shivganga, Manahara, Likma, Roda, Gulara etc. Ghodaghodi, Nogrod, Jowakhaur, Tiliko, Bhedababa, Kuileahi are the name of the some major lakes of Kailali district. Ghodaghodi Lake has touristic and religious importance and Bhedababa is religiously important for Hindus.

On the basis of the soil composition Kailali district is divided into three areas. (a) North Area: Chure Range of this area's soil compose of sand, stone gravel, red soil etc. this type of soil is very good for fruits, orange, maize, barley, oak etc. The rocks here are fragile and compose of sand stone and conglomerates. (b) Mid Area: Generally sandy loam type of soil is found in this area, this area consists of some plains with bottom of Chure hills. The soil here is good for ginger, phapar, wheat, paddy, lemon. (c) South Area: the fertility of the soil here is very good. The sandy, loam soil, forest soil is found here. The soil here have slight acidic but that hasn't mattered in the fertility of soil here. This area has good irrigation facility also because of which productivity is also notable. This area has role to make Kailali a major district of Nepal in grain productivity. The main crops are paddy, wheat, mustard, lentil, sugarcane, banana, mango, litchi etc (Kailali District Profile, 2058).

Another important strength of Kailali can be its climate. District has both hilly and terai climate as it extended up to chure hills from the terai. The diversity found here is notable because of its diversity in climate, wetlands, lakes, dense forests, hills, terai. Southern boundary of Kailali is India and China is also not so far, as India and China are the growing economy of the present world, the income of medium level people is increasing there, if tourists are attracted from there it can be a great opportunity for the tourism development in the district. This area has many destinations with religious importance also and the huge population in India follows Hinduism which wasan added advantage if the pilgrimages in the district are promoted.

Kailali has much diversity of people and many different languages are spoken. Due to this diversity, there is practice of different dances, music, paintings, festivals and religious practices. This could be one strong strength and also opportunity to make attractive tourist product based on this strength. Pace in development of tourism related agencies Slowly but now enthusiastically the tourism related agencies are developing here, like hotels, travel and tours, trekking agents, tourism packages and tourism related organizations. Ayurvedic treatment and traditional healing methods are even in use in Kailali district so if they were preserved and promoted it can be one of the potential instrument to attract tourist in this district.

The accommodation and travel is not so expensive in Kailali so tourist visiting Kailali can get an advantage of price also. World Tourism Organization has said eco-tourism is growing rapidly. Kailali has good possibility for eco-tourism because of its ecological diversity, and hills of Kailali could be attraction for eco-tourists. Because of the high potential of the tourism industry in Kailali, the possibility of foreign investment is very high here, which can be able to give speed to the tourism development. Kailali district has two municipalities, it has possibility of development of the city tourism by development of shopping tourism, recreation and amusement tourism, and adventure tourism has also a great possibility as district have big rivers, hills and dense forests.

Kailali is a district with more rural people. So rural tourism can help in poverty alleviation objective of government and can reduce regional imbalance. TRPAP is implementing program to develop community-based tourism in different districts of Nepal. The success stories of the program are encouraging. Peoples in Kailali have different skills like knitting, ayurvedic medicine preparation, bamboo goods production, different cultural food items, pottery and many more which has great possibility of handicraft promotion. Kailali district is an entry point of region through Mahendra Highway and Dhangadhi Municipality in district is business hub for the region, which can be a good opportunity for the development of tourism.

The real threat is traditional culture (dress, songs, musical instruments, way of celebrating festivals) are getting degraded day by day and the deforestation is another big problem, the lakes and ponds are in threat, rivers are getting polluted. Unplanned urbanization is going hazardous, which can lead toward the blurred city and villages and in future can increase pollution. Most of the part in the district is remote; they don't have regular and good

transportation. District has one airport running in Dhangadhi but has only flight from capital city, has no any regional flights which add difficulty to reach. Political instability became one of the worst threats, because of the instability different shutdowns, strikes, protests, disputes between management and workers are the key factors which make problem in security issues.

Kailali district is facing lack of infrastructural development and different facilities like transportation, health centers, roads, water, electricity and basic services like accommodation, communication, eating places, financial services and tourist information centers. Quality, quantity and cost of the available human resources in the industry would show the competitiveness. Kailali district lacks educated and skilled workforce. Country accumulate very low part of its budget for the development of Kailali district, mostly the tourism development has not got specific space in the budgeting. The destinations, religious and cultural assets in Kailali has not been properly advertised in national and international scenario. Nation has not given specific importance to the district so the development sector is very poor here and in spite of having great possibility and potential the tourism sector seems crawling here. Kailali district lacks the motivational factors for the investors in tourism sector and people are not yet conscious about own effort for the development.

