

# WOMEN EMPOWERMENT THROUGH MICROFINANCE

(A Case Study of Kirtipur Municipality, Kathmandu District Nepal)

By

Ladiki Sherpa

Central Department of Management

Roll No. 1161/17

Registration No. 7-2-0291-0005-2012

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## **CERTIFICATION OF AUTHORSHIP**

I certify that the work in this thesis has not previously been submitted for a degree nor it has been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Ladiki Sherpa

December, 2019

## RECOMDATION LETTER

It is certified that thesis entitled **Women empowerment through microfinance (A case study of Kirtipur Municipality, Kathmandu district Nepal)** submitted by Ladiki Sherpa is an original piece of Research work carried out by the candidate under my supervision. Literary presentation is satisfactory and thesis is in the form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at last 60 days after registration the proposal. Thesis is forward for examination.

.....

Dr. Dhruba Lal Pandey  
Thesis Supervisor  
Central Department of Management  
Tribhuvan University  
Kirtipur Kathmandu, Nepal  
Date: December, 2019

## **APPROVAL SHEET**

We, the undersigned, have examined the thesis entitled **Women empowerment through microfinance (A case study of Kirtipur Municipality, Kathmandu district Nepal)** presented by Ladiki Sherpa a candidate for the degree of **Master of Business Studies (MBS)** and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Assco. Prof. Dr. Dhurba Lal Pandey  
Thesis Supervisor

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Internal Examiner

---

External Examiner

---

Prof. Dr. Sanjay Kumar Shrestha  
Chairperson, Research Committee  
Central Department of Management, Tribhuvan University

---

Prof. Dr. Ramji Gautam  
Head of Department Central Department of Management,  
Tribhuvan University  
December, 2019

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## List of Abbreviations

FINCA	:	Foundation for International Community
INGOs	:	International Government Organizations
MEDEP	:	Micro Enterprises Development Programme
MEs	:	Micro Enterprises
MFI	:	Microfinance Institutions
NGOs	:	Non- Government Organizations
SHG	:	Self-Help Group
SMEs	:	Small and Medium Enterprises
SPSS	:	Statistical Package for Social Sciences
UNCDF	:	United Nations Capital Development Fund
UNDP	:	United Nations Development Programme

## Abstract

The study covers the impact of microfinance programmes on economic empowerment and social empowerment of participants located in Kirtipur Municipality. 150 women members were selected for the study using judgmental sampling method. Descriptive and explanatory research design has been adopted to fulfill the objectives of the study.

The present study concludes that the MFIs are focusing more on saving and lending practices as well as effective training services. Microfinance members perceived social and economic empowerment through microfinance programme. However, they pointed out the impact of microfinance programme on information empowerment to some extent. Further, microfinance services and women empowerment has significant relationship.

This study is made on the basis of women in Nepal where poverty and women empowerment are the main problem. In order to support to alleviation of poverty and encouraging women to gain status in life, Microfinance institutions are playing as one of the main tools. There is a general consensus that microfinance is not equal to all poor women but has positive consequence in the life of Nepalese women.

The study investigates the role of Microfinance towards empowerment of women. The study is based on the self-made questionnaires to the women who is taking microfinance services. It is also based on various previous research. The primary data is collected from household survey using structured questionnaire and interview method.

The research findings proved that there is an improvement not only in economic terms but also in social terms. The results show a positive impact in income and saving. Although MFIs are mushrooming in Nepal, the poor villagers are remained under high interest rate with less accessible of money lending comparing to the women in city.

## CHAPTER: 1 INTRODUCTION

### 1.1 Background of the study

Micro financial is an important tool to uplift the living standard of the people in the countries like Nepal. Large portion of female population is backward .Even though Microfinance is not a new concept in the finance sector. With higher competition exit in the microfinance industry, most of the microfinance industries try to expand their customer base through various strategies. Resulting, many poor people could be attracted around the companies providing them valuable financial and non-financial services to get up from the vicious cycle of poverty. In this process, microfinance institutions basically address the requirements of the vulnerable group who is not considered by the formal financial system, such as female entrepreneur (Agarwal, 2016).

Al-Shamis (2016) asserts that “Microcredit will enable women to participate in economic markets by forming small- and micro-businesses. Consequently, they will have the opportunity to gain independent incomes, contribute to household expenditure and play important roles in household decision-making”.

In developing countries the women empowerment based on economic and social development has been taken by microfinance companies. Microfinance acts as a platform to eliminate women’s social disparities and economic discrepancies. Microfinance helps in boosting women with the provision such as saving, affordable credit, and skill based training, and even access to medical care. The central aim of microfinance is to alleviate poverty and empower its beneficiaries, especially women, through financial services, such as microcredit, savings, insurance and training (Al-shami, 2016).

Development agencies, governments promote microfinance as an effective anti-poverty intervention. The marginalized women people do not have enough financial opportunities for running small business; opportunities to make financial strong are very few and lacks income generation programs. Additionally, they lack access to convenience and appropriate financial Services. Most of the women are still confined to their home only facing too much problems like Economic, education, finance,

equality, and many more problems. Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. A conclusion that emerges from this account is that microfinance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation program (Agarwal, 2016).

From the independent variable of micro credit, micro saving and training, micro credit only significantly impact on women empowerment as positively. Others are not. To eliminate this issue micro finance organization have to give the higher priority on micro saving and training. For practical support in form of training and mentoring, majority of microfinance programs were credit-led with little importance on training hence the poor performance of some micro initiatives. They thus want to receive the practical skills such as marketing, business design, use of basic information technology in small business. This system of empowerment is key because it is upon such technical skills that they can make sound financial decisions (Sooriyakumaran, 2016).

Training was important as it enabled small business entrepreneurs with obtaining adequate business skills in accounting and management. The role of government is highly required in harnessing the role of microfinance support programs towards entrepreneurial empowerment of women. However, the design of the micro saving product is inappropriate because the women entrepreneurs felt that the procedure for withdrawing the savings was difficult and took so long, so there should be a research on how to improve on this. From this study, we stress that establishment of training and micro service knowledge are very important micro-finance factors for women entrepreneurs as it would provide the skills and experience needed for business (Sooriyakumaran, 2016).

Agyekum (2015) examined that the psychological aspect of women empowerment as well as empowerment at the household/individual level. Empirical findings at the higher levels of regional and national levels present a knowledge gap. Studies to date have largely focused on political and legal dimensions at the high levels, while the familial, social and economic dimensions are generally operationalized at the individual or household levels.

“Microfinance can be the best tool for the poverty reduction and the empowerment of the women if the clients become able to make proper utilization of

achieved facilities". Microfinance helps women to generate assets, generate self-employment avenues, develop micro enterprise, raise income level, build self-confidence, empower women and provide opportunities to alleviate poverty. Unlike other institutions, microfinance acts as a bridge between monetary-world with the non-monetary world. Microfinance is distinct from formal banking sectors. Microfinance is not involved in enhancing financial backbone only but rather it includes cultural, social, political which have positive impacts to the borrowers. It helps to bring together marginalized group of women into a sphere of organized groups (Limbu, 2014).

Limbu (2014) asserts that Microfinance in the Nepalese context has been of immense importance for the up-lift of livelihood of women in terms of social and economic enhancement. It serves larger number of clients with reference to women and works at grass roots level with financial sustainability and also creates small business opportunities that help to improve socio-economic condition of women.

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. (Arora, 2011)

Shrestha (2007) asserts that 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.

Microfinance organizations provide its members with financial and social intermediation services to help improve their businesses. These institutions are targeting women with the explicit goal of empowering them. It is expected that increased women access to micro finance would increase their income which would in

turn translate to improved well-being and a wider change as well as enhance gender equality (Basu, 2006).

“Microfinance Against Poverty :The Nepalese Scenario” attempted to analyze the extent of the access provided, and the generation of employment opportunities, by the formal and semi-formal microfinance institutions/ programs in addition to identifying the problems faced in attaining financial sustainability by them. In view of the increasing need for microfinance services in terms of both the amount and coverage, NRB needs to enhance its capabilities to regulate, supervise and monitor large number of MFIs and also come up with innovative and suitable credit policies/regulations that would create an enabling environment for MFIs to grow and attain sound financial health. Some of the desired roles for government are demonstrating firm commitment towards poverty alleviation through action, stopping direct involvement in running and managing MFIs, stopping owning MFIs, and handing over presently owned shares of such institutions to the private sector through appropriate and transparent mechanism (Sharma S. R., 2003).

Women empowerment has been a global concern as women have been subject to marginalization and living under the control of men since time immemorial. Women empowerment and gender equality are identified as components to combat the poverty related issues, lead a nation towards prosperity and foster effective governance of a nation by World Bank (Ekpe, 2013). In consensus with the global phenomenon, empowerment of women has been a major challenge even in the context of Nepal.

Microfinance has been successfully used as an anti-poverty and developmental tool in many countries. At present microfinance is being increasingly used in the form of development strategy for achieving the developmental plans. However, the strategy would prove successful only if it will able to strike balance between development and finance. Clients of microfinance institutions are usually poor and low income people; often living an lawful over crowded setting, living in remote areas with limited access to basic amenities such as education, water, electricity, banking services, health services, market facilities (Rehman, 2015).

In underdeveloped and developing countries women are not having quality of life and there is less improvement in their living standard, lack of participation in

income generating activities etc. In such, microfinance provides small capital to the poor people in the community who have not any assets and capital to invest in productive activities without any collateral. So, microfinance can be the best tool for the empowerment of the women if the clients become able to make proper utilization of achieved facilities. Women empowerment has been one of the big issues all over the world especially in the developing country. This is due to the fact that women can contribute for the development as much as man can. Most of the women in developing countries depend on their husband to take care of all the economic responsibility of the family member. Women can play a vital role in community as well as to develop the nation (Ekpe, 2013).

