

## CHAPTER I

### INTRODUCTION

#### 1.1 Background of the Study

Albert Einstein once said, “The significant problems we face cannot be solved by the same level of thinking that created them”. He might not have been talking about women’s empowerment, but the quote is just as relevant in explaining the strict interpretation of women’s empowerment used in this paper. The main objective is to investigate the impact of microfinance, in particular the Self Help Group bank linkage program, on women’s empowerment. In the South Asian context, women’s empowerment is interpreted as a process in which women challenge the existing norms and culture in order to effectively improve their well-being. This is especially interesting, given the importance of the access to financial services – especially microfinance – in Sida’s key strategy document “Perspectives on Poverty” (2002) and Sida’s policy Promoting Gender Equality in Development Work (2005)

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Microfinance is a source of financial services for entrepreneurs and small business lacking access to banking and related services, which helps to low-income people including women, who are deprived from economics activities. It helps to those people in the society who have no access to take financial from the commercial banks, because commercial banks provides the large amount of loan for high level and income area with some mortgagee. The low income people have not any property to keep the mortgagee to take loan for commercial banks.

Microfinance has been successfully use as an antipoverty and developmental tool in many countries. The clients of microfinance institutions are poor, low-income people and women often living in rural area with less access to basic amenities as education, water, electricity, banking services, health services, market facilities etc. The women lack of access to appropriate financial services. Microfinance is one of the most important tools of the development that raises the living standard of poor and low-

income group of people and women. It provides small size of loan, helps to develop entrepreneurship and to establish small-scale enterprises at simple and flexible term and induces saving.

As women contributes to national income of the country and maintain a sustainable livelihood of the families and communities. Although, they face many social-cultural barriers, lack of education and financial difficulties. Traditionally women have been marginalized. Women are rarely financially independent and often more vulnerable member in family and society. About 70 percent of the world's poor are women and they have no access to credit and other financial services. Therefore microfinance often target women. Microfinance is a critical tool to empower women from poor household. So, particularly, women can benefit from microfinance program as many microfinance institutions target only women, to empower them.

The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class when women are able to provide income to the household. There are many reasons why women have become the primary target of microfinance services.

Microfinance is one of the appropriate mechanisms to identify the poor and disadvantaged community and to address poverty by providing income, employment and capacity building opportunity to the poor, disabled, dalits, marginalized group and destitute including women and their socio-economic empowerment with the support of social mobilization. (Shrestha, 2007)

Empowerment is related to the process of internal change and to the capacity and right to make decision. It consists of change, choice and power. It is a process of change by which individuals and groups with little or no power gain the ability to make choice

that affects their lives. The structure of power directly affects the choices that women are able to make their lives. (Kulkarni, 2011)

Microfinance has been as contributing not only to poverty reduction and financial sustainability but also to a series of ' virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, there by addressing goal of gender equality and empowerment. (Kulkarni, 2011)

Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years , there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

Many developing countries in the world have unemployment, poverty and low economic growth. Therefore, people of these countries cannot improve their economic condition because the poor people of these countries have no access to proper financial services. Empowerment of women is one of the very important issues in developing countries. As women are integral part of society, their status and participation in decision-making as well as economic activity is very low. Thus, in developing countries microfinance program is used worldwide to eradicate poverty, improving women's economic status by contributing in economic activities and improve economic growth.

The history of microfinance is from Bangladesh since late 1970's and a very successful project. In Nepal, microfinance was initiated with the advent of Small Farmers Development Program (SFDP) in 1975 as targeted as well as pro- poor program focusing only on the rural poor. The overarching objectives of SFDP are to improve the socio economic condition of small farmers, the rural poor. This is the executing responsibility of which is visited in Agricultural Development Bank

Limited (ADBL), then the Agricultural Development Bank Nepal (ADBN) since 1975). SFDP is a credit plus program. Hence, it provides not only credit facility but also the technology, training and social and community development facilities to the beneficiaries. (Shrestha, 2007).

Women in Nepal are extensively engaged in agricultural activities that comprises more than half of the population of the country. Moreover, they are deprived from economic resources like property, income, employment as well as other resources. Beside this, Nepalese women are also underprivileged and disadvantaged in terms of their socioeconomic status in the development process and the need for their advancement has been growing in many nations. Nowadays, many national and international organizations have been established and launched the programs targeting to enable them to become aware of their situation and to gain economic independence. The provision of credit is regarded as one of the potential way to improve their economic condition.

Microfinance practice in Nepal has started from traditional practice of co-operatives like Guthi, Dhikuri, and DharamBhakati etc. at present there are large numbers of cooperatives societies, NGOs, INGOs, CBs, DBs many governmental organizations are working in this sector for empowering the status of women. After 1990s, the adoption of economic liberalization Nepalese financial sector has expanded massively. To uplift the economic status of women and deprived group of people microfinance programs have to mobilize the resources belongs to poor community by the poor themselves.

## **1.2 Statement of the Problems**

In past days women were restricted to take part in any social activities and not given roles in decision making in family. The situation was even more worsening in rural and remote areas. Now the situation has been changed. Women have given freedom to do what they wish. In today's scenario more women are engaged in income generating activities. This is because of NGO and other financial institution came forward to provide microfinance to poor women. They believe that a woman is the

small credit risk and often benefits the whole family. The main aim of microfinance is to empower women. This induced the researcher to focus more on the empowerment of rural women who participates in the microfinance.

Nepal is poor country where women are poorest among the poor because they are deprived from education and economic resources. There is great disparity between gender (men and women), so nowadays to reduce poverty and economic development of poor people, Microfinance is new hope. It is the true that micro finance is able to mobilize the resources which has in the land of poor people. It helps to increase in the earning capacity and improve their living standard, so microfinance is effective and powerful tool to minimize the level of poverty and improve their living standard.

The women Gulmi are involved in agriculture activities and serve as homemakers at home. The women have greater household responsibilities than man but the income source of women depends on their husbands' income.

Therefore, this study has some research questions to explore some specific findings regarding impact of microfinance program at study area.

### **Research Questions**

1. What will be the economic status of women after involving of microfinance program in the study area?
2. Does the program make significant improvement in the role of women in economic decision-making?
3. Does the program make significant impact in the women involvement in business?
4. What is the effect of women's education level on performance of microfinance?

### **1.3 Objectives of the Study**

Micro-finance is emerging concept of Nepal. The value of micro-finance in Nepal is increasing day by day. The main objective of the study is to make inquiry into the micro finance program of Gulmi. The objectives of the study are as follows:

1. To identify the improvement of economic status of women in Gulmi district after participation in the microfinance.
2. To find out the decision making status of women after participating in microfinance programs.
3. To identify the impact of the program in the women involvement in business.
4. To identify the effect of women's education level on performance of microfinance.

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

Micro finance is an emerging as a powerful instrument for poverty alleviation in a new economy. Microfinance for the women and poor people has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years , there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in developing countries often argue that the exaggerated focus on micro finance as a solution for the women has led to neglect by the state and public institutions in addressing employment and livelihood needs of the women.

Micro-finance makes people literate by providing different trainings and conducting different programs. This study is important in Nepal because the government has initiated micro-credit through the government agencies and organized group of women who are providing commercial credit. Micro finance is now a proven strategy for the economic empowerment of women and small farmers.

This study is significant because for the first time, the government is promoting different development Banks and NGOs with the apex, organization like RMDC and

co-operative institutions for promoting micro-finance program. This research tries to signify micro-finance in Nepal and how it helps to reduce poverty of country with the help of case study of micro finance program of Gulmi district.

The following points will justify the significance of the study.

1. How are women collecting and mobilizing rural saving through micro-financing activity?
2. How do women improve their economic condition after participating micro finance programs?

### **1.5 Limitations of the Study**

1. This study mainly focuses on microfinance programs operating in Chandrakot municipality only.
2. This study mainly based on primary data.
3. The study mostly concern about microfinance program run by Global IME Bank and Suryodaya Microfinance.
4. The study is based on the data of female respondents who have been used MFPs during ten years 2070-2075 regularly and they belongs to Chandrakot Municipality. In this study all the changes depends on women's involvement in MFPs of Global IME Bank and Suryodaya.

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

This study has been divided into five chapters.

#### **Chapter I: Introduction**

It consists of general background about microfinance and women empowerment, statement of the problems, objective of the study, limitation of the study and chapter plan of the study and other introductory framework.

**Chapter II: Review of Literature**

It consists with the review of available relevant studies. It includes the conceptual review of the related books, journals, articles and the published and unpublished research works as well as thesis.

**Chapter III: Research Methodology**

It deals with research methodology; which includes general information about MFI Global IME Bank and Suryodaya Microfinance, study area, research design, nature and sources of data, sample size, data collection technique and tools, data analysis and presentation.

**Chapter IV: Presentation and Analysis of Data**

This chapter is the major part of the whole study in which all collected relevant data are analyzed and interpreted by the help of different financial and statistical tools. In this chapter we explained the major findings of the study.

**Chapter V: Conclusions**

This chapter includes the summary, conclusion and the implication of the study. The findings are included in this chapter along with the suggestions and their implications.

An Appendix, Reference section are enclosed at the end of the study.



## **CHAPTER II**

### **LETERATURE REVIEW**

In general, every scientific research is based on past knowledge. The previous studies cannot be ignored because they provide the foundation for present study. This chapter is based on the public books, journals, articles, study reports, manuals, previous thesis, workshop proceedings, related website and studies on micro-finance programs and institutions undertaken nationally and globally. The mentioned literature focuses on the background of micro-finance, the significance of micro-finance in order to uplift economic condition and inter-relation between women empowerment and micro-finance.

Most of the poor lack access to basic financial services that would help them to manage their assets and generate income. Micro-finance comes as financial intermediation that empower the women. Micro-finance has captured the imagination of many people working to reduce poverty. Micro-finance is to be geared towards addressing economic empowerment and improvement of income or income generation of women. Present literature review also describes about women empowerment and small framer's economic upliftment.

#### **2.1 Conceptual Review**

##### **2.1.1 Microfinance**

Microfinance is all about financial services provided in name of small loans to the poor to start or expand their small business that may improve their living standard by improving earning capacity as well as empower women by enabling them to make economic decisions and alleviate poverty. Micro-financing is available to poor entrepreneurs and to the low-income households who have no collateral and lack access to standard bank loan. Microfinance programs have been introduced with the aim of developing microenterprises; in addition to help existing business to grow by diversifying their activities and coping poverty among the needy people of the developing countries.

Micro-finance has evolved as an economic development approach intended to benefit low-income women and small farmers. The term refers to the provision of financial service to low-income clients, including the self-employment. Financial services generally includes saving and credit, however, some micro-finance organizations also provide insurance and payment services. Many MFIs provide social intermediation services such as group formation, development of self-confidence and training in financial literacy management capabilities among members of a group. Thus the definition of micro finance often includes both financial intermediation and social intermediation.

A micro-finance activity usually involves:

- Small loans typically for working capital
- Informal appraisal of borrowers and investments
- Collateral substitutes, such as group guarantees or compulsory saving
- Access to repeat larger loans, based on repayment performance
- Streamlined loan disbursement and monitoring
- Secure saving products

Some MFIs provide enterprise development services, such as skills training and marketing, and social services, such as literacy training and health care; these are not generally included in the definition of micro-finance. MFIs are non-government organizations (NGO), savings and loan co-operatives, credit unions, government banks, development banks, commercial banks or non-banking financial institutions. Micro –finance clients are typically self-employed, low income entrepreneurs in both urban and rural clients are often traders. Street vendors, small farmers, service providers and artisans and small producers.

Essentials of micro-finance is targeting to the poor, group approach, no tangible collateral, doorstep service, small loan size, frequent repayment, sustainable interest rates, simple procedure of operation, free choice of economic activities by clients, disciplined clients, effective pre-group training.

Micro finance can be defined as follows

- It is a system of grass root development finance
- It deals with the poor people, low income group, the asset less, the marginalized, the exploited and the desperate
- It provides small loans to meet their diverse needs with simple procedure in homely atmosphere
- It takes small and petty savings for safe keeping to meet their lump-sum requirement in future
- It offers other financial services such as micro insurance

Hence, it provides the services like micro savings, micro credit micro insurance and other support services to the poor to uplift their socio-economic condition.

Micro-finance is a powerful instrument of women empowerment.

- It enables the women to take advantage of existing opportunities
- It generates self-employment
- It raises their income
- It develops micro enterprise
- It builds up their assets
- It builds up their self-confidence and self esteem
- It improves their purchasing power by consumption
- It empowers them economically and socially
- It enhances domestic savings and improves financial market
- It enhances overall economic growth
- It enhances in participation on decision-making.
- It improves skill acquisition.

Women occupy more than half of the total population in the context of Nepal. Most of women are under poverty. Women's access to financial services has been increased substantially in present and has been empowered economically. Microfinance programs have become the crucial tool for the empowerment and boost up of women.

As women empowerment has become the global concern and burning issue in these days, various scholars, academicians and other related organizations have learned and presented about the similar subject matters.

According to ADB's (Asian Development Bank, Manila) Microfinance Development Strategy microfinance is the financial service such as deposits, loans, payment services, money transfers, and insurance to poor and low income households and their microenterprises (Bank, 2000).

The 2000 Microcredit Summit Campaign illustrated the concept of microfinance very precisely: "Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability.

It is about women achieving economic and political empowerment within their homes, their villages, their countries" (Campaign, 2000).

Microfinance, is "the attempt to improve access to small deposits and small loans for poor households neglected by banks." Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. Schreiner & Colombet(2001).

CECI (2001), report stated that women are among the poorest segment of the population. They have lower status and mobility in the society. Access to management of credit and saving increases their status and mobility in the society and builds self-confidence. It is necessary to focus microfinance program to women to better distribution of benefits and better performance in repayment of loan and its interest rate. It is because women spend larger portion of additional income earned on household expenses and basic needs that benefit children in particular. In connection of repayment, women members are found better than the male. Therefore, the report argued that the microfinance programs should focus on women.