4.2 Introduction of Darakh VDC and Micro-credit Programs

Darakh VDC is situated at 90 km north from the district headquarter Dhangadi The VDC covers the 72.39 km² of whole Nepal. In east, Sandapani, Ramsikharjhala ,Deepnagar in west, Janakpur in south.

According to the population census 2011, the total population of VDC is 16,210 out of which, 8228 are female and 7982 are male the population density is 224 km and the population growth rate is 3.95. The main castes of the VDC are Brahmin, Chhetri, Tharu , Kami etc. Hinduism is the highly accepted religion in this VDC. Agriculture is the main occupation to raise the live stocks. Almost 80 percent of the total household are engaged in there occupation where paddy, wheat, maize, millet are the major crops.

Nogrod Ghodaghodi Bahuaudhasya Sahakari Darakh VDC 5 Sukhad Kailali Multiple Co-operative is launching micro-credit programme in Darakh VDC under the provision Nepal Rastra Bank. In Darakh VDC there are 120 members active in micro-credit programme. The co-operative has providing its service from B.S. 2067. The rate of interest that the Co-

operative provides for the saving is 10 percent and for the purpose of credit is 15 percent. Out of 120 household in ward No. 7, 38 household are selected using simple random sampling without replacement for the purpose of study and all the selected samples are supposed to be active members of Co-operative.

The data are analyzed by using various tools and techniques. Whether the data are in the form of qualitative or quantitative form which starts with the general background of respondent.

CHAPTER- 5

INTERPRETATION AND ANALYSIS OF DATA

5.1 Socio and Demographic Characteristics

5.1.1 Caste Ethnic Composition of Women

The word 'Caste' is of Portuguese origin and was applied to India by the Portuguese in the middle of fifteenth century. Caste may be defined as a small and named group of persons characterized by endogamy hereditary membership, and a specific style of life which sometimes includes the pursuit by tradition of a particular occupation and usually associated with more or less distinct ritual status in a hierarchical system (Betelle 1965: 46)'. Berreman (1967:70) has defined the caste system as a 'system of birth ascribed stratification, of socio-cultural pluralism, and of hierarchy of end a famous groups organized in a characteristic hereditary, division of labor' (*Subedi, 2010*).

In Nepal the structure of caste system defined by high caste elite incorporated both Hindus and Non-Hindus. Through the formation of Muluki Ain (civil Code) in 1884, Nepal attempted to universalize the caste regulations for all categories of people living in all parts of nation.

The code modified the Varna model of caste system to fit into Nepal's social environment. Firstly, it classified the caste into pure (water acceptable) and impure (water unacceptable) classes and divided them again by ranking into five broader categories. The Tagadharis (or the wearers of sacred thread) were placed in the first rank Brahmans, Chetris, Sanyasis and some high caste Newars are incorporated into this caste group.

People belonging to different types of ethnic and tribal groups were ranked into second and third categories while both of these groups termed as the groups of Matwalis (liquor drinkers), their ranks in the caste order were determined on the sense that their members were immune from punishment into a slave. Another group of them did not have this privilege. They were segregated into enslavable category.

The fourth and fifth categories of caste were considered as ones comprising of impure or the water unacceptable population. The difference between them was that the members belonging

to the fourth category were touchable while those in the fifth category were considered untouchable by the pure caste (Hofer, 2004).

The caste system of Nepal is basically rooted in Hindu religion; on the other hand, the ethnic system has been rooted mainly in mutually exclusive origin myths, historical mutual seclusion and occasional state intervention. Caste and ethnicity are most important component in social and economic development process in developing country like Nepal. This analysis has been taken into consideration in order to recognize the social conditions and caste comparison in the study area. Darak ward 9, various castes ethnic groups have been living since their remembrances. Brahmans are largest and the dominant group in terms of separate group and they have more chances to be covered in the sampled size of the study. Brahman comprises the largest high caste group, followed by Chettri, Brahimin, Tharu. On the other hand Dalit groups are minority groups within the selected sample. Caste/ethnic composition of the selected respondents is presented in the following table.

