

**MICROFINANCE AND WOMEN EMPOWERMENT (A  
CASE STUDY OF VIRKOT MUNICIPALITY WARD NO-8  
SYANGJA)**

**A Thesis  
Submitted  
By**

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### **CERTIFICATION OF AUTHORSHIP**

I certify that the work in this thesis has not previously been submitted for a degree nor has it 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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Nawaraj Khanal

May, 2019

## RECOMMENDATION LETTER

It is certified that thesis entitled “**MICROFINANCE AND WOMEN EMPOWERMENT (A CASE STUDY OF VIRKOT MUNICIPALITY WARD NO - 8)**” submitted by **Nawaraj Khanal** is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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## APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**MICROFINANCE AND WOMEN EMPOWERMENT (A CASE STUDY OF VIRKOT MUNICIPALITY WARD NO -8)** resented by **Nawaraj Khanal**, 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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**ABBREVIATION**

ADBN	Agricultural Development Bank Nepal
CBs	Commercial Banks
CBB	Chhimek Bikas Bank
CSC	Community Support Concern
DBs	Development Banks
ES	Economic Security
FD	Family Decision Making
FINCA	Foundation for International Community
HEDM	Household Decision Making
INGOs	International Non-Government Organizations
LA	Legal Awareness
M	Mobility
MFI	Microfinance Institutions
MFP	Microfinance Program
MHDC	Mehboob ul Haq Development Center
NGOs	Non-Government Organization
NMDC	Nerude Microfinance Development Bank
RDB	Regional Development Bank
RMDC	Rural Microfinance Development Center
SHG	Self Help Group
SLC	School Leaving Certificate
SFDP	Small Farmers Development Program
UNIFEM	United Nation Development Fund for Women
VDC	Village Development Committee

## ABSTRACT

*Empowerment of women is one of the very important issues in developing countries. As women are the integral part of the society, her status and participation in decision making as well as economic activities is very low. Microfinance plays important role in improving in women decision making by contributing in economic activities. Microfinance is powerful tools to self-empower the poor especially women at world level. The main aim of microfinance is empowerment of women.*

*Women empowerment are measured by Economic Security, Household and economic decision making, legal Awareness mobility and family decision making. This study is based on primary data through administered questionnaire to the women those who are involved in microfinance program in Virkot municipality ward no 8 Syangja. Descriptive and analytical research design has been used to collect the opinions and know about the behavior of respondents. Data are analyzed by using percentage, mean and paired t test.*

*This Study investigate the social-economic improvement and decision making power of women after involvement in microfinance programs. The result show a positive changes on economic security, household economic decision making, legal awareness, mobility, and family decision making after participating in microfinance program.*

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## **CHAPTER -1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Microfinance is the financial services provided to the deprived group of people. Those people cannot get any financial services from other financial institutions. Microfinance institutions provide different services to the deprived group of people those services are Saving, Micro-credit, Insurance, Remittance. Microfinance is a type of banking that is provided to unemployed or low-income individuals or groups who would otherwise have no means of gaining financial services. Microfinance is a source of financial service for entrepreneurs and small businesses lacking to banking services, which help to low-income people including women, who are deprived of economic activities. It helps to those people in the society who have no access to take financial form the commercial banks because commercial bank provides a large amount of loan for high level and income area with some mortgagee. The low-income people have not any property to keep the mortgagee to take a loan from a commercial bank.

Microfinance has been successfully used as an antipoverty and developmental tool in many countries. The clients of microfinance institutions are poor, low-income people and women often living in rural areas with less access to basic amenities as education, water, electricity, banking services, health services, market facilities, etc. Women lack access to appropriate financial services. Microfinance is one of the most important tools of the development that raise the living standard of poor and low-income group of people and women. It provides a small size of the loan, helps to develop entrepreneurship and to establish small-scale enterprise at simple and flexible term induces saving.

As women contribute to the 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 a more vulnerable member in family and society. Therefore microfinance often targets women.

Microfinance is a critical tool to empower women from a poor household. So, particularly, women can benefit from the microfinance program as many microfinance institutions target only women, to empower them.

Most of the microfinance institutions and agencies all over the world focus on women in devolving countries. Observation and experiences show that women are a small credit in another aspect it's also viewed as a method of giving the women more status on socioeconomic and changing the current conservative relationship between gender and class when women are able to provide income to the household. There are many reasons why women become the primary target of microfinance services.

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

Empowerment is related to the process of internal change and to the capacity and right to make the decision. It consists of change choice and power. It is the process of change by which individuals and groups with little or no power gain the ability to make a choice that affects their lives. The structure of power directly affects the choices that women are able to make their lives (Kulkarni, 2011).

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

Microfinance for poor and women have received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether microcredit is the most effective approach to economic empowerment of the poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus

on microfinance as a solution for the poor has led to neglect by the state and public institutions in addressing and livelihood need of the poor.

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

The history of microfinance is from Bangladesh since the late 1970s and it is a very successful project. In Nepal microfinance was initiated with the advent Small Farmers Development Program (SFDP) in 1975 as targeted as well as pro-poor programming focusing only on the rural poor. The overarching objectives of SFDP are to improve the social economic condition of small farmers, the rural poor. This is the executing responsibility of which is visited in Agriculture Development Bank Nepal (ADBN) since 1975. SFDP is a credit plus program. Here, it provides not only the credit facility but also the technology, training and social and community development facilities to the beneficiaries (Shrestha, 2007).

Women in Nepal are extensively engaged in agriculture activities that comprise more than half on the population of the country. Moreover, they are deprived from economic resources like property, income, employment, as well as other resources. Besides 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 nations 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 provisions of credit are regarded as one of the potential ways to improve their economic condition.

Microfinance practice in Nepal has started from the traditional practice of cooperative like Guthi, Dhikuri and Dharm Bhakato, etc. At present, there is a large number of cooperative societies, NGOs, INGOs, CBs, DBs many governmental organizations are working in this sector for empowering the status of women. After the 1990s, the adoption of the economic liberalization Nepalese financial sector has been expanded massively. To uplift the economic status of women and a deprived group of people microfinance programs have to mobilize the resources belongs to poor communities by the poor themselves.

## **1.2 Statement of the Problem and Research Questions**

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

In our society there is a great disparity between gender (men and women), so nowadays to reduce the poverty and economic development of poor people, microfinance is new hope. It is true that microfinance is able to mobilize the resources which have in the land of poor people. It helps to increase the earning capacity and improve their living standards, so microfinance is an effective and powerful tool to minimize the level of poverty and improve their living standards.

Many of the women of Virkot municipality are involved in agriculture and serve as a housewife at home. The women have greater household responsibility than man but the income of women are depending on their husband's income.

This study has some research questions to explore some specific findings regarding the impact of the microfinance program on women empowerment in the study area.

1. Is there an improvement in economic security due to access to microfinance?
2. Is there a change in household and economic decision making after involving in the microfinance program?
3. Is there a change in legal awareness, mobility and family decision making due to involving in the microfinance program?

### **1.3 Purpose of the Study**

The purpose of the study is to evaluate the effectiveness of microfinance on the empowerment of women in Virkot municipality ward no 8 Syangja. The objectives of the study are as follows.

1. To identify the situation in the economic security of women due to access to microfinance.
2. To examine the change in household and economic decision making after involving in the microfinance program.
3. To identify the change in legal awareness, mobility, and family decision making due to involving in the microfinance program.

### **1.4 Significant of the Study**

Microfinance for women and the poor has received extensive recognition as a strategy for poverty reduction and for economic empowerment. There is questioning of whether microcredit is the most effective approach to economic empowerment of the poorest and among them, women in particular. Development practitioners in developing countries often argue that the exaggerated focus on microfinance as a solution for the women has led to neglect by the state and public institution in addressing employment and livelihood need of women.

Microfinance makes people literate by providing different training and conducting a different program. This study is important in Nepal because the government has initiated microcredit through the government agencies and organized group of women

who are providing commercial credit. Microfinance is now a proven strategy for the economic empowerment of women and small farmers.

This study is concerned with women empowerment which is developed through the microfinance program. Women empowerment includes positive changes in economic condition, household economic decision making, legal awareness, mobility, and family decision making the power of women in the family as well as in society. This study may helpful for the microfinance institution for evaluating their services which they are providing in those areas. This research may have significance for the future researcher, for microfinance institutions and stakeholders (society, government, municipality, regularity intuitions local ward, etc.).

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

The thesis is prepared by survey with the prospective member of the micro finance via questionnaire. The entire report is based on the data provided by the member during the interviews.

## **1.6 Chapter Plan**

This study has been divided into five chapters.

### **Chapter 1: Introduction**

It consists of general background about microfinance and women empowerment, problem statement and research question, the purpose of study, significant of the study, limitation of study and chapter plan.

### **Chapter 2: Review of Literature**

It consists of available relevant studies. It includes conceptual review, reviews of the article in general, review of the previous thesis, hypothesis and research gap.

### **Chapter 3: Methodology**

It deals with research design, population, and sample, sources of data and data collection procedures.

### **Chapter 4: Results**

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

### **Chapter 5: Conclusions**

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

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

## **CHAPTER-2**

### **LITERATURE REVIEW**

In general, every scientific research is based on past knowledge. The previous studies cannot be ignored because they provide the foundation of the present study. This chapter is based on the journals, articles, study report, manuals, previous thesis, and related website. The mention literature focuses on the background of microfinance, the significant of microfinance in order to uplift economic condition and inter-relation between women empowerment and microfinance

#### **2.1 Conceptual Review**

##### **2.1.1 Microfinance**

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

Cheston & Kuhn (2002) Stated that microfinance programs have been potential to transform poor relation and empower women. Although women access to financial resources has substantially increased yet loans, give to women differ in size. In spite of this, just financial help not enough to empower women and improve women and improve well-being but if they are properly designed then they make an important contribution to women empowerment. The authors explained that empowerment indicators and measurement technique. The contribution of microinsurance, saving to empowerment, technology transfer through microfinance institutions, the relationship between microfinance program, empowerment, family planning, and cultural norms exists. Further explained that microfinance plays a major role in gender and a development strategy because it is directly related to poverty alleviation and women.

As, women are the poorest of the poor, so financial security allows women to become more empowered in the household and community. As women spent most of their income on their family needs particularly in children education, health care, and clothing. Access to financial resources not only empowers women but also access to material, human and social resources. Microfinance affects women's ability or decision making and self-confidence which is closely related to knowledge, women's status and gender relations at home. Through the program, women escaped from an abusive relationship. Microfinance programs also impact on political empowerment.

Maanen (2004) states that microfinance is banking the unbankable, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without.

Khandker (2005) concluded that creating and enabling an environment of microfinance and women's empowerment can be achieved through promoting women's access to public service and employment opportunities. Public policy should promote social inclusion and equal opportunities for poor women. Empowerment of women can access through their access to childcare, health, education, and skill employment opportunities and greater control over their fertility and children's education to enable them to take advantage of the opportunities that microfinance provides. By establishing a strong partnership between banking and microfinance institutions market can play more effectively on poverty alleviation. Multinational or joint venture banks that provide microloans have greater access to resources, banking technology and a broader range of financial services. Such lending practices of banks and corporations have been effectively helped to empower women with complementary services with literacy classes, business, training, and childcare. These are significant factors in improving both repayment rates and women empowerment, therefore it is important to resist pressure on microfinance programs to reduce operational cost by cutting back on such essential complementary services and by including women empowerment indicators in

the design and evaluation of microcredit programs. Best practices have shown that microfinance is more effective when assets used as collateral or purchased with loans are solely or jointly in women's hands; a range of saving products and facilities offering higher interest rates are made available the lending process includes participatory consultation, including for non-business loans such as health, education, and housing.

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

Microfinance is one of the best alternatives to generate self-employment. It provides financial and non-financial services to people who have no collateral to offer against the loan, people who have not collateral and willing to start small enterprises for self-employment and income generation. Through self-employment opportunities under microfinance, loan women can empower socially and economically by generating income from their small projects. The MFIs and the wholesale lending institutions such as RMDC together have raised the level of awareness and the required skills of these women to successfully carry out locally feasible income generating activities. Many participating women have now become self-reliant both economically and socially with the acquired knowledge and skills and the resultant income from the microfinance program. Thus, microfinance has become a strong means to reduce poverty especially of women. Among many development programs implemented in Nepal, microfinance programs have a strong rural orientation and are targeted at the poor (RMDC, 2009).

Microfinance is one of the promising and cost-effective tool which fight against global poverty. The term microfinance could be defined as the 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 alleviation and economic development of poor women (Das, 2014).

### **2.1.2 Models of Microfinance in Nepal**

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

#### **2.1.2.1 Grameen model**

Grameen model is set by Prof. Mohammed Yunus in Bangladesh targeting women from low-income groups 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 the first stage, two out of five people in a group receive the loan. The group is 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 the money with interest within fifty weeks of the lending period. This pressurizes the group to keep an individual record clear (Bank, 2014).

#### **2.1.2.2 Group model**

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

#### **2.1.2.3 Individual model**

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

#### **2.1.2.4 Community banking**

This banking model is mostly run by NGOs and other organizations to develop community by introducing community development programs. For this, semi-formal or formal institutions are launch in the community to give out microloan and train the community members into different financial activities in generating income and saving (Bank, 2014).

#### **2.1.2.5 Bank guarantees**

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

#### **2.1.2.6 Rotating saving and credit associations**

This model is designed in such a way where a group of people contributes a certain amount per month. Then, this collected amount is lent to other members by lottery or other agreed methods that will be paid back in regular or further monthly contributions (Bank, 2014). According to Harper (2002), this model is a very common form of savings and credit. He states that the members of the group are usually neighbors and friends, and the group provides an opportunity for social interaction and is very popular with women.

#### **2.1.2.7 Village banking model**

This model was formed in the mid-1980s by the Foundation for International Community (FINCA). Village Banks are community-managed credit and savings associations established to provide access to financial services in rural areas, build a community self-help group, and help members accumulate savings (Otero & Rhyne, 1994). Membership in a village bank usually ranges from 30 to 50 people, most of

whom are women. Membership is based on self-selection. The bank is financed by internal mobilization of members' funds as well as loans provided by the MFI.

### **2.1.3 Women Empowerment**

Women empowerment is making able to deprived a group of women in the society to take the decision on household activity, the decision on children education, the decision on household economic activity, decision and decision on birth family planning. Many women in rural areas are uneducated and they don't know about their rights, they always dominated by the male personnel in the home and society. So the government, NGOs and other institutions are launched many programs in the field of women empowerment. The constitution of Nepal "Nepal ko Sabidhan 2072" includes many fundamental rights for women for the empowerment of the women. The government of Nepal also establish the Women Commission for the empowerment of the deprived women in the country. The Government of Nepal also provides different subsidy on tax and registration charges for women on their business and registration of land on women's names.

Empowerment (irrespective of gender) is defined as the ability of the people, in particular, the least privileged to have access to productive resources that enable them to increase their earnings and obtain the goods and services they need and participate in the development process and the decision that affects them. These two aspects are related and one without the other is not empowerment.

According to Sen and Batliwala (2000), women empowerment leads to a growing intrinsic capability, greater self-confidence and an inner transformation of one's consciousness that enables one to overcome external barriers. This view mainly emphasizes on two important aspects. Firstly, it is the power to achieve desired goals but not power over others. Secondly, the idea of empowerment is more applicable to those who are powerless, whether they are male or female, or group of individuals, class or caste. Though the concept of empowerment is not specific to women, yet it is unique,

in that and it cuts across all types of class and caste and also within families and households.

Malhotra et al (2002) state that the empowerment of women generally means to let women survive and let them live a life with dignity, humanity, respect, self-esteem, and self-reliance. Empowerment of women is incomplete and biased if it measures only inequality and fails to include important non-economic dimensions of decision-making power both at the household level and over women's own bodies and sexuality.

Kabeer (1998) stressed that women's empowerment is the process to acquire the ability to make the strategic life choices restricted through poverty particularly and societal or religious norms generally. Their ability to exercise choice incorporates three interrelated dimensions, that is, resources, agency, and achievements.

According to UNIFEM (2000) to generate choices, gaining the ability and exercise bargaining power, developing a sense of self-worth, to secure desired changes, belief in one's ability and the right to control one's life are important elements of women empowerment.

Women empowerment is also defined as a change in the context of a woman's life, which enables her increased capability for leading a fulfilling human life. It gets reflected in external qualities (via self-awareness and self-confidence) (MHDC, 2000).

Kutty (2003) defined that empowerment of women means developing them as more aware individuals, who are politically active, economically productive and independent and are able to make intelligent decisions in matters that affect them and their nations. Women's empowerment also refers to the ability of women to transform economic and social development when empowered to fully participate in the decisions that affect their lives through leadership training, coaching, consulting and the provision of enabling tools for women to lead within their communities, regions, and countries.

Empowerment hence can be defined as a multidimensional process that enables women to realize their identity and power in all spheres of life. Empowerment provides greater access to resources, more autonomy in decision making, greater ability to plan lives and more control on the circumstances that influence lives. Stated succinctly empowerment is defined as —increasing poor people’s freedom of choice and action to shape their own lives (Narayan, 2006).

## **2.2 Review of Previous Work**

### **2.2.1 Review of Journals and Article**

There is a variety of literature on impact evaluation of microfinance on different aspects of community and members. Similarly, a number of studies have been undertaken on women empowerment, focusing on methodological issues, empirical analysis and measures, and tools of empowerment. We are concerned with the studies both about microfinance and the empowerment of women.

Hunt and Kasynathan (2002) described that microfinance programs for women have a positive impact on economic growth by improving women income generating activities. The data was collected from three NGO's in Bangladesh and one state of India. The study found that most of the women receiving credit have no control over their loans due to low access to markets. It was further found that micro-credit has an impact on female education, marriage practice, mobility, violence against women and self-respect. Moreover, microfinance which was designed for the poorest, actually not reached to the poorest people. So donors and NGO's must concentrate on the access of credit to the poorest people. Malhotra et al. (2002) worked on conceptualization and operationalization of term empowerment rather than to review its indicators. They highlighted economic, social, familial/interpersonal, legal, political and psychological dimensions of empowerment. Empowering themselves is not only the responsibility of individual women. Government and other institutions should promote policies that increase empowerment and ensure gender equity through political and legal reforms.

Cheston and Kuhn (2002) stated that microfinance programs have the potential to transform power relations and to enhance women empowerment. Although women access to financial resources has been substantially increased, loans given to women differ in size. It has been shown that just to provide access to financial resources is not enough to empower women and improve their well-being. Microfinance does not address all the barriers to women empowerment but if they are properly designed, then they can do an important contribution in women empowerment. The study discussed the empowerment indicators and measurement techniques and revealed that the relationship between microfinance program, empowerment, family planning, and cultural norms exists. Microfinance plays a major role in gender and development strategies because of its direct relationships with both poverty alleviation and women. As women are the poorest of the poor, greater financial security allows women to become more empowered in household and community affairs. Access to resources alone does not empower women but also, access to material (credit, property, and money), human and social resources (education, business) also matters. Microfinance affects women's ability or decision making and self-confidence which is closely linked with knowledge, women's status and gender relations in the household. Microfinance programs strengthen women's economic autonomy and give them the means to pursue nontraditional activities. Through these programs, women escape from an abusive relationship. Microfinance programs also impact the political empowerment and women rights. The effects of the men and women participation in microfinance programs in rural Bangladesh, on women autonomy and gender relations within the household, are analyzed by Pitt et al. (2003). The study concluded that women participation in micro-credit programs helps to increase women empowerment. It supports women to take a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power compared with their husbands and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns. On the other hand, male credit had a negative effect on several areas of women's empowerment, including physical mobility, access to savings and economic resources and power to manage some household transactions.

The mechanics of microfinance in Bangladesh has been focused by Rehman and Khan (2007). From the client's perspective, they attempted to explore how microfinance helps poor people to improve their living standards. They concluded that the provision of microfinance in the form of collateral free loans, is an effective mechanism for poverty reduction, to improve health, education, legal rights, sanitation, and other living standards. Microfinance programs target women, the most vulnerable part of society who lives within a household with no assets. By providing the opportunity for self-employment, these programs can improve the women security, autonomy, self-confidence and status within the household which in turn improves their empowerment.

Asim (2008) evaluated the impact of micro-credit programs on women empowerment in urban slums of Lahore (Pakistan). The study has chosen specialized institutions focusing on women; they were Kashaf foundation and community support concern (CSC). The author constructed preference-based indicators including child-related and health-related decisions, economic decisions, social mobility decisions, resource allocation decisions, and autonomy-based indicators including household purchase decisions. To explore the link between women empowerment and micro-credit participants, the author used three different estimates; a simple parametric framework of conditional mean independence, randomization of treatment and bivariate profit model. The results show that micro-credit intervention has no impact on child-related, health-related, and economic and social mobility decisions. On average, women in the treatment group were no more independent or autonomous than the control group in small household purchases. Participation in the micro-credit program was found to be insignificant in explaining all the outcome indicators of empowerment.

Chaudary and Nosheen (2009) narrated that women empowerment is one of the important issues of development policies in under-developed countries. Since empowerment is a multidimensional concept, it is determined by many socioeconomic factors and cultural norms. The authors attempted to explore the determinants of women empowerment using regression analysis. The data was collected from Southern Punjab, especially from rural and tribal areas. The status of women was found much vulnerable in rural and tribal areas and they have very limited access to all basic facilities. For

women empowerment, four indices were developed in making a cumulative index. The results show that age, marital status and having Islamic views show a statistically positive impact on women empowerment.

Goetz and Sen Gupta (1996) made qualitative and quantitative analysis to examine the empowerment in the context of the household decision-making process. Their index of 'Managerial Control' classified the borrowers into five categories ranging from no control to full control on the use of the loans. Another study by Hashemi et al. designed an 'empowerment index' to measure the impact of microcredit on women's empowerment. They used eight empowerment indicators, namely 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. Findings revealed that woman contributing to her household's income is a significant contributing factor towards her empowerment.

Sarumathi and Mohan (2011) used psychological, social, economic indicators to examine the role of microfinance in empowerment in the Pondicherry region. The findings of the study revealed that microfinance assisted women in gaining psychological and social empowerment than economic empowerment. Several studies have concluded that microfinance helps bring poor people out of poverty, although, all microfinance programs are not equally proficient.

The study of Malathi and Vijayarani (2012) examined the relationship between microfinance and women empowerment in rural areas of the Cuddalore district of Tamil Nadu in India. Chi-square and t-test were performed to analyze the data using 100 sample sizes. The findings of this study 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. The major focus of microfinance programs is to empower women as they are the most vulnerable and investing in women helps empowering them and contributes to greater economic growth and development. It is revealed in the literature that an increase in women's

resources results in the well-being of the family. The impact of microfinance on the empowerment of women has given mixed results.

Le and Raven (2015) stated that 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. In the Indian context, microfinance was found to have a positive influence on women's social capital and normative influence, facilitating women's collective empowerment.

Hussain and Nargis (2008) stated that longer a woman participates in microcredit programs, the more employment opportunities she has. Further, there is more scope that she may decide to buy productive and non-productive assets. A study conducted in Kenya by Holvoet (2005) found that when loans are combined with more investment in social intermediation, remarkable shifts in decision-making patterns are visible.

Another study by Naved (1994) showed that women were more active in household decision making and had more control over household income after participating in microcredit programs. Moreover, participation in microcredit programs helps to increase women's welfare and reduce male bias.

Aruna and Jyothirmayi (2011) examined the influence of microfinance on women empowerment through regression analysis in Hyderabad, India. Results revealed that microfinance had a significant influence on socio-economic indicators. These indicators are considered as economic position, decision making power, knowledge, and self-worthiness.

Sultana and Hasan (2011) conducted a study to know the impact of micro-credit on the economic empowerment of rural women at Gazipur district in Bangladesh using a stratified random sampling technique. The half sample study of (45 women) had involvement with microcredit program and rest half had no involvement with any other form of micro-credit program. These groups belonged to the same socio-demographic profile. The study collected data on women empowerment considering three economic indicators namely personal income, savings behavior, and asset ownership. Results

revealed that women involved with micro-credit programs were more benefited than the control group.

Moyle et al.(2006) Stated that women in income generating activities give support to personal and economic empowerment. Another study conducted by Nader found that microcredit improved health and harmony in the family. Pitt et al. found that participation in microcredit programs helps women to have access to financial and economic resources, a 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.

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

Sharma (2007) published an article on "The Journal of Nepalese Business Studies" about 'Microfinance and Women Empowerment'. The article examines the effect of women's participation in group-based microcredit programs on a large set of qualitative responses to questions that characterize women's autonomy and gender relations within the household. The data were taken from a special survey carried out in a hill and Terai in 2004-2006 of Nepal. In this paper, the analysis was done on women's involvement in decision making, changes in self-confidence, women's status in gender equity, changes in social and political participation, changes in control over income, changes in awareness of social issues and problems and family relationships and domestic violence. From the study the result was taken out those similar changes in self-confidence of women after the program by ecologically belt hills showed a relatively higher proportion of men's involvement in cooking as compared to Terai, but in childcare, fetching water, washing clothes, cleaning house and utensils men's involvement is relatively higher in Terai belt than the men in hills. It also shows that there is a significant change in the social and political participation of women after the program has a substantial impact on terai women's income control as compared to hills. Terai shows relatively create changes in family relationships and violence.

Adhikari (2007) concludes that Microfinance has the potential to have a power impact on women's empowerment. Although micro finance is not always empowering for all women, most women do experience some degree of empowerment. As a result, microfinance program is the most successful program for the improvement of living standard and socially as well as economically empowered of these groups of people as well as women. Microfinance is due to the realized difficulty in providing financial services to this target population and its potentiality welfare enhancing characteristics. The challenges of Microfinance are derived from a number of factors which include; the transaction services expensive the risk involved in lending to poverty clients and the costs involved in lowering these risks of losses from default is high. Poor women associating themselves with microfinance institutions lead to a situation where they experience behavioral changes at the individual, family/household, enterprise, and community levels. Access to microfinance ensures that poor women in Offense are enabled to make choices in their everyday lives. Some of the changes that are seen are increased in the savings level of these beneficiaries, improvement in the living conditions of beneficiaries, changing's in the enterprise level of beneficiaries (for instance diversification of their businesses, good business practices), control over economic resources. There is also the improvement in the well – being of their household since the women tend to spend more of their income on their household. The empowerment of these women in various aspects of their lives has a multiplier effect. Since it will ensure the development of the nation. This is due to the fact that these women will now be able to contribute to the nation's economy (Akosua, 2007).

Dulal (2010) carried out a study Impact of Microfinance Program in Social Economic Empowerment of Women in Nepal: A Case Study of DEPROSE Nepal in Thaiba VDC of Lalitpur District. This study has three different objectives that have focused on economic impacts, women empowerment at the household and external level; and the constraints and critical issues of such women focused microfinance for poverty reduction. This study was based on comparative analysis. Data were collected from the field survey, individual interviews, questionnaires, and observation. Simple statistical tools have used for data analysis. This study concluded that access to microfinance services offered by DEPROSC Nepal has positive impacts on the life of surveyed

sample women in the Thaiba VDC of Lalitpur District. Positive social impacts are observed in their livelihood structure and have empowered women in many ways such as awareness and knowledge on basic issues such as the importance of educating children, child health and hygiene, the importance of money management, their role in household economy, etc. Satisfactory economic impact impacts are not observed in assets creation and self-employment creation but the microfinance services provided have helped them to improve their better livelihood structure like enhanced food security, improved health and sanitation, and nutrition status.

Shakya (2016) conducted a thesis of International Business on "Microfinance and women empowerment" concluded the following findings:

- The study establishes the concept of poor villagers as fewer risk takers to continue credit as they are highly depending on the agriculture sector. Since urban women are completely on commercial business (no matter the type of business), they tend to be determined to continue loans rather than dropping out caused by natural disaster for instance, floods.
- A focus on lending to women in microfinance initiatives as women registers higher repayment rates. It is directly linked to women empowerment and economic development by creating self-confidence. They are categorized as important borrower due to the capability of using small loans into a wise investment instead of spending money on luxurious goods. They also have the right to access capital who before were restricted to any financial autonomy.
- Women agreed that the microfinance program has played an important role in their self-confidence and self-esteem. Women who live in the village are encouraged to take up leadership positions in their families. The program has helped women in creating decision-making opportunities inside their household matters.
- Women are socially and economically empowered after engaging in the microfinance program.
- Through the microfinance program, women start the business by taking a microloan from MFIs. By establishing business they are only taking advantage of income they also are able to uplift their social status.

### **2.3 Hypothesis**

On the basis of following review, following hypothesis is proposed for the study. It is difficult to study the women empowerment without considering the indicators. Since different author have used different indicators to measure the women empowerment this study uses five indicators for measuring the women empowerment. These indicators are Economic Security, Household decision Making, Legal awareness, Mobility and family decision making. Based on these indicators following hypotheses are purposed for the study.

H1-a: Participation in microfinance program improve economic security.

H2-b: Participation in the microfinance program improve household decision making.

H3-c: Participating in microfinance program improve legal awareness.

H4-d: Participating in microfinance program improve mobility.

H5-e: Participating in the microfinance program improves family decision making.

### **2.4 Research Gap**

Most of the previous work on Microfinance works on the eradication of poverty and empowering women. MFIs provide loans to main women whom they think have less social and economic status. The focus on lending women is as common for micro-funding schemes as they think women are containing lots of caliber in paying back the loan in time than men. However, it does not clear the facts on the difficulties these women face when they have to perform a dual role inside as well as outside of the house. Neither has it stated the level of support they get from their family members especially husbands. This study is also concerned about the change in behavior of family and society after participating in the microfinance program. However, this study is entirely new in Virkot municipality ward no 8, no research related to microfinance.

## **CHAPTER-3**

### **METHODOLOGY**

The objective of the study is to assess the impact of a microfinance program on women empowerment. This study is done by comparing the different variables of women empowerment before and after involving in the microfinance program. Therefore an appropriate and purposeful methodology is followed for the fulfillment of the stated objective. This chapter consists of the study area, research design, population and sample, sources of data and measurement and analysis of variables to be used.

#### **3.1 Research Design**

A descriptive and analytical research design is followed for the data analysis. Various statistical data is gathered and tabulated using a spreadsheet. For the data analysis purpose, different statistical tools are applied. Variable picked for impact analysis of microfinance and women empowerment are Economic Security, Household Decision Making, Economic Decision, Legal Awareness, Mobility and Family Decision Making.

#### **3.2 Study Area**

Virkot municipality is one of the municipalities of Syangja district. It is situated west part of Syangja. It is a semi-urban area in the view of development. In this municipality, there are many ethnic groups and they have different social cultural and economic aspects. More than sixty percent of the population involved in the agricultural occupation of the total population. Based on these aspects the study area has been taken. The study area is ward no 8 of the Virkot municipality.

### **3.3 Population and Sample**

The women who involved in the microfinance program in Virkot municipality ward no 8 are the population of the study. The total population of the ward is 3275 (National Survey 2068), the total population of the male is 1572 and women is 1703. Among them, about 500 women are involved in the microfinance program. Out of the 210 individuals are selected as the sample of the study.

### **3.4 Sources of data**

Primary data is used in the study. Primary data are taken from questionnaires and interviews.

### **3.5 Data Collection Procedure**

To collect primary data, household survey and interview methods are used. The total population is 500 women who are involved in the microfinance program. Out of total population 210 member are selected as sample. Simple random sampling is applied to research the household survey. The question is designed to test the change in behavior towards women before and after participating in the microfinance program.

### **3.6 Data Measurement and Analysis**

The survey instrument includes 14 items that assessed the women empowerment. The factor of the women empowerment is Economic Security (ES), Household Economic Decision Making (HEDM), Legal Awareness (LA), Mobility (M) and Family Decision Making (FD). All items are measured five points Likert scale from strongly agree to strongly disagree.

The response obtained were analyzed using percentage, mean and paired sample t-test.

#### **3.6.1 Percentage Analysis**

A percentage is a way of expressing number as fraction of 100 and is often denoted by % sign. Percent is a proportion stated in terms one hundred that is calculated by

multiplying by fraction. It presents the result in absolute term. In this study, this tool is used to express for the age group, cast, education status and marital status of respondents.

### **3.6.2 Paired t test**

A pair t test is very effective tool, if two samples are dependent. Such samples are often referred as paired samples or matched samples because we get two values from before and after involving in MFPs.

Some assumptions are required for validity of the paired test, the first assumption is that the elementary units being measured are a random sample selected from population of interest. Each elementary unit produces two measurements. Second assumption is that these difference in two measurements are normally distributed.

Formula of pair t-test is,

$$t_{cal} = \bar{d} / s.d / \sqrt{n}$$

## **CHAPTER-4**

### **RESULTS**

This chapter deals with the collected data regarding the main objective of the study. In this chapter, we analyze the collected data in various heading and subheading to fulfill the main objective of research study. This chapter shows the analysis of the various issues like change in perception economic security, change in women perception in household decision making, change in women perception on legal awareness, change in women perception on mobility, change in women perception on family decision making before and after involvement on microfinance program sequentially.

#### **4.1 Data Presentation and Analysis**

##### **4.1.1 Socio-Demographic characteristics of Respondent**

Being the study of microfinance targeted to the deprived women, this research has studied women from Virkot Municipality ward no 8, to know the poor women's perception researcher has asked various structural questionnaire. Therefore, this section consists of various information of respondents like age, caste, educational status, and marital status and marital of respondents. These are scattering of the following term:

**Table 4.1.1**  
**Socio-Demographic status of respondents**

Social-Demographic Status	No of Respondents	Percentage
<b>Age Group</b>		
20-29	39	18.6
30-39	69	32.9
40-49	62	29.5
50-59	40	19
Total	210	100
<b>Caste</b>		
Dalit	48	22.9
Janajati	61	29
Chhetri	53	25.2
Bhramin	48	22.9
Total	210	100
<b>Educational Status</b>		
Illiterate	36	17.1
Literate	89	42.4
Below S.L.C	53	25.2
Above S.L.C	32	15.2
Total	210	100
<b>Marital status</b>		
Married	197	93.8
Widow	12	5.7
Separated	1	0.5
Total	210	100

**Source: Field Study-2018**

In the field survey among the respondents, the youngest respondents are 22 years old and the oldest is 58 years old. Table 4.1.1 shows that very little respondents who had 20 and below 29 years old been only 18.6 percentage. The table 4.1.1 shows that more than half the percentage of women respondents are between 30 to 49 years old. This fact shows that microfinance program is focusing on those age group who are economically active and energetic in every aspect: matured energetic aged group is focused by the microfinance program.

Table 4.1.1 shows that 22.9 percentage Dalit women are involved in the microfinance program, 29 percentage Janajati women are involved in the microfinance program, 25.2 percentage of Chettri women are involved in microfinance program, 22.9 Bharmin percentage women are involved in microfinance program. The microfinance institution has covered all cast in the microfinance program who lives in Virkot municipality ward no 8 syangja.

The educational factor is the main determination of economic status of women. It determine the life style of people. In the sample which is taken from the study area, 17.1 percent illiterate women are found, 42.4 percent of women are literate, 25.2 percent women are found below S.L.C. and 12.2 percent of women are found who passed the S.L.C. According to the respondents, the number of the literate respondent has increased due to the informal education provided by microfinance institutions. Therefore they were able to know their transactions with the microfinance institution. There are 93.8 married women, 5.7 percent widow women and 0.5 percent separated women are involved in the microfinance program. Unmarried women are not allowed to participate in the microfinance program.

#### 4.1.2 Reliability Test

To establish internal consistency, Cronbach's alpha value for reliability is calculated.

**Table 4.1.2**  
**Reliability Test**

Factor	Cronbach's Alpha	No of items
Economic Security	0.86	3
Household and Economic Decision Making	0.70	3
Legal Awareness	0.78	3
Mobility	0.81	3
Family Decision Making	0.84	2

**Source: SPSS Output**

The value Cronbach's alpha of factor Economic Security, Household and Economic Decision Making, Legal Awareness, Mobility and Family Decision making are 0.86, 0.70, 0.78, 0.81 and 0.84 respectively.

#### 4.1.3 Economic Security

The major focus of the Microfinance program is to empower women by increasing their economic security. This study has incorporated with various economic impact issues under this variable. Under these variables the study deals with a change in an independent saving of the respondent, perception of the respondent toward to face the financial crises and the change in their assets like house, land, and livestock in their name before and after involving in the microfinance program. The attitude of the respondent toward the variable is presented as:

**Table 4.1.3**

#### **Descriptive statistics for Economic Security before and after participating in the Microfinance program**

		Mean	N
Pair 1	Economic Security1_Bi	3.24	210
	Economic Security1_Ai	1.82	210
Pair 2	Economic security2_Bi	3.61	210
	Economic security2_Ai	2.47	210
Pair 3	Economic Security3_Bi	3.57	210
	Economic Security3_Ai	2.87	210

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

The table no.4.1.3 shows that mean score item Economic Security1 of women perception after participating in the microfinance program (M=1.82) is significantly

less than the mean score before participation in the microfinance program ( $M=3.24$ ). It indicates that the perception of women saving after involving in the microfinance program is more strong than before involving in the microfinance program. Likewise, for the item Economic Security<sup>2</sup>, the mean score of women perception after participation on the microfinance program is ( $M=2.47$ ) is significantly lower than the mean score of before participation on the microfinance program ( $M=3.261$ ). It indicates that women are more confident to face the financial crisis after involving in the microfinance program. For the item Economic Security<sup>3</sup>, the mean score of women perception after participating in the microfinance program is ( $M=2.87$ ) significantly lower than the mean score of before participation in the microfinance program ( $M=3.57$ ). It indicates that there is an increase in assets like house, livestock, and land on the women's name after participation in the microfinance program. So, the Economic Security of women has increased after participating in the Microfinance Program.

#### **4.1.4 Household and Economic Decision Making**

Household and Economic decision making are one of the most important factors for women empowerment. Microfinance program provides different financial literacy program, they provide loan and training for the different economic activities. It leads to women to take the household and economic decisions in their homes. Under this variable the study deals with women involved in decision making on household expenses, their involvement in large purchases and they can buy their clothes and other essential for them without permission of their husband before and after involvement in the microfinance program. The attitude respondent toward the variable presented as:

**Table 4.1.4****Descriptive statistics for Household and Economic Decision Making before and after participating in the Microfinance program**

		Mean	N
Pair 1	Household and Economic Decision Making4_Bi	2.81	210
	Household and Economic Decision Making4_Ai	1.81	210
Pair 2	Household And Economic Decision Making5_Bi	3.45	210
	Household and Economic Decision Making5_Ai	2.56	210
Pair 3	Household and Economic Decision Making6_Bi	2.74	210
	Household and Economic Decision Making6_Ai	1.93	210

**Source: SPSS Output**

Bi-Before involvement in the microfinance program

Ai-After involvement in the microfinance program

The table no.4.1.4 shows that the mean score of Household and Economic decision Making4 of women perception after participation in the microfinance program (Mean=1.81) was significantly less than the mean score before participation in the microfinance program (Mean=2.81). It Indicates that women are involved in decision making related to household expenses after participating in the microfinance program. For the item Household and Economic Decision Making5, the mean score of women perception after participation in the microfinance program (Mean=2.56) was significantly less than the mean score before participation in the microfinance program (Mean=3.45). It indicates that women are involved in decision making related to large purchase after participating in microfinance program. For the item Household and Economic Decision Making6, the mean score of the women perception after participation in the microfinance program (Mean= 1.93) was significantly less than the mean score before participation in the microfinance program (Mean=2.74). It indicates that women can buy clothes or other essentials for themselves without the permission of her husband after participating in the microfinance program. So Household and

Economic Decision of the women increases after participating in the microfinance program.

#### 4.1.5. Legal Awareness

Legal empowerment is about strengthening the capacity of all people to exercise their right either as an individual or member of the community. The microfinance program helps to improve the consciousness of legal culture for the deprived group of women. Under this factor, the study deals with the label of legal awareness of women and their knowledge about the reservation on the job, their knowledge about the violence and legal protection and the awareness about divorce with their husband before and after participating in microfinance program . The attitude of respondent towards the variable are as follows:

**Table 4.1.5**

**Descriptive statistics for Legal Awareness before and after participating in Microfinance program**

		Mean	N
Pair 1	Legal Awarness7_Bi	3.07	210
	Legal Awarness7_Ai	2.03	210
Pair 2	Legal Awarness8_Bi	3.37	210
	Legal Awarness8_Ai	2.52	210
Pair 3	Legal Awarness9_Bi	3.76	210
	Legal Awarness9_Ai	3.12	210

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

The table no 4.1.5 shows that the mean score of Legal Awareness7 of women perception after participating in the microfinance program (Mean =2.03) was significantly less

than the mean score before participating in microfinance program (Mean=3.07). It indicates that women know that there is a reservation in jobs after participating in the microfinance program. For item Legal Awareness8, the mean score of women perception after participating in the microfinance program (Mean =2.52) was significantly less than the mean score before participating in the microfinance program (Mean=3.37). It indicates that women know that in case abuse or violence, they can seek legal protection after participating in the microfinance program. For item Legal Awareness9, the mean score of women perception after involvement in the microfinance program (Mean=3.12) was significantly less than the mean score before involvement in the microfinance program (Mean=3.76). Women know about legal divorce after participating in the microfinance program. So, the legal awareness of women increases after participating in the microfinance program.

#### 4.1.6 Mobility

Mobility is the ability to move or be moved freely and easily. Under this factor, the study deals with the movement of women, about they can go outside home alone, husband permission before going out to travel to the nearby village alone before and after involvement in the microfinance program. The attitude of the respondent towards the variable are as follows;

**Table 4.1.6**

**Descriptive statistics for Mobility before and after participating in the Microfinance program**

		Mean	N
Pair 1	Mobility10_Bi	3.09	210
	Mobility10_Ai	2.12	210
Pair 2	Mobility11_Bi	3.81	210
	Mobility11_Ai	3.05	210
Pair 3	Mobility12_Bi	3.11	210
	Mobility_12Ai	2.16	210

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

Table no. 4.1.6 shows that the mean score of Mobility10 of women perception after involvement in the microfinance program (Mean=2.12) was significantly less than the mean score before involvement in the microfinance program (Mean=3.81). It indicates that women can go outside home alone after participating in the microfinance program. For the item Mobility11, the mean score of women perception after involvement in the microfinance program (Mean=3.05) was significantly less than the mean score before involvement in the microfinance program (Mean=3.81). It indicates that the perception of women is not changing about the husband permission before going out. For Mobility12, the mean score of women perception in the microfinance program after involvement in the microfinance program (Mean=2.16) was significantly less than the mean score before involvement in the microfinance program (Mean=3.11). It indicates that women can travel nearby village alone after participating in microfinance program. So the Mobility of women has increased after participating in the microfinance program.

#### **4.1.7 Family Decision Making**

Women are supposed to be empowered when they take a decision regarding the children education /marriage/career and discuss the birth control method to her husband. This factor is a study about the family decision making the power of women before and after involvement in the microfinance program. The attitude of the respondent toward the factor is presented as:

**Table 4.1.7****Descriptive Statistics for Family Decision Making before and after participating in the Microfinance program**

		Mean	N
Pair 1	Family Decision Making 13_Bi	2.36	210
	Family Decision Making 13_Ai	1.89	210
Pair 2	Family Decision Making 14_Bi	2.56	210
	Family Decision Making 14_Ai	2.11	210

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

Table no. 4.1.7 Shows that the mean score of women perception of Family Decision Making 13 after involvement in microfinance program (Mean=1.89) was significantly less than the mean score of women perception before involvement in microfinance program (Mean=2.36). It indicates that women are involved in decision making regarding children's education, marriage and career after participating in the microfinance program. For item FD14, the mean score of women perception after involvement in the microfinance program (Mean=2.11) was significantly less than the mean score of women perception before involvement in the microfinance program (Mean=2.56). It indicates that women can discuss birth control methods after participating in the microfinance program. So, Women are involved in family decision making after participating in the microfinance program.

## 4.2 Test of Hypothesis

### 4.2.1 Economic security

#### a) Setting of hypothesis

Null Hypothesis ( $H_0$ ); there is no significant difference in the Economic Security of women before and after participation in the microfinance program.

The alternative hypothesis ( $H_1$ ); there is a significant difference in the Economic Security of women before and after participation in the microfinance program.

#### b) Level of significant

$$\alpha = 5\%$$

#### c) Test of Statistic

**Table 4.2.1**  
**Paired sample t taste for Economic security**

	Paired Differences					t	df	p-value
	Mean	Std.Deviation	Std. Error Mean	95% Confidence Interval of the Differences				
				Lower	Upper			
ES1_Bi - ES1_Ai	1.419	.976	.067	1.286	1.552	21.068	209	.000
ES2Bi - ES2_Ai	1.143	.852	.059	1.027	1.259	19.438	209	.000
ES3_Bi - ES3_Ai	.705	.963	.066	.574	.836	10.609	209	.000

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

ES-Economic Security

#### D) Decision

$p < 0.01$ , table no 4.2.1 shows that p-value is less than a level of confidence. So, the null hypothesis is not accepted. So there is a significant difference in the Economic Security of women after participation in the microfinance program.

### 4.2.2 Household and Economic Decision Making

#### a) Setting of hypothesis

Null Hypothesis ( $H_0$ ); there is no significant difference in Household and Economic Decision Making of women before and after participating in the microfinance program.

Alternative Hypothesis ( $H_1$ ); there is a significant difference in Household and Economic Decision Making of women before and after participating in the microfinance program.

#### b) Level of significant

$\alpha = 5\%$

#### c) Test statistic

**Table 4.2.2**

#### **Paired sample t taste for Household and Economic Decision Making**

	Paired Differences					t	Df	p-value
	Mean	Std.Deviation	Std. Error Mean	95% Confidence Interval of the Differences				
				Lower	Upper			
HEDM4_Bi- HEDM4_Ai	1.000	.973	.067	.868	1.132	14.88 8	209	.000
HEDM5_Bi HEDM5_Ai	.890	.908	.063	.767	1.014	14.20 5	209	.000
HEDM6_Bi HEDM6_Ai	.810	1.003	.069	.673	.946	11.69 3	209	.000

**Source: SPSS Output**

Bi-Before involvement in the microfinance program

Ai-After involvement in the microfinance program

HEDM- Household and Economic Decision Making

D) Decision

$p < 0.01$ , table no 4.2.2 shows that p-value is less than the level of confidence. So, the null hypothesis is not accepted. So there is a significant difference in Household and Economic Decision Making of women after participation in the microfinance program.

**4.2.3 Legal Awareness**

a) Setting of hypothesis

Null Hypothesis ( $H_0$ ); there is no significant difference in the Legal Awareness of women before and after participation on microfinance program.

Alternative hypothesis ( $H_1$ ); there is significant difference in Legal Awareness of women before and after participation on microfinance program.

b) Level of significant

$$\alpha = 5\%$$

,

c) Test statistic

**Table 4.2.3**  
**Paired Sample t-Test for Legal Awareness**

	Paired Differences					T	Df	p-value
	Mean	Std.Deviation	Std. Error Mean	95% Confidence Interval of the Differences				
				Lower	Upper			
LA7_Bi - LA7_Ai	1.038	1.021	.070	.899	1.177	14.740	209	.000
LA8_Bi - LA8_Ai	.852	1.008	.070	.715	.990	12.252	209	.000
LA9_Bi - LA9_Ai	.638	.903	.062	.515	.761	10.238	209	.000

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

LA- Legal Awareness

**D) Decision**

$p < 0.01$ , table no 4.2.3 shows that p-value is less than a level of confidence. So, the null hypothesis is not accepted. So there is a significant difference in the Legal Awareness of women after participation in the microfinance program.

#### 4.2.4 Mobility

a) Setting of hypothesis

Null Hypothesis ( $H_0$ ); there is no significant difference in the Mobility of women before and after participation on the microfinance program.

Alternative hypothesis ( $H_1$ ); there is a significant difference in the Mobility of women before and after participation on microfinance program.

b) Level of significant

$$\alpha = 5\%$$

c) Test statistic

**Table 4.2.4**

#### Paired sample t Test for Mobility

	Paired Differences					t	Df	p value
	Mean	Std.Deviation	Std. Error Mean	95% confidence Interval of the Differences				
				Lower	Upper			
M10_Bi - M10_Ai	.967	1.200	.083	.803	1.130	11.677	209	.000
M11_Bi - M11_Ai	.757	.960	.066	.627	.888	11.429	209	.000
M12_bi - M12Ai	.952	1.030	.071	.812	1.092	13.406	209	.000

**Source: SPSS Output**

Bi-Before involvement in microfinance program

Ai-After involvement in microfinance program

M-Mobility

d) Decision

$p < 0.01$ , table no 4.2.4 shows that p-value is less than a level of confidence. So, the null hypothesis is not accepted. So there is a significant difference in the Mobility of women after participation in the microfinance program.

#### **4.2.5 Family Decision Making**

a) Setting of hypothesis

Null Hypothesis ( $H_0$ ); there is no significant difference in Family Decision Making of women before and after participation in the microfinance program.

Alternative hypothesis ( $H_1$ ); there is a significant difference in Family Decision Making of women before and after participation in the microfinance program.

b) Level of significant

$$\alpha = 5\%$$

c) Test statistic

**Table 4.2.5**  
**The paired Sample t-test for Family Decision Making**

	Paired Differences					t	Df	p-value
	Mean	Std.Deviation	Std. Error Mean	95% Confidence Interval of the Differences				
				Lower	Upper			
FD13_Bi - FD13_Ai	.476	.765	.053	.372	.580	9.018	209	.000
FD14_BI FD14_Ai	.452	.789	.054	.345	.560	8.311	209	.000

**Source: SPSS Output**

Bi-Before involvement in the microfinance program

Ai-After involvement in the microfinance program

FD-Family Decision Making

d) Decision

$p < 0.01$ , table no 4.2.5 shows that p-value is less than the level of confidence. So, the null hypothesis is not accepted. So there is a significant difference in Family Decision Making of women after participation in the microfinance program.

### **4.3 Major Findings**

The major finding of this study can be presented as follows;

1. The microfinance program empowers the economic security of women. The saving of the women is increased after involving the microfinance program. The confidence to face the financial crises of women is increased after involvement in the microfinance program. The women are purchased assets like house/land livestock in their name after involving in the microfinance program.
2. After involving in the microfinance program, women are involved in decision making related to household expenses, large purchases and they can buy essential clothes without permission of the husband. It shows that household and economic decision making the power of the women are increased after involvement in the microfinance program.
3. Women are aware about the reservation in the job, the action for violence and legal protection after involving in the microfinance program.
4. Women are able to move easily and freely .They are easily go outside the home alone, they do not seek husband permission before going out after involvement in the microfinance program.
5. Women are involved in decision making regarding the children education /marriage and career, they can discuss regarding the birth control method with their husband after involving in the microfinance program.

## **CHAPTER-5**

### **CONCLUSIONS**

The final chapter involves the summary, conclusion, the implication of research work. The facts and finding from primary data analysis are presented in this chapter.

#### **5.1 Summary**

The microfinance sector of Nepal was served by co-operatives (1950-1960s) and normal banks (1970-1980s) when a number of pilot and initiatives were implemented to introduce the financial and banking services to help the poor and women, during the 1990s and early 2000s, the government moved further to strengthen the microfinance institution to provide the financial services poor and women with the formation of five regional development banks (RDBs) in each development region based on the Grameen model with the sole objective to provide the microfinance services to the poor and women. Eventually these regional development banks changed into the microfinance development banks (MFDBs) after privatization and licensed as class 'D' financial institution. Soon after that, in the early 2000s, a number of private microfinance and NGOs came into existence with the microfinance program. Under the Grameen model, NGOs such as Nirdhan Uthhan Bank, Central for self-help development successfully implemented the microfinance program and later transformed into Microfinance Development Banks. Chhimek Bikas Bank (CBB), Dipros Bikas Bank (DBB) and Nerude microfinance development bank (NMDC) were also formed. In the early 2000s, many microfinance institutions were formed. They provide wholesale lending and different financial activities to poor women.

Empowerment is the process of becoming stronger and more confident, especially in controlling one's life and claiming own rights. Empowerment is defined as women becoming economically, socially, politically strong and able to make a proper decision about social activities. So in this study, we are concerned with women empowerment through economic activities, family decision making, legal awareness and mobility of women in their society.

In this study the factor of women empowerment Economic Activities , Household Decision Making , Legal Awareness , Mobility and Family Decision Making consists different subheading like independent saving , ability to face the financial crises , assets , involvement in household decision making , involvement in large purchase, awareness about the reservation in jobs, legal protection, activities from outside home, involvement in family decision making like children education / career and about the birth control.

The main focus of the study is to identify the changes in economic status, mobility, household decision making, legal awareness, and family decision making a power of women of Virkot municipality ward no 8 after involvement in the microfinance program. By taking the required no of a sample from the study area, data have been collected by the structural questionnaire and interview. Collected data are analyzed testes and interpreted by using descriptive as well as statistical approaches. Mainly percentage, mean and paired t-test are used for the analysis of data.

Most of the beneficiaries of microfinance program are relatively poor and low income are a focus by microfinance institution. Microfinance programs are oriented to hundred percent women member. The women who are involved in microfinance programs improve their economic security, improve their household decision making, the legal awareness was improved, the mobility of women after involving in microfinance is increased and family decision making power of women also be increased after participating in microfinance program.

## **5.2 Conclusions**

The present study has examined the impact of microfinance on women empowerment. Women Empowerment is measured through using different variables such as economic security, household and economic decision making, legal awareness mobility and family decision making. The finding is parallel with the previous researcher.

This study found that after participating in the microfinance program economic security of women is increased. This finding is inconsistent with by Al-Mamum(2014) were in

the respondent reported that their level of contribution to family expenses increased after participating in the microfinance program. Aruna and Jyothirmayi(2011) revealed that microfinance has a significant influence on economic position. Participating in the microfinance program improves the household and economic decision power of women. This finding is consistent with previous researcher Sultan and Husan (2010) revealed that women have a better economic position after joining the microfinance program. Improved economic position fosters women's household economic decision making. Participating in the microfinance program increases the legal awareness of women. This finding is supported by Al-Mamum(2014). According to by Al-Mamum(2014) microcredit provide the platform to share idea and knowledge about the legal right and this helps women in improving their understanding of the various legal issue. Participating in the microfinance program improves mobility. This result is congruence with previous research findings. According to Le and Raven (2015), microfinance helps women in creating upward mobility, but little impact. When women start participating in the microfinance program their mobility increase and develop confidence in going alone outside the home. After participating in the microfinance program, the family decision making the power of women is increased. It is supported by a study conducted by Holvot (2005). According to him when loans are combined with more investment in social intermediation, a remarkable shift in decision making takes place.

### **5.3 Implications**

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

1. For the microfinance institution, It is useful to check the effectiveness of the program and services
2. For regularity authority, It is useful to check the impact of the microfinance program,

3. For the local Governing bodies, this research may be the guideline to shape their plans and policies in the field of women empowerment and poverty alleviation.
4. This research may be useful to the NGOs that are working in the field of women empowerment to get an overview of the economic strength of women and to shape their plans and policies.

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