Cheston & Kuhn (2002), stated that microfinance programs have been potential to transform poor relation and to empower women. Although women access to financial resources has substantially increased yet loans, gives to women differ in size. In spite of this, just financial help not enough to empower women and improve well-being but if they are properly designed then they make important contribution to women empowerment. The authors explained that empowerment indicators and measurement technique. The contribution of micro insurance, saving to empowerment, technology transfer through microfinance institution, the relationship between microfinance program, empowerment, family planning and cultural norms are exist. Further explained that microfinance plays a major role in gender and a development strategy because of it is direct related to poverty alleviation and women. As, women are the poorest of poor, so financial security allows the women to become more empower in household and community. As women spent most of their income on their family needs particularly children education, health care and clothing. Access to financial resources not only empowers women but also access to material (credit, property and money), human and social resources (education, business). Microfinance affect women's ability or decision making and self-confidence which is closely related with knowledge, women's status and gender relation at home. Through the program women escaped from abusive relationship. Microfinance programs impact also on political empowerment.

Boros & Murray (2002), highlighted that the microfinance gives access to financial and non-financial services to low income people wishing to access money for starting or developing an income generating activity. Loans and saving of the individual poorer clients can be bankable, that is they can reply in time both principle and interest and make saving provided financial services are tailored to suit their needs. According to the authors, microfinance programs, which initially targeted both male and female clients, become predominantly women oriented. This was because such programs believed that the poorer women were better and timelier player than poorer men; and that women decided more of the income generated from business activities to their families 'well-being. Microfinance programs have helped to implore women's social position, the women become more respected in their communities and their

opinions, and power to influence decisions in the household and it carried more weight in the community. The microfinance program can also provide the power platform to create favorable context to encourage women to gain political right. Another positive development for women in microfinance area is the deliberate hiring them as staff of microfinance intermediaries to management and leadership positions including as board members.

Khandker (2005), stated that creating and enabling environment for microfinance and women's empowerment can be achieved through promoting women's access to public service and employment opportunities. Public policy should promote social inclusion and equal opportunities for poor women. Women can become powerful catalysts for development for development when empowered through microfinance, but required access to childcare, health, education and skills employment opportunities and greater control over their fertility and children's education to enable to take advantage of the opportunities that microfinance provide. Through establishing strong partnership between the private banking sector and microfinance institutions; so that the market plays more effective role in contributing poverty alleviation. Multinational banks that provide micro loans have greater access to resources, banking technology and boarder range of financial services. These potential benefits have needed to balance against concerns arising from corporate lending practices and competition with microfinance institutions serving poor. In addition, providing complementary services with literacy classes, business, training and childcare; these are significant factors in improving both repayment rates and women empowerment, therefore it is important to resist pressures on microfinance programs to reduce operational cast by cutting back on such essential complementary services and by including women empowerment indicators in the design and evaluation of microcredit programs. Best practices has shown that microfinance is more effective when assets used as collateral or purchased with loans are solely or jointly in women's manes; a range of saving products and facilities offering higher interest rates are made available the lending process includes participatory consultation, including for non-business loans such as health, education and housing.

Armendarize&Morduch (2007), had argued that enhancing opportunities for women can be good for both efficiency and intra-household equity. Microfinance can also improve long-term developmental as women are the main brokers children's wealth and education. Microfinance to play a role in increasing the scale and scope of self-employment opportunities and skill acquisition protecting women's right through saving and for enhancing social capital. Microfinance should act as a deterrent against domestic violence and more generally as an instrument for women to promote their rights and improve their bargaining power vis-a-vis their husband or other male family members. Microfinance increase the opportunity cost of women's time.

Asim (2008), evaluated the impact of micro credit program on indicators of women empowerment in urban slums of Lahore district, Pakistan. The author has chosen specialized institutions with women focusing models. Therefore, the most appropriate institutions according to author are Kashaf foundation and Community Support Concern (CSC). Three potential sources of selection biases measured the impact of program. Firstly, program participants different from their control comparators. Second is that the treatment group might differ from control group in the distribution of unobserved characteristics. Third bias can rise if participants have positive externalities on those who have later joined program. The author construct preference based indicators including child related and health related decisions and economic decisions, social mobility decisions, resource allocated decisions and autonomy based indicators including household purchase and child related decisions. To explore the link between women empowerment and micro credit participants, the author used three different estimates; simple parametric framework of conditional mean independence, randomization of treatment and bivariate probit model. The results show that micro credit intervention has no impact on child health, economic and social mobility decisions. On average, women in treatment group were no more independent or autonomous than the control group in small household purchases. Participation in micro credit program is found to be insignificant in explaining all the outcome indicators of empowerment for sampled household.

Microfinance is one of the best alternatives to generate self-employment. It provides services to the communities who have no collateral to offer against the loans they take but have indigenous skills and strong desire to undertake economic activities for self-employment and income generation. Women who could gain access to microfinance services have been able to create self-employment opportunities and have been economically and socially empowered through increased income earning from their small projects. The MFIs and the wholesale lending institutions such as RMDC together have raised the level of awareness and the required skills of these women to successfully carry out locally feasible income generating activities. Many participating women have now become self-reliant both economically and socially with the acquired knowledge and skills, and the resultant income from the microfinance program. Thus, microfinance has become a strong means to reduce poverty especially of the women. Among the many developmental programs implemented in Nepal, microfinance programs have a strong rural orientation and are targeted at the poor. (RMDC, 2009)

Das (2014), stated that microfinance as one of the promising and cost effective tool, which fight against global poverty. The term microfinance could be defined as provision of thrift, credit and other financial services and products of very small amounts to poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards. It is one of the important tools, which plays a significant role in poverty elimination, and economic development of rural poor.

### **2.1.2 Models of Microfinance**

Various microfinance institutions in the world have adopted various Credit lending models. Some of them are described below.

#### **2.1.2.1 Community Banking**

This banking model is mostly run by NGOs and other organization to develop community by introducing community development programs. For this, semi-formal



or formal institutions are launch in the community to give out micro loan and train the community members into different financial activities in generating income and saving (Bank, 2014).

#### **2.1.2.2 GrameenModel**

Grameen model is set by the Prof. Mohammed Yunus in Bangladesh targeting women from low –income group as the main borrower. In this model, a bank manager and workers visit villages to explain the purpose and model of operation of the bank to the local people. In first stage, two out of five people in a group receive loan. The group are then monitored for a month to see if they are following the rule of the bank. The other member of that group can borrow money only when the first two borrowers repay money with interest within fifty weeks of lending period. This pressurize the group to keep individual record clear (Bank, 2014).

#### **2.1.2.3 Group Model**

In this model, if a member faces difficulty in paying back loan, then other members put pressure on that member to pay it back soon. But it does not work then the whole group will repay the loan on the behalf of that member (Johnson &Rogaly, 1997).

#### **2.1.2.4 Individual model**

This model does not need any group to formulate as micro loan is provided directly to the individual. So there is no peer pressure for repayment (Bank, 2014).

#### **2.1.2.5 Bank guarantees**

In this model, a commercial bank plays role of lender in which it arranges money from external donor or government agency or by internal source using members' savings. Loans are provided directly to an individual or a self-formed group. Many international and UNO have been creating international guarantees funds that banks and NGOs can contribute to start micro funding programs (Bank, 2014).

### **2.1.2.6 Village banking model**

This model was formed in mid-1980s by Foundation for International Community (FINCA). Village Banks are community-managed credit and savings associations established to provide access to financial services in rural areas, build a community self-help group, and help members accumulate savings (Otero & Rhyne, 1994). Membership in a village bank usually ranges from 30 to 50 people, most of whom are women. Membership is based on self-selection. The bank is financed by internal mobilization of members' funds as well as loans provided by the MFI.

### **2.1.3 Women Empowerment**

Bisnath & Elson (1999), defines that women's empowerment is a process in which women gain greater share of control over resources, material, human and intellectual like knowledge, information, ideas and financial resources like money and access to money and control over decision-making in the home, community, society, nation and to gain 'power'.

For Oxfam, empowerment is about challenging domination and inequality. It states, 'Empowerment is a challenge to face domination in the society that exists in millions of people's life which are inequitable, or in ways which deny their human rights (Oxfam, 1995).

Empowerment is an ability on women to make strategic life choices which were somehow in some point had been denied to be provided in their life (Sevefjord & Olsson, 2000). It is a process for women to increase self-reliance, independent right to make choices, and to control available resources which will assist in challenging their own subordination. It is very used in present context in developing countries in various ways. One of them is in the Millennium Development Goals (MDGs) by UN as 'Gender equality and women's empowerment' in form of the third goal (Kabeer, 2003). According to her, "the empowerment of poor women must clearly be part of an agenda that addresses the empowerment of the poor in general. At the same time, however, poor women are generally subordinate to poor men. The reduction of

poverty thus has to take account of gender inequalities among the poor, including inequalities of power.”

Krishna (2003), explains that empowerment is the process of increasing the capacity of women to make choices and to transform these choices into desired actions and outcomes.

Important India explains Women Empowerment as an environment for women where they can make decisions for themselves for personal benefits and for the society by increasing and improving social, economic, political and legal strength by making them confident enough to claim their rights and get their voices heard (India, 2015).

## **2.2 Empirical Review**

### **2.2.1 Review of Journals and Articles**

Malik & Muhammad (2005), presented that approximately 60 percent of clients of microfinance institutions throughout the world are women. Three arguments are used to prioritize women access to microfinance services. First, is poverty second is increased efficiency and sustainability and third one is equality in empowerment. Empowerment is a process of change by which individual or groups gain power and ability to take control over their lives. It involves increased well-being, access to resources, self-confidence, self-esteem and respect, participation in decision-making and bargaining power and increased control over benefits and their own life. Microfinance program tends to focus on promoting changes at individual level. However, the scope of empowerment for individual women is usually limited by inequalities and discrimination. The authors concluded that microcredit schemes do not doubt facilitate in empowering poor women and eradicate poverty. The impact on women were enhancement in women's ability to influence family affairs, decision-making, increased self-confidence, improve their status, increased gender relations at home and reduction in domestic violence.

Majorana (2007), assessed the impact of rural microfinance project based on observation and analysis of MFIs working in Kathmandu, Dhanusa, Sunsari and

Morang districts. Author found that the microfinance program aimed at women empowerment has contributed to indifferent ways. The treated their saving as a means of building up an assets base and gaining a certain independency from their husband. The programs have increased women's self-confidence and their influence in household decision-making process has increased. From this analysis of the study concluded that the microfinance services have reached the poor and poorest families. The women clients have improve their confidence, leadership, decision-making power and entrepreneurial skills after participating in the microfinance program.

RMDC (2008), studied about the impact of microfinance program on socioeconomic status of ultimate beneficiaries by using primary and secondary information in Kathmandu district. The study revealed that the impact of microfinance services on participating women was positive to their household income. An increase in income improves the socioeconomic condition of participating women. The credibility of borrowers also has increased in the other sectors through their increased income. This was possible because of their involvement in the program. It has been considered as a positive impact of microfinance. The microfinance program has greatly empowered the women in all respects. This study showed that microfinance promotes diversification of income source and bring about positive change in investment, income and saving made from each category of income source. Microfinance program generates self-employment that generates income to meet daily necessities of the poor women and their families. Microfinance program also improves the education status of children of member women as they get required information from the implementers. Beside this microfinance program increase their own decision making power without any interference from their male counterparts.

Bashyal (2008), explained about the microcredit based on primary information found that though microcredit has positive and reproductive work. The study has depicted that clients of husbands seems very positive in sharing workload that their wives were doing before. Women's control loans and benefits however remains compromised. The program has access to more year of schooling for both male and female children equitability no discrimination was found between son and daughter in sending school.

More interesting decision-making role among the credit groups regarding the family planning and message of their daughter found increased. Field observation also showed that the clients are more accessed to general health care service from the hospital. From the overall impact evaluation, it can be concluded that microfinance can achieve the first three out of eight goal of millennium development purposed by the millennium summit 2000.

Ghimere (2008), has assessed and analyzed of microfinance program on socio-economic upliftment of rural women and the role of microfinance program on empowerment of women through enhancement of decision making power in Rupandehi by NUBL and evaluated the per-capita of women about MFP. This study revealed that the condition of drinking water, toilet bathroom was also improved during the observed period, which indicated that women awareness was increased then before their involvement in MFPs. Rural women were started to take part on social discussion and participation of women on MFPs has been positively taken by the society. This showed that women were socially uplift. Women were becoming self-dependent and there was increase in participation of women on economic and household decision and on social issue as well. Thus, positive effect on socio economic upliftment of rural women was seen.

Swaina&Wallentin (2009), in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

Makarfi&Olukosi (2011), has found that Microfinance Institutions (MFIs) have evolved as a veritable strategy for alleviating poverty among the active poor in developing countries. MFIs can be sustainable if information flow is better managed particularly for markets rates on deposits and microfinance products. A situation where the savings component is the lowest in the financial structure suggests a faulty strategy for a sustainable program.

Noreen (2011), described that microfinance program for women have positive impact on economic growth by improving women income generating activities. The author attempts to explore the determinants of women empowerment and its effect on decision making by using regression analysis. The data were collected from Bahawalpur City. The author found that age, education of husband, marital status, no. of sons, father assets and loan amount are influential factors rather than many other factors are the socioeconomic determinants of women empowerment. Age effects positively and significantly but its variation is not much. Older women are much mobile, have a greater access to resource and to make decision both inside and outside the home. Education of husband also gives the females more say in domestic decision- making. The economic determinant loan amount also contributes to the women empowerment at household level. Most of the women make financial and business decision by themselves and use their loans by themselves. Microfinance loans have positive effect on women domestic decision making.

Aruna&Jyothirmayi (2011), has concluded that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of self-help group linkage program. The microfinance related loan available and its productive utilization found to be causing significant differences in women empowerment levels, measured through women empowerment index (WEI), of the loan availed participants as compared to the non- loan availed. However, it is found effective in graduating the poor, not the poorest, and lower middle class to a higher standard of living. Microfinance is capable of graduating struggling poor from their shackles and helps to upscale them to a better living and playing a significantly positive role in upgrading women empowerment.