Table No 5.1: Caste/Ethnic Composition of Respondents

Sl/No	Caste/ Ethnic	Number of Respondents	Percentage
1	Brahamin	14	40
2	Chhetri	11	32
3	Tharu	5	13
4	Dalit	5	13
5	Others	1	2
	Total	36	100

Source: Field Survey, 2071

This table represents caste/ethnic composition of the women respondents in the study area. Out of total sample, Brahmin share largest. They are 40% of the total sample. Whereas other caste/ethnic groups are Chhetri 32%, Tharu and Dalit 13%, and other are 2% respectively. Thus table shows that majority of the people in the study area are Brahmin women are more interested in taking loans from micro-credit institution in order to improve their standard of living.

5.1.2 Age group of Respondents

All age women are not economically active and generate income to the family. Young age girl are involved in education or household activities such as cooking and taking care of their little brothers or sisters. Women above 60 years are also less active for income generation because they have household responsibility rather than earning. Their sons and other family members were considered earners. They mostly take care of small children in their home. Age distribution of the selected respondents is presented in the following table.

Table No 5.2: Age Distribution of the Respondents

Sl/No	Age Group	Number of Respondents	Percentage
1	21-30 years	10	28
2	31-40 years	14	42
3	41-50 years	8	25
4	51-60 years	2	3
5	61-70 years	1	2
	Total	36	100

Source: Field Survey, 2071

The age distribution of the study area shows that 28 % of the total respondents involved in this program are between the age of 21-30 years. The highest numbers of the respondents are between the age of 31-40 years 42%. The age between 41-50 years are constituted 25% of the total respondents, between the age 51-60 years constituted 3% of the total respondents, at last 2% of my respondent is between the age of 61-70years. So from the above age grouping we can say that women from 31-40 years ages are mostly responsible for taking care of their family and become more mature to think about their children's future and their responsibility to be a mother. From here we can know that the middle age women are the dominant age group to be a member of micro-finance project.

This table shows that majority of the women in the samples are women whose age are between 31-40 years, and this also shows that women whose age are 31-40years are more interested in taking loans from micro-finance institution in this area, because of their maturity and interest to do something for their family in the absent of male member

5.1.3 Family Type

Their favorite family type is joint family in which husband and his parents, brothers, wife and their unmarried children lives together. All of them expressed burden of responsibility, economy and cultural complexities living in a joint family. Family sizes of the selected respondents are presented in the following table.

Table No. 5.3: Family types of Respondent

Sl/No	Family Types	Number of Respondents	Percentage
1	Joint	22	62
2	Small/Nuclear	2	33
3	Extended	12	5
	Total	36	100

Source: Field Survey, 2071

This table shows the family type of the women respondents. Family also makes differences on decision making and control over income. According to table 62% of the respondents live in joint family 33% of the respondents live in nuclear family and 5% percent of the women live in the extended family.

This table shows that majority of the women in the sample are from joint families, and this also shows that women from joint families are more interested in taking loans from micro-finance institution. Family sizes of the selected respondents is presented in the following table.

Table No: 5.4 Family Sizes of the Respondents

Sl/No	Family Size	Number of Respondents	Percentage
1	1-4 members	11	33
2	5-10 members	23	62
3	Above 11 members	2	5
	Total	36	100

Source: Field Survey, 2071

There are 33% households having below 5 members and 62% household with 5-10 members and only 5% household have above 11 members in their family. Samples are from extended family, and this also show that women from extended family are more interested in taking loans from micro finance institution in this area because of the absence of their male partners and poverty and the responsibility of their children and other family members.

5.1.5 Educational Status of the Women

Education empowers the human beings, it increases the status of living. Education provides people with the knowledge and skills to contribute and take benefits from development efforts. Education is a key indicator of human development. It has a positive role in the success of life. Primary education is a principle mechanism of fulfilling the minimum learning needs of the people needed for effective participation in the economic, social, political and civil activities ([www.http://en.wikipedia.org](http://en.wikipedia.org)). The following table shows educational status of the respondents

Table No. 5.5: Educational Status of the Respondent

S.N.	Educational Level	Number of Respondents	Percentage
1	Literate*	8	22
2	Illiterate	13	33
3	SLC Pass	5	15
4	10+2 Level Pass	2	5
5	Bachelor level Pass	4	13
6	Master Level Pass	4	12
	Total	36	100

Sources: Field Survey, 2071

This table shows that 33% of women are illiterate who had never gone to school, out of this 22% of the women are literate. Among them 15% of women had completed SLC, and only 5% were able to complete their intermediate level. On the other hand 13% were able to complete their Bachelors level and at last 12% were able to complete their Masters Level.