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. Many developed as well as developing country realized that without empowering the women a nation can't develop so that women empowering through different way so that women empowerment become a world-wide issue at present context.

Therefore this study purpose to investigate how women participation in microfinance service encourage women in social and economic empower as well as impact of social and economic empower of women before and after involving microfinance. Therefore, this study intends to investigate how women's participation in microfinance services fosters women's empowerment and economic activity. It further tries to examine the changes in economic and social empowerment of women before and after joining the microfinance.



## 1.2 Statement of the problem and research questions

The establishment of microfinance was seen as a bright hope to those who have had little or no access to financial services and empower them to contribute to rural transformation. A study by (Ocholah, 2013) revealed that micro financing in sufficient quantities will have a greater effect on profitability, productivity, growth and expansion of women owned enterprises. Though the microfinance greatly influences on women entrepreneurs development, there is lack of evidence to support for the sustainability and growth of the businesses. Even with the influx of microfinance institution women enterprises are still predominantly micro and small, with very few women having growth orientated enterprises.

Ekpe(2013) identified lack of opportunities for management training, financial management, marketing and people management, to be limitations faced by most women entrepreneurs. It is found that some MFIs are providing a decreasing percentage of loans to women as on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group.

Training was important as it enabled small business entrepreneurs with obtaining adequate business skills in accounting and management. The role of government is highly required in harnessing the role of microfinance support programs towards entrepreneurial empowerment of women. However, the design of the micro saving product is inappropriate because the women entrepreneurs felt that the procedure for withdrawing the savings was difficult and took so long, so there should be a research on how to improve on this. From this study, we stress that establishment of training and micro service knowledge are very important micro-finance factors for women entrepreneurs as it would provide the skills and experience needed for business (Sooriyakumaran, 2016).

Microfinance programs usually target women as clients facilitating them with the financial services to help them build their confidence and increase the likelihood of participation in decision making at the household and community level and tackle with the stereotypical gender roles and responsibilities defined by the society. Traditionally, in most of the developing countries, socio-cultural beliefs and other impediments have long limited women's participation in the economy and their access to resources for

development. However, there is a general consensus that in order for women to play a meaningful role in economic development, they must be empowered both at the economic and social level. Ekpe, Razak, & Mat (2010) further observe that women entrepreneurs, especially in developing countries, do not have easy access to microfinance support for their entrepreneurial activity and as such have low business performance than their men counterparts. The basic assumption towards empowering women is to make easy access to credit in order to finance their small and micro enterprises.

Various government agencies, policy makers, NGOs and financial institutions are thriving to extend financial services to women entrepreneurs to expand their business. Despite of that, majority of women still faced enormous challenges in trying to access funds for their enterprises which can be attributed to a number of reasons such as low return activities undertaken by women coupled with heavy domestic workloads; channeling their low incomes or returns to support the up-keep of the home; high rate of illiteracy among women, their limited roles in household decision-making among others. Moreover, it is also considered that microenterprises owned by women often lack proper accounting procedures and mix their business and personal finances so lending to them is unreliable. Therefore, if the women entrepreneurs lack access to formal financial service, then they are compelled to raise greater percentage of their start-up capital through their own internal savings and from family members which is usually inadequate (Arora, 2011).

The establishment of microfinance was seen as a bright hope to those who have had little or no access to financial services and empower them to contribute to rural transformation. A study by Ocholah et al. (2013) revealed that micro financing in sufficient quantities will have a greater effect on profitability, productivity, growth and expansion of women owned enterprises. Though the microfinance greatly influences on women entrepreneurs development, there is lack of evidence to support for the sustainability and growth of the businesses. Even with the influx of microfinance institution women enterprises are still predominantly micro and small, with very few women having growth orientated enterprises.

Research on the effects of microfinance service on the growth of SMEs in Machako County and found out that there was a relationship between predictor

variable; micro credit, micro insurance and training and response variable annual growth in turnover, yet social growth indicators like employment and asset base were not considered which may lead to bias (Banerjee, 2015). Leseziyo (2014) also conducted a study on the effect of SMEs in Negro County and established that the MFIs service has contributed to the development of SMEs through provision of credit. The study however forecasted on credit and ignored other important aspects of credit management and other microfinance factors. He also focused only on the financial performance which is only one aspect of growth.

It is anticipated that increased women access to micro finance would increase their income which would in turn translate to improved well-being and a wider change as well as enhance gender equality (Basu, 2006). Management skills and lack of occupational experience in related businesses for many women entrepreneurs has been indicated as a constraint to growth. Agrawal (2016) identified lack of opportunities for management training, financial management, marketing and people management, to be limitations faced by most women entrepreneurs. It is found that some MFIs are providing a decreasing percentage of loans to women as on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. The differences may be as a result of women's greater poverty or the broader social discrimination against women which limits the opportunities open to them. In the vision 2030, one of the strategies of reducing gender disparities and vulnerabilities is by providing financial support to women to raise their incomes and reduce the gap in estimated earned incomes between men and women (Kimanjara, 2013).

However, Mayoux (1997) claims that the influence of microfinance programmers may not always bring about favorable outcomes. Women's access to income often comes along with the cost of hectic workload and repayment pressures. Women's income might be a source of entrepreneurship for male members. Also, women's share in the household expenses might result into abandonment of male members' contribution in the household expenses. Rahman (1999) study further concludes that (40-70)% of the loan provisions extended to women are actually being used by their spouse leading to stress, anxiety and also at times violence, at the domestic level. Al- Shami (2016) claims that the influence of microfinance programmed may not always bring about favorable outcomes. Women's access to income often comes along

with the cost of hectic workload and repayment pressures. Women's income might be a source of entrepreneurship for male members. Also, women's share in the household expenses might result into abandonment of male member's contribution in the household expenses.

Hence, amidst the various concepts and counter-concepts that defines the influence of microfinance on women empowerment; the research intends to bridge the gap by delving into the effectiveness of Microfinance services as a tool to foster women empowerment activity. Thus, this particular study aims to understand the impact of Microfinance services on the development of women empowerment in terms of social dimensions as well as economic dimensions. The following are the research questions to my thesis:

- i. What is the impact of microfinance on women empowerment in terms of social indicators?
- ii. What is the impact of microfinance on women empowerment in terms of household economic indicators?
- iii. What is the effect of Micro credit on women's empowerment?

### **1.3 Purpose of the study**

Microfinance supports the poor and backward group of women to generate income. It provides micro saving, small credit, insurance and transfer services including various capabilities building programs such as Skill Development Training. How microfinance contributes on women empowerment is the main objective of this study. Major achievements of micro finance is considered as enhancing income of the poor women, enhancing their decision making capacities, fostering self-employment, uplifting empowerment level of poor women. However there are some specific objectives. Following will be the objectives of my thesis.

- i. To examine the impact of microfinance on women empowerment in terms of social indicators.
- ii. To examine the impact of microfinance on women empowerment in terms of economic indicators.
- iii. To examine the effect of Micro finance services on women's empowerment.

#### **1.4 Research Hypothesis**

According to Lee & Raven (2015), microfinance has helped many women in their businesses, but has a limited effect on empowering women, creating upward mobility and contributing to long-term economic growth. Participation in microcredit programs help women to have access to financial and economic resources, significant role in household decision making, have greater social networks, and have greater communication in general and knowledge about family planning and parenting concerns and have greater freedom of mobility (Pitt, Khandker, & Cartwright, 2006).

Rehman (2015) opines that one of the reasons for the high level of female participation in rotating credit and savings associations is that this socially accepted strategy to save allows women to protect their savings from husbands and other relatives. Alternatively, women may choose individual savings programs that allow them to keep details or even knowledge of these savings to themselves to avoid being subjected to pressure from others.

Hashemi (1996) asserts that microfinance helps women to have their own properties and assets and also because of their access to finance and business activities might lead to the increase of household ownership of assets and properties.

Microfinance services have provided the means for the empowerment of women through women's entrepreneurship development which provides the basis for increasing income, output, employment and saving under women's power (Mayoux, 2000). Hashemi et al. (1996) designed an 'empowerment index' using mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major decisions, participation in public protests and political campaigning, relative freedom from family domination and political and legal awareness as indicators to measure the impact of microcredit on women's empowerment. Findings revealed that woman contributing to her household's income is a significant contributing factor towards her empowerment. The study of Pitt (2006) revealed that microfinance help women in gaining empowerment. Empowerment is judged on the basis of economic position before and after joining the SHG program and education respectively.

According to Lee (2015) microfinance has helped many women in their businesses, but has a limited effect on empowering women, creating upward mobility

and contributing to long-term economic growth. Another study by (Naved, 1994) showed after women participated in microfinance they were found more active in household decision making and had more control over household income. Pitt(2006) found that participation in microcredit programs help women to have access to financial and economic resources, significant role in household decision making, have greater social networks, and have greater communication in general and knowledge about family planning and parenting concerns and have greater freedom of mobility.

Hypothesis (H1): There is a positive relationship between microfinance services and household economic dimension of empowerment.

Hypothesis (H2): There is a positive relationship between microfinance services and social dimension of women empowerment.

Hypothesis (H3): There is a positive relationship between microfinance services to women empowerment.

Microfinance services create opportunity for the development of women's entrepreneurship so there exists positive relationship between microfinance services and entrepreneurial activity .In the study of entrepreneurial activity in Nigeria, (Akanji, 2006) identified that credit and savings have positive effect on entrepreneurial activities. Likewise, similar kind of study by (Ekpe, 2013) had concluded that participation of women in MFIs empowered them and had improved their educational status and had similar size of family.

### **1.5 Significance of the study**

Women empowerment *i.e.* women's capacity to make decisions and empowerment of women through their engagement in microfinance institutions is also linked with their ability to initiate micro-enterprises is major national concern, and issue of women empowerment is being addressed by both the government and non-government agencies of Nepal over decades, the proposed study is thus relevant in the policy matters as well as in various programed interventions.

Micro-finance sector has proved to be a viable intervention point to assist women start sustainable projects that improve their livelihoods and towards ending poverty and therefore increasing their ability to economically independent (Kimanjara,

2013). Microfinance is also a means for self-empowerment. It enables the poor to make changes when they increase income, become business owners and reduce their vulnerability (Adhikari & Shrestha, 2013)

Access to credit can contribute to a long-lasting increase in income by means of a rise in investments in income generating activities and to a possible diversification of sources of income; and it can contribute to an accumulation of assets (Lensink, 2007). Stated that due to the involvement in microfinance women's ownership of assets increased with enhanced women's economic independence. Female economic empowerment is usually about increased access of women to financial resources, income-generating assets or activities, savings, increased financial decision making power and more economic independence (Mayoux, 2000).

In male dominated society, women face discrimination in their family, social, economic and political life and in addition to it the traditional duties of managing households create hindrances in their social and economic empowerment. Hence various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas and one such effort is the microfinance intervention (Arora, 2011).

Ablorh, (2011) states that due to the involvement in addition to financial intermediation, many MFIs provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus the definition of micro finance often includes both financial and social intermediation.

This study has based on the perusal of women empowerment through Microfinance. So, it gives knowledge about empowering women. The main focus or address is on the reason behind the low status of women in society and role adopted by the Microfinance for rational changes in their life. This study is women oriented exploring the condition of women, social and economic impacts on microfinance that motivate women in participation and gives inspirations too, enable them to increase their role in the society by mobilizing them in the production. The research findings will be useful to enact efficient polices regarding empowerment of women through Co-operatives.

The study seeks to examine how MFIs conducted its activities for uplifting women's earnings of women together with enhancing their social status. Micro enterprises are considered to be enabling women to enhance business volume, savings, and ownership of assets, decision making ability, self-respect, human capital and social dignity. Therefore, the study contributes in understanding the role of microfinance in enhancing women entrepreneurial performance in the context of Nepal.

### **1.6 Limitations of the study**

The limitations of this study can be highlighted in the following points:

- i. The study has confined itself on economic and social empowerment of women even though there are other dimensions of empowerment as such psychological and political dimensions.
- ii. The study is based on data collected from primary sources. So, it naturally suffers from inherent limitations of primary data and in course of fieldwork for collecting data the respondent biases may be unnoticed.
- iii. The study has confined itself to Kirtipur municipality only. The number of respondents and variables administered may be relatively small which may limit the analysis.
- iv. Area is only kirtipur municipality. Therefore, the findings may not be generalized for the women in other area except Kirtipur.
- v. There are other moderating variable of MFIs and women empowerment like education but this thesis not confined it.

### **1.7 Chapter plan**

The chapter has organized into 5 chapters. Chapter 1 consists of background of the study, statement of the problem and research questions, purpose of the study, and significance of the study along with limitations. Chapter 2 consists of conceptual review, review of previous works, review of journal articles and previous thesis, research gap will be find out in this chapter. Chapter 3 consists of research design, population and sample, sources of data, data collection techniques and procedures, data analysis tools. Chapter 4 consists of data presentation and analysis and major findings. These chapters will see the relationship between the variable of women empowerment and analysis of overall study. Chapter 5 consists of discussions, conclusions and implications, summary and overall study.



## **CHAPTER 2: LITERATURE REVIEW**

Any research is based on the past knowledge and experience. Thus previous studies cannot be ignored because they provide the foundation for present study. This chapter 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 focus 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.

This chapter thoroughly reviewed various studies and research paper regarding microfinance, women empowerment, women entrepreneurship, barriers to women entrepreneurs followed by relevant empirical studies in the field of women empowerment in relation to microfinance. The objective of this chapter is to create a theoretical framework and make strong support to the concept for understanding this study. The conceptual review of relevant concepts, section reviews of previous works and research gaps.

### **2.1 Conceptual review**

#### **2.1.1 Microfinance**

Jayasinghe (2019) opines that Micro finance provides women with the financial banking they need to start business ventures and actively be a part of the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality.

Microfinance is an effective financial development tool in the economic credit market and its clients are deprived people who cannot gain access to conventional credit especially women. The objective of microfinance is to assist in alleviating poverty and empowering the borrowers, especially women, through microcredit. Micro-credit or micro-finance is banking the unbanked, 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 rapidly participate in economic activity. (Al-shami, 2016)

Noreen (2011) 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.

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. Loan and savings of the individual poorer clients can be bankable, that is they can repay 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. (Boros & Murray, 2002)

Micro-finance has evolved as an economic development approach intended to benefit low-income women and small framers. 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

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.

Therefore, microfinance programs generally target poor people who do not have access to classic banking and financial services to help them improve their financial situations. It enables poor people to meet their need for financial services and improve their standards of living. Financial services for the poor are the powerful instrument poverty reduction that enables the poor to build assets, increase incomes and reduce their vulnerability to economic stress. Hence, it provides the services like micro savings, micro credit micro insurance and support services to the poor to uplift their socio-economic condition. Micro-finance is a powerful instrument of women empowerment.

### **2.1.2 Models of Microfinance**

Various microfinance institutions in the world have adopted various Credit lending models. I followed Grameen model.

#### **Grameen model**

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).

### **2.1.3 Concept of empowerment**

The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. It is the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights. Empowerment as action refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence, and to recognize and use their resources. To do work with power (Julian, 1981). Malhotra (2002)

constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological.

Empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.

#### **2.1.4 Women Empowerment**

Oxfam (1995) 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. "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." (Kabeer, 2003).

Oxfam (1995) Assess that, 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.

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', highlighted the conceptual framework of MF as below during the training held on June. Empowerment is a process that emerges from people themselves. Only concerned bodies, organization etc. can empower themselves to make choice or to speak out on

their own behalf. The role of development workers is to provide tools (information, awareness, leadership, training, etc.) to support the empowerment. 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. (Bisnath, 1999)

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.”

Empowerment is a process by which women gain greater control over resources (income, knowledge, information, technology, skill and training), challenge the ideology of patriarchy and participate in leadership, decision making process, enhance the self-image of women, to become active participants in the process of change and to develop the skills to assert themselves (Sharma, 2012)

Empowerment was crucial because any person, group or society operating with subsistent income could hardly make a breakthrough in income earnings that could possibly generate savings at a level that could be transformed into a meaningful investment. To overcome this captivity, those factors that depressed income growth must be dealt with- this was the concern of empowerment (Akpan, 2015)

### **2.1.5 Microfinance on women empowerments**

Malhotra and Schuler (2005) conducted a work considering the most commonly used indicators for measuring women’s empowerment. They found that the most universally used indicators are decision making power and access to resources Another

study conducted by Malhotra (2002) found that decision-making power is generally measured by looking into women's decisions regarding financing, resource, allocation, spending, social and domestic matters, and child-related issues. Women's access to resources also indicates their empowerment. It is generally measured by considering women's access to and control over cash, household income and assets, unearned income, welfare receipts, household budget and participation in paid employment. The third frequently used indicator of empowerment is that of women's mobility and freedom of movement. Economic empowerment of women in Bangladesh is a crucial factor for the development of the country. For this reason, both NGOs and GOs have taken different entrepreneurial program for development of rural poor women.

About 70% of world's poor are women. Yet they have no access to credit and other financial services. Therefore, microfinance often target women (Arora, 2011). It is believed that targeting women is in fact more judicious, because repayment rates of women are higher than men; women are more cooperative; and have enough awareness of what they have and need and their empowerment can actually increase sustainability, because MFIs can offer loans that are appropriate and sustainable (Cheston & Kuhn, 2002).

MFIs are targeting women because they are believed to be the good credit risk taker, are less likely to misuse the loan, and are more likely to share the benefits with others in their household, especially their children education. In male dominated society, women face discrimination in their family, social, economic and political life and in addition to it, the traditional duties of managing households create hindrances in their social and economic empowerment. Hence, various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas and one such effort is the microfinance intervention (Arora, 2011)

The aim to do so through creating social awareness, improving education and health status, and alleviating poverty. This is because, lack of, education, land ownership, proper knowledge and training create problems to become empowered due to weak ability to utilize the taken credit in rural areas of Nepal. women's participation in microcredit programs helps to increase women's empowerment by taking a greater role in household decision making, having greater access to financial and economic

resources, having greater social network, and having greater freedom of mobility. In addition, microcredit program participation has only a limited direct effect in increasing women's access to choose enhancing resources, but has a much stronger effect in increasing women's ability to exercise their right in intra-household processes. Consequently, program participation is able to increase women's welfare and possibility to reduce male bias in welfare outcomes, particularly in poor households. They lack sufficient employment opportunity, power of taking decision, ownership of wealth, health facility and enough nutrition. (Ekpe, 2013)

The efficacy of Micro Finance in women empowerment and to explore the ramifications of awareness and socio-economic alterations owing to Micro Finance program. Both quantitative and qualitative data from primary and secondary sources were used in the study. Microfinance program has supported to women's income generating and livelihood activities and helped in poverty reduction owing to which rural women's life style and way of living is altering. Gender empowerment through Micro Finance incorporates emancipation and empowerment of women without creating a misgiving of emasculation of men. Emancipation of women is procuring economic, social and political rights and equality meant for fostering a balance in gender relations as against the one-sided. (Upadhyay, 2015).

Microcredit program is one kind of unique microfinance technique used to enhance income generating activities. Theoretically, it is the extension of very small loans to impoverished borrowers who typically lack collateral and a verifiable credit history. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower women and uplift entire community by extension. Therefore, rise of the Microcredit Institution in the global context is identified as an important phenomenon which has implication for the development prospects of the poor. (Agyekum Addae, 2015)

According to the census of (2068), In Nepal, at present about 21% of the total population live below the poverty line in the country, where, proportion of rural poor is higher than urban poor. Women constitute almost half of the total population live in rural areas. Nepal, women have lower socioeconomic and political status compared with their male counterpart. Besides, they have to face various socio-cultural and religious barriers to engage in income generating activities. In addition, in Nepal,

women hold a very weak position, both at household and society level; and, discrimination, and domestic violence against women are widespread. The role of microfinance is remarkable in many gender and development related issues due to its direct relationship with both alleviation of poverty and empowerment of women.

The scenario is more acute in rural areas. The main goal of microcredit program is to alleviate poverty and provide better living to the poor people. Most of the clients of microcredit are women; who, through taking microcredit, engage in different sectors; which, thereby, lead them to change their economic condition. Many women are becoming self-employed and providing extra income to their family by engaging in various income generating activities. This study, therefore, tries to find out the role of microcredit on economic empowerment of women in the south-west region of Nepal.

#### **2.1.6 Economic Dimensions of Women Empowerment through Microfinance**

Female economic empowerment is usually about increased access of women to financial resources, income-generating assets or activities, savings, increased financial decision making power and more economic independence (Mayoux, 2000).

Access to credit can contribute to a long-lasting increase in income by means of a rise in investments in income generating activities and to a possible diversification of sources of income; and it can contribute to an accumulation of assets (Lensink, 2007). Stated that due to the involvement in microfinance women's ownership of assets increased with enhanced women's economic independence.

Micro-finance sector has proved to be a viable intervention point to assist women start sustainable projects that improve their livelihoods and towards ending poverty and therefore increasing their ability to economically independent (Kimanjara, 2013). Microfinance is also a means for self-empowerment. It enables the poor to make changes when they increase income, become business owners and reduce their vulnerability (Adhikari & Shrestha, 2013)

Micro-finance sector has proved to be a viable intervention point to assist women start sustainable projects that improve their livelihoods and towards ending poverty and therefore increasing their ability to economically in depend (Kimanjara, 2013). Mayoux (2000) stated that "majority of microfinance program target women



with the explicit goal of empowering them. There are varying underline motivation for pursuing women empowerment. Women are amongst the poorest and the most vulnerable of the under privileged and thus helping them should be a priority". The author further assert that it has been well documented that increase in women resources result in the well-being of the family especially children keeping up to objectives of financial viability, and increasing the number of microfinance institution prefer women members as they believe that they are better and more reliable borrowers.

In male dominated society, women face discrimination in their family, social, economic and political life and in addition to it the traditional duties of managing households create hindrances in their social and economic empowerment. Hence various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas and one such effort is the microfinance intervention (Arora, 2011).

The underlying logic of microfinance is that extending financial services to women will enable them to become self-employed and gain access to income through their micro- and small businesses. Access to microfinance also enables them to gain bargaining power within their households, including making decisions regarding family planning (Al-shami, 2016). 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.

### **2.1.7 Social Dimensions of Women Empowerment through Microfinance**

Access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities (Hashemi, 1996) The three factors decision making, freedom to mobility and family support were the factors determining women empowerment through microfinance.

When women are given greater autonomy over their lives and the lives of their children, living conditions tend to improve. These scholars argue that this is so due to the fact that women are most apt to use household income to better the nutrition, health, and educational opportunities of their children and family (Cheston & Kuhn, 2002). Access to credit and business training has helped women to expand and improve their businesses, leading to increased decision-making power and earning them respect in the home and community.

Due to the involvement In addition to financial intermediation, many MFIs provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus the definition of micro finance often includes both financial and social intermediation (Ablorh, 2011).

Sharma (2012) states that there was a huge gender gap in youth literacy and adult literacy rates .This paper indicated clearly that women were lagging behind in education due to women's conditions of gender inequality, health, education and equal right designed an 'index of empowerment' based on mobility, economic security, ability to make small and large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, and participation in public protests and political campaigns. Women's mobility increases in terms of income-generating activities, but the social stigma of women's mobility remains (Pokhreyal, 2014).

The social 23 empowerment concentrate on women's freedom on mobility, confidence, self-reliance, obtained a better education level for her and her family members and finally participation in local issues (Alshebami, 2015)The social impact of microfinance was judged on the basis of: Self Confidence and Self-esteem, Interpersonal Skill and Entrepreneur's Ability to Improve Contacts (Naeem, 2015) Most of the women entrepreneurs reported that their involvement in business through microfinance improved their standard of living, increased self-confidence and gained support from their husband as husbands seem satisfied with their business performance (Sultana, 2012).In the study of Banerjee(2015), it was reported that micro financing clients did not show improvements in health, education, or women's empowerment. Rehman(2015) also asserted that that there is a weak positive relationship between micro finance activities and empowerment of rural women. It is revealed that micro

finance can empower women by providing decision making authority is being least influenced by micro finance.

## **2.2 Empirical Review**

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

Alshebami (2015) 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 to 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.

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.

Akanji (2006) has assessed and analyzed of microfinance program on socio-economic Upliftment of women and the role of microfinance program on empowerment of women through enhancement of decision making power in Kirtipur by Swablamban 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. 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 women was seen.

Akanji (2006) 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.

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 (Noreen, 2011).

Sauramathi (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. Microfinance brought courage and self-confidence and improved their skill and self-worthiness. Microfinance improved the literacy level of rural women improved awareness in children education to high level of respondents. Women are economically empowered after joining SHG program and getting microfinance as 92 percent reported that poverty level reduced by participating microfinance program. 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. 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. There is a definite improvement in psychological well-being and social empowerment among rural women because of participating in micro finance through SHG program.

The 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 (Agyekum Addae, 2015). 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.

Limbu (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.

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.

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 previous theses**

Poudyal (2005), who conducted research on the topic "Micro-finance and its impact on Economic Empowerment of Women" concluded the following that 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 them 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 stated that 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 author revealed that 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 that the study establishes the

concept about poor villagers as less risk taker to continue credit as they are highly depending on agriculture. 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 position 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**

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.

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 Kirtipur municipality no research related to MF has so far been done in Kirtipur municipality. This research justifies the present work about MF.

The literature review highlighted the most important aspects pertaining to microfinance services and their performance on women empowerment. The concept of microfinance has been described in details in relation to its evolution and historical



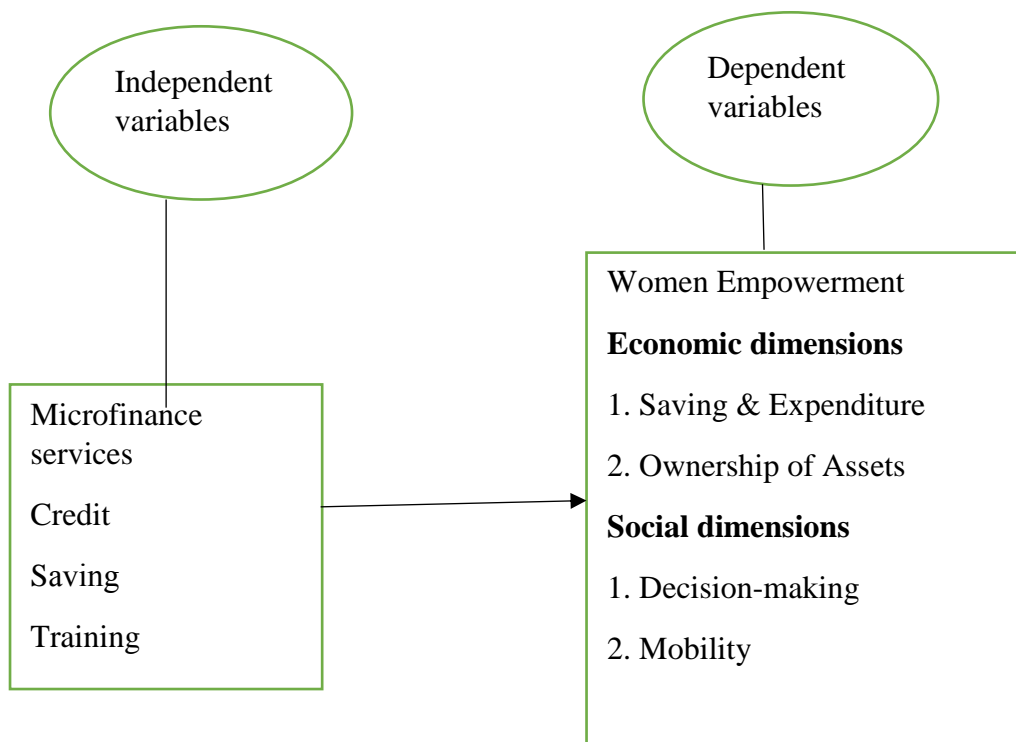
development and it was made clear that microfinance and microcredit are two closely related concepts. However, microcredit together with other related concepts such as micro saving and micro training are components of microfinance such that microfinance is a broader and more comprehensive concept.

However despite its significance, microfinance industry has very low coverage reaching only minimum number of the total population. It has been observed from the literature review that, a lot has been written on the area of microfinance and poverty but still access oriented problems to microfinance products persist among the low income earners. It is apparent that the available studies have not been able to identify specific mechanisms that have greater impact on access expansion to microfinance products.

## 2.4 Theoretical Framework

The theoretical framework presented in the figure depicts the relationship of independent variable (Microfinance Services i.e. Credit and Other Services) with dependent variable (Women Entrepreneurs' Performance i.e. Economic and Social Performance) under the study

**Figure 2. 1 Theoretical framework showing independent and dependent variable**



Source: Researcher's construct using the idea of, Sooriyakumaran(2016).

## **CHAPTER 3: METHODOLOGY**

### **3.1 Research Design**

This study has followed descriptive and correlation design. To know the status of women, descriptive design has been used and to examine the relationship, correlational design has been used and found most of the people who is living near the Kirtipur municipality they are running different kind of business through the help of MFIs services. This particular study is qualitative and quantitative in nature. The research design used in this research are descriptive and quasi-experimental research design in which the respondents were randomly assigned to assess the casual relationship of the hypotheses that were designed to analyze the impact of microfinance on women Empowerment in Kirtipur Municipality. The study has analyzed the significant difference in women's economic and social empowerment before and after taking loan from microfinance for their MEs using Paired sample t-test and 2 related sample test statistics. Informal interviews had been used to analyze the study qualitatively by preparing structured questionnaire. The study was a field based study so it observed and examined the attitude of women entrepreneurs in natural work setting.

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

The women of Kirtipur municipality, who started or expanded their business through the help of microfinance has considered as population. In order to extract the exact data, researcher had gone to four of the MFIs of Kirtipur Municipality (i.e. Swabalamban Microfinance Grameen model) requesting the name, address and contact number of women clients who had taken loan from their microfinance for their business purpose. So the MFIs were knocked and required data was collected. The sampling technique that is used in this research is non-probability sampling method given that the research is based on the subjective judgment of the researcher. Among the various non-probability sampling techniques, purposive sampling technique was used for the study purpose because the study participants are chosen based on researcher knowledge about the population and the purpose of the study and it had been convenient to respondents as they will be free to express and share their information with the researcher. As per an interview with the manager of Swabalambans Microfinance, there are 1500 women clients who started their business through the help of credit from the microfinance. Sample size has taken 150 .As per the roscoe (1975)'s suggestion sample size can be determined taking 30 samples from each group. This study contain five groups (Age group ,Marital status,

Educational status, Occupation, Income level) based on demographic variables so 150 sample size has been determined and claimed as sufficient for further analysis.

### **3.3 Sources of Data**

Mainly, the primary data has used in the study. The primary data has collected from household survey using structured questionnaire and interview method.

### **3.4 Data collection & processing procedure**

This study is based on primary data to draw the conclusion of the research. Five point Likert scale has used to collect the data in which questionnaire consists of two parts. Questionnaires on a scale of 1 to 5 (1-strongly disagree, 2- disagree, 3-neutral, 4-agree, 5-strongly agree). First part has consist of demographic information about respondent and second part has related to the variables of women empowerment.

### **3.5 Data analysis tools and techniques**

This study has analyzed with the help of SPSS and MS-Excel. Descriptive and inferential statistic has implied to achieve the objective of the study. Tables, percentage, means and t-test, correlation and regression has used to evaluate the effectiveness of women empowerment through microfinance. The  $p$ -value was compared to the significance level on the basis of which the null hypothesis has either rejected or not. If the  $p$  value has less than the significance level (0.05), then the null hypothesis has rejected. If  $p$  value has greater than or equal to significance level, the null hypothesis has not rejected.

The statistical tools used for analyzing the primary data are percentage method, average/mean scores, standard deviation, and paired t-test, correlation and regression. 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 correlation and regression 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 correlation and regression and sample t-test highlight the major factors of the study.  $R^2$  Measures how much of the variation in the dependent variable can be explained by the independent variables.

## **CHAPTER 4: RESULTS**

### **4.1 Data presentation and analysis**

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 in terms of economic dimension and social dimension like, economic and social reputation change due to involvement in MFPs, change in income after involving MFPs, involvement in business, decision power and women perception below sequential.

#### **4.1.1 Socio-Demographic Characteristics of Respondents**

Being the study of MF targeted to the women, this research work has studied women from Swabalamban 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, income level, occupation, educational status and marital status of respondents. These all are scattering of the following term.

The respondents considered in this research are the women of Kirtipur municipality who had started or expanded their business by using the loan from microfinance. The response from those women who were collected and analyzed in order to determine the microfinance institutions and its relationship with women empowerment. Swabalamban Microfinance institutions have been selected to collect the data of business women clients. During the sample study period, a total of 150 women taking loan from microfinance to start or run the business had been interviewed personally for the study. For the study, it was necessary to know the background of the respondents in terms of age, type of occupation, educational status, marital status and level of income were the indicators.

**Table 4. 1 Information of respondents (n=150) based on age of respondents**

Age group	Frequency	Percent	Valid percent	Cumulative percent
20-30	5	3.3	3.3	3.3
30-40	32	21.3	21.3	24.7
40-50	53	35.3	35.5	60
50 above	60	40	40	100
Total	150	100	100	

Source: Field survey, 2019

Table 4.1 showed that out of the total 150 women clients from Kirtipur municipality, maximum respondents belonged to the age of above 50 years (40%), it meant that women of this age group were more likely to take loan from microfinance to be micro entrepreneurs. Women ranging 40-50 years of age had visibly (35.3%) piled up to take loan from microfinance for their business. While, the women of age group 30-40 years (21.3%) had moderate participation in microfinance and 20-30 age group had very little involvement in microfinance for their micro enterprise. This study covers the opinion of the women from the age of 40 and above. Thus, findings of the study can be generalized in the same age group only.

**Table 4. 2 Personal information of respondents (n=150) based on marital status of respondents**

Marital status	Frequency	Percent	Valid percent	Cumulative percent
Single	10	6.7	6.7	6.7
Couple	140	93.3	93.3	100
Total	150	100	100	

Source: Field survey, 2019

From table 4.2, out of the total women clients married women had occupied 93.3% participation in microfinance services. It meant that married women were more likely to take loan from microfinance to be micro entrepreneurs. Only 6.7% women were single/unmarried who had taken loan and became client of microfinance. This study covers the opinion of the women from the married women status. Thus, findings of the study can be generalized in the same status women group only.

**Table 4. 3 Personal information of respondents (n=150) based on education status of respondent**

Educational status	Frequency	Percent	Valid percent	Cumulative percent
Under SLC	121	80.7	80.7	80.7
SLC	22	14.7	14.7	95.3
+2	7	4.7	4.7	100
Total	150	100	100	

Source: Field survey, 2019

Table 4.3 show that majority of women were implicitly seen to be below SLC (80.7%). Almost all the client of the microfinance were below SLC, it meant that women who were less educated were more likely to take loan from microfinance to be micro entrepreneurs. The women clients with SLC were 14% and women with intermediate level of education were 7% under-graduate and graduate education level were nil. From this it can be analyzed that educated women seems to be self-sustained, they seem to be independent and can run their family in a good way in any situation in comparison to the less educated women. Educated women are capable and qualified educationally to get engaged in any fields and areas of their expertise. Less educated women are not capable and qualified enough so they are dependent upon the microfinance service for uplifting their livelihood. This study covers the opinion of the women from the under SLC educational status women. Thus, findings of the study can be generalized in the same educational status group only.

**Table 4. 4 Personal information of respondents (n=150) based on occupation status of respondents**

Occupation status	Frequency	Percent	Valid percent	Cumulative percent
Agriculture	73	48.7	48.7	48.7
Business	70	46.7	46.7	95.3
Job	7	4.7	4.7	100
Total	150	100	100	

Source: Field survey, 2019

From table 4.4 it was found that majority of the respondents (48.7%) had taken loan from microfinance in order to start improved agriculture, poultry farming, vegetable production, buying seeds and fertilizers. While among total number of

respondents, 46.7% of women were found to take loan from microfinance for the purpose of starting business. Likewise only 10% of women had been doing job in different organization in the lower post like sweeper, gardener had taken loan. Women having profession agriculture had most involvement in microfinance because microfinance supports them for improved farming by providing interests at lower rates. Business start-up requires huge investment so only few women take loan for business set up. This study covers the opinion of the women from the business and occupational. Thus, findings of the study can be generalized in the same age group only.

**Table 4. 5 Personal information of respondents (n=150) based on income status of respondents**

Income status	Frequency	Percent	Valid percent	Cumulative percent
Less than 10000	68	45.3	45.3	45.3
10000-20000	68	45.3	45.3	90.7
20000-30000	9	6	6	96.7
30000-40000	1	0.7	0.7	97.3
More than 40000	4	2.7	2.7	100
Total	150	100	100	

Source: Field survey, 2019

From the table 4.5 it has been seen that most of the women's income level were less than Rs.10000. Women having lower income level were (45.3%) which means that women having lower income level is more preferable to be a part of microfinance services. 45.3% women's monthly income level were in the range of Rs.10000 to 20000. The level of income of the women doing business were higher than those of the women who were involved in agriculture. 6% women who had been taking microfinance services, their income level were in the range of 20000 to 30000 which means that those women who had been doing job as well as business by taking loan through microfinance were having high income. Looking into the overall responses regarding income level most of the client were from the lower income group. The women having income less than 20000 has most involvement in the microfinance because the income is not enough to handle the family well-being and thus has to be dependent on the microfinance for increasing their life status.

**Table 4. 6 Distribution of microfinance services and women empowerment**

	N	Minimum	Maximum	Mean	Standard Deviation
Credit facility	150	3.75	5.00	4.2450	0.27701
Savings facility	150	3.75	5.00	4.5650	0.39759
Training facility	150	3.80	4.80	4.3000	0.29195
ownership of assets	150	2.67	4.67	3.9444	0.49368
saving and expenditure	150	3.00	5.00	4.2133	0.71968
Decision	150	4.00	5.00	4.2717	0.27923
Mobility	150	3.50	5.00	4.3850	0.28911
Valid N (list wise)	150				

Source: Field survey, 2019

From table 4.6, it can be seen that mean value of credit, saving, training, ownership of assets, saving and expenditure, decision and mobility is found to be 4.24, 4.56, 4.3, 3.9, 4.2, 4.27, 4.4 respectively. These facilities are in satisfactory level provided by MIFs. The mean value of saving/expenditure, decision and mobility can be seen quite good but the mean value of ownership of assets has slightly less than other so we can realize still MFIs is still not supported to the female for land ownership.

## **4.2 Household Economic Empowerment**

The study used saving and expenditure and ownership of assets as economic variables affecting women's entrepreneur performance. Under these three sub-variables various factors had been considered that directly or indirectly has a linkage with women empowerment through the help of microfinance services.

### **4.2.1 Ownership of Assets**

With the help of loan taken from microfinance by women, their saving and expenditure pattern had improved which resulted in the increment in ownership of assets of women.



### 4.2.2 Saving and Expenditure

This showed to what individually the saving and expenditure pattern of the women changed after taking loan from microfinance. As the amount that the women saved and spend on different dimensions were got freedom to purchase goods had been taken for the study purpose like if the monthly expenditure on food by one of the respondent.

### 4.3 Social Empowerment

There is an influence on women's decision making power in household and business related issues, family and social relationships, freedom of mobility and education and purchase of household goods financial decision of women after taking loan from microfinance.

#### 4.3.1 Decision making

In respect to household and business related matters, women's freedom to decide was analyzed in this portion. In this dimension, women were asked to provide information regarding who make the household and business decision in which their freedom to decision making process. After involving MFIs they become able to make decision themselves or what about situation in the family in the decision making process.

#### 4.3.2 Freedom of Mobility

Freedom of mobility is another dimension for women's empowerment through microfinance. Women were asked to measure freedom of mobility on the five dimensions; these were visiting places, visiting market for household/business purchase, meeting stakeholder, attending seminars/programs related to business and attending MFIs program, ceremonies and gatherings.

**Table 4. 7 Association between microfinance services with economic empowerment**

Pearson correlation	Microfinance service	economic empowerment
Microfinance service Sig. (2-tailed)	1	
average of economic empowerment Sig. (2-tailed)	0.719** 0.000	1

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

From table 4.7, it can be seen that there is a significant correlation between microfinance service and average of economic empowerment ( $r=0.719$ ,  $p<0.01$ ,  $p<0.05$ ) this implies that using microfinance service leads to higher economic empowerment. Correlation values show that it is correlated at the level of 0.01, indicating that there is a significant positive correlation between them. These correlation coefficients were found to be statistically significant with p values ( $p=0.000<0.05$ ) at 95% confidence level.

**Table 4. 8 Regression analysis of microfinance service (credit, saving and training) with economic empowerment**

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	0.719 <sup>a</sup>	0.516	0.513	0.25356

a. Predictors: (Constant), credit, saving and training

From table 4.8 shows regression analysis. We know that  $R^2$  measure how much of the variation in the dependent variable can be explained by the independent variables. In this study, we have found  $R^2=0.516$ . It means 51.6% of variation of economic empowerment has been obtained because of the changes made by independent variable (credit, saving and training).

**Table 4. 9 Coefficient of microfinance service (credit, savings and training) and average of economic empowerment**

Model		Unstandardized coefficients	t	Sig.
		B		
1	(Constant)	-0.189	-0.556	.579
	Microfinance service	.977	12.572	.000

a. Dependent Variable: economic empowerment

The purpose of analysis of variance was to test differences in means (for variables) for statistical significance. This is accomplished by analyzing the variance; that is, by partitioning the total variance into the component that is due to true random error and the components that are due to differences between means and testing for statistical significance to lead to a conclusion that the means (in the population) are

different from each other or not. Results show that for this study,  $p=0.000<0.05$ , which implies that the means of the independent variables and the dependent variable are statistically different from each other at the 95% significance level.

The p-values, in parenthesis, indicate that the constant,  $p=0.000<0.05$  is statistically significant at the 95% confidence level. Correspondingly, the coefficients p value for economic empowerment ( $p<0.05$ ) indicate that the result is statistically significant at the 95% confidence level. The error term was found to be 0.516 implying that other variables not captured by the model for economic empowerment which is 51.6%. The results imply that since the p value for independent variable  $p=0.00<0.05$  which is less than the significance level, then the alternative hypothesis that there is significant effect of microfinance service on economic empowerment is accepted.

**Table 4. 10 Associations between microfinance service with social empowerment**

Pearson correlation	Microfinance service	average of social empowerment
Microfinance service Sig. (2-tailed)	1	
social empowerment Sig. (2-tailed)	0.764** 0.000	1

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

From table 4.10, it can be seen that there is a significant correlation between microfinance service and social empowerment ( $r=0.719$ ,  $p<0.01$ ,  $p<0.05$ ) this implies that using microfinance service leads to higher social empowerment. Correlation values show that it is correlated at the level of 0.01, indicating that there is a significant positive correlation between them. These correlation coefficients were found to be statistically significant with p values ( $p=0.000<0.05$ ) at 95% confidence level.

**Table 4. 11 Regression analysis of microfinance service (credit, saving and training) with social empowerment**

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	0.764 <sup>a</sup>	0.584	0.581	0.15787

a. Predictors: (Constant), independent variable

Table 4.11 shows regression analysis. We know that  $R^2$  measure how much of the variation in the dependent variable can be explained by the independent variables. In this study, we have found  $R^2=0.584$ . It means 58.4% of variation of social empowerment has been obtained because of the changes made by independent variable (credit, saving and training).

**Table 4. 12 Coefficient of microfinance (credit, savings and training) and social empowerment**

Model		Unstandardized coefficients	t	Sig.
		B		
1	(Constant)	1.283	6.061	.000
	Microfinance service	.697	14.406	.000

a. Dependent Variable: social empowerment

The purpose of analysis of variance was to test differences in means (for variables) for statistical significance. This is accomplished by analyzing the variance; that is, by partitioning the total variance into the component that is due to true random error and the components that are due to differences between means and testing for statistical significance to lead to a conclusion that the means (in the population) are different from each other or not. Results show that for this study,  $p=0.000<0.05$ , which implies that the means of the independent variables and the dependent variable are statistically different from each other at the 95% significance level.

The p-values, in thesis, indicate that the constant,  $p=0.000<0.05$  is statistically significant at the 95% confidence level. Correspondingly, the coefficients p value for social empowerment ( $p<0.05$ ) indicate that the result is statistically significant at the 95% confidence level. The error term was found to be 0.584 implying that other variables not captured by the model for average of economic empowerment which is 58.4%. The results imply that since the p value for independent variable  $p=0.00<0.05$  which is less than the significance level, then the alternative hypothesis that there is significant effect of microfinance service on average of social empowerment is accepted.

**Table 4. 13 Associations between microfinance service with women empowerment**

Pearson correlation	Microfinance service	Economic empowerment	Social empowerment	Women empowerment
Microfinance service Sig. (2-tailed)	1			
Economic empowerment Sig. (2-tailed)	0.719** 0.000	1		
Social empowerment Sig. (2-tailed)	0.764** 0.000	.607** 0.000	1	
women empowerment Sig. (2-tailed)	0.913** 0.000	.730** 0.000	.692** 0.000	1

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

From table 4.13, it can be seen that there is a significant correlation between microfinance service and women empowerment ( $r=0.913$ ,  $p<0.01$ ,  $p<0.05$ ) this implies that using microfinance service leads to higher women empowerment. Correlation values show that it is correlated at the level of 0.01, indicating that there is a significant positive correlation between them. These correlation coefficients were found to be statistically significant with p values ( $p=0.000<0.05$ ) at 95% confidence level.

**Table 4. 14 Regression analysis of microfinance service (credit, saving and training) with women empowerment**

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	0.818 <sup>a</sup>	0.669	0.667	0.15783

a. Predictors: (Constant), independent variable

That  $R^2$  measure how much of the variation in the dependent variable can be explained by the independent variables.

Found  $R^2=0.669$ . It means 66.9% of variation of economic empowerment has been obtained because of the changes made by microfinance service (credit, saving and training).

**Table 4. 15 Coefficient of microfinance service (credit, savings and training) and women empowerment**

Model		Unstandardized coefficients	T	Sig.
		B		
1	(Constant)	0.547	2.585	0.011
	Microfinance service	0.837	17.304	.000

a. Dependent Variable: women empowerment

The purpose of analysis of variance was to test differences in means (for variables) for statistical significance. This is accomplished by analyzing the variance; that is, by partitioning the total variance into the component that is due to true random error and the components that are due to differences between means and testing for statistical significance to lead to a conclusion that the means (in the population) are different from each other or not. Results show that for this study,  $p=0.000<0.05$ , which implies that the means of the independent variables and the dependent variable are statistically different from each other at the 95% significance level.

The p-values, in thesis, indicate that the constant,  $p=0.000<0.05$  is statistically significant at the 95% confidence level. Correspondingly, the coefficients p value for economic empowerment ( $p<0.05$ ) indicate that the result is statistically significant at the 95% confidence level. The error term was found to be that 0.846 implying other variables not captured by the model for women empowerment which is 66.9% The results imply that since the p value for independent variable  $p=0.00<0.05$  which is less than the significance level, then the alternative hypothesis that there is significant effect of microfinance service on women empowerment is accepted.

## Result of Hypothesis

**Table 4. 16 Result of the Hypothesis**

<b>Descriptions</b>	<b>Tests used</b>	<b>Accept/Reject Hypothesis</b>
Hypothesis (H1): There is a positive relationship between microfinance services and economic dimension of empowerment.	2-tailed test	Alternative hypothesis Accepted
Hypothesis (H2): There is a positive relationship between microfinance services and social dimension of women empowerment.	2 tailed test	Alternative hypothesis Accepted
Hypothesis (H3): There is a positive relationship between microfinance services to women empowerment.	2 tailed test	Alternative hypothesis Accepted

The test 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.

### 4.4 Major finding

The study aimed to analyze the effect of microfinance on women empower based on their economic and social empowerment. On the basis of data presentation and analysis, the major findings of the study were as follows;

#### **Economic empowerment**

The women improved saving and expenditure from before taking loan to after taking loan from microfinance. The p-values for all the dimensions of saving and expenditure were statistically significant as the p-value is less than 0.05 (5% level of significance). Hence, the microfinance played a significant role in business of women.

Women's saving at home and at bank also improved after taking loan from microfinance as the p-value is 0.000 which is less than 0.05. Women's saving after

taking loan from microfinance than before they took loan. Similarly the household expenditure pattern had increased after they took loan from microfinance than before. The p-value for the expenditure pattern of household was statistically significant at 5% level of significance. Thus the microfinance played a major role in empowering women by improving their saving and expenditure pattern.

The women had increased their ownership of assets like motorcycle, land and other vehicles after involving in microfinance to enhance their business as there is a statistically significant difference in all these categories of assets at 5% level of significance as the value of 'p' is less than 0.05.

This showed that their preference has shifted from animal husbandry to business and from cycle to motorcycle after taking loan from microfinance and increasing their income from business. Thus the standard of living of women also improved after involving in microfinance. Ownership of assets also improved slightly after taking loan from microfinance as the mean value is 3.94 which is close to slightly improved. The effect of microfinance had positive influence on ownership of assets of women and their family as the p-value is less than 0.05.

For household expenses, savings majority of women took decision jointly with their husband after involving in microfinance than they used to have freedom in decision-making before taking loan from microfinance. There is a positive influence on women's decision making power after they after involving in microfinance as the p-value for all the dimensions of decision making is statistically significant at 5% level of significance. Thus, the women felt empowered in family and decision making after taking loan from microfinance.

### **Social Empowerment**

The women's freedom to mobility had also increased after taking loan from microfinance as they could visit places for the purchase of household goods, participate in program attending MFIs and have freedom to attend programs and gatherings. Most of the women were found to take decisions regarding mobility. Mean value of decision is 4.2717 which is close to slightly improved. Freedom to mobility improved slightly after involving in microfinance as the mean value is 4.2717 which is close to improved. The effect of microfinance had positive influence on freedom to mobility of women as the p-value is less than 0.05.



The family and social relationship of women also improved as the mean value is 3.99 which is close to 4 and point 4 depicts that the status improved slightly among women entrepreneurs after taking loan from microfinance. So, the family and social status was found to be statistically significant at 5% level of significance.

Overall at the point of women empowerment, that  $R^2$  measure how much of the variation in the dependent variable can be explained by the independent variables. In this study, we have found  $R^2=0.846$  It means 84.6% of variation of women empowerment has been obtained because of the changes made by independent variable (credit, saving and training). Results show that for this study,  $p=0.000<0.05$ , which implies that the means of the independent variables and the dependent variable are statistically different from each other at the 95% significance level.

Correspondingly, the coefficients p value for economic empowerment ( $p<0.05$ ) indicate that the result is statistically significant at the 95% confidence level. The error term was found to be that 0.846 implying other variables not captured by the model for women empowerment which is 84.6% The results imply that since the p value for independent variable  $p=0.00<0.05$  which is less than the significance level, then the alternative hypothesis that there is significant effect of microfinance service on women empowerment is accepted.

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, microfinance are desirable for women.

## CHAPTER 5: CONCLUSIONS

The study presents the impact of microfinance on women's entrepreneur performance which was measured by few economic and social dimensions with some indicators. To analyses the relationship between microfinance and women empowerment the study had compared before and after taking loan from microfinance change scenario of women status in their saving and expenditure, ownership of assets, freedom of decision making and mobility, and social relationship status. Consequently, the impact of microfinance on women empowerment was presented and tested using correlation and regression to draw the conclusion.

### 5.1 Discussion

It was seen that large number of women are involved in micro-finance activities age ranging from 40 to above. The women below age group 40 were less involved in microfinance because they are age group of active working and had many options of income generating. On the other hand age group of women below 40 were less but it is not that the women of this age group are not able to expand and run their enterprises effectively, the issue is rather they have to manage their home and business together so they are not able to perform with their full potential in a parallel way. The type of business that most of women was involved in were groceries and other kind of shop and only few of them were involved in agriculture, animal husbandry and vehicle. It means that women of this age group were more likely to take loan from microfinance to be micro entrepreneurs. It seemed women of working age group were less involved in microfinance because they had other options of income generation despite involving in the microfinance.

Out of the total women clients married women had occupied 93.3% participation in microfinance activities for becoming micro entrepreneurs. It means that married women were more likely to take loan from microfinance to be micro entrepreneurs. Only few unmarried women had taken loan and became client of microfinance. From this it can be seen that married women has responsibility towards the family so they would like to engage in income generating programs to uplift the livelihood so they get involved in the microfinance. However single women tends to be focused in their self-indulge and they are not matured enough in comparison to the

married women thus has very little participation in microfinance service. This might be the reason that credit access found to be very relevant microfinance intervention for women entrepreneurs' performance which is consistent with the study of (Birhanu & Kinde, 2016). From this it can be seen that 93.3% married women has responsibility towards the family so they would like to engage in income generating programs to uplift the livelihood so they get involved in the microfinance.

Majority of the respondents are self-employed in their small business which increased the income of the women entrepreneurs. However single women tends to be focused in their career development in other sectors and they are not matured enough in comparison to the married women thus has very little participation in microfinance service. Majority of women were implicitly seen to be below SLC. Almost all the client of the microfinance were below SLC, it meant that women who were less educated were more likely to take loan from microfinance to be micro entrepreneurs. From this it can be assessed that educated women seems to be self-sustained, they seem to be independent and can run their family in a good way in any situation in comparison to the less educated women. Educated women are capable and qualified educationally to get engaged in any fields and areas of their expertise. Less educated women are not capable and qualified enough so they are dependent upon the microfinance service for uplifting their livelihood.

The type of business that most of women was involved in were groceries, poultry farming, vegetable production, buying seeds and fertilizers, and other kind of shop, involved in agriculture, animal husbandry. Married women were mostly involved in microfinance service. Most of the women were found to take loan from microfinance for the purpose of agriculture and starting business. Few of women who had been doing job in different organization in the lower post like sweeper, gardener, it meant that women who were less educated the were compelled to work in lower position with low pay scale in comparison to educated women. So they need to involve in MFIs to increase their saving through small amount for future reserve. Because MFIs always focus to generate small scattering amount through poor income group costumer. Women having profession agriculture had most involvement in microfinance because microfinance supports them for improved farming by providing interests at lower rates. Business start-up requires huge investment so only few women take loan for business set up.

Most of the women's income level were less than Rs.10000. Women having lower income level were more preferable to be a part of microfinance services. Because the main focus of MFIs is to vacillate the those people who have low income generation source, To be a part of MFIs no need more literate to follow the legal procedure, costumer can take directly credit facility without collateral. Women who is not involving any organization their income source is not fix and permanent so the women's income level were less than Rs.10000 were high. A few of women's monthly income level were in the range of Rs.10000 to 20000. The level of income of the women doing business were higher than those of the women who were involved in agriculture. Least of the women who had been taking microfinance services, their income level were in the range of 20000 to 30000 which means that those women who had been doing job as well as business by taking loan through microfinance were having high income. Looking into the overall responses regarding income level most of the client were from the lower income group. The women having income less than 20000 has most involvement in the microfinance because the income is not enough to handle the family well-being and thus has to be dependent on the microfinance for increasing their life status.

In line with results of the study, it showed that there is a significant association between microfinance and economic empowerment of women. Microfinance has supported women to own assets in comparison to the non-participant members. Women is capable to buy those assets less than 5 lakhs but could not purchase the land as the microfinance provide small scale amount only. The main focus of the microfinance is to upgrade their livelihood only. The study revealed that women were benefitted by involving in the microfinance service. Being involved in microfinance women had accumulated their savings and thus this has strengthen their financial status. Their expenses seems to be covered up from the savings they had made by involving in the microfinance. Women's expenditure has significantly increased by involving in the microfinance because of the training provided by the microfinance as this increases their investing and utilizing their money in productive sector. Training has also helped them to upgrade their living standard in modern way.

This finding is supported by study of where in the respondents reported that their level of contribution to family expenses increased after participation in microfinance service program. As women start earning, standard of living increases and

it leads to more spending. The microfinance has positive effect on empowerment even controlling for women's independent contributions to household income. The findings also depicted that women and their family owned more assets after taking loan from microfinance as the association and regression showed the significant difference in ownership of assets before and after taking loan from result was found in the study

MFI's provided an opportunity for women to set-up their own business and gets income to contribute and support their families which increases their role in decision-making. The findings of the study revealed that decisions regarding household and business were made in majority. The study had also emerged with identical outcome household and business decisions jointly. The contribution made by women strengthening women's position within the household and their role in decision making increased. In reverse of this finding came with the higher level of training status of micro entrepreneurs. The microfinance institutions should provide trainings to women for improving their business activities. The result that microfinance service has a significant effect on women's decision-making ability. The findings of the study suggested that the family and social relationship improved after they took loan from microfinance compared to before taking loan from microfinance.

Furthermore, the findings support the claim made that nowadays woman have that freedom to go anywhere and even alone. Women are not restricted by their husband to travel as long as the reasons are well known before-hand. For factor 'Mobility' the mean rank for women freedom after participation in microfinance program was significantly greater than the mean rank before participation in microfinance program at 5% significant level. This result supports that "participation in micro-financing program improves mobility". This result is in congruence with previous research findings. Participation in microfinance programs help women to have greater freedom of mobility. They also seemed to become more confident in expressing their views when they attend different seminars/programs related to business. This is supported by a study conducted by literature review. Microfinance maximizes their social reputation because it provides credit, saving, as well as training services to the women because microfinance increases awareness in women about how to tackle with the problems they encounter as well as confidence in dealing with the public.

The confidence and ability of women to be independent has also increased. This study sought to analyze the impact of microfinance services in empowering the rural

women. The outcomes of multiple regression revealed that four factors i.e. socio-economic status upgradation, autonomy for life choices, women position in the family/society and positive approach towards child development can significantly influence the lives of women. Traditionally, women's role was to provide support to their husband and family which show the suppression of women in rural household. The results of this study states that microfinance has improved their economic condition and enhanced their ability to contribute in their family's decision making. Women started to earn and contribute to their family expenses, their husband's behavior towards them has changed considerably. The study also indicates that the living standard of their family has improved.

## **5.2 Conclusions**

Women empowerment has been a great issue all over the world. Most of the developed and developing country realized that the women empowerment play vital role to develop the nation. So, in order to achieve the Sustainable Development Goals various strategies are in place around the world and microfinance is one of such intervention. Microfinance's important contribution towards Self-Help Group is that it helps to combat poverty and reduce gender differences.

Microfinances in Nepal have been operated in many parts of the country, targeting especially women to help them in developing self-employment opportunities and various income generating activities. Micro enterprises do not require high level of education and training to operate. So most of the women can initiate and carry their business forward with low level of education. Microfinance are an asset to the developing countries. The services they provide are tailored to meet the needs and aspirations of the local women and their small to medium enterprises. It should be noted that microfinance does not serve or solve all the problems of the poor but it serves as a means of helping them to boost their economic activities or augmenting their status.

First, the study revealed that access to microfinance has contributed immensely to the economic empowerment of women through improvement in their businesses as the beneficiaries of the microfinance programme. The result that micro credit has significant effect on women's decision-making ability within the household is in line with the findings from Kabeer (2003); Rahman (2015).

Women participated in microfinance activities has increased the levels of employment, income, investment, savings and expenditure and ownership of assets as compared to non-participants. Female economic empowerment is usually about increased access of women to financial resources, income-generating assets or activities, savings, increased financial decision making power and more economic independence (Mayoux, 2000).

Second, the study showed that access to microfinance has improved the status of women both at the family level and in society as a whole. This agrees Hashemi (1996) who narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income. It was found that the beneficiaries are more confident while travelling, visiting market for the purchase of household goods, and dealing with other members of the society, increased participation in household and business decision-making and community activities and improvement in child education status of women and their family. Malhotra (2002) found that decision-making power is generally measured by looking into women's decisions regarding financing, resource, allocation, spending, social and domestic matters, and child-related issues. The microfinance institutions should provide trainings to women for improving their business activities. (Ekpe, 2013) They are more participative in the social development activities have awareness as compared to nonparticipants. Apart from it, the test statistics showed that economic and social variables like, savings and expenditure pattern, ownership of assets, freedom to decision making, freedom of mobility, family and social relationships status of the participants are significant which influence the empowerment of programme participants. The result that micro credit has a significant effect on women's decision-making ability within the household is in line with the findings from (Kabeer, 2003) in this way, microfinance programme has contributed a lot in the empowerment of women.

Though the women have freedom to make decisions on household affairs but there is still depending nature of women on husband as well as less priority by family members and women do not have predominant role for major economic and financial transactions of home and business. The women are not able to expand and run their enterprises effectively, the issue is rather managing home and business together so they are not able to perform with their full potential. Small firms are disproportionately

handicapped by a lack of finance, but they receive a stronger boost in growth than large firms if financing is provided. Financing obstacles affect small firm's more than large firms.

In a nutshell, microfinance are found to be the robust instrument for empowering women as the study results in improved economic and social condition of women. Malhotra (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. It has been observed that microfinance services has overall significant impact on women entrepreneurs at Kirtipur municipality. Sauramathi (2011) explained that the main aim of microfinance is to empower women. The microfinance is only a portion of what is needed to boost enterprise activities and developing household and social status, increasing income, accumulating assets, freedom towards decision making, mobility and improving education. Thus, MFIs have become a vehicle for social and economic transformation and empowerment of women.

### **5.3 Implications**

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:

#### **5.3.1 Managerial implications**

This study has identified the prominent factors of women empowerment in Nepal. Government of Nepal can formulate policies for women empowerment considering those factors. The study has great implications for women entrepreneurs who are involved in microfinance institutions. Local government bodies may guideline to shape their plans and policies field of women empowerment and poverty alleviation through this study. This study 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. This study may help for the banks and other financial institutions this



research might be guideline to know about the current status of the investment and income ratio.

### **5.3.2 Future research implications**

Similar studies could be further developed by including more variables as mediating, moderating and or intervening in the regression model with a larger sample size, the study has only considered economic and social dimensions of women empowerment but there are other many aspects of women empowerment such as health, political and psychological which could be measured and that could be followed by future researcher, this study can be carried out as a baseline study to establish the level at which the MFIs have been able to empower women in other districts of the country, the results of which should be compared with those of this study so as to establish the relationship between micro finance intervention and empowerment of women entrepreneurs using different micro finance intervention variables.

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## Appendix

Dear sir /madam

My name is Ladiki Sherpa .I am student of MBS from Central Department of Management. I would like to request you for spending few minutes to fill up this questionnaire .This survey aims to capture the fact about the Women Empowerment through Microfinance. This information will be used for academic purpose in understanding women's economic and social empowerment through the intervention of MFIs and also help in re-thinking and restructuring their existing policies and practices for effectiveness of various microfinance programs. Your valued information will be highly appreciated. Your information will be strictly confidential.

### Section A

#### Demographic information

Respondent name: .....

#### 1. Age group

- a. 20-30
- b. 30-40
- c. 40-50
- d. 50-above

#### 2. Marital status

- a. Single
- b. Couple

#### 3. Educational status

- a. Under SLC
- b. +2
- c. Bachelor
- d. Masters and above

#### 4. Occupation

- a. Agriculture
- b. Business
- c. Labor
- d. Job

## 5. Income level

- a. Less than 5000
- b. Less than 10000
- c. Less than 20000
- d. Less than 30000
- e. More than 30000

**Section B**

Please complete the following questionnaires on a scale of 1 to 5. (1-strongly disagree, 2-disagree, 3neutral, 4-agree, 5 strongly agree).

Credit	-MFIs provide easily loan to the member -MFIs provide loan at lower rate than others -MFIs provides loan as well as training about how to use achieve loan -MFIs is reduce cost structure of small enterprise					
Saving	-MFIs provide easy saving facilities to the members -saving in MFIs is beneficiary to the members than other financial institution -saving is beneficiary during necessary -MFIs provide support to save small capital					
Training	-MFIs increase entrepreneurial skill of members -MFIs encourage to start up business. -MFIs develop creative ideas -MFIs reduces interpersonal risk. -MFIs helps to utilize the the local resource.					
Ownership on assets	-I have land ownership -I have my own motorcycle -I purchase essential assets after involving in microfinance					
Saving & expenditure	-I individually spent certain amount myself - I got freedom to purchase household goods. -					
Decision	- I can take decision on children's education. - I independently take decision on the purchase of house hold expenditure. - I got opportunity to involve in household decision making process. -family members take suggestion before taking financial decision.					



Mobility	<ul style="list-style-type: none"> <li>- I have Freedom Visiting place.</li> <li>- I have freedom in visiting market for household</li> <li>- I have freedom in attending MFIs program.</li> </ul> <p>I have freedom to move other place to participate in program.</p>					
Women empowerment	<ul style="list-style-type: none"> <li>-participating micro credit has increase income</li> <li>-I have established venture after taking training provided by microfinance.</li> <li>- I have got freedom in taking financial decision after involving MFIs.</li> <li>-I got opportunity to involve indecision making</li> <li>-I have got certain .....</li> <li>-MFIs maximize social reputation</li> </ul> <p>-MFIs provide opportunity to women for social participation</p>					

Thank you