

**ROLE OF MICROFINANCE IN WOMEN  
EMPOWERMENT IN NEPAL:**

**A Case Study of Kalika VDC, Kaski District**

**A Thesis Submitted to  
The Central Department of Rural Development,  
Tribhuvan University  
in partial fulfillment of the requirements for the Degree of the  
Master of Arts (M.A.)  
in  
Rural Development**

**By**

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## Declaration

I hereby declare that thesis entitled **Role of Micro-Finance in Women Empowerment: A Case Study of Kalika VDC, Kaski District, Nepal** submitted to the Central Department of Rural Development, Tribhuwan University, is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of preparing this thesis. The result of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes. I assure that no part of the content of this thesis has been published in any from before. I shall be solely responsible if any evidence is found against my dissertation.

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## Recommendation Letter

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## APPROVAL LETTER

This thesis entitled **Role of Micro-Finance in Women Empowerment: A Case Study of Kalika VDC, Kaski District, Nepal** submitted by Santosh Baral in partial fulfillment of the requirements for the Master's Degree (MA) in Rural Development has been approved by the evaluation committee.

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## **Acknowledgements**

First, I am very much grateful to my thesis supervisor **Mr. Ramesh Neupane** for his valuable inspiration and guidance throughout my study without whose continuous guidance and creative suggestions this task would have never been completed. In addition, my sincere gratitude goes to our Head of the Department **Prof. Prem Sharma, Ph. D** for providing me an opportunity to conduct study on this topic. I am also deeply indebted to all my respected teachers of Central Department of Rural Development for their valuable information and suggestions.

I would like to extend my sincere gratitude to all respondents who unhesitant responded in course of data collection. During the course of writing this thesis, I received help and suggestion from various people institutions and friends. I would like to thank VDC secretary of Kalika and all the staffs of Kalika Microfinance, Garima Bikash Bank and Muktinath Bikash Bank.

I would like to thank Dr. Shekhar Pokheral, Mrs.Sarmila Bhattarai, Mr. Santosh Lamichhane, Mr. Arjun Paudel and Mrs. Asmita Humagain for their continued encouragement and inspiration throughout my life and the study period.

Finally, I am alone responsible for errors of judgment or of analysis, if exists any.

Santosh Baral

**April, 2017**

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## **Abstract**

*Poverty has become the main challenge for developing countries like Nepal where most of the people in rural area are poor and engaged in subsistent agricultural activities. The Micro Finance Institutions (MFIs) is an effective tool for poverty reduction since they access financial resources from the banks and other mainstream financial institutions and provide financial and support services to the poor. Besides this, MFIs also help in uplifting the social status of women. The impact of Microfinance Institution (MFI) on livelihoods of poor women households through accumulation of social, human, financial, natural, and physical assets that contributes to poverty reduction needs to be examined. This thesis focuses on qualitative and quantitative impact of microfinance program on participating women of Kalika Village Development Committee of Kaski district. The main objective of the study is to make an assessment of the effectiveness of microfinance program and to analyze the effect of Microfinance in living standard and empowerment of women participants in the study area. The research was conducted in 104 women members benefited from the microfinance programme of Muktinath Bikas Bank, Kalika Microfinance and Garima Bikas Bank. Data was collected through questionnaire, personal interview, focus group discussions and case studies. Microsoft Office Excel 2007 and SPSS16 were used to process the data. Univariate descriptive statistics (frequency, percentage, mean) and bivariate analysis (cross-tabulation and correlation) were done and the results were expressed as tables, bar and charts. More than 55 % of the members in MFIs do not have basic knowledge on microfinance rules, regulations and its values and only 27 % of the members were actively participated in leadership programs. However, after involving in microfinance activities the percentage of women with decision making power has increased slightly. Percentage of women that can decide their economic mobilization has increased from 30.7% to 39.4 %; decide their children education has increased from 16.35 to 26.92%. The percentage of women that can decide upon family planning and children marriage has increased more than two times after getting membership of MFIs and participating in its activities. Similarly, 32 % of the female members of MFIs can speak confidently in meeting and discuss about their current issues. The results of this study have shown that microfinance has substantially contributed in empowering women to participate*

*in decision making process. In addition to this, it has also helped women to develop saving habit, provided access to loan to increase income generation activities.*

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## **ABBREVIATIONS/ACRYNOMES**

ADB	Asian Development Bank
ADBN	Agricultural Development Bank of Nepal
AGM	Annual General Meeting
BS	Bikram Sambat (Nepali Calendar Year)
CBS	Central Bureau of Statistics
CDRD	Central Department of Rural Development
DEOC	Department of Cooperatives
FGD	Focus Group Discussion
FURDL	Foundation Un Raggio Di Luce
GoN	Government of Nepal
GOs	Government Organizations
HDI	Human Development Index
HHs	Households
IGA	Income Generation Activities
MF	Microfinance
NEFSCU	Nepal Federation of Savings & Credit Cooperative Unions
NGO	Non-Governmental Organization
MCPW	Micro Credit Project for Women
RMDC	Rural Microfinance Development Centre
UN	United Nations
UNDP	United Nations Development Program
UNESCO	UN Educational, Scientific and Cultural Organization
UNFPA	United Nations Fund for Population & Agriculture
UNICEF	United Nations International Children's Emergency Fund

USAID

United States Agency for International Development

VDC

Village Development Committee







# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Micro-finance is relatively a new innovation in the age-old banking industry. Microfinance is an effective tool for poverty reduction and women empowerment of rural areas in Nepal. Especially from 1990s, the development of microfinance institutions (MFIS) has contributed to diminish the poverty of the country comparatively than previous days, by providing microfinance to the poor people. But still 21.6% of the total population is under poverty (14<sup>th</sup> plan). To make these microfinance institutions more accessible to the poor as well women is a crucial agenda for the country.

Whereas there are a lot of savings and credit Microfinance (SACCOs) and small farmer Microfinance Ltd. Microfinance institutions in Nepal are governed by Banks and financial institutions (BAFIA), those are handled by microfinance Act (1992). There is also Financial Intermediary Act (1998) to control the activities of Financial Intermediary Non-Government Organizations (FINGEs). The procedures for getting services from the different modalities of MFIs differ. So there is a need of one umbrella act to make microfinance simple, and easy to understand and get the access with.

Microfinance has received a global recognition today not only as a powerful instrument for poverty reduction and empowerment of women, but also as a promising sector of financing for the banks, financial organizations and NGOs. Countries with sound Micro-finance system have succeeded in reducing poverty and improving socio-economic conditions of women significantly. MDG calls for reducing world poverty in all its forms by the year 2015 with significant improvement in education, gender equality, health care and overcoming hunger and environmental degradation through microfinance intervention (NPC, 2003).

The new Microfinance Act has provided an opportunity to the Nepalese people to establish independent and autonomous microfinance societies by themselves,

according to their capacity to fulfill their own needs. The Microfinance Act 1992 A.D (2048 B.S), has firmly accepted the microfinance principles and has provided a legal base both for the establishment of microfinance societies/unions/federations and application of microfinance values, norms and principles into practice. At present, the Department of Microfinance is working under the Ministry of Agriculture and Microfinance to enhance the local entrepreneurship as well as to develop local leadership through the promotion, regulation and development of Microfinance for economic, social and cultural development of their members.