5.1.6 Marital Status of Women

Marital status makes differences on women's responsibility and economic and work burden. Implicitly micro-finance institutions target people who are in worse condition in their life. This program influence people who are in their worse condition in their life. This program is usually influence women than men. ([www.http://en.wikipedia.org](http://en.wikipedia.org))

Table No. 5.6: Marital Status of Women Respondents

S.N.	Marital Status	Number of Respondents	Percentage
1	Married	25	68
2	Unmarried	4	12
3	Widow	5	13
4	Separated	2	7
	Total	36	100

Source: Field Survey, 2071

In the field Survey it was found that majority of the respondents are married women which comprises 25 (68%), followed by widow comprises 4 (13%), unmarried 5 (12%) and at last separated women who are living away from their husband's house who comprises 2 (7%) of the total respondents.

The above table shows that the majority of women in my samples are married, and this also show that married women are more interested in taking loans from micro-finance institution. Because they also have to look after their family and children, they have to pay tuition fee of their children and have to meet health budged the sickness for older members of their family, this reason also forced them to join micro-finance institution.

5.1.7 Landholding Size of Women

Land is the most important source of wealth of farmers. Without abundant land, it was difficult for any of them to get means of living. It is argued that landholding is considered as the major indicator for the identification of poor in Nepal. It is an important source of rural income and employment generation. Land is a major indicator to justify economic status of household. Land ownership is mandatory in some banking institutions to get loan from banking institutions. Land is not only economic variable but also

is an indicator of social status gained by women. ([www.http://en.wikipedia.org](http://en.wikipedia.org)). Status of households and women's land ownership of the selected respondents is presented in the following table.

Table No 5.7: Women's land Ownership of the Respondents Household

S/No	Land Size	Number of Respondents	Percentage
1	Landless	13	35
2	Up to 5 Kattha	16	45
3	6 to 10 Kattha	1	2
4	11 to 19 Kattha	1	2
5	Above 19 Kattha	5	17
	Total	36	100

Source: Field Survey, 2071

The Land holding pattern of the respondents of Darakh VDC ward 9 shows that 35% of the respondents are landless, 45% of the respondents have up to 5 kattha of the land in their name, 17% of the respondents have above 1 Bigha land, 2% respondents have 6 to 10 Kattha land and 2% respondent have 11 to 19 Kattha of the land in her name.

5.1.8 The type of House of the Respondents

Housing condition shows the real economic status of the people. In the study area, respondents have various types of houses like mud wall with thatched roof, stone wall with tin roof, cemented without garden, cemented with garden. If the earning improves, the housing condition was also improved. Whether micro-finance had played significant role for improving the earning of villagers or not should be measures with the help of housing

condition of its members. The following table presents housing condition of the respondent.

Table No 5.8 The House type of the Respondents

Sl/No	Types of House	Number of Respondents	Percentage
1	Mud wall with thatched roof	2	3
2	Stone wall with tin roof	20	57
3	Cemented without garden	14	40
	Total	36	100

Sources: Field Survey 2071

The majority of 57% of the respondents are lives in the house which is made up of stone wall with tin roof, 40% of the respondents are lives in cemented house without garden, and 3 % of the respondents are lives in the house made of mud wall with thatched roof.

5.1.9 Household Head

Household head have decisive decision making power in many cultural groups. Family members feel social and livelihood security under family head. To start new occupation household's support is necessary otherwise, difficult and conflict may starts in the family. So household head is powerful decision maker as well as has authority of the family. Situation of household head in the family of women respondents are presented in the following table.

Table No 5.9

Household Head of the Respondents:

Sl/No	Household Head	Number of Respondents	Percentage
1	Respondent/self	18	52
2	Husband	16	42
3	Both	1	3
4	Others	1	3
	Total	36	100

Source: Field Survey, 2071

The household position of the respondents is female dominated. There are 52% female respondents who are headed their households, and there are 23% households in which decision in house are taken collectively by both husband and wife and at last there are two houses in which decision on the households are taken by father-in-law and father, who are head in their family.

This Chapter represents the linkages between socio-economic and micro-finance in the respondents. On the basis of this background of the respondents we can discuss, how much changes in the level of awareness brought by micro-finance program among the women respondents, which was discuss in the next chapter

5.2 Changes in Economic Status of women After the Micro-Credit

Micro-credit scheme being one of the major instruments to reduce the poverty in the society the foremost example is micro credit program. To uplift the economic status of Women, it is the fact that this scheme has played an important role to reduce poverty which becomes dear after analyzing the data. Monthly incomes of Women, their monthly saving are dealt in this

unit to identify the impact of micro-credit reducing the poverty among the women through comparative study. 7 percent of respondents have taken the loan amount 0-5000, 32 percent of respondents have taken the loan amount 5,000-10,000, 11 percent of respondents have taken the loan amount 10,000-15,000, 19 percent of respondents have taken the loan amount 15000-20,000 and only 8 percent have take loan more than 25000.