Sarumath& Mohan (2011), explained that the main aim of microfinance is to empower women. Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. Microfinance in women's empowerment are considered into three dimensions namely

psychological, social and economic. The main findings of the journals are listed as follows:

1. Microfinance brought courage and self-confidence and improved their skill and self-worthiness.
2. Microfinance improved the literacy level of rural women improved awareness in children education to high level of respondents.
3. Women are economically empowered after joining SHG program and getting microfinance as 92 percent reported that poverty level reduced by participating microfinance program.
4. Majority of the respondents expressed that their awareness about environment improved after taking part in micro finance programs actively. Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly happiness and peace in the family.
5. There is appreciable development in coordination between groups and within group leaders and decision making among respondents. There is a significance improvement in the income of the respondents after joining SHG.
6. There is a definite improvement in psychological well-being and social empowerment among rural women because of participating in micro finance through SHG program.

Leikem (2012), explained that another series of positive impacts exist in what has been Termed the wider impact of microfinance sifting focus to analyzing effects on the communities and societies of the borrowers. The general argument for the wider impact of microfinance, it is that it generates greater social networks and a greater sense of community, which translate into accumulation of information contributing to greater political participation, education rate and better health care. These social qualitative measures are argued to be more difficult to measure than quantitative measure and have been cited, as important evidence of microfinance is ability to reduce poverty. The study concluded that overall microfinance has provided important contributions to development world. It was found that savings are vital and are perhaps more important to poor. The poorest are probably better served by direct

subsidies rather than loans. Although microfinance is certainly not a panacea for poverty, it can prove itself a useful tool in fight against poverty.

Loomba (2012), concluded that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in India. Microfinance loan available and its productive utilization found to be having a profound role and impact on women empowerment. The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of self-help group linkage program in Ghaziabad. Microfinance is accepted as a key mantra for attaining and maintaining the sustained and long-term economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity.

W.N. Susan (2013), has found that Micro Finance Institutions have received extensive recognition as a strategy for economic empowerment to women. Women's access to savings and credit gives them a greater economic role in decision making through their decisions about savings and credit. When women control decisions regarding credit and savings, they optimize their own and the households welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The financial sustainability and empowerment paradigm emphasize women's own income-generating activities. MFIs also train the women thus eradicating illiteracy on how to manage the funds they advance from it. This enables or guides women on how to make economic decisions as well as those of their households. Women receive advice from the MFI on how to use or manage the funds they acquire. The MFIs provide adequate investment knowledge that gives the women an opportunity to make appropriate choices of investment helping them to rise economically.

According to Agarwal (2016), has concluded that micro finance can contribute to solving the problems of inadequate housing and urban services as an integral part of



poverty alleviation programs. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrower without imposing unbearably high cost of monitoring its end use upon the lenders. A promising solution is to provide multipurpose lone or composite credit for income generation, housing improvement and consumption support. Consumption loan is found to be especially important during the gestation period between commencing a new economic activity and deriving positive income. Careful research on demand for financing and savings behavior of the potential borrowers and their participation in determine the mix of multi-purpose loans are essential in making the concept work.

### **2.2.2 Review of Related Thesis**

Poudyal (2005), who conducted research on the topic "*Micro-finance and its impact on Economic Empowerment of Women*" concluded the following finding;

- ) Micro-finance program is the best way to empower women economically as well as socially.
- ) MFP is fruitful initiative as it reaches door to door of rural poor and promotes then to save and do economic activities especially women.

Thapa (2006), conducted dissertation of Master level on "*Micro-finance Programs and Economic upliftment of women.*" This dissertation has analyzed the impact of Micro-finance in uplifting the economic condition of women and gives conclusion as follows:

- ) Involvement in the micro-finance program has empowered women in varying degree; it has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities.
- ) The program puts its focus on group activities and poor generation.

- ) Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.
- ) Awareness of health care, including women and children's health, family planning sanitation and reduction in smoking, alcohol consumption.
- ) Women's mobility has increased due to their participation in monthly meetings.
- ) MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt.

Shakya (2016), conducted thesis of International Business on " Microfinance and Women Empowerment" concluded the following findings:

- ) The study establishes the concept about poor villagers as less risk taker to continue credit as they are highly depending on agriculture sector. Since urban women are completely on commercial business (no matter the type of business), they tend to be determined to continue loan rather dropping out caused by natural disasters for instance, floods.
- ) A focus on lending to women is common in microfinance initiatives as women registers higher repayment rates. It is linked to women empowerment and economic development by creating self-confident. They are categorized as an important borrower due to the capability of using small loans into wise investment instead of spending money on luxurious goods. They also have right to access capital who before were restricted to any financial autonomy.
- ) Women agree that the microcredit program has positive impact in their self-confidence. Women living in village are encouraged to take up leadership positions in their families. The program has helped women in creating decision making opportunities inside their household matters.
- ) Women are economically and socially empowered after joining the Microfinance Program.

- ) Through Microfinance, women starts business by taking micro loan from MFIs. With the loan they not only able to increase their income but also had impact on financial and social life.

### **2.3 Research Gap and Conceptual Framework**

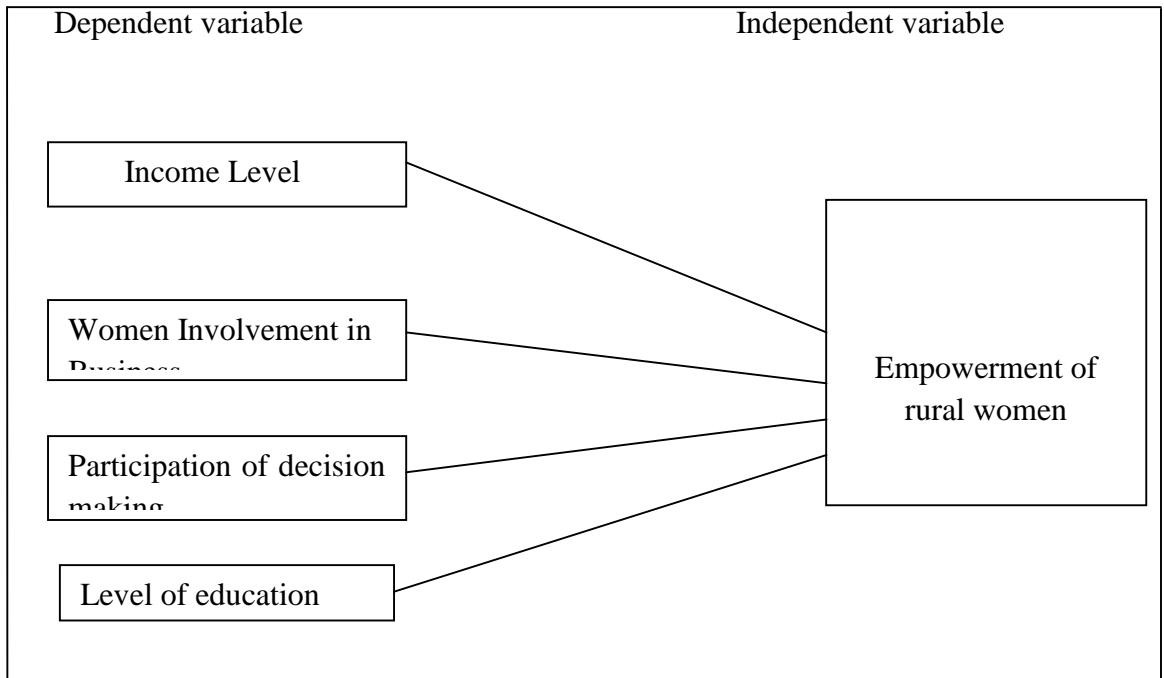
The literature review signified that the microfinance is a developmental tool; it gives financial services to poor, low-income people and women to improve their economic condition. The microfinance program helps income generating activities to poor and women, which helps to empower them socially and economically towards self-sustain life. This studies showed that the involvement in business for earning and repayment rate of loan and its interest is also good of women members as compared to male. Beside this it helps to increase the decision making power of women and participation in social issues.

All the researches are concentrated on assessing the impact of microfinance which institution wise, model wise or gender wise. None of these studies captures the effect of microfinance program on class wise. As meaning of MF consists very broad definition of micro fund mobilization to know the real impact of microfinance, all relevant aspect of societies should be evaluated. In the same concern, this research selected women as a matter of study, which is majority in population but ignored from the stream of sustainable development of country and dominated by rich. Mainly, this research is focused on women empowerment and which the boundary of empowerment; this research has taken economic improvement of women their socio-economic status. However, this study is entirely new in Gulmi, no research related to MF has so far been done in Gulmi. This research justifies the present work about MF.

#### **Conceptual Framework**

The theoretical framework clearly MFI helps and role of improve the living standards of women. The MFI also improve the women income, households, self-esteem and efficiency.

**Figure 2.1**



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter deals with technique and procedures used during the research study. This chapter includes the introduction about Global IME Bank Ltd and Suryodaya microfinance, study area, research design, nature and source of data, sampling technique and procedure, data collection technique, analysis and presentation of data.

#### **3.1 Study Area**

Chandrakot Municipality is one of the municipality of Gulmi District. It is situated in west part of Gulmi District. There are 11 wards in Chandrakot Municipality. It is one kind of semi urban area in the view of development. More the 80 percent people involve in agriculture occupation.

#### **3.2 Research Design**

As per nature of study, the study has used quantitative research design. Descriptive research design is used to collect the opinions and to know about behavior of beneficiaries. The study is mainly focus on MFP by Global IME Bank Ltd and Suryodaya microfinance operating in Chandrakot Municipality.

#### **3.3 Nature and Source of Data**

Both primary and secondary sources of data are used. Mainly, the primary data has used in the study. The primary data is collected from household survey using structured questionnaire and interview method. The related secondary data obtained from documents, reports, journals etc., different books and bulletins of microfinance have to use.

#### **3.4 Population and Sample**

The sample size has been taken from involved women in Global IME Bank Ltd and Suryodaya microfinance in Chandrakot Municipality. There are 1200 members

in Global IME Bank Ltd and Suryodaya microfinance in this municipality. From total population 120 members have been taken as the sample population. The convenience sampling is used to categorize the members into different groups. Then simple random sampling is used for detailed study.

### **3.5 Data Collection Procedure**

To collect primary data household survey and interview method are used. Total population is 1200. Out of total population 120 members are selected as sample. The cluster sampling is used to divide the members into specific groups then simple random sampling is applied to research the household survey. Subjective and objective types of structured questionnaires are developed to collect primary data in household survey. The questions are designed to collect information of two-time periods. Two times means the data before MFPs intervention and after the MFPs intervention. Other different published articles, documents, books etc. are also used to obtain necessary information.

### **3.6 Data Presentation and Analysis**

The data collected using different techniques are given due attention to process and present them in suitable format. Therefore, that it can be analyzed using analytical, descriptive as well as simple quantitative statistical tools. Descriptive methods like percentage, mean, trend analysis are used. Results obtained are presented in the form of tables and figures. The statistical tools nonparametric and paired T test are used to test the significance of parametric test for sampling attributes.

#### **3.6.1 Percentage Analysis**

A percent is a way of expressing numbers as a fraction of 100 and is often denoted by % sign. Percent is a proportion stated in terms of one hundred that is calculated by multiplying by a fraction. It presents the result in absolute terms. In the study, these tools are used to measure the proportion of respondents' occupational movement, saving purpose.

### **3.7 Data, Methodology and its Application to Justify Objectives of the Study**

The statistical tools used for analyzing the primary data are percentage method, average/mean scores, standard deviation, and paired t-test, and nonparametric test, Percentage analysis has been used for analyzing almost all the questions highlighting major variables of the study to help compare and highlight the general outcomes of the study. Paired t-test, and nonparametric test has been applied to find the association between two variable. Mean scores and Standard Deviation have been used to highlight the difference in the mean values of empowerment variables and nonparametric and sample t-test highlight the major factors of the study

## CHAPTER IV

### RESULT

This chapter deals with collected data regarding to the main objectives of study. In this chapter, we analyze the collected data in various headings and sub headings to fulfill the main objectives of research study. This chapter shows the analysis of the various issues like occupational change due to involvement in MFPs, change in income after involving MFPs, involvement in business, decision power and women perception below sequentially.

#### 4.1 Socio-Demographic Characteristics of Respondents

Being the study of MF targeted to the poor people, this research work has studied women from Global IME Bank Ltd and Suryodaya microfinance; to know the poor women's activities researcher have asked various structural questionnaires. Therefore, this selection consists various information of respondents like an age, caste/ethnicity, educational status and marital of respondents. There are hundred percent married poor women with seven different caste all poor people are mostly literate. These all are scattering of following term:

**Table 4.1**  
**Socio- Demographic Status of Respondents**

<b>Socio-Demographic Status</b>	<b>No. of Respondents</b>	<b>Percentage</b>
<b>Age Group</b>		
20-30	12	10
31-40	45	37.5
41-50	39	32.5
51-60	16	13.33
61-70	08	6.67
Total	120	100
<b>Marital Status</b>		
Married	104	86.67
Widow	11	9.17
Divorced	4	3.33
Separated	1	0.83
Total	120	100.00

Source: Field Study-2018



In field survey among the respondents, the youngest respondent is 21 years old and the oldest is 65 years old. Table 4.1 shows that very little respondent who had over 20 and below 30 years old been only 10 percent. Table 4.1 shows that more than half percent (70) of women respondents are between 31 to 51 years old. This fact shows that MFPs is focusing those age group who are economically active and energetic in every aspect; matured energetic aged group are focused by MFPs.

There are hundred percent-married women involved in microfinance group in the study area. In the study area, unmarried women are not found, 86.67 percent are married and living with their husband. Similarly, 9.17 percent respondents are widow, 3.33 percent respondents are divorced and only one respondent is living separately.