The microfinance sector in Nepal has expanded considerably in recent years. The earliest initiatives for establishing microfinance services in Nepal can be dated back to the early 1960s when the first credit microfinance were established and primarily intended to provide credit to the agriculture sector.

In 1992, the government of Nepal, following a recommendation from the NRB, established Regional Rural Development Bank (RRDB) in each of the five development regions of Nepal, modeled on the Grameen Bank methodology. It is called Grameen Bikash Bank (GBB). The majority of the ownership is in the hands of government, Nepal Rastra Bank (the central banks and public commercial banks, while other private commercial banks have small equity stakes. During the same period, private initiatives led by NGOs, such as Nirdhan and the central for self-help Development, also used the Grameen Bank methodology, resulting in a generally more efficient and successful replication. In the 1990s, with technical assistance from GTZ, local branches of ADBN under the small farmer Development program, stated to be reorganized in to federations of small farmer groups, the 'small farmer cooperating ltd(SFCL); each operating as an autonomous microfinance.

With the promulgation of the Development Bank act in 1995, Nirdhan was the first NGO (1998) to transfer its microfinance portfolio into an autonomous microfinance rural bank (Nirdhan Utthan Development Bank). since 2000; three other microfinance rural banks were created through the same process first initiated by Nirdhan with DEPROSC Development Bank in 2000, Swabalmban Bikas Bank in 2001. Acknowledging the poor performance of the GBBs, under public ownership, the

central bank started a restructuring program, which will lead ultimately to the privatization of the five GBBs (Kayastha, 2010).

With the view of providing a source of wholesale fund to regulated microfinance institutions (MFIs) the rural microfinance Development central (RMDC) was established in 1998, and later on opened it's lending to other MFIs. In 2001, the small farmer Development (SFDC) was established under the Development Bank Act to provide wholesale funds to small farmer Microfinance ltd.(SFCLs), which were formed after the transformation of small farmers Development project, promoted under the small farmers Development project, into Microfinance that SFCLs majority ownership will grow over time (Kayastha, 2010).

Generally, the microfinance institution in Nepal can be divided into two types (1) Community Based MFIs such as SCCs and SFCLs, (2) commercial oriented MFIs such as MFDBs, GBBs, FINGOs, etc. so there are several modalities of MFIs in Nepal.

- To create income and employment opportunity for the poor people by mobilization of saving.
- To provide assistance to the poor and marginalized women of Nepal, regardless of where they live in and who they are
- To promote the locally available technology for the best use of the internal available resources.

Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without based on the premise that the poor have skills which remain unutilized or underutilized. Microcredit fits best to those with entrepreneurial capability and possibility. Ultimately, the goal of microfinance is to give low income

people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. (S.Sarumati and Dr.K.Mohan 2011)

Empowerment refers to increasing the spiritual, political, social and economic strength of individuals and communities. It often involves in developing confidence of the individual in his/her own capacities. It has different meanings in different social, cultural and political contexts. It indicates the expression of self-strength, control, self-power, self-reliance, freedom of choice and life of dignity, in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability. Empowerment is relevant at the individual and collective level, and can be economic, social, or political. The empowerment of women is closely linked with micro-finance programs, because many studies have shown that improving women's income through micro-finance has a substantial effect on their empowerment. A vast amount of literature exists on the subject, and the extent to which microfinance programs empower women, is a highly debated subject, which scholars and practitioners tend to disagree upon. Micro-finance is in this thesis defined as an umbrella term which includes loans, savings, insurance, transfer services and other financial products targeted at low-income clients. Empowerment is defined as the fulfilling of the strategic gender needs of women and as a process by which people get to expand their possibilities to live the kinds of lives they want. (Klara Haugen Kossmaan 2008)

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

More active in decision-making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current

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

Women are part of overall development and it is necessary to improve their status as possible. They suffer from various problems such as illiteracy, unemployment, poor health, and low economic value of their work, deprivation from decision power even for their personal matters as well as from social and cultural matters. Their participation in economic and social activities is very low since long time. As a result, gender discrimination is very high in this situation rural development is impossible. It is necessary to improve the status of women through the collective efforts. When women are empowered; they can help in family as well as in society. Women are the part of society. Therefore, there is direct relation between Women's Microfinance Development Project (MICROFINANCE) and women empowerment.

## **1.2 Historical Development of Microfinance in Nepal**

Institutionally, micro credit program, an example of micro financing, was first introduced in Nepal in April 1956 when credit microfinance was established in Rapti Valley of Chitwan. Then, gradually the establishment of the microfinance bank and the Agriculture Development Bank were established in 1962 and 1986 respectively. We have already seen execution of many microfinance programs such as Small Farmer Development Program (SFDP) by Agriculture Development Bank Ltd. Production Credit for Rural Women (PCRW), Micro Credit Project for Women (MCPW), Garib Sanga Biseswhor etc. by Government. Rural Self-reliance Fund Project (RSRF) also provides credit for the microfinance. Rural Micro Finance Development Centre (RMDC) was also established to provide wholesale loan fund for microfinance.

The Ninth Plan (1997-2002) and the Tenth Plan (2002-2007) accepted poverty reduction as their only objective. The current Three Year Plan (2016-2018) has also given priority to the poverty alleviation and has focused on employment and equity and equality through social inclusion and targeted programs for the poor, recognizing the need to enhance accessibility of finance to the rural poor to promote their access

to income generating activities. The government has started various microfinance programs in Nepal. The main purpose of such programs is to empower them, enhance their capacity, increase their per capita income through self-employment activities and inspire and encourage small entrepreneurs by providing credit to them without any tangible collateral. In this way, the objective of micro finance can be conceptualized as;

- To provide loan to the poor at the cheapest interest rate
- To inspire low income people for an accumulation of disperse capital
- to associate and work in group with mutual co-operation
- To provide capital to local entrepreneurs
- To commence income generating activities, and
- To empower the poor and mitigate gender disparities.

After the restoration of multi-party democracy, Nepal has given high priority to poverty alleviation. Efforts have been put to improve the standard of living of people and mitigate the gap between rich and poor. Therefore, the pivotal challenge for the country is to eradicate the poverty problem. Hence, microfinance program, I recognized as one of the tools for reducing the poverty, and this needs assessment in terms of its effectiveness from socio-economic viewpoint.

### **1.3 Statement of the Problem**

Males and females are two wheels of same cart, but in practice we cannot get such consideration. They are ignored in every aspect. Plans or policies consisting women supporting concept are only focusing few aspects of women which are not sufficient to empower women. They are not allowed to take decision though the decision is related to them. If they take part in various programs such as social, education, women related, and then they are perceived badly and pronounced as “*Pothi Baseko*”. Economically, socially and politically women are dominated by their counter partner. It is so, because Nepal is one of male dominated countries. All property and other financial activities are conducted by male but women do not have access to finance. Their mobility is made limited by social and family related barriers. So, they do not know about the global movement, which can be beneficial to learn some new idea to

improve their comprehensive aspects. They are not allowed to take part in any program by their own desire. Most of the Nepalese women, lack skill and experiences to do new things, it is so, because of illiteracy and lack of proper supports. In rural area of Nepal, the main role of women is to look after the household and bring up children. If wives want to do something new like business, services their husband and other family member restrict them.