5.2.1 Difference in Monthly Income Level of Respondent before and after MCP

Under this heading both level of income of respondents before and after involving in the MCP has been presented.

Table 5.8 Income Level of Respondent before and after Joining MCP

Monthly income	Before Joining (%)	After Joining (%)
0 – 1000	21	11
1000 – 2000	16	8
2000 – 3000	13	8
3000 – 4000	26	26
4000 – 5000	11	32
5000 – 6000	13	16
Total	100	100

Source: Field survey, 2071

Above result shows that after joining the MCP average income of the women have increases because before joining the program there were 21 percent respondent who have monthly income less than 1000 but after program the number is reduced to 10 percent, similarly the monthly income between 1000-2000 also reduce to 8 from 16 percent and the number of

respondents having monthly income more than 3000 increased drastically. This shows the positive impact on economic status of overall poor Women.

5.2.2 Causes of Change in Income of Respondent

Most of the respondent replied that their income level increased after the involvement, some respondent faced loss also but in totality it was found positive.

Table 5.9 Causes of Change in Income of Respondents

Reasons	No. of Respondent	Percentage	Remarks
Business expansion	13	34	Increased
New Business establish	9	26	Increased
Increase in Agricultural production	11	32	Increased
Leaving business due to loss	2	5	Increased
Death of cattle from natural hazard	1	2	Increased
Total	36	100	Increased

Source: Field survey, 2071

Above result shows the positive impact on income. As among 36 respondents 35 are found to be better off whereas only 3 are found to be worse off due to micro-credit program. It is found that 34 percent respondents income has increased due to the expansion of business, 26 respondents replied that their income level increased due to establishment of new business. Similarly 32 percent respondents income has increased due to expenditure made on agricultural inputs. In total 92 percent respondents are direct positively affected by the micro-credit program operated by the co-operatives.

Out of 36 respondents 3 respondents are negatively affected due to micro-credit program, but this failure is not the impact of micro-credit itself, but due to the death of cattle and fire and due to loss in the business.

5.2.3 Change in Pattern of Saving and Consumption before and After the MCP

Table 5.9 Change in monthly Saving due to MCP

Monthly Saving(In Rs.)	No. of Respondents before MCP	No. of Respondents after MCP
0 – 25	10	0
250 - 500	9	5
500 - 750	3	10
750 - 1000	2	6
1000 - 1250	2	13
1250 - 1500	0	3
Total	36	36

Source: Field survey, 2071

Above table shows slight changes in the saving after the implementation of MCP in the surveyed area. Because the no. of respondents who save less than 500 reduced and the numbers of savers more than 500 has been increased. This shows that this saving again contribute generation of more income.

Table 5.10 Change in Monthly Consumption Due to MCP

Monthly Consumption(In Rs.)	No. of Respondent Before MCP	No. of Respondent after MCP
less than 2000	13	4
2000 - 2500	18	19
2500 - 3000	3	8
3000 - 3500	2	5
3500 - 4000	0	0
Total	36	36

Source: Field survey, 2071

As indicated in above table, the consumption pattern has increased, it means out of their total monthly income greater part is diverted to the consumption and less is diverted to saving.

5.2.4 Loan Amount and Frequency of Loan Taken

Table 5.11 Loan Amount and Frequency of Loan Taken by Respondents

Loan borrowed in Rs.	No. of Respondents	percent
0 – 5000	7	16
5000 – 10000	11	32
10000 – 15000	8	11
15000 – 20000	7	19
20000 – 25000	7	16
25000 – 30000	3	8
Total	36	100

Source: Field survey, 2071

Above table shows the scenario of loan amount borrowed by the respondents for different purpose. In the research period it is found that borrowers are concerned about the loan amount according to their ability to earnings. 7 percent of respondents have taken the loan amount o-5000, 32 percent of respondents have taken the loan amount 5,000-10,000, 11 percent of respondents have taken the loan amount 10,000-15,000, 19 percent of respondents have taken the loan amount 15000-20,000 and only 8 percent have take loan more than 25000.

5.2.5 Pattern of Paying Loan

As per the rule of bank respondents should pay their loan at least in 10 installments whatever the loan they get; it is basically implicated for general loan. 50 respondents should pay loan on fortnightly or weekly on installment basis.