## **4.2 Economic Impact of Rural Women**

This study has incorporated with various economic impacts issues under this heading. Under this heading the study deals with

Significance of charged in income after involving MFIs. Occupational change due to involvement in MFPs, income earning level. Test of such subheading are presented sequentially.

### **4.2.1 Occupational Movement**

This topic deals with the occupational change of respondents after involving MFPs. In study area, the changing structure of occupation after involving MFPs is presented as:

**Table 4.2****Occupational Movement of Respondents before and after MFPs****Occupational Status of the Borrower**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	79	65.8	65.8	65.8
	Employee	7	5.8	5.8	71.7
	Business	24	20.0	20.0	91.7
	Others	10	8.3	8.3	100.0
	Total	120	100.0	100.0	

Source: Field Study – 2018

Table 4.2 shows that the 65 % women are in involve in the agriculture and 24 in business 7 were in employee and 10 were in the others. But after involving in microfinance it has changed agriculture were 51% employee were 7% in business 32 and others were 10 % it shows that the microfinance make their strong in different sector.

### **4.3 Decision Power**

Inclusion in social and family decision-making process empowers the women because it develops the perception of women. It enables women to make themselves as an integral part family and society as well. Therefore, increased outreach of women to the decision-making process on social units either in the family or in the society implies the dignity of works. Therefore, the present study deals with the empowerment of women through enhancement of decision-making power with special reference to the microfinance services rendered By Global IME bank and Suryodata MFI in Chandrakot Rural Municipality to its clients. So, different variables regarding the decision are identified. They are food and clothing, children education

and entertainment, agriculture and agro-production, saving decision pattern of respondents.

#### **4.3.1 Expenditure on Food and Cloths**

In this section, the question is about the decision on food and clothes with women respondents before and after involving MFPs. The reply of respondents as follows:-

**Table 4.3**

#### **Decision about Expenditure on Food and Cloths**

<b>Who make decision?</b>	<b>Before MFPs</b>	<b>After MFPs</b>
Self	32	98
Other	88	22
Total	120	120

Source: Field Study-2018

Table shows that the before involving in microfinance women are less participated in the decision making in the food and clothes and expenditure. After the involvement in microfinance most of the women were in participation in the decision making in different sector which shows the positive impact of the microfinance.

#### **4.3.2 Children, Education and Entertainment**

In this section the question is about who make decision on children education and entertainment before and after involving MFPs. The reply of respondents as:

**Table 4.4****Decision about children Education and Entertainment**

<b>Who make Decision?</b>	<b>Before MFPS</b>	<b>After MFPS</b>
Self	17	96
Other	103	24
Total	120	120

Source: Field Study 2018

Table shows that the before involving in microfinance women are less participated in the Decision making in the Decision about children Education and Entertainment. After the involvement in microfinance most of the women were in participation in the decision making in different sector which shows the positive impact of the microfinance.

**4.3.3 Agriculture and Agro-production**

In this section, the question is about the decision on agricultural related decision like as sales and purchase of agro product about the plantation, harvest etc. before and after involving MFPS. The reply of respondents as follows;

**Table 4.5****Decision on Agriculture and Agro-Product**

<b>Who make decision?</b>	<b>Before MFPS</b>	<b>After MFPS</b>
Self	49	109
Other	71	11
Total	120	120

Source: Field Study 2018

Table shows that the before involving in microfinance women are less participated in the Decision making in the Decision on Agriculture and Agro-Product. After the involvement in microfinance most of the women were in participation in the decision making in different sector which shows the positive impact of the microfinance.

#### 4.3.4 Saving

The question is asked to know about their decision on saving to respondents before and after involving MFPs. The reply of respondents as:

**Table 4.6**

#### **Decision on Saving**

<b>Who make decision?</b>	<b>Before MFPs</b>	<b>After MFPs</b>
Self	25	85
Other	95	35
Total	120	120

Source: Field Study-2018

Table shows that the before involving in microfinance women are less participated in the. Decision making .After the involvement in microfinance most of the women were in participation in the decision making in different sector which shows the positive impact of the microfinance

#### 4.4 Decision Making

This study draws from bargaining theory to examine whether microfinance, a range of financial instruments such as micro-loans to support micro-enterprises, affects women's participation in household decision-making operationalized by whether women play a role in household decisions about large purchases, small purchases, going out to meet friends and family, and health care among a nationally representative sample of 120 women between the ages of 15 and 49 years in Nepal.

Bargaining theory suggests that decision-making in households is conflictual but conflict can be mitigated through bargaining. Central to bargaining power of women is control over resources, assuming that household decision-making involves making economic decisions.

In the Chandrakot rural municipality it found that after the involvement in microfinance women actively participated in the decision making on the different sector. Before involve in micro finance less women are participated in the decision making on their family activities.

#### 4.5 Level of Income

Income is money that an individual or business receives in exchange for providing a good or service or through investing capital. Income is used to fund day-to-day expenditures. People aged 65 and under typically receive the majority of their income from a salary or wages earned from a job. In this study in Chandrakot rural municipality women income level was low before involvement in microfinance but the income is higher after the involving microfinance and using loan of its and investing on the income generating activities. Women are generate high income through different sector after involving in microfinance.

**Table 4.7**

#### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Difference in Income	120	100.0%	0	0.0%	120	100.0%

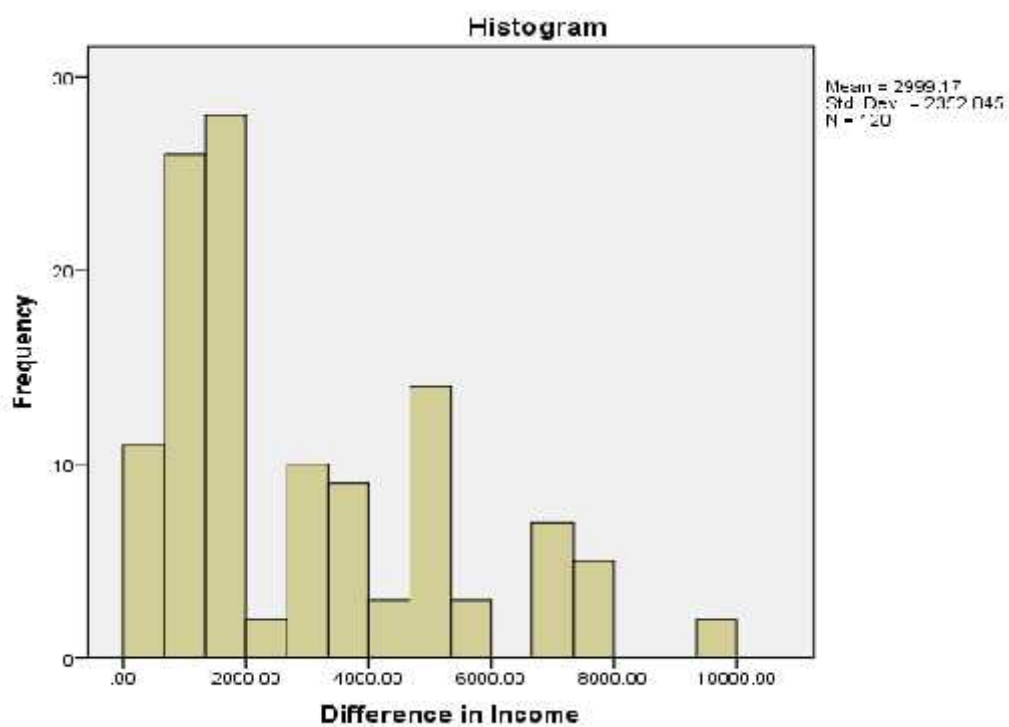
In this research total 120 observation were used and there is no any missing observation. so there is 100 % observation available for the analysis part of the study.

## Difference in income

		Statistic	Std. Error
Mean		2999.1667	214.78442
95% confidence interval	Lower bound	2573.8721	
	Upper bound	3424.4613	
Median		2000	
Variance		5535881.653	
Std. Deviation		2552.84544	
Minimum		500	
Maximum		10000	
Range		9500	

Source: Field Study-2018

**Figure 4.1**



From the above table and figure descriptive statistics was shown. Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. The table shows

Mean difference in income were rs2999.17. While calculating mean standard error were estimated 214.78. Table also show maximum Difference in Income value were 10000 and the minimum Difference in Income were 500 and the range between maximum and minimum were 9500.

Table shows in 95 % confidence interval for mean lower limit is RS 2573.87 and upper limit is RS 3424.46, while normal distribution mean value is RS2823.15. Which means income differences of this distribution were accepted between those limits. Otherwise those observation were out of the acceptable level. The median of this observation were RS 2000 which shows almost 50% of people has difference income is less than or equal to RS 2000. Standard deviation is a quantity expressing by how much the observation of a distribution differ from the mean value for the distribution. For this distribution standard deviation is 2352.84544. The variance in probability theory and statistics is a way to measure how far a set of numbers is spread out. Variance describes how much a random variable differs from its expected value. The variance is defined as the average of the squares of the differences between the individual (observed) and the expected value .and the variance is 5535881.653.

**Table 4.8**

**Tests of Normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Difference in Income	.206	120	.000	.868	120	.000

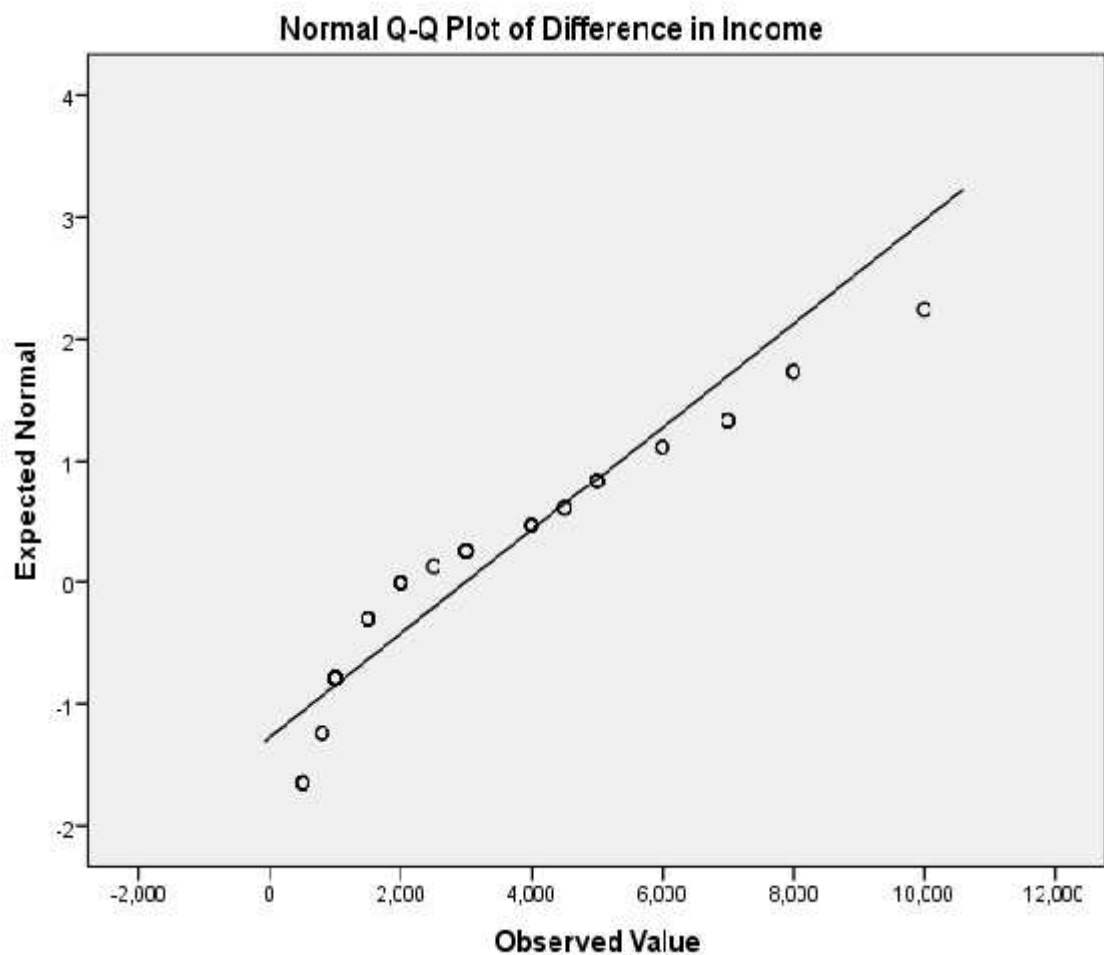
a. Lilliefors Significance Correction



The test statistics are shown in the third table. Here two tests for normality are run. For dataset small than 2000 elements, we use the Shapiro-Wilk test, otherwise, the Kolmogorov-Smirnov test is used. In our case, since we have only 120 elements, the Shapiro-Wilk test is used. The p-value is 0.00 we can accept the alternative hypothesis and conclude that the data comes from a normal distribution. The p value is 0.00 so there is no need to paired t test for the distribution