Moreover, people in the society (women and men or girls and boys) are not equally capable and skillful. Therefore, an access, opportunity, and control over resources should be provided to these people according to their capability, which is related to “equity” concept. Control over loan, loan related activities, and expenditure of earnings are three sorts of benefits that must be equitably shared among female and male members in the family. Questions arise whether the benefits are equitably sharing among women and men or girl and boy children of clients’ families after program participation.

Nepal has had a history of implementation of microfinance programs for more than three decades. During this period, a large number of Micro Finance Institutions (MFIS) have emerged with government, non-government and donor initiatives. Microfinance is so intimately concerned with underdeveloped country like Nepal that women empowerment can become a fundamental strategy for poverty alleviation. These programs of microfinance have been materialized in different modalities in different regions and parts of the country. So regular review and evaluation of the programs is necessary to choose and formulate new programs that bring positive change in lives of the targeted people.

There are various constraints of the micro-finance program to achieve its objective and development goals. Converting the labor mind in to business mind is difficult task. Utilization of loan is not easy in the beginning period. If the loan is not utilized in proposed works, it will become a burden in future. As a result, the poor becomes poorer both economically and morally. If there is mistake in loan utilization, then norms of micro-finance fail down in a center and there can be the similar situation in other centers. The MFIs should train the women, to select, proposed work, to determine the needed amount of loan, to get benefits from the loan are difficulties in micro-finance activities under the environment of malnutrition, poor health, illiteracy and conservative culture.

Therefore, it is a matter of great concern to assess the economic and social impacts of MF on women's empowerment. The research focuses on effectiveness of micro-finance program for women to improve the status of them and poverty reduction in their families.

This research study will mainly answer the following research questions”

- What is the impact of microfinance in socio-economic status of women in the study area?
- Is Micro finance program of Kalika VDC effective or not in the context of improving the economic status of women?
- What are the changes in education condition and awareness raising of the rural people especially women before and after participating in micro finance program?

#### **1.4 Objectives of the Study**

The general objective of this study is to evaluate the socio-economic impact and implications of microfinance on women empowerment. The specific objectives are:

- i. To assess the of socio-economic status of women in the study area.
- ii. To analyze the effectiveness of microfinance in empowering women.
- iii. To identify changes in education condition and awareness rising of the rural people especially women before and after participating in micro finance program.

#### **1.5 Rationale of the Study**

The rationale behind this study lies on the ground that women will not be empowered unless and until they are benefited both quantitatively (increase in income, employment, and expenditure) and qualitatively with the promotion in gender equity aspects (control over loan and income earned from income generating activities) and role in decision making process as well. If the loan undertaken by women has only served to support the household economically but not given then control over



resources, it may not be fulfilling individual women's specific needs. If this is the situation, then the client is not empowered through credit intervention.

Despite the rapid growth of MFIs in Nepal, most of them remain in the dark about their impacts on socio-economic status of women. In this context, the present study will fulfil the research gap of analysing both direct and indirect changes in women's financial, social, human, and natural (land) capital. It also understands the changes in key research areas such as, clients' livelihood status along with the implications of microfinance programme on resource management.

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

The study mainly focused Microfinance program in Kalika VDC of Kaski. The limitations of the study are as follows:

- i. The findings of this study were based on survey in a small area. So it would be better if it were to be verified by a national level survey in future. It should also be noted that this study does not claim to generalize its findings to all MFIs in Nepal nor to all members
- ii Because of less information from the male microfinance members, the collected primary data will not be tested validitically and reliabilitically. The next problem is that, being an objective-oriented study, it may not be able to give a detailed description on every aspect of the Microfinance .
- ii. Reliability and accuracy of data depend heavily on client's ability to recall the relevant information because they may not keep the records of their income/expenditure level before and after.

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

The study is divided in five Chapters. The chapter one consists of Introduction part of the study. The chapter two presents literature review and conceptual framework. Research methodology focuses on chapter three. The chapter four includes data presentation and analysis. Finally, chapter five presents summary, conclusion and recommendation.

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter reviews the theoretical literature of empowerment and Microfinance and its impact on women empowerment. It begins with background, conceptual review, concept of Microfinance and empowerment followed by some definitions under the key principle. The history of Microfinance in Nepal, its relation and impact with women empowerment, some books and journals and paper reviews and conclusions has also drawn from literature.

#### **2.1 Background**

Nepal is one of the least developed countries in the world, with an economy that is largely based on agricultural production and indigenous technologies. As a result, about a third of its population is mostly from rural and semi-urban communities live in absolute poverty with limited access to basic amenities, livelihood and educational opportunities.

According to (UNESCO, 2006), the total adult female and male literacy rates were 35% and 63%, respectively, between 1995 and 2005. As such, about half (51%) of Nepal's adult population still remains illiterate today despite impressive efforts to promote universal access to education in recent years. The high rate of illiteracy in the country, particularly among socially disadvantaged groups such as women, ethnic minorities (Janajatis) and low caste groups (Dalits) is largely ascribed to a combination of socioeconomic factors including poverty, socio-cultural practices which discriminate against women, minorities and low caste groups and the general lack of development in remote rural areas which prevents rural communities from accessing quality education.

Empowerment, leadership and education are interrelated with each other's. The Term "empowerment" means to give somebody the power or authority to do something (Oxford Dictionary). Leadership is t  
ives both women and men, poor and

rich, and the powerless and powerful—is inclusive, participatory, and horizontal (USAID, 2011).

In the present century the terms women empowerment, women welfare, gender justice has come to light in the social, economic and political development perspective of both developed and developing nations. Traditionally women in all most every society have remained a second grade citizen (G.U, 2005).

## **2.2 Conceptual Review**

In Nepal, Dhikur was originated as mutual grain storage system. It is popular among the Thakali, Bhote and Gurung communities. Dhikur is the system of collecting and utilizing the funds for the benefits of its members on a rotational basis. The amount is operated for specified time on case to case basis. The Dhikur members select one member as Ghopa. Ghopa is a leader and is responsible for keeping the accounts of transactions. Different Dhikurs follow different rules for loan mobilization on mutual decisions. Some disburse loan based on highest bids for the amount to be repaid, while others disburse to each members on rotational basis. The Dhikur members meet periodically and decide on agreeable norms for all the members. Dhikurs are operated in the good faith and financial discipline of each member (Seibel, 1998).

Micro-finance has been successfully used as developmental tool to reduce poverty in many countries. At present, micro-finance is being increasingly used in the form of development strategy for achieving the developmental goals. However, the strategy would prove successful only if it is able to strike balance between development and finance. Clients of micro-finance institutions are usually poor and low income people, often living and awful overcrowded setting or living in remote areas with less access to basic amenities and education, water, electricity, banking services, health services, market facilities, etc.

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

financial literacy management capabilities among members of a group. Thus the definition of micro finance often includes both financial intermediation and social intermediation. Micro finance is not banking; it is a development. A micro-finance activity usually involves:

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

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

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

### **What is Microfinance?**

Micro finance can be defined as follows:

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

- It offers other financial services such as micro insurance
- Hence, it can be defined as “providing the services like micro savings, micro credit micro insurance and other support services to the poor to uplift their socio-economic condition.”
- Micro-finance is a powerful instrument of poverty reduction
- It enables the poor to take advantage of existing opportunities
- It builds up their assets
- It generates self-employment
- It develops micro enterprise
- It raises their income
- It builds up their self-confidence and self esteem
- It improves their purchasing power by consumption
- It empowers them (specially women) economically and socially
- It enhances domestic savings and improves financial market
- It enhances overall economic growth
- It provides escape route from poverty.

MF is the provision of a broad range of financial services such as deposits, loans, savings, payment services, money transfers, and insurance to the poor and low-income households and their micro-enterprises who are excluded from the formal financial systems (ADB, 2000). It includes some main points such as returning in small-agreed installments, periodical savings and meeting, group-based lending, no collateral and loan security. The mechanism helps poor women access to credit and use it more effectively. According to Robinson (2001), most MF programs, at the beginning, hold training courses to the clients in skill development, business, literacy, finance, and agriculture. However, two problems can arise when training is linked directly to credit programs. First, institutional sustainability is hindered because revenues rarely cover training costs. Second, the training provided is often not considered valuable by the trainees. Many kinds of training such as literacy, health family planning, skill development and the like, can be extremely important tools for reducing poverty, the issue is the linking of credit and training (Robinson, 2001). In reality, the poor, especially poor women, are illiterate or have primary level (Sanh

Nguyen, 2003:99) so the emerging question is how poor women grasped the content of training courses. Group formulation is a main rule of MF, so building and strengthening joint-liability groups contribute to the development of MF. Lessons learnt were that MF should be demand-driven and adapted to each type of clientele, MF should be combined with capacity building, and that schemes would be more successful if they involved joint liability groups (CARE, 2004). Group-based lending requires individuals to organize themselves into groups in order to gain access to financial services from a program. Normally, loans are made to individuals, but all members of the group are held responsible for the loan repayment, joint liability principle. It contracts effectively to make a borrower's neighbors' co-signers to loans, mitigating problems created by informational asymmetries such as adverse selection, moral hazard and enforcement. In group-based lending programs the functions of screening, monitoring and enforcing repayments is largely transferred from the financial providers to group members. Because of the role of joint liability groups in MF, the identification of some main factors affecting the maintaining and strengthening of a WSCG (women Saving and Credit Group) needs to be done.

The clients of MF are women who can use a small amount of money better than men can. It is becoming more widely recognized that women can make good use of credit in their own right for activities that improve their own livelihoods and the income security of their family (Ellis, 2000). There is accumulated evidence that the women's higher repayment rates have led many MF intermediaries to particularly target women. It is better for their families because in many societies women's roles are to look after their children and husband and maintain the home (Falliavier, 1998). Credit is a powerful tool that is used effectively when it is made available to the creditworthy among the economically active poor participating in at least a partial cash economy, people with the ability to use loans and the willingness to repay them (Robinson, 2001). When loans are provided to the very poor, the borrowers may not be able to use the loans effectively because they lack opportunities for profitable self-employment, and because the risks involved in using the credit may be unacceptably high (Hulme, & Mosley, 1996). In addition, many of the skeptics of MFIs argued that MF projects fail to reach the poorest, generally have a limited effect on income and drive women into greater dependence on their husbands (Wright, 2000). Besides,

many of the impacts on income are positive for the less poor and negative for the poorer clients, a trend that we have already seen (Marconi & Mosley, 2004). However, Rogaly (1996) argued that they encourage single sector approach to the allocation of resources to fight poverty, microcredit is irrelevant to the poorest people, an over simplistic notion of poverty is used, there is an over emphasis on scale, there is inadequate learning and change taking place (Rogaly, 1996). As a result, credit is not enough to help the poorest people to escape from poverty. On the contrary, providing a wide range of clients, Microfinance Institutions also reaches the economically active poor, first with savings services, but also with credit. Moreover, Nepal Rastra Bank is also used as a channeling body for poverty alleviation projects targeting the poorest. Based on the above argument, the poorest, except disabled people, could access credit and other financial services. In the practice of MF programs in Nepal poor women clients, middle and better-off women also became potential clients of MF programs. The discussion is how categorized poor women participated in the MF program and how the poor, the middle, and the better-off helped each other in WSCGs. There have been several successful MF models in the world. The Grameen Solidarity Group is a famous mechanism in both Bangladesh and the World. This model is based on group peer pressure whereby loans are made to individuals in groups of four to seven (Berenbach & Guzman, 1994). Group members guarantee loan repayment, and access to subsequent loans is dependent on successful repayment by all group members. Payments are usually made weekly. Solidarity Groups have proved effective in deterring defaults as evidenced by loan repayment rates attained by organizations such as the Grameen Bank, who use this type of MF model (Berenbach & Guzman, 1994). Normally, groups contain five members and savings must be contributed for four to eight weeks prior to receiving a loan. Savings must also continue for the duration of the loan term. Only two of the group members receive a loan initially. After successful repayment, it has contributed to broader social benefits because of the mutual trust arrangement at the group system. The group itself often becomes the building block to a broader social network (Berenbach & Guzman, 1994). The above model highlights joint liability groups for loan repayment, new loans considered by successful repayment of all group members, periodically savings and share of profit from lending activities.

### **2.2.1 Concept of Microfinance**

Microfinance was founded from Latin word “co-operari” where ‘co’ means together and ‘operari’ means working together. Working together for member is the initial concept of microfinance. The microfinance is a member centered business. In 2011, FAO defined microfinance as: A microfinance is an autonomous association of women and men, united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. It is a business enterprise that seeks to strike a balance between pursuing profit and meeting the needs and interests of members and their communities”.

Microfinance are organizations for mutual benefit, where members own, control and benefit from the co-operational output. The objective is to first and foremost serve members’ interests, rather than that of capital invested and to adopt democratic control for socio-economic output, to make distinctions between microfinance and other forms of business. Microfinance are based around the concepts of self-help, self-responsibility and self-organization (Microfinance Futures, 2006). Microfinance is community based business. The basic characteristics of microfinance that differentiate it from other type of business are its principle, values and norms. This basically orient general business toward community focused, member centered, democratically controlled and voting right assigned in membership rather than staking of shares (Bharadwaj, 2012).

### **2.2.2 Concept of Empowerment and Women Empowerment**

Empowerment is one of the central concepts in development agenda. There is widespread agreement that women must be empowered to play an effective part in national development.

Empowerment has been defined in various literatures as follows:

Empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are action which both build individual and collective



assets, and improve the efficiency and fairness of the organizational and institutional context which govern the uses of these assets (Bhushal, n.d).

As stated in (Mosedale, 2003) there are four aspects which seem to be generally accepted in the literature on women's empowerment:

- To be empowered one must have been disempowered
- Empowerment cannot be bestowed by a third party
- Definitions of empowerment usually include a sense of people making decisions on matters which are important in their lives and being able to carry them out - Empowerment is an ongoing process rather than a product.