Table 5.12 Pattern of Paying Loan by Respondents

Types	No. of Respondents	Percentage
Paid fully	12	32
Paid partially	24	68
No paid yet	-	-
Total	36	100

Source: Field survey, 2071

In this regard the question whether respondents pay their loan timely or not were asked out of total respondents 32 percent replied that they had already paid their loan fully 69 percent respondents paid their loan partially and timely. Finally no respondents replied that they had not paid loan till now.

5 .2.6 Sources of Paying Loan

In order to take regular financial support from co-operative every respondent should pay their loan in time at any cost as per the rules and regulation of the co-operative. Respondents take loan for various purposes, but sources of paying loan might be different.

Table 5.13 Sources of Paying Loan by Respondents

Sources	No. of Respondents	Percentage
Income earned from investing loan	19	53
Taking loan from other institution	5	13
Family income	7	18
Doing labor	6	16
Total	36	100

Source: Field survey, 2071

Above table shows that 53 percent, respondents replied that they paid loan from the income earned from investing loan. This is the good indicator productive capacity of earning. 13 percent respondent pay back their loan from taking loan from other financial institutions, whereas, 18 pay bank loan from their family income such as, salary. Out of total, 15 percent replied that they pay loan from their wages.

5.3 Empowerment of Women Through MCP

Various changes on Women's status and attitude have been observed after their participation in the programs. The description of empowerment in this case is seen through micro-credit program contribution to the decision making power, economic independence, and increase in mobility, change in social, political situation which are observed from their position in the household and confidence in community activities.

5.3.1 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 their status before the program. The Women were not dealing directly with cash and had little decision making power before the program. Women are highly involved in decision making activities either it is related to cash

or other household concerns after the program. The feeling that they own something of their own has given them confidence. Their new income generating activities had made them more confidence and enthusiastic than before.

5.3.2 Increased in Mobility

One of the indicators to measure the empowerment of Women is their increased ability for mobility. Women's confinement to the household had made them limited in their thinking and had limited their social interactions. As the participants 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 the program. For them daily routine like taking care of children including household chore were major activities and those who worked as wage laborer even their mobility was limited only at the work place. So, most of the participant women felt more confident than before. Though, some are not feeling such.

5.3.3 Women's Group Work as a Source of Empowerment

One of the indications to measure Women empowerment was their participation in community and group activities. According to the participant Women, their joint efforts have made them economically strong. Due to their group work, they became able to take loans, do their individual business, and hence generate more income. After being member of MCP, they formed a new community saving group named as 'Tarkari Samuha'. But most of them were feared to join in such group due to rule of weekly saving which is out of access for them. Most of the Women reported the group work provided 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.

5.3.4 Change in Social Status

It is already reflected that micro-credit program has comparatively improved the economic status of Women than before joining the program. So, it is obvious that on the basis of economic status, social prestige or respect depends. Most of the participants of MCP reported that the micro-credit program had broadened their external world, whereas they were confined within the household activities before the program. The participant of micro-credit

program revealed their social relationships and levels of contact had extended and so they became able to understand the world better, the training, and other activities had made them able to fight against the traditional values. 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, they had never got chance for group meeting and there was no opportunities either to ideas sharing or group discussion between other Women before the program.

CHAPTER- 6

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter consists of core part of the thesis which presents the summary of the findings, conclusion and recommendations. There is close link between summary of the findings, conclusion and recommendations. Based on findings conclusions are drawn and according to conclusions recommendations are attempted in order to improve the status of Women of the study area.

6.1 Major Findings

The following points highlight the characteristics as obtained from data collected.

- MCP is poor and target group oriented. MCPs are provided to different castes, which include mostly illiterate and married women.
- The average age of clients is 45 year. So, it has focused mature and especially for household women of the study area.
- The average income level of Women is increased by 40 percent after involving MCP.
- About 45 percent of Women have taken loan for expansion of small business.
- In addition to traditional occupations, Women are involved in more income generating activities and have become economically self-dependent after the program. This is positive impact of micro lending of NGBC.
- Consumption patterns of household are far better than previous. They are improving their consumption level, which is positive impact to improve lifestyle of rural Women.
- MCP has made provision for compulsory saving, so Women are saving even a small amount of money, and after joining the program the average saving has been increased by 20 percent.
- Today Women are able to make decision about their spending income, co-operative loan and repayment, selling and buying assets, sending children for school, children's

marriage and family planning because of financial assistance of MCP. This indicates that MCP has improved the Women clients.