**Figure 4.2**

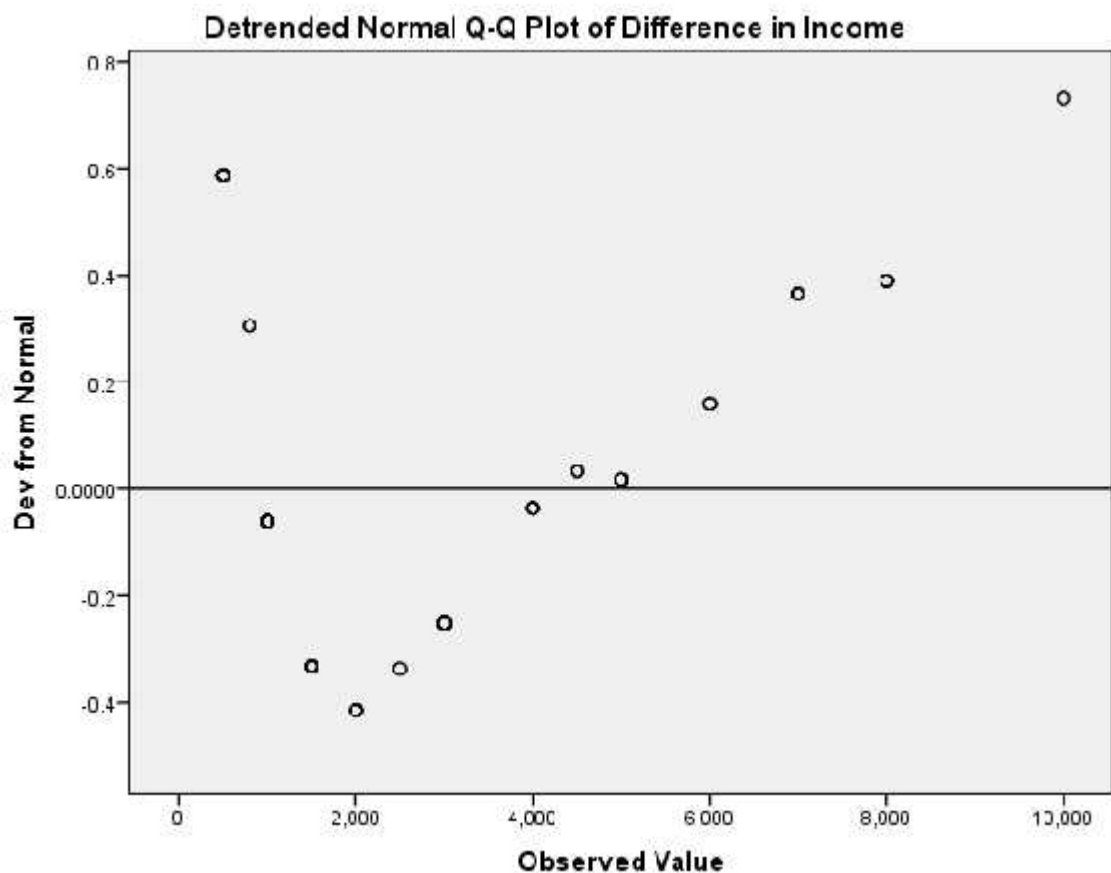
### **Difference in Income**



A normal Q–Q plot of randomly generated, independent standard exponential data. This Q–Q plot compares a expected normal value of data on the vertical axis to a observed value on the horizontal axis. The points follow a strongly nonlinear

pattern, at the starting point the observed value are less than expected and slowly growing up than slightly decreasing over the period, so suggesting that the data are distributed as a standard normal. The offset between the line and the points suggests that the mean of the data is around 3000. The median of the points can be determined to be near 2000.

**Figure 4.3**

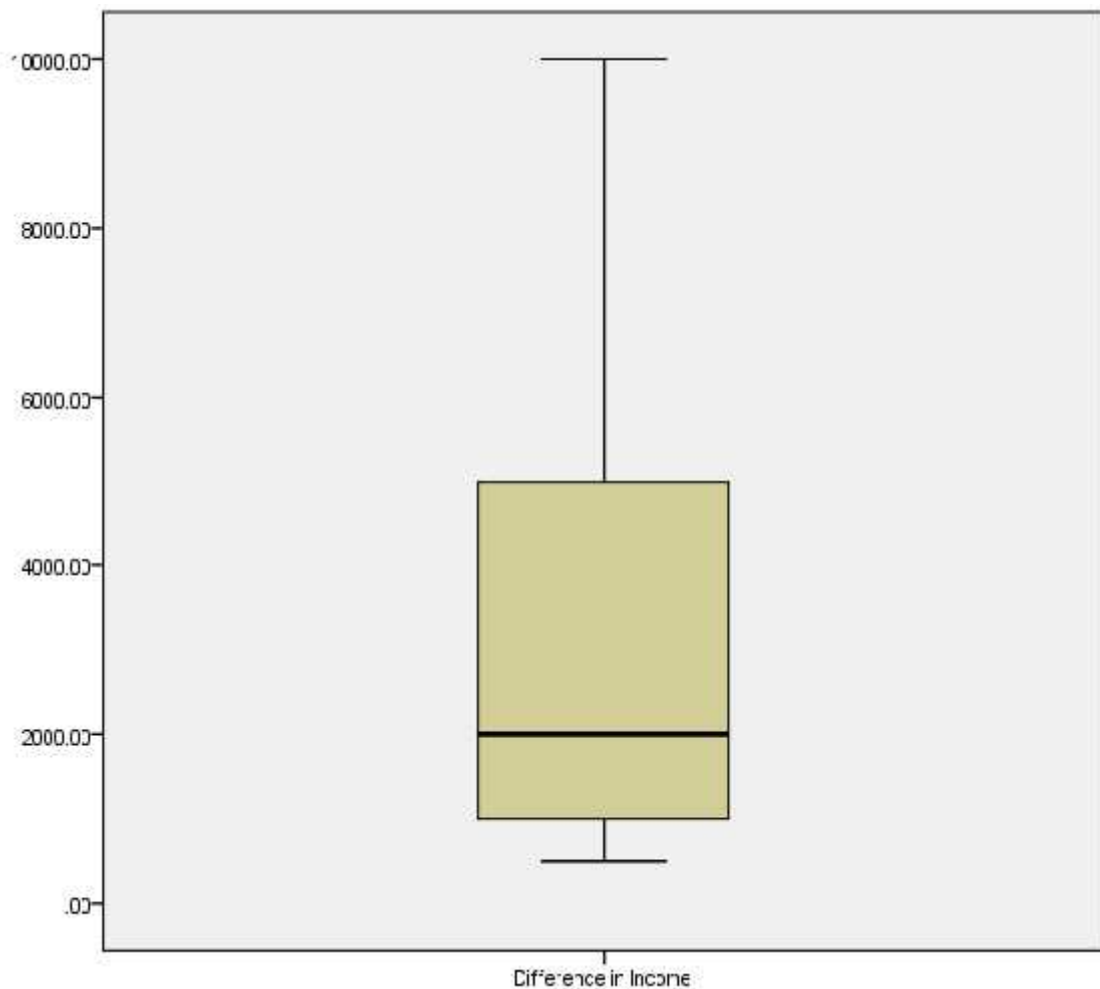


The Detrended Normal Q-Q Plot shows the same information as the Normal Q-Q Plot, but in a different manner. In the Detrended Plot, the horizontal line at the origin represents the quantiles that we would expect to see if the data were normal; the dots represent the magnitude and direction of deviation in the observed quantiles. Each dot is calculated by subtracting the expected quantile from the observed quantile. (This implies that if a dot is below the trend line on the Normal Q-Q plot, it will appear

above the trend line on the Detrended Normal Q-Q plot, because observed - expected  $> 0$ .)

In addition to hypothesis tests and Q-Q plots, it's a good idea to look at a boxplot and a histogram of the data. Boxplots will give a better look at outliers and the location of the quantiles; histograms allow to easily visualize the distribution of the data. Both tools can help to decide if there are departures from normality in the data, and if they are severe enough to warrant concern.

**Figure 4.4**



## Nonparametric Tests

**Hypothesis Test Summary**

	Null Hypothesis	Test	Sig.	Decision
1	The median of Difference in Income equals 0.000.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The test rejects the hypothesis of normality when the p-value is less than or equal to 0.05. Failing the normality test allows you to state with 95% confidence the data does not fit the normal distribution. Passing the normality test only allows you to state no significant departure from normality was found. In our data p-value is zero so we can't test normality so we are testing the nonparametric test for the result. In other hands hypothesis test summary decided to rejection of null hypothesis and accept the alternative hypothesis.

## Conclusion

Microfinance plays an important role in reducing poverty and improving the living standard of developing countries, like Nepal. This paper examines the experience of microfinance in one less developed districts of Nepal. It is found that microfinance has significantly increased the income of poor households and raised their living standards. Interestingly, contrary to general perception and some evidence by other studies, our study shows the funds borrowed from microfinance institutions contribute more towards income earning activities than just consumption. This behavior has very important implications that the productive activities can be increased in the economy by providing small loans to underprivileged segments of the society.

Microfinance involves extending small loans, savings and other basic financial services to people that don't currently have access to capital. It's a key strategy in

helping people living in poverty to become financially independent, which helps them become more resilient and better able to

Provide for their families in times of economic difficulty. Considering nearly half the world survives on less than \$2 a day, microfinance is a vital solution. In the study we found that there is an important role played by microfinance in generating income of the people. It shows that there are the positive impacts of microfinance in generating income and saving and earning a small amount.

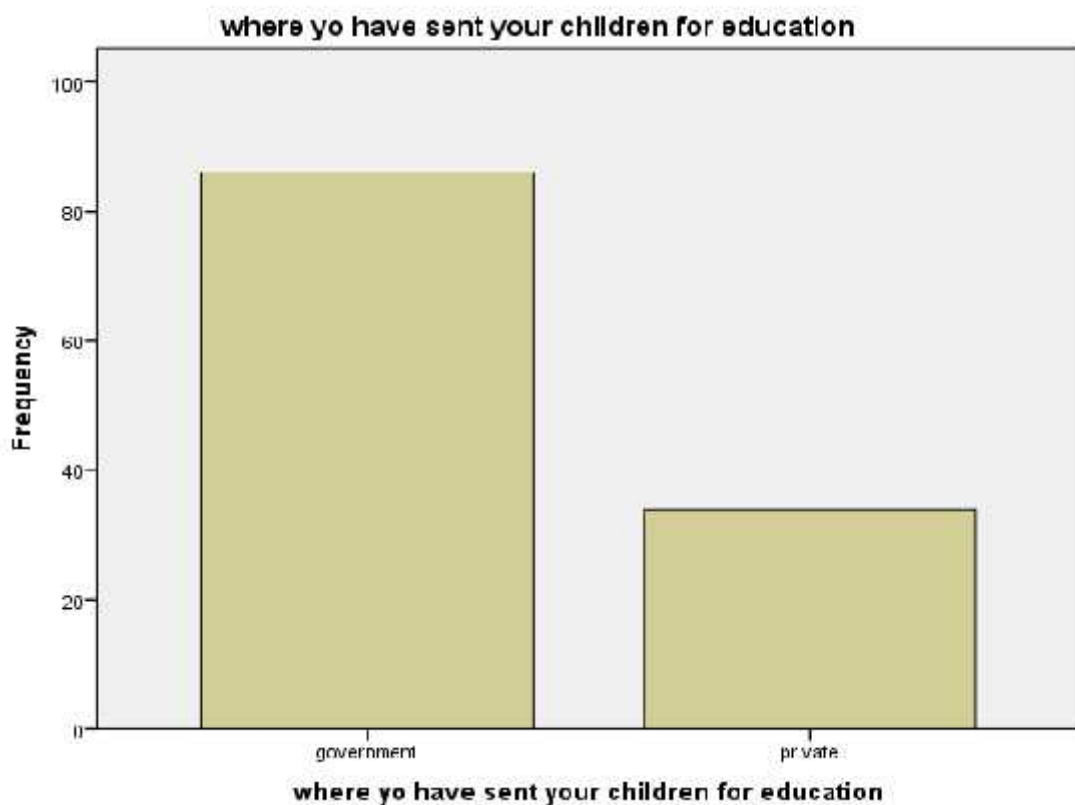
#### **4.6 Education level**

*Education is a basic requirement and a fundamental right for the citizens of a free nation. It is also of increasing strategic importance in the new environment of knowledge and information technology based globalized economy. Education plays a catalytic role in a country's socio-economic development and is one of the principal means available for a deeper and harmonious form of human development reducing poverty, ignorance and exclusion. Higher Education, which is a training ground for a professional, research-based, career-oriented future, must be respected as a potential instrument for bringing about social transformation and ensuring the success of democracy. Education must be provided to all categories of citizens by breaking down constraints and barriers. Women empowerment is a debatable subject. At earlier times they were getting equal status with men. But they had faced some difficulties during post-Vedic and epic ages. Many a time they were treated as slaves. From early twentieth century (national movement) their statuses have been changed slowly and gradually. In this regard, we may mention the name of the British people. After then, independence of India, the constitutional makers and nation leaders strongly demand equal social position of women with men. Today we have seen the women occupying the respectable positions in all walks of the fields. Yet, they have not absolutely free some discrimination and harassment of the society. A few numbers of women have been able to establish their potentialities.*

Table 4.9

Statistics					
where you have sent your children for education					
N	Valid	120			
	Missing	0			
where you have sent your children for education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government	86	71.7	71.7	71.7
	Private	34	28.3	28.3	100.0
	Total	120	100.0	100.0	

Figure 4.5



Government schools are primary or secondary schools mandated for or offered to all children without charge, funded and controlled by the local, state or national

government. Since they are supported by the government, they are wholly or partly funded by taxation. Since government schools are controlled by the government, the curriculum is decided at a state or national levels; all government schools follow the same curriculum. Admissions and testing are also managed by the government. Admission to government school is determined by the address of the student. The schools are obliged to take in the students who belong to their respective geographical zone. In our study area government school are better than private school people are shifting their

Children to the government school the main reason of that is government school are awarded by model school of the district. And there are both English and Nepali medium class are available with the student choice and the facility are very good like the environment and teacher are experienced and well qualified. So in te study are people are more focused on the government school rather than private school because of the past result and the performance of the government school. Bar chart shows that the maximum women are send their children to the government school. Because of the government school provided the quality education in peaceful environment.

#### **4.7 Occupational Status of the Borrower**

Any activity in which a person is engaged. Occupation is like something you are occupied with, and you're not necessarily doing it as a 'business' thing. Employment is the same as occupation, and can refer to something you are employed in doing, but not necessary a job done for work or money. In the study area we found. These are the occupation which study area of women were used.