### **Women Empowerment**

Defining women empowerment process covers many influencing factors, meaning that any definition almost always captures part of the complete process. When defining women empowerment, one of the similarities in the literature is the concept of women's decision making power as an indicator of women empowerment (Snijders, 2009). Empowerment of women, also called gender empowerment, has become a significant topic of discussion in regards to development and economics.

According to Bhardwaj (Bhardwaj, 2012), to empower a female "...sounds as though we are dismissing or ignoring males, but the truth is both genders desperately need to be equally empowered. Empowerment occurs through improvement of conditions, standards, events, and a global perspective of life. Gender equality implies a society in which women and men enjoy the same opportunities, outcomes, rights and obligations in all spheres of life. Equality between men and women exists when both sexes are able to share equally in the distribution of power and influence; have equal opportunities for financial independence through work or through setting up businesses; enjoy equal access to education and the opportunity to develop personal ambitions.

A critical aspect of promoting gender equality is the empowerment of women, with a focus on identifying and redressing power imbalances and giving women more

autonomy to manage their own lives. Women's empowerment is vital to sustainable development and the realization of human rights for all (UNFPA, 2012).

Empowerment is both: a process and a result, that cannot be measured nor can it be taken by some individual or institution/organization and given to somebody else. A woman can only empower herself; organizations (through logistic support) and, governments (through their gender just policies) can play a role in supporting the journey and providing an enabling environment. Women are empowered when they become aware of the unfair power relations they face and are able to take the challenge to overcome inequality. Empowerment enables women to take control over their lives and builds self-confidence and self-reliance. In order to build self-confidence and to evolve a female agenda, besides education, formation of coalitions to have a united strong voice is equally important. (Bhardwaj, 2012)

Women empowerment is the burning issue of the nation. Women empowerment Programs in Nepal includes livelihood support Program, rehabilitation and job placement for rescued women, safe motherhood Program and so forth. The connection between poverty and women's lack of power over resources and decision-making has now caught the attention of policymakers in government and mainstream development all over the world (Endeley 2001).

The women who join their Microfinance they can involve in many IGAs. Income generating activities can be defined as assisting women to secure income through their own efforts. IG program are designed to help enable socio-political and economic empowerment simultaneously. IG Programs are implemented through Microfinance and social mobilization process, in which rural women are encouraged to organize them into a group, through which various educational, capacity and skill development, and income generating activities are carried out. IGAs covers diverse initiatives like: Skill based training, micro enterprise promotion, women Microfinance establishment, credit and saving groups, job creation schemes, awareness issues, resource mobilization and market linkages (Hall, 1992).

IG Programs seek to provide women with opportunities to earn and manage income, participate and lead group affairs and contribute to community development

(UNICEF, 2001). Thus, NGOs, development agencies have continued to focus their efforts on the delivery of IG Programs under Microfinance on the broad assumption that the benefits for women are self-evident (Basnet and Adhikari, 2006).

Thus, the mushrooming trend of NGOs is facing criticism from the people accusing them for not maintaining transparency, ineffective Programs and their long term impact, and nepotism and favoritism. It is claimed that women in Nepal still largely face social, economic, political and physical discrimination, exploitation and marginalization (Helvetas Nepal n.d.). So, it becomes pertinent to ask in general, whether various Programs run by these NGOs in microfinance sector really empower women in Nepal.

### **2.2.3 Status of Rural Women in Nepal**

Women comprised 50.1 percent of total population of Nepal. Patriarchy pervades most of country's cast and ethnic groups have one of highest indices of son preference in the world. Boys not only pass on the family name but represent “insurance” for parents in their old age and can carry out important rituals after parents pass out. Girls usually work at home and in the field considered too unimportant and risky to educate, given the high value attributed to virginity and dangers that schooling in the company of boys and men outside the household might pose to virginity by contrast early marriage constitutes a kind of virginity insurance. But the negative impacts of such decision are not considered. Over all women are discriminated at times, victimized forcing them to live insecure lives due to illiteracy ill health, poverty, discriminatory tradition and laws. In term of empowerment women lay far behind their male counterparts.

Most of the Nepalese women are living under low class living standard; although some of them are living standard life. Living standard of rural women is unbelievable. Rural women spend most of the time on agriculture and livestock related activities. They spend 10 to 12 hours in such non-paying works; they do not have any access of chances and opportunities to change their life style. The situation of racial discrimination is also creating very hard condition in rural life which also restricting to develop rural sector. Similarly, the Nepalese women's mobility is limited because their legs are locked by the chain of traditions; their hands are locked by household

activities. Generally, women do not express their decision at front; it is due to the excessive male-dominated society.

At present women related plans, programs, strategies of NGO, INGO are implemented to develop and empower them. Women are showing much interest on self-dependency. To make women economically, socially, and politically independent, programs such as, income generation, skill development for informal enterprise and preparation for the formation and operation of Microfinance are being undertaken.

Literacy level of Nepalese women is 43 percent in 2001. Women lag far behind men in literacy and educational attainment life expectancy of Nepalese women is 61.5 year in 2001. Infant mortality rate is 64.4 per 100 live births. Maternal mortality rate of Nepali woman is 539 per 100,000 which is the highest in the world. Almost all deliveries take place at home only 13 percent deliveries are assisted by a skilled birth attendant. Nepalese women are victimized by various violence, such as traditional violence (Deuki, Jhuma, Badi) Violence based on superstition such as torture for alleged witchcraft, sexual Violence (trafficking and sexual harassment), Family violence (domestic polygamy, child marriage), dowry related violence (Torture both mental and physical).

Hundreds of girls have crossed to different country with false assurance of employment. Women have only limited access to resources and limited control over those they can access. Of the total land holding female owns only 8.1 percent and the average size of their land is just two third that of an average male holding. Only 4 percent of at household has female ownership. Although a husband may keep property in the name of his wife, she cannot sell, rent and use for collateral propose. So, women are restricted to credit. Employment condition of Nepalese women is also not good over 70 percent are confined to self-employed, unpaid and low wage informal sector, they have few formal job opportunities, their contribution on manufacturing sector is 23 percent in 2001 (carpet and garment) women are concentrated in low skill jobs because of their lack of education and trainings opportunities. The main characteristics of Nepalese women based on rural areas are presented below:

**Poor Access to Finance:** - In Nepal, generally property is owned by males. Women lack ownership of property for use as collateral to get bank loans. Bank and financial institution consider women as less credit worthy. Women generally rely on loans from close friends and relatives to start their own desired task. *Pewa*, *Dakshina* in festivals etc. are the main sources of women property.

**Low Mobility:** - Compare to male, female tends to be less mobile. Traditionally, the place of women was confined within four walls of home. In most developing countries, women can't travel alone in faraway place poor mobility discourages the women to become self-dependent.

**Lack of Skills and Experience:** - Illiteracy among women is widespread in Nepal. Ratio of literate women to men 15-24 years old is .73 in 2003/04 (UNDP). Women are lacking proper support do develop their competitive power and become self-dependent. So, they perceive them self as inferior.

**Family Pressures:** - In many societies the main role of women is to look after the household and bring up children, this role prevents women to devote time and effort for their upliftment. In male dominated societies, husbands do not allow their wives to do their own desired works.

Poverty is a condition in which a person or community is deprived of land or lacks the essentials from a minimum standard of well-being and life. Since poverty is understood in many senses, these essentials may be material resources such as food, safe drinking water and shelter or they may be social resources such as access to information, education, healthcare, social status, political power or the opportunity to develop meaningful connections with other people in society.

Prevalence of poverty is quite high in women neither they have financial access nor they have property to pledge. So, the door step credit facility is very much supportive to the women. Microfinance help to reduce the poverty which is wide spread on women. Microfinance help in many ways as opens the avenues to the access on credit; major ingredient of production exorbitant cost being born by the poor people will be reduced. It also helps to increase the opportunities for economic activities.

Though, the world is heading towards twenty first century, the women of Nepal are still fighting for their fundamental rights and needs. According to national census, the population of women consists 51.50 percent of total population and contributing 60.5 percent to agriculture production but they have only 19.71 percent ownership on land and ownership on houses. The literacy rate on Nepalese women is 65.9 and only 25.73 percentages of women are head in their family (CBS, 2011). Under such circumstances microfinance could be an effective tool to empower women to some extent.

#### **2.2.4 Microfinance in Nepal**

Nepal has a long cultural tradition of informal community based microfinance including savings and credit associations popularly known as dhikuti, and grain savings and labour savings systems known as parma and dharma bhakari. Similarly, Guthi provided a forum to work together for smoothly running different socio cultural practices. Many of these traditional systems of cooperation are still functioning in the rural areas of Nepal.

Origin of microfinance dates back to 1953 when Government established Department of Microfinance (DOC) under the Ministry of Agriculture. The creation of this department marked the beginning of the microfinance movement in Nepal. In 1956, the first savings and credit microfinance, "Bakhan Singh savings and credit microfinance" was established, in the Chitwan District to help the flood victims. During 1953- 1993 era, there have been lots of changes, improvements in the structures, policies and practices.

#### **Table No. 2.1 - Microfinance Development 1<sup>st</sup> Era**

Cooperative Development – 1953- 1990 ( 1 <sup>st</sup> Era)	
1953	Establishment of Department of Cooperatives (DOC) under the Ministry of Agriculture for Planning and Development
1956	Promulgation of the Executive Order of Government of Nepal and recognition of cooperative society under it. Credit Cooperative Society for the first time, was established in Chitwan District.
1959	Cooperative Society Act, 1959, came into effect
1961	Cooperative Society Rules, 1961, came into effect
1962	Establishment of Cooperative Training Center Cooperative Bank Act, 1962, came into effective
1963	Establishment of Cooperative Bank
1966	DOC was kept under the Ministry of Land Reforms, Agriculture and Food.
1967	Conversion of Cooperative Bank into Agricultural Development Bank (ADB)
1968	Transfer of administrative and developmental works being carried out by DOC to the Department of Land Reforms.
1969	DOC was kept under the control of the Ministry of Land Reform.
1970	The second amendment of the Cooperative Society Act, 1959. Transfer of management of Cooperatives to ADB.
1971	The first amendment of Cooperative Societies Rules, 1961
1976	The second amendment of Cooperative Society Rules, 1961
1980	Implementation of Small Farmer Cooperatives
1984	Enactment of Sajha Society Act, 1984, for making the cooperative development campaign effective
1985	Conversion of DOC into Sajha Development Department
1986	Announcement of Sajha Sanstha Rules, 1986,
1990	Formation of an <i>ad hoc</i> committee for National Sajha Cooperative

Table- 1

Source: GoN, DEOC

However, the microfinance then was not considered as an independent peoples' organization having values and principles of microfinance in the true sense before 1992. A major change in the microfinance sector took place in 1992 that marked second era in microfinance development, when the microfinance Act 1992 was promulgated which recognized the democratic character of microfinance and ensured their operational autonomy. Even the origin of microfinance dates back to in 1956, the fundamental changes in microfinance occurred only after 1992, particularly enactment of the microfinance Act, 1992 gave way to operate the microfinance as per values and principles of microfinance. Since 1992, sea changes have been witnessed in the microfinance sector development (for key events, refer chronological- table- 2). National Plan and policies in different periods have emphasized on the role of microfinance including recognition of microfinance as one of the pillars of economy.

**Table No. 2.2 - Microfinance Development 2<sup>nd</sup> Era**

Cooperative Development- 2 <sup>nd</sup> Era ( 1992 till date)	
1992	Enactment of Cooperative Act, 1992.
1993	Enactment of Cooperative Society Rules, 1993. Formation of a large number of Single-purpose Cooperatives such as Consumers Cooperatives, Milk Producers Cooperatives, Saving and Credit Cooperatives throughout the country.
1997	Reception of the membership from the International Cooperative Alliance (ICA).
2000	Conversion of Ministry of Agriculture into the Ministry of Agriculture and Cooperatives)
2003	Establishment of National Cooperative Bank Ltd.
2004	National Cooperative Federation of Nepal established "National Cooperative Development Fund, NCDF Government of Nepal announced the policy of GOAN-GOANMA SAHAKARI GHAR GHAR GHAR MA ROJGARI through its budget of the fiscal year 2061-62 B.S.
2006	Establishment of Central Coffee Producers Cooperative Union Establishment of Central Fruits and Vegetables producers Cooperative Union.
2007	Recognition of cooperative as basic pillar of socio-economic development as equal footing those of private and government sector.
2009	Government of Nepal announced the policy "GAUN GAUNMA SAHAKARI, GHAR GAHRMA BHAKARI."
2011	Completed the Regional and National Workshop on Cooperative Strategic Planning
2012	The Ministry of Cooperatives and Poverty Alleviation has forwarded the draft on National cooperatives Policy 2012 to the cabinet for final approval.

**Table- 2**

*Source: GoN, DEOC, 2013*

As the values and principles of microfinance are embedded in Nepalese society, promotion and development of microfinance as community's own institution have been central agenda in development interventions by NGOs. As of Ashad end, 2068, there are 23,301 microfinances with 3.14 million total memberships creating employment for 38,892 people. As of fiscal year end, 2068, total investment worth Rs. 116 million and Deposit Rs. 117 million has been made by Microfinance.

### **2.3 Women and Microfinance**

Although cooperation is viewed as an organization for the promotion of economic interests of its members, it does not confine itself only to the economic aspect. It also permeates the social aspect of life and aims at establishing a new democratic social order based on freedom and equality, where people live in harmony, caring and sharing like a family, where there is a unity of spirit and common economic bond (Warman & Kennedy, 1998).

Microfinance have a role to play in alleviating different shocks, and paving the way towards recovery that is socially and economically sound and sustainable. Ultimately, Microfinance can create a safe environment where women increase their self-confidence, identify their own challenges, make decisions and manage risks. As a result, women are empowered and become active agents of change, entrepreneurs and



promoters of social transformation who can improve their own lives and those of the community (Majurin, 2012). Majurin also revealed that microfinance are also effective points of entry for addressing a broad range of gender equality issues such as unpaid work, shared responsibilities and gender-based violence.

A study by Gita (1993) depicted that 57.7% of women in microfinance take initiatives to organize cultural programs in their community as against only 10.7% of women in unorganized sector. microfinance have been successful in not only increasing social participation of women but also in developing drives, initiatives and leadership qualities. However, to date women's active involvement and leadership in agricultural microfinance continue to be rather low (USAID, 2005).

### **2.3.1 Benefits of Microfinance to Women**

Rachel Mac Henry argues that microfinance have several common features that are particularly beneficial to women, including "ensuring a fair return on work, support for members, safe working conditions, availability of pooled or purchased raw materials, and access to viable markets." Furthermore, she says that they serve as a "crucial link" between Western markets and local kin-based structures in developing countries. In the same she says that a microfinance can go beyond simply providing an income for the poor women members involved or stimulating the larger community in which it is located, Microfinance have "empowered" women, "enhanced their dignity, and greatly improved their quality of life. (MacHenry, 2000).

In a study of a Nepalese women's microfinance, researchers found that social barriers among women were broken down due to the inclusion of women of different classes, castes, and ethnicities. Moreover, these women often bonded over common experiences and similar motivations for participation in the microfinance. Other shifts occurred in women's independence, including reports of increased physical mobility, including more confidence walking alone as well as riding public transportation. Women also benefited from an increased self-worth and more confidence in interactions with family members and upper class people. Some women weavers felt that they had gained more bargaining power in the eyes of business people who had previously exploited them; other women claimed that they had gained

a larger sense of their value and overall contribution to their own households (Bhardwaj, 2012).

## **2.4 Review of Related Studies**

Because of growing importance of microfinance many writers or scholars have contributed a lot in the field of microfinance. Under this heading effort has been made to review some related books, thesis, articles, journals, presentation paper and annual reports.

### **2.4.1 Review of Books**

**Lindgreen E. (2002)**. simply comments, "*Micro-finance and women's empowerment in Bangladesh*, conforms that with growing interest in and support for micro enterprises programs in developing countries, many of which have been directed towards poor women. Controversy mounts over the effectiveness of MF efforts. Bangladesh largely through the effort of Muhammad Yunus has been a leader in the MF movement."

**Stock (1995)**, in his book explained that it is necessary to prove impact on the intended beneficiaries. This is not easy an immediate question on what impact may be measured on income, wealth, food security, child nutrition or gender relation argues that the tools of impact assessment have so far neglected an assessment of effects which go beyond users or the institutions which serve them to the nature and functioning of financial markets. This may be because micro- credit programs are currently promoted as a strategy for both poverty alleviation and women's empowerment.

In the book *Micro-finance and poverty reduction* **Johnson and Regally (1997)** have cited that focusing on micro-finance, emphasis has been laid on the need that poor people have for a wide range of financial services. These needs are evidenced by the uses made of financial services that already exist but which are usually informal in nature. Providing micro-finance can give poor people the means to protect their livelihoods against shocks and as well as to build up and diversity also a means of protecting their livelihood activities by investing loan capital.

**Khun L. et al (2002)**, *Empowering Women through Micro-Finance* “women have been shown to spend more of their income on their households. Therefore, when women are helped to increase their incomes, the welfare of the whole family is improved.”

#### **2.4.2 Review of Journal and Articles**

**(Hulme and Moore, 2006)**. Microfinance involves the delivery of small loans and other financial services which the poor can use to build up their assets, establish or further develop a business, increase their wealth and protect against risks. Pioneered by Mohammad Yunus who founded the Grameen Bank in Bangladesh during mid-seventies, MFIs today are spread all over the world and count over 100 million of the world's poor as their clients. This segment of the population has often not had access to traditional banks. Subsidized government lending schemes, which have tried to reach the poorest have often proved inefficient to overcome the screening, monitoring and enforcement problems that restrict the access of the poor to the formal financial sector.

**(Economic Survey 2010/2011)**. The micro-finance program has provided substantial help and facility to the ultra-poor families. The micro-finance institutes (MFI) are providing door to door micro credit services to those ultra-poor families who have no collateral guarantees to produce, and are not capable of fulfilling the banking requirements for credit eligibility. Such families are able to create their own assets by paying their micro-credits in small installments out of their earnings made by engaging themselves in small entrepreneurial activities. Micro-finance institutes have been helping these ultra-poor families to be self-reliant through the process of social mobilization. Even in the present conflict situation whereby the banks have closed or merged their branches/sub-branches, these MFIs have been constantly delivering door to door micro credit services to the ultra-poor communities. Credit recovery rate of these MFIs is above 98 percent.

**Khandker (1998)**, in his article said that lack of saving and capital make it difficult for many poor people to become self-employed and to undertake productive-employment generating activities. Providing credit seems to be a way to generate self-

employment opportunities for the poor. But because of lack of physical collateral, they have almost no access to institutional credit. In formal lenders can be a source of credit, but poor households do not gain from investing in productive income-increasing activities because of high interest rates. And these sources are not reliable to poor and they cannot save enough through such informal sector. Micro-credit programs which are able to provide credit to the poor at affordable cost and can help them become productive self-employed. Micro-credit program has thus emerged as an antipoverty instrument in many low income countries. They target the poor especially women, with financial services to help them become self-employed in rural non-formal activities of their choice.

In his article entitled, *Micro-finance for Achieving Millennium Development Goals in Nepal*, **Dhakal (2004)**, highlights that financial services would assist to improve incomes and build assets of poor populace. He stresses that the poor needs sound financial services and specialized activity with a long term commitment Dhakal points out that direct link exists between micro-finance and Millennium Development Goals (MDG). Hence, Dhakal mentions that micro-finance institutions can fulfill the objectives of MDG. Further, he highlights that strong management and efficient operations are required in micro-finance institutions to reach the millions of people targeted financial services in Nepal. Finally, Dhakal concludes the article by stating that micro-finance activity could not be considered as the substitution of investment in education, health or infrastructure.

### **2.4.3 Review of Presentation Paper**

According to **Rana (2006)**, Chair-person of RMDC; "Micro finance is widely recognized as a strong instrument in the fight against poverty in the South Asia and in other developing countries of the world." (Annual Report 2004-2005 RMDC Ltd.). In his view, the question "How important micro-finance is for poverty reduction and for peace in the world?" has been strongly answered by the award of the Nobel peace prize 2006 to the micro credit pioneer professor Muhammad Yunus and the Grameen Bank of Bangladesh. This is a great moment for the micro-finance community of the entire world. And he described in his article; Nepal for some years has been implementing policy to reach to the poor masses through various programs but its

institutional micro credit outreach to the total poor families. The reasons for this are many but the most prominent of them is the very limited number of quality and capable micro-finance institutions operating in the country. In addition, the past micro-credit programs, largely directed by the government, paid very little attention on the sustainability of the micro-finance systems and on the promotion of the effective micro-finance institutions. In recent years, the newly established micro-finance institutions, owned by the private sector or non-government agencies, have shown encouraging results in terms of outreach growth and institutional as well as financial sustainability. Through creating favorable policy and regulatory environment, a considerable number of private micro-finance organizations can be promoted and developed and this would help minimize the large gap existing between the demand supplies of micro-finance in the country.

**Mr. Shrestha, (2006)** chief executive officer of RMDC, presenting his paper on “*Viability and sustainability of micro-finance Institutions*” presents the meaning of micro-finance in this way. Micro-finance is a system of grassroots development finance. It deals with the poor people, low income group, the asset less, the marginalized, the exploited and the desperate. Micro-finance provides small loans to meet their diverse needs with simple procedure in homely atmosphere. It takes small and petty saving for safe keeping meeting their lump sum requirement in future. It offers other financial services such as micro-insurance.

#### **2.4.4 Review of Previous Study Report**

**Yunus, (1995)** Micro-finance, and Grameen Bank in Bangladesh are not the outcome of single day effort. It is the result of a tremendous performance over a long time by an outstanding personality, Professor Mohammad Yunus, Grammen Bank is neither a magician want that makes the audience confused about the right and wrong of neither the show nor it is same impractical concept of a theoretician with the ambition of gaining honor and money in a short time. Every staff member of micro-finance and GBB style institution should be dedicated and honest in dealing with deprived people. To run GB smoothly, its staff should have the power of endurance and patience and be willing to work under hardship and pressure in the remote areas.

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

- Involvement in the micro-finance program has empowered women in varying degree; it has offered opportunities for poor women to come out of their household confines, to organize themselves in group and to work in productive and social activities.
- The program puts its focus on group activities and poor generation.
- Training for improving farming techniques and micro-enterprises has helped members to shift from the traditional agriculture to cash crop production, which yields higher returns.
- Awareness of health care, including women and children's health, family planning sanitation and reduction in smoking, alcohol consumption.
- Women's mobility has increased due to their participation in monthly meetings.
- MFP should widen their area by appointing staffs to hear and understand their problem and to find out alternative as well as solution. So that they should not be victimized by excess burden of debt.

**Mrs.SurenjenaPoudyal, (2005)** who conducted research for M.A. (Economics) on the topic "*Micro-finance and its impact on Economic Upliftment of Women*" concludes that

- Micro-finance program is the best way to uplift women economically as well as socially.
- MFP is fruitful initiative as it reaches door to door of rural poor and promotes them to save and do economic activities especially women.
- MFP should widen their area by appointing staff to hear. Understand their problem and find out alternative as well as solution. So that they should not be victimized by excess burden of debt.

Mrs. Poudyal has done a research in good manner that I agree with her. But she has used only economic perspective. Economic upliftment is affected by other things like their social awareness, and consumption pattern of food. But she neglects these aspects of women. She is only limited on economic aspect (income, occupation, saving). So, my research will be another piece to study on economic impact of micro-finance in Nepal.

Mr. Narayan Ghimire has conducted the thesis entitled *Impact of Microfinance, A Case Study of Microcredit Program for Women in Nepal*. The main conclusion of this study was: The group activities, regular saving and investment, high rate of repayment and utilization of loan have been satisfactory. This shows that financial sustainability and viability of the program in Kahun VDC is guaranteed. The positive correlation between investment and changes in income level of the participants show that the capability of the entrepreneurs for the repayment of the loan in due time is good. Saving on the basis of the investment is found to be highly effective aspect of the program upon which training and income generating activities is based. Training and awareness program are the most crucial component of the program for making skilled energetic entrepreneur to run their enterprises effectively and successfully. The program has provided basic and awareness training, skilled and management training, agriculture training etc. to the participant women. It is found to be satisfactory to empower standard of living of the people.

## **2.5 Conclusion**

The review of literature suggests that poverty is of different forms, but in one sense, it is inability to meet the basic needs of life, which can be measured by income. A general picture of the poor or under-developed countries is that the majority of populations live with inadequate income, which hinders their voice and choices. There are various theories and models to poverty mitigation and to build capacity of the people.

Women of Nepal, particularly those in the villages, are not involved in economic activities or their involvement in economic activities is underestimated or not considered at all, which remains a contributing factor to poverty of women and absence of their voices and choices. Poverty alleviation targeted through the provision

of economic opportunities to the women is one of the ways for improving the women's status. Their economic and social development is not possible unless employment creation, resource generating and economic self-dependency activities are not implemented. One approach suggests that if the skills of human resources could be enhanced, the resources would have been used in productive way.

Along the line of the women empowerment policy and activities of the governments of Nepal, the NGOs are involved in awareness raising, skill training, community forestry, technology transfer, saving & Microfinance, enterprise development for women, rights campaign etc. Theories suggests that empowerment can be measured through the ability of individuals to make strategic choices about own life, and again it refers to their decision making capacity or participation in decision making process, and also it refers to the ability to control resources. The study further counts that empowerment works in a process which leads to a host of opportunities, increase in ability to exercise autonomy, a capacity to define one's goals and act upon them, enhancement in decision making, bargaining and negotiation capacity, where income is an essential element in household livelihoods, and those who control it have considerable power.

In this study, the conceptual suppositions are Programs of NGOs through a process lead to empowerment of women by providing them with income generating opportunities combined with skills, access to resources and awareness among women, in which family background, particularly family size and education, influences this empowerment in decision making. Benefit of microfinance work is that it allows women the opportunity to gain a decent wage while still leaving time and freedom for other responsibilities important to them such as caring for children and families. Furthermore, benefits often trickle down to the children of women engaged in Microfinance.



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter consist research methodology. In this chapter includes rational of the study area, research design, study population, sample size, and sampling procedure, methods of data collection, methods of data analysis.

#### **3.2 Research Design**

This study is designed mainly focused on micro-finance program in Kalika VDC Kaski. It is intended to find out economic impact and social benefit in specific area. Descriptive and exploratory method was applied to analyze and interpret the quantitative and qualitative data collected from the concerned field. Loan investment, repayment process and other development process were related to micro-finance program. Primary and secondary data were used for the study of rural poor women and staffs of Microfinance.

#### **3.2 Rational of the Study Area**

The study is conducted in Kalika VDC of Kaski District which lies in the western region of Nepal. The proposed study area is Kalika VDC of Kaski District. It lies the western region of Nepal. The different caste groups of the different ward show that, they are economically engaged in different sector. Traditionally, the groups of people used to mobilize the money in the village level with economically reached person as loan but nowadays they are using different organizations to fulfillment of their economic need. Within the family, female is known as a second level person who should engaged in economic activities but they have no right to handled or mobilized money such a patriarchal family system. In this study, the researcher has tried to find the roles of microfinance to enhance the capacity of female in Kalika VDC, Kaski District.

### **3.3 Nature & Sources of Data**

This study based on the primary as well as secondary data. Qualitative and quantitative data are used in this study. This study was mainly focused on primary data, which was collected from the field survey using structured questionnaire, focused group discussion and the case study method. The related secondary data were obtained from secondary sources e.g. books, pamphlets, articles, reports, web-sites, journals, annual reports, economic survey and difference sources.

### **3.4 Population and Sampling Procedures**

To generate the primary or relevant data by the field work method, multistage sampling procedure have been adopted. According to the pilot survey in the study area, because of the homogeneity nature of all microfinance in terms of participation of women, in the first stage, the researcher has been selected different three microfinances (Muktinath bank, Garima bank and Kalika Microfinance) among three microfinance applying quota sampling method. In the second stage, the researcher identified the total number of female members from those selected three microfinances by ward wise through accidental sampling. According to the record of those three institutions, there are altogether 299 female members are benefitted. Finