

**IMPACT OF MICROFINANCE SERVICES ON
WOMEN**

(A Case Study of Handikhola VDC, Makawanpur, Nepal)

A Thesis

**Submitted in Partial Fulfillment of the
Requirements**

**for the Award of the Degree of Master of Arts
in Rural Development**

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February, 2012

RECOMMENDATION LETTER

This thesis entitled **Impact of Micro-finance Services on Women: A Case Study of Handikhola VDC, Makawanpur, Nepal** has been prepared by **Mr. Madan Lama** under my supervision for his partial fulfillment of the requirements for the Master Degree of Arts in Rural Development. Therefore, this thesis report is recommended for its evaluation.

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(Supervisor)

Date: 2068/11/16

APPROVAL CERTIFICATE

This is to certify that the thesis entitled **Impact of Microfinance Services on Women: A Case Study of Handikhola VDC, Makawanpur, Nepal** written and submitted by Madan Lama has been examined. It has been declared successful for fulfillment of the academic requirements toward the completion of Master of Arts in Rural Development.

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ACKNOWLEDGEMENTS

This work has been completed from the inspiration, help, kindness and guidance of numerous people and institutions in many places.

I owe a great debt to my supervisor Mr. Ratna Mani Nepal for his conceptual methodological insights, wonderful inspiration and close scrutiny of my writing. I would like to express the deepest sense of gratitude to Dr. Umakant Silwal, the Head of the Central Department of Rural Development, Tribhuvan University, Kathmandu, Kirtipur, Nepal and external supervisor of my thesis who has provided me constructive suggestions to add some texture of the writing. Along with my Supervisor and Department Head, I would like to express deep sense of respect to all other teachers of the department.

My deepest sense of love is to the women respondents of HandikholaVDC of Makawanpur, who have provided the roots of my dissertation: stories, thoughts, acceptance of my involvement, love and other logistics of field work. Without their co-operation, trust and hospitality, I can't believe, this work would have been in this shape. I am grateful to the family of Janavi Paudel, Usha Paudel, Nirmala Tamang, Ambika K.C, Shreedhar Malla, Manju Tamang, Shova Pandey, Ratnaman Pathak, Bimala Thing, Banu maya Thapa, Laxmi Prasad Subedi, Devi Lama, Yogmaya Adhakari, Susila Nepali etc. for their warm hospitality and invitation for lot of cup of tea during my field day.

Last but not least, I would like to acknowledge my deep appreciation to my friends Navaraj Luitel, Shivaraj Bartaula, Mani Tamang, Dipak Bohara, Dipak khadka, Bhim Prasad Dhimal Anil Paudel and my sister Gyanu Theeng for their delightful company and support to complete this writing.

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Madan Lama

February, 2012

Abstract

This is a study of impacts of micro finance service provided by Mahila Sahayogi Sahakari Sastha (MSSS) specifically its economic impacts, areas of loan and income investment, problems faced by women, unintended consequences as well as social status of women members in Handikhola VDC of Makawanpur district. The objectives of this research entail i) advantages of micro-finance programs to rural women, ii) to identify priority areas at which women have used the credit received from their micro-finance and iii) to find out the problems faced by women in their socio-economic activities on saving/credit program. Review of micro finance programs have indicated that the primary obstacles to access remain appropriate and bureaucratic procedures, prohibitive collateral requirements; and excessively high transaction costs incur by both lender and borrower. Recent initiative like the Micro-Credit Project for the Women (MCPW) sponsored by the ministry of local development and various governmental and non-governmental clan of the Gramin Bank have served to modify women's picture.

To achieve the targeted objectives certain data collection methods like interview schedule, observation, key informant interview, focus group discussion, and case study were used. Purposive and simple random sampling research designs were used in this study.

Out of total sample size, 50% women were Brahmin and Chherti community, 45% were Newars, 3.3% were Tamang and 1.7% were Dalits. 5% of women were illiterate, 20% were literate from non formal education and other campaign of education, 25% of women had completed primary level education, 18.7% were in lower secondary, and 20% women had studied secondary level. 11.3% of women had completed SLC and higher education.

MSSS has invested Rs.1415000 loan among 60 women of three wads of Handikhola. 40% have taken loan personally range Rs. 16000-25000. According to the loaned women this is not adequate amount to start new occupation but some women started new income generating occupation by adding extra money from other sources. 25% of the respondents had taken the amount of Rs. 26000-35000 and 11.7% of the women had taken relatively largest amount range from Rs.36000-50000, and 13.3% women had taken less than Rs. 10000.

Most of women were trained but not all trained women involved on the same occupation they have been trained. For example 17 women had received tailoring training but only 8 women are involving tailoring as income occupation. Similarly 14 women had been trained on beauty parlor but only 10 women applied parlor as an income occupation.

The areas of income investment show that 55% of women expensed on food purchasing for the family, one woman had invested to buy land, 5% of them invested their income on house construction, 15% of them invested on entertainment and utensils in the home, 50% have invested on children's education, 45% replied on health, 49% have expensed on further development of the present occupations and loan returning of the office, 40% have already returned loan received from the MSSS, and 90% have been saving their income in the bank. There were various problems faced by women members of MSSS program. There were cases of unintended consequences of micro-credit program. When loaned women ran away or died their remaining family members denied to return loan. This types of event gradually loses security of loan credibility of other women members in different. MSSS always doubts upon the security of loan among women.

Thus, we can say that micro-finance services are strong but not ultimate tool for women's empowerment and poverty reduction among women. It is relative with socio-cultural as well as economic background of the family and society. Family support both physically and morally is backbone of occupational development otherwise confidence, boldness and tolerance is essential for women. In spite of various constraints majority of women member have done income generation. They were gaining not only economic status but also developed social linkages through line agencies, involved in social developmental activities and all-round development.

Last but not least, social and cultural empowerment is necessary for the participation of lower strata of the society. And women's education is the basic backbone of empowerment. Government put stress on girl education. Furthermore, policies of micro finance organizations and installment payment date should be flexible because most women would have been in tensed mood at the time of installment. For this, women empowerment, social justice and gender equity is a must.

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LIST OF ABBREVIATIONS/ACRONYMS

ADB	-	Asian Development Bank
BS	-	Bikram Sambat
CBS	-	Central Bureau of Statistics
CDPS	-	Central Department of Population Studies
CEDA	-	Centre for Economic Development and Administration
CMF	-	Center for Micro Finance
CNAS	-	Centre for Nepal and Asian Studies
GAD	-	Gender and Development
HMG	-	His Majesty Government
ILO	-	International Labor Organization
MCPW	-	Micro-credit project for women
MSSS	-	Mahila Sahayogi Sahakari Santha
NBL	-	Nepal Bank Limited
PCRW	-	production credit for rural women
RBB	-	Rastiya Banijya Bank
TUCL	-	Tribhuvan University Central Library
UN	-	United Nation
UNDP	-	United Nations Development Program
UNFPA	-	United Nation Fund for population Association
UNICEF	-	United Nations Children's Fund
USAID	-	United State Agency for International Development
VDC	-	Village Development Committee
WAD	-	Women and Development
WB	-	World Bank
WDD	-	Women Development Division
WDP	-	Women Development Program
WDS	-	Women Development Section
WID	-	Women in Development