<b>N</b>	<b>Valid</b>	<b>120</b>
	<b>Missing</b>	<b>0</b>

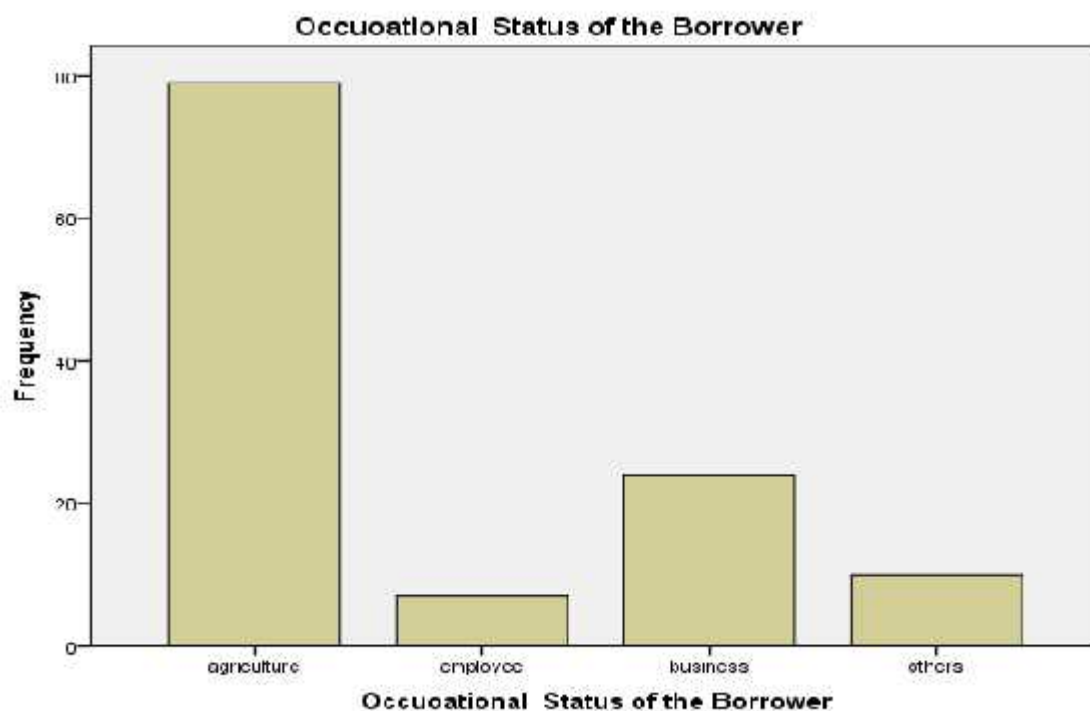
## Occupational Status of the Borrower

**Table 4.13**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	79	65.8	65.8	65.8
	Employee	7	5.8	5.8	71.7
	Business	24	20.0	20.0	91.7
	Others	10	8.3	8.3	100.0
	Total	120	100.0	100.0	

Source: Field Study 2018

**Figure 4.6**



It is because of the predominance of occupation as a social ranking dimension and women's traditionally unemployed condition that women were often said to occupy a "low-status" position in society. As women acquired jobs outside the home, they altered their status and provided a means for differentiating themselves. In our



study area there were 120 people are taken as a sample and there are no any missing people in our sample.

According to the field study there were 79 women are in agriculture, 24 women were in business, 7 were in employee and 10 were in others. In percentage 65.8, 20.0, 5.8, 8.3. Bar chart shows that maximum people were in agriculture therefore it is bigger and employee were and so on the business and others.

The conclusion is that the people are involving microfinance and uses the loan and investing in maximum are in agriculture and almost 20 percent were in business and half of the business were in others like selling milk, poultry and so on. And less people were in service sector. It shows that the microfinance performance were good and women were involving in the different occupation.

#### 4.8 Participation of decision making

“Any nation that fails to educate its girls or employ its women and allow them to maximize their potential is doomed to fall behind in the global economy. Imagine if you have a team and you don’t let half the team play, that’s stupid! That makes no sense. Evidence shows that communities that give their daughters the same opportunity as their sons are more peaceful are more prosperous, they develop faster, are more likely to succeed, giving girls an education. Here are the data of the study area where women make a decision in different sector.

**Table 4.14**

<b>Case Processing Summary</b>						
	<b>Cases</b>					
	<b>Valid</b>		<b>Missing</b>		<b>Total</b>	
	<b>N</b>	<b>Percent</b>	<b>N</b>	<b>Percent</b>	<b>N</b>	<b>Percent</b>
after involvement	120	100.0%	0	0.0%	120	100.0%

### After involvement

**Table 4.15**

		Statistic	Std. Error
Mean		34.1250	.34229
95% confidence interval	Lower bound	33.4472	
	Upper bound	34.8028	
Median		34	
Variance		14.060	
Std. Deviation		3.94965	
Minimum		26	
Maximum		44	
Range		18	

Source: Field study 2018

From our study we found that the following result while doing research. In this research total 120 observation were used and there is no any missing observation.so there is 100 % observation available for the analysis part of the study.From the above table and figure descriptive statistics was shown. Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. The table shows that the mean were 43.125 which shows that the maximum women were involving in the decision making in the family.in 95% of confidence level lower bound were 33.4472 and upper bound were 34.8028. Which means income differences of this distribution were accepted between those limits. Otherwise those observation were out of the acceptable level

Standard deviation is a quantity expressing by how much the observation of a distribution differ from the mean value for the distribution. For this distribution standard deviation is 3.74965. The variance in probability theory and statistics is a way to measure how far a set of numbers is spread out. Variance describes how much a random variable differs from its expected value. The variance is defined as the average of the squares of the differences between the individual (observed) and the expected value .and the variance is 14.060.

**Tests of Normality**Table 4.16

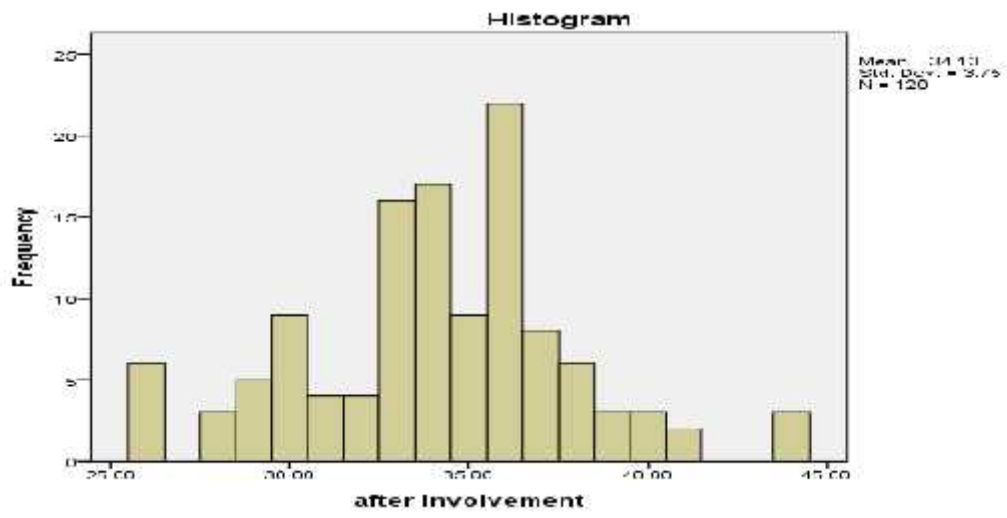
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
after involvement	.124	120	.000	.970	120	.008

a. Lilliefors Significance Correction

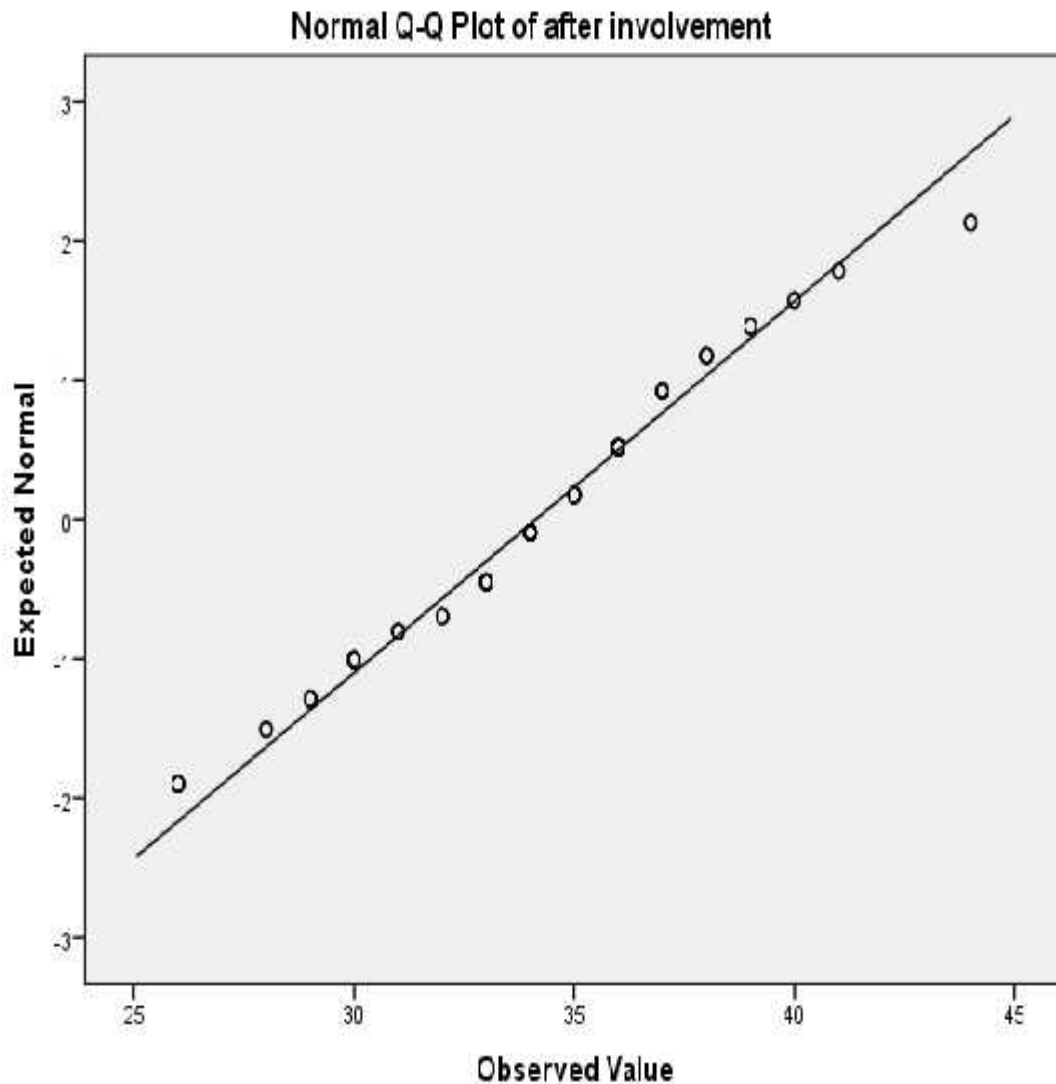
The test statistics are shown in the third table. Here two tests for normality are run. For dataset small than 2000 elements, we use the Shapiro-Wilk test, otherwise, the Kolmogorov-Smirnov test is used. In our case, since we have only 120 elements, the Shapiro-Wilk test is used. The p-value is 0.00 we can accept the alternative hypothesis and conclude that the data comes from a normal distribution. The p value is 0.00 so there is no need to paired t test for the distribution.

**Figure 4.7**

**After involvement**

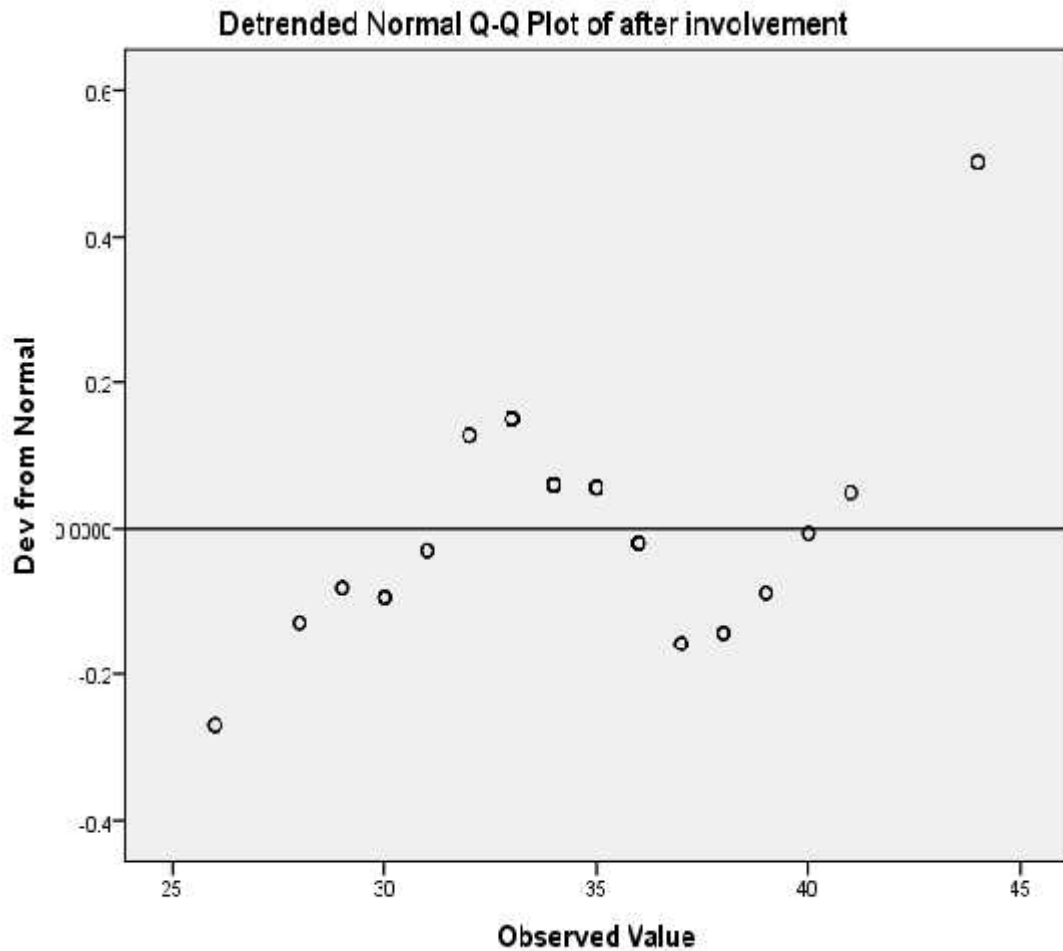


**Figure 4.8**



A normal Q–Q plot of randomly generated, independent standard exponential data. This Q–Q plot compares an expected normal value of data on the vertical axis to an observed value on the horizontal axis. The points follow a strongly nonlinear pattern, at the starting point the observed values are less than expected and slowly growing up than slightly decreasing over the period, so suggesting that the data are distributed as a standard normal. The offset between the line and the points suggests that the mean of the data is around 34.1250. The median of the points can be determined to be near 34.

Figure 4.9

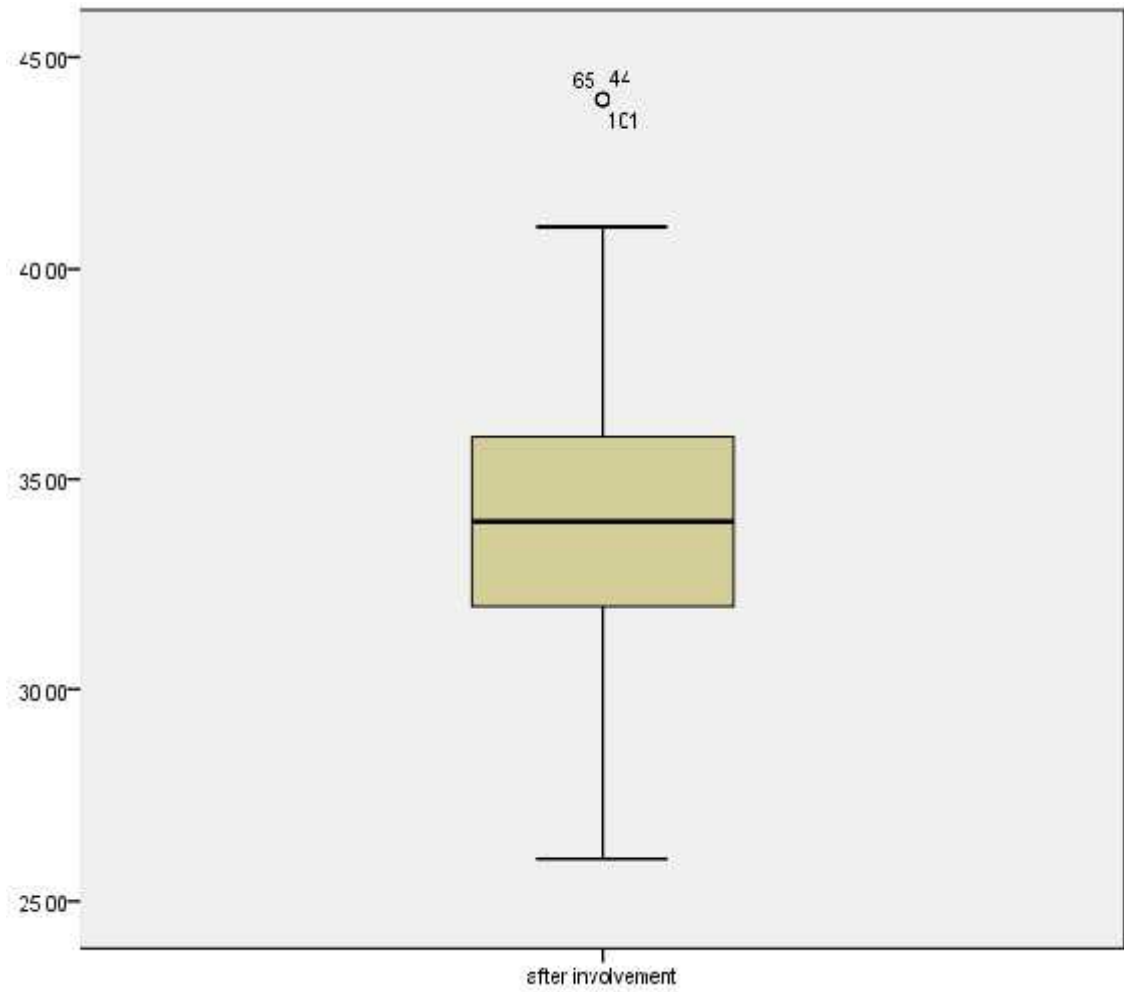


The **Detrended Normal Q-Q Plot** shows the same information as the Normal Q-Q Plot, but in a different manner. In the **Detrended Plot**, the horizontal line at the origin represents the quantiles that we would expect to see if the data were normal; the dots represent the *magnitude* and *direction* of deviation in the observed quantiles. Each dot is calculated by subtracting the expected quantile from the observed quantile. (This implies that if a dot is below the trend line on the Normal Q-Q plot, it will appear above the trend line on the Detrended Normal Q-Q plot, because observed - expected > 0.)

In addition to hypothesis tests and Q-Q plots, it's a good idea to look at a **boxplot** and a **histogram** of the data. Boxplots will give a better look at outliers and the location of

the quantiles; histograms allow to easily visualize the distribution of the data. Both tools can help to decide if there are departures from normality in the data, and if they are severe enough to warrant concern.

**Figure 4.10**



**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
after involvement	120	34.1250	3.74965	.34229

Table 4.17

One-Sample Test						
	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
after involvement	99.695	119	.000	34.12500	33.4472	34.8028

### Nonparametric Tests

A hypothesis in a scientific context, is a testable statement about the relationship between two or more variables or a proposed explanation for some observed phenomenon. In a scientific experiment or study, the hypothesis is a brief summation of the researcher's prediction of the study's findings, which may be supported or not by the outcome. Hypothesis testing is the core of the scientific method.

### Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The median of after involvement equals 3.000.	One-Sample Wilcoxon Signed Rank Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The test rejects the hypothesis of normality when the p-value is less than or equal to 0.05. Failing the normality test allows you to state with 95% confidence the data does not fit the normal distribution. Passing the normality test only allows you to state no significant departure from normality was found. In our data p-value is zero so we can't test normality so we are testing the nonparametric test for the result. in other



hands hypothesis test summary decided to rejection of null hypothesis and accept the alternative hypothesis.

#### **4.9 Major Findings**

The major findings of the study can be presented below in point wise:

- Microfinance brings courage, self-confidence and decision making status of the women.
- Women are economically and socially empowered after involving MFPs. The income level is increased by year and year after involving in MF. There is significance improvement in the income of the respondents after joining MFPs.
- There is appreciable development in decision making power of women after involving in MF.
- Microfinance improved the literacy level of women awareness on children education to high level of respondents.
- Microfinance developed the skill and gained knowledge about the various income generating activities.
- Women perceive MFSs positively; social response and reaction is also good, women are becoming self-dependent, self-conscious and self-motivated to become as dynamic as their family co-ordinations.

All tests derived from economic impact gives positive result; so, women are becoming socio-economically active and their economic condition also better than before. All tests derive from decision making ability also provide positive result; perceptual test also gives positive result. Therefore, MFPs are desirable for women.

## **CHAPTER V**

### **CONCLUSION**

This final chapter involves summary, conclusions and implications of the research work. The facts and findings from primary data analysis are presented in this chapter.

#### **5.1 Summary**

Nepal is developing country; most of the part is covered by rural areas and most of the rural areas are very far from financial services. Similarly, out of total population more than 50 percent women and most of women population still in traditional trap cover population. Nepalese women are backward in every aspect. For the sustainable development of country such, backward proportion of population should be taken into consideration from the organization should very grass root to top level.

Microfinance is recognized as an effective tool for poverty reduction and empowers women in the world and Nepal as well. ADB/N was the pioneer, who launched rural based program at first; which are becoming source of inspiration for newly established organization. Today various programs, policies, NGOs, INGOs and government organizations are working to support rural people. Among many programs, microfinance is becoming effective program because of its best performance and unique features.

Microfinance is financial and social intermediation to poor or especially women. As financial and social intermediation, it provides financial services like micro credit, micro saving, micro insurance etc. Women who could gain access to microfinance services have been able to create self-employment and socially and economically empowered through increased income earning from their small business.

Empowered is a type of situation where women have their self-dependency, free mobility, free participation and on their desired sector. Empowerment through microfinance is defined as women become economically, socially and politically strong; and able to make proper decision about social activities. So, in this study the concern of empowerment on economically, socially strong and power on decision-making and their involvement in the society.

In this study social and economic impact of MF consist various sub-headings like as income, saving, occupational change, child education. Another aspect of improvement consist their life style. Similarly, the perception of women about MF includes women perception, social response to women and dependency level.

The mainly focus of the study is to improvement in economic status and change in decision making power of MFP in Chandrakot rural Municipality conducted by Global IME BANK [Microfinance and Suryodaya MFI. By taking required samples from study area data have been collected by structure questionnaire and interview; collected data are analyzed, tested, interpreted by using descriptive as well as statistical approach. Mainly percentage, mean, one sample t test and nonparametric test are used. Economic is analyzed by using mean and percentage, decision power is analyzed nonparametric test. After testing raw data following facts are find:

Most of the beneficiaries of MFI are relatively poor; they have low income are focused by Global IME BANK [Microfinance and Suryodaya MFI.. MFPs are oriented to hundred percent-married women members. The women beneficiaries from MFPs have improve their income level and equally stimulated their living standard. The members who are involved in MFPs of Global IME BANK [Microfinance and Suryodaya MFI. have become more active mentally physically as well as socially in every activity. They have brought change their habit such as saving, helping to other, participation on social activities, cooperation to each other etc. As they have to gather in a month to repay and saving. They have get chance to discuss on their improvement and failure of their own business activities; which is big foundation forempowerment.

## 5.2 Conclusion

This study is micro level and case study of Grameen model microfinance program implemented in the semi-urban area of Gulmi district. This study has raised issues about women empowerment and taken women supporting program. Therefore, the whole study is based on women and the impact of MFP; the needed data are taken from working area of Global IME BANK [Microfinance and Suryodaya MFI. Under this study women empowerment, include economic empowerment and decision-making power. In this study to find out the impact of MFPs on its clients before and after its implementation the various variables have been developed and the data are collected from primary sources and tested by using various tools. The following conclusions have drawn from the study.

Economic status of all the respondents have found better after the MFPs implementation. As a whole, the result of this heading is positive; which is found from various tests. Therefore, it is concluded that MFPs have create positive economic impact on women. On the decision-making aspect of empowerment also gives positive result; so, rural women are becoming conscious and they are taking part in family decisional aspects. It shows women mobility is becoming wider. From the study, we find the positive result on social responses, perception and women experiences, dependency level. Therefore, it can be concluded that MFP is a desirable and effective toll to improve empower the women in study area. Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.

All the results show that positive effect of MFPs on empowering women beneficiaries in the study area. The empowerment status of rural women in Chandrakot rural Municipality can be significantly by increasing their income generating activities by providing financial support. The overall conclusion of this study is that the level of women empowerment is satisfactory at the household as well as social level

### **5.3 Implication**

This research may be useful to the microfinance organization to shape their future plans in the empowerment of women. The major implications of this study are as follows:

1. For the banks and other financial institutions this research might be guideline to know about the current status of the investment and income ratio.
2. For social entrepreneur this research may help to find the appropriate sector of investment and to find the market.
3. For local government bodies this research may be a guideline to shape their plans and policies field of women empowerment and poverty alleviation.
4. This research may be useful to the NGOS that are working in the field of women to get an overview of the economic strength of women and to shape their plan and policies.

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## APPENDIX

Questionnaire No: .....

Date: 2075/ /

### 1. Respondent Introduction

Name:.....

Age:.....

Cast or Ethnic Group:.....

### 2. Level of education

(a) Illiterate (b) Up to 10th Standard (c) Up to 10 + 2 (d) Graduates (e) Post Graduates  
(f) Professionals

### 3. What is your main Occupation?

S. N.	Occupation		
1	Agriculture		
2	Business		
3	employee		
4	industry		
5	Other (specify)		

### [B] Financial Information

#### 4. Which Microfinance financial institutions do you has accounts?

- a. Global IME Bank microfinance
- b. Suryadaya microfinance

#### [C] Which products of Micro Finance Institutions have you benefited from?

		Strongly Disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly Agree (5)
I	Micro Credit					
II	Micro Savings					
III	Micro Insurance					
IV	Micro-Finance Training					

## [D] Reasons behind in the use micro finance products

		Strongly Disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly Agree(5)
I	Agriculture					
II	Animal Husbandry					
III	Income generating activities					
IV	Asset Building					
V	Starting own business and its development					
VI	Consumption or Household expenditure					
VII	Education to children					
VIII	Wealth creation purpose					
IX	To acquire land or assets					
X	Social Security					

## E Awareness of Microfinance

	Strongly Disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly Agree (5)
Poverty reduction					
Accessibility of Microfinance Service					
Utilize of Microfinance					
knowledge of Microfinance					
Terms & Condition					

5. How much did your family earn before involvement in microfinance?

(a) Less than Rs.10,000 (b) Rs.10,001-20,000 (c) 20,001-30,000 (d) 30,000-40000 (e)  
Above Rs.50,000

6. How much was your saving before involvement in microfinance?

.....

7. How much do you save currently?

.....

8. Nowadays I make decision on household expenditure

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly Agree

9. Before my involve involvement in microfinance I was not involvement in making decision on household expenditure.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly Agree

10. I also participated in making decision about selection of school for my children.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly Agree

11. Earlier I was not involve inmaking decision about selection of school for my children.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree

4. Agree

5. Strongly Agree

12. Make decision on different sector?

		Strongly Disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly Agree(5)
I	Agriculture					
II	Animal Husbandry					
III	Income generating activities					
IV	Asset Building					
V	Starting own business and its development					
VIII	Wealth creation purpose					
X	Social Security					

13. Where you send your children for education

a. government school

b. private school

14. Have you taken any training from micro-finance program?

Yes

No

15. How much has the training you received from microfinance program been in your enterprise operation?

Very Helpful

Helpful

Not Helpful

16. How the societies give response of your mobility, decision-making, and leadership?

I) Best

II) Better

III) Good

IV) Bad

V) Very Bad

17. Are you dependent on domestic things and other normal facts with your family member yet?

I) Yes

II) No

18. How does the MFP help to fulfill your minimum requirement?

I) Best

II) Better

III) Good

IV) Bad

V) Very B

**ROLE OF MICROFINANCE TOWARDS EMPOWERMENT OF  
RURAL WOMEN IN NEPAL**

By

ARUN ARYAL

Exam Roll No: 642/16

Class Roll No: 156

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**A Thesis Proposal**

Submitted to

Central department of Management

Tribhuvan, University

In partial fulfilment of the requirement for the degree of

Master of Business Studies (MBS)

June, 2018



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## **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Microfinance is a source of financial services for entrepreneurs and small business lacking access to banking and related services, which helps to low-income people including women, who are deprived from economics activities. It helps to those people in the society who have no access to take financial from the commercial banks, because commercial banks provides the large amount of loan for high level and income area with some mortgagee. The low income people have not any property to keep the mortgagee to take loan for commercial banks.

Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.

The main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality.

The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a

socioeconomic way and changing the current conservative relationship between gender and class when women are able to provide income to the household. There are many reasons why women have become the primary target of microfinance services.

A recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in virtually every country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need microfinance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a microfinance institution's activities, benefiting multiple generations.

Nepal is among the world's 50 least developed countries (LDC's), sluggish economic growth, underdeveloped production with limited commodities to export, unbridled production growth, high concentration of labor force in agriculture etc. are some of the specific characteristics that indicates Nepal's underdeveloped economic structure. (Guire & Conroy, 2000)

Microfinance is one of the appropriate mechanisms to identify the poor and disadvantaged community and to address poverty by providing income, employment and capacity building opportunity to the poor, disabled, dalits, marginalized group and destitute including women and their socio-economic empowerment with the support of social mobilization. (Shrestha, 2007)

Many developing countries in the world have unemployment, poverty and low economic growth. Therefore, people of these countries cannot improve their economic condition because the poor people of these countries have no access to proper financial services. Thus, in developing countries microfinance program is used worldwide to eradicate poverty, improving women's economic status and whole economic growth.

Microfinance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

## **1.2 Statement of the Problem**

In past days women were restricted to take part in any social activities and not given roles in decision making in family. The situation was even more worsening in rural and remote areas. Now the situation has been changed. Women have given freedom to do what they wish. In today's scenario more women are engaged in income generating activities. This is because of NGO and other financial institution came forward to provide microfinance to poor women. They believe that a woman is the small credit risk and often benefits the whole family. The main aim of microfinance is to empower women. This induced the researcher to focus more on the empowerment of rural women who participates in the microfinance.

Gulmi is poor district of Nepal, where women are poorest among the poor because they are deprived from education and economic resources. There is great disparity between gender (men and women), so nowadays to reduce poverty and economic development of poor people, Microfinance is new hope. It is the true that micro finance is able to mobilize the resources which has in the land of poor people. It helps to increase in the earning capacity and improve their living standard, so microfinance is effective and powerful tool to minimize the level of poverty and improve their living standard.

The women of Gulmi are involved in agriculture activities and serve as homemakers at home. The women have greater household responsibilities than man but the income source of women depends on their husbands' income.

Therefore, this study has some research questions to explore some specific findings regarding impact of microfinance program at study area.

### **Research Questions**

5. What will be the economic status of women after involving of microfinance program in the study area?
6. Does the program make significant improvement in the role of women in economic decision-making?
7. Does the program make significant impact in the women involvement in business?
8. What is the effect of women's education level on performance of microfinance?

### **1.3 Objectives Of the Study**

Micro-finance is emerging concept of Nepal. The value of micro-finance in Nepal is increasing day by day. The main objective of the study will be make the inquiry into the micro finance program of Gulmi district. The objectives of the study are as follows:

5. To identify the improvement of economic status of women in gulmi district after participation in the microfinance.
6. To find out the decision making status of women after participating in microfinance programs.
7. To identify the impact of the program in the women involvement in business.
8. To identify the effect of women's education level on performance of microfinance

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

Microfinance is an emerging as a powerful instrument for poverty alleviation in a new economy. Microfinance for the poor people and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years , there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

Micro-finance makes people literate by providing different trainings and conducting different programs. This study is important in Nepal because the government has initiated micro-credit through the government agencies and organized group of women who are providing commercial credit. Micro finance is now a proven strategy for the economic empowerment of women and small farmers.

This study will be significant because for the first time, the government is promoting different development Banks and NGOs with the apex, organization like RMDC and co-operative institutions for promoting micro-finance program. This research tries to signify micro-finance in Nepal and how it helps to reduce poverty of country with the help of case study of micro finance program of Gulmi district.

The following points will justify the significance of the study.

1. How are women collecting and mobilizing rural saving through micro-financing activity?
2. How do women improve their economic condition after participating micro finance programs?

### **1.5 Limitation of the Study**

This study will focus on microfinance programs operating in Gulmi district only. The study will base on primary data. The study will mostly concern about microfinance program.

## **1.6 Organization of the study**

Chapter I entitled introduction deals the subject matter of the study along with general background, the research problem for studying, objectives of the study along with limitation and chapter plan.

Chapter II entitled review of literature. This chapter of review of conceptual framework about the study, review of related studies taken over different period of the times in the past in the national and international context and finally it also deals of this chapter it also include the concluding remarks which focused into the research gap.

Chapter III discuss the methodology use in the study. It comprises research design, nature and source of data, data gathering method and analytical tools used.

Chapter IV deals with the presentation and analysis of data and scoring the empirical finding out study through definite course of research methodology.

Chapter V conclusion of the study in this chapter is included conclusion recommendation and summary of study. Finally after this chapter study will be completed.

## **CHAPTER TWO: REVIEW OF LITERATURE**

### **2.1 Theoretical Review**

There are different kinds of literature available on microfinance. To attempt the theoretical foundation and how microfinance help to women empowerment, some books, reports, journals, related websites and thesis will be reviewed.

Microfinance has a large wealth of literature and seen as the major developmental tool for overall economic development and eradicating poverty at grass root level. Empowerment of women is a global challenge since traditionally women have been marginalized and subjected under the control of men.

The main goal of microfinance is the reduce poverty by providing various services to clients. Many supporters of microfinance agree that it has power to break the vicious circle of poverty. Microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small business. It has put any impact in economic development and poverty alleviation of underprivileged people. It will be concluded from research how effective role these institution have played to bring these people out of poverty.

Juan Somavia (2007) explains that women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities. Microfinance helps empower women from poor households to make this contribution. Microfinance the provision of financial services to the poor in a sustainable manner utilizes credit, savings and other products such as micro insurance to help families take advantage of income-generating activities and better cope with risk. Women particularly benefit from microfinance as many microfinance institutions (MFIs) target female clients.

Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicate that SHG members are empowered by participating



in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

S. Sarumath and K. Mohan (2009) defines that the microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. The main aim of microfinance is to empower women.

According to Mohini Agarwal (2016), credit for empowerment is about organizing people, particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit. Perception women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit. Further, it combines the goals of financial sustainability with that of creating community owned institutions.

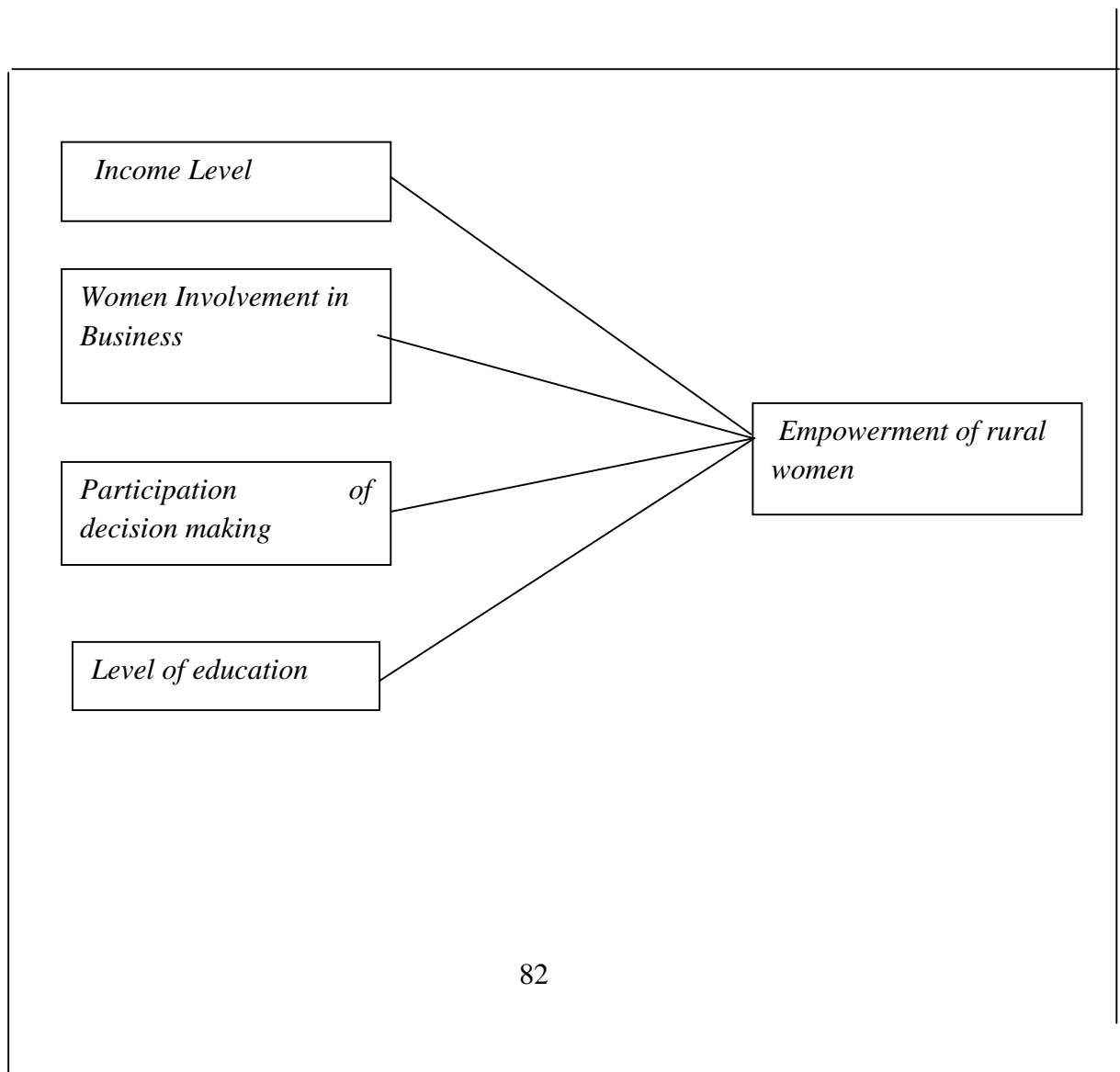
The literature review signified that the microfinance is a developmental tool; it gives financial services to poor, low-income people and women to improve their economic condition. The microfinance program helps income generating activities to poor and women, which helps to empower them socially and economically towards self-sustain life.

All the researchers are concentrated on assessing the impact of microfinance with institution wise, model wise or gender wise. None of these studies captures the effect of microfinance program on sector wise. As meaning of MF consist very broad definition of micro fund mobilization to know the real impact of MF, all relevant

aspect of societies should be evaluated. In the same concern, this research selected poor as a matter of study, which is majority in population but ignored from the stream of sustainable development of country and dominated by rich. Mainly, this research is focused on poor people empowerment and with the boundary of empowerment; this research has taken economic improvement of poor people and decision-making status of women. However, the study is entirely new in Gulmi district no research related to MF has so far been done in Gulmi district this research justifies the present work about MF.

## 2.2 Theoretical Framework

The theoretical framework clearly MFI helps and role of improve the living standards of women. The MFI also improve the poor people income, households, self-esteem and efficiency.



### **CHAPTER THREE: RESEARCH METHODOLOGY**

Research methodology describes the systematic way to use different tools and technique followed by researcher to solve the research problem. This chapter includes various steps that are used to collect the information. The study will based on primary as well as secondary data collection methods. In this chapter we will discuss about the impact of the women who involve in the establishment time of the MF and others who recently joined. And also discuss about the positive and negative impact of the women after involving in this program.

#### **3.1 Research Design**

This study will be based on survey design and analytical as well as descriptive method will be used to analyze and interpret the data. To show the economic improvement of poor people, a descriptive as well as simple statistical analysis will be adopted.

#### **3.2 Population and Sample**

There are many institutions are operating microfinance program in Gulmi district. Nepal. In study area 1200 members are active at present. Out of which, 120 individuals will be selected as the sample by simple random method for all population for detailed study.

#### **3.3 Sources of Data**

This study will base on primary as well as secondary data. This study will mainly base on primary data. Primary information will be collected from household survey, questionnaire and observation method. The secondary data and information will be taken from books, journals, office, websites, reports co-operatives, and banks that operate microfinance program in Gulmi district.

#### **3.4 Data collection & Processing Procedure**

The primary data will be collect from questionnaire method. To collect necessary information the researcher will also discuss with professionals and used observation method that will helpful to present report.

#### **3.5 Data Analysis**

Collected data will be analyzed through qualitative and quantitative technique.

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