- More than 50 percent respondents have paid loan, income earning from investing loan.
- Rural Women are started to take part on social discussion and participation of Women on MCPs has been positively taken by the society. This shows that Women are socially uplifted.
- Women perceive MCSs positively, social reaction is also good. It signifies that MCSs desirable in rural areas of Kailali.
- All the respondents have paid the loan in time, out of 76, 24 have been paid fully and 52 have been paid partially.
- Women are becoming self-dependent and there is increase in participation of women on economic and household decision and on social issues as well. Thus, positive effect on socio-economic upliftment of rural Women is seen.

6.2 Summary

Nepalese Women are severely victimized by discriminatory treatment in all sections of the society. Today various programs, policies, NGOs, INGOs, Government organization are working to support rural life. Among a lot of programs, MCP is becoming an effective program because of its best performance and unique features. Micro credit is a financial and social intermediation, according to available resources; micro credit provides financial services like micro credit, micro saving, micro insurance and micro remittance. These all organizations, which are facilitating the services rendering process of MF, are known as MFIs. Easily getting services of MF are attracting backward Women, which may be caused to push them toward new horizon.

Most of the Women beneficiaries of MCPs are relatively poor; women having no income or low income are focused by NGBC. So, it seems to be oriented to poor women. The beneficiaries from MCP have improved their earning and equally stimulated their standard of living. As becoming them member of NGBC they have become more active mentally and physically they have broadened their thinking about participation, communication, fund

management discussion, accountability about their task, social and household sanitation etc. As they have together once in a month to repay and for saving, they have get chance to discuss on their improvement and failure of their own activities, which is a big foundation for empowerment.

Women's greater access to financial resources and services could provide greater decision-making power in terms of money and their households. Where this power lies may have significant implications for families and communities. Mostly women contribute their full financial resources for their families where as men rarely do so. When women are given decision-making power, they generally make decisions that was optimal for their families. As a result, women was tend to make financial decisions that was promote nutrition, health and literacy within their families, whereas men may allocate some of their resources towards activities that are not helpful to the family.

The main factors determining the level of women's economic and social empowerment in a country are its cultural and legal environment, and national policy on women's rights and poverty alleviation. Initiatives organized by micro-credit institutions for the provision of financial services and for policy and legal reforms are key elements for achieving greater economic and social empowerment.

A large number of poor people throughout the world are engaged in income generating activities in order to make ends meet for themselves and their families. Many others have established micro or small-scale businesses, but most of them operate within the informal economy where they lack any form of social protection, and where their livelihoods- and sometimes even their lives may be at risk. Micro-credit can give tools to manage risk. It is also a valuable resource in enabling people to take their first steps in making items for sale, engaging in trading activities, or providing services within their local communities. However, little effort has been done to explore the potential synergies between the provision micro-credit and small enterprise (MSE) development.

6.3 Conclusion

This study has raised issue about Women's empowerment and impact of MCP. To identify the socio-economic impact of MCP, respondent's before and after various conditions are taken from primary sources and tested by using various tools. Eventually following

conclusions can be drawn from this study. Our first objective is to examine the socio-economic impact of MCP on rural Women in operational areas of NGBC in Kailali. In this concern various tests are tested, aggregate result of this main heading is positive. So, we can conclude in the point that MCPs are creating positive socio-economic impact on rural Women. It means MCP is encouraging, focusing and facilitating rural Women in the Kailali district for socio-economic upliftment.

The second objective of the study is to analyze the role of MCP empowerment of Women through enhancement of decision making power in Kailali by NGBC. In aggregate, result of this section area is also positive. So, Women are becoming empowered through enhancement of decision making power by NGBC operating in Kailali, they are taking parts in various social as well family decisional aspects. Thus, there is positive role of MCP on Women decision-making.

Now, all objectives of the study are met. So, the study is complete with the conclusion that the MCP is a desirable and effective tool to uplift socio-economic condition of the Women on rural area.

6.4 Recommendation

Micro credit is desirable in our rural areas but the study is not done to know about impacts of it on implemented areas. So it would be better to support, facilitate to researches or academicians by the concern bodies.

There is high demand for loan amount in the rural area; however there is not sufficient supply. Therefore, the banks, co-operatives, etc should increase its lending capacity with low interest rate. If bank increases its lending capacity and provides loan to more rural poor people, they was able to be self employed by starting new business and gradually their life standard was improved.

The rural Women have different type of traditional skills in their hands. They have capacity to design and create wonder with traditional tools and absolute methods. These skills should be utilized and encouraged by providing trainings on these skills with new techniques such that it was help them on income generation activities.

MCP is seemed to money focusing only; they have not included other aspect of empowerment deeply (as money related programs). So it would be better to include other programs such as education, awareness related etc. So, supporting programs such as trainings, educations, awareness programs etc. must be implemented for the socio-economic upliftment of rural Women by the NGBC.

MCSs are helpful to the poor for the enhancement to finance specific private income generating activities. However, it is vital important to insure that the loan facilities provided to the poor or the poor are not utilized for consumption purpose. If the people use their borrowing for consumption purpose, the actions of such borrowers if imitated by other poor people, it could produce a negative impact on future growth of MC. So, respective MC is recommended to adopt proper monitoring evaluation and feedback mechanism.

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APPENDIX

QUESTIONNAIRE

1. Personnel Information

1.1 a) Name of respond: b) Age: c) Sex: d) Ward No.:

e) Occupation: f) Cast/ethnic group: g) Religion:

h) Language: i) Family type:

1.2 Education: a) Literate: b) Illiterate: c) Completed class:

1.3 Family head: a) Respondent herself: b) Husband/Other:

1.4 Marital status: a) Married b) Unmarried

c) Widow d) Divorced

1.5 Information about household members:

S.N	Name	Relation of respondent	Sex	Age	Education	Occupation

2. Economic Background:

2.1 How many cultivate land do your family has?

2.2 Do you have land in your own name?

2.3 How much land does your family cultivate?

Account of land	Ropani	Aana
Own land		
Others Land		
Land given to cultivate to others		

2.5 Do you produce sufficient food your family?

Yes: No:

2.6 a) If yes, is there any surplus? Yes: No:

b) How much is the surplus (in rupees):

c) If no, how much (in rupees):

2.7 What was your main occupation/job before joining the program?

a) Agriculture b) Household activities c) Other jobs, specify:

2.8 Average monthly income before and after joining the programs (in rupees)

a) Before:

b) After:

3. Information about the program:

3.1 Why did you join the program?

a) To earn more income and to improve family condition

b) To be self dependent c) Other specify

3.2 For how long you have been involving in this program?

3.3 What type of benefit do you get after joining the program?

a) Economic Benefit:

3.10 If yes, what is the amount of income generated from the loan?

S.N	Type of program	Total monthly income generated

3.11 Did you pay the loan?

- a) Paid totally b) Paid partially c) Not paid at all

3.12 After paying loan, what is the purpose which the remaining income is used?

- a) Daily household needs b) Other household expenses
c) For own use d) Reinvested in previous works
e) Others

3.13 Do you have any savings or nor? Yes: No:

3.14 If yes, then what is the monthly savings (in rupees)?

3.15 For what purpose the saving is used?

- a) To pay back the loan b) To lend the some on else
c) Taking idle d) Others

3.16 Do you think your poverty has been reduced by joining the program?

Yes: No:

3.17 What was your consumption pattern? Is it changed after joining the program?

Yes: No:

If yes, then please maintain:

Before:

After:

5. Status of living standard:

5.1 Types of Houses:

- a) Made with brick and mud
- b) Made with brick and tin
- c) Made with cement and brick
- d) others

5.2 What type of fuel does your family usually use for cooking?

- a) Fire-wood
- b) Kerosene
- c) Biogas
- d) Others

5.3 What type of toilet does your family member use?

- a) Local Toilet
- b) Flush Toilet
- c) Not Toilet

5.4 What source of drinking water is being used by your family?

- a) From local tap
- b) From own tap
- c) From river
- d) From own well
- e) From tap made From Govt/NGO

5.5 Items of communication:

Does your family have the following communication media?

- a) Radio
- b) Television
- c) Daily news paper
- d) Others

5.6 Except income generating activities which type of program have you joined under this Program?

- a) Community development activities
- b) Training
- c) Literacy Classes
- d) Environment and appropriate technology
- e) others, specify

5.7 How do you spend your income?

- a) Independently own self
- b) Depending on others

5.8 What is your role in various intra-household decisions making process?

Before:

After:

5.9 Do you think after joining the program you can support yourself if left alone?

Yes: No:

5.10 Do you think that the thinking of society towards you has changed after joining the program?

Yes: No:

5.11 After joining the program, is there any work that you can perform now which you couldn't do earlier?

5.12 Is there any problems you have faced when you are launching varieties of activities under this program?

Yes: No:

If yes, what are they?

5.13 Did you get any cooperation to solve that problem fro NGO, Bank, Government etc?

Yes: No:

5.14 Any suggestions or comments form your side that can help to make the program more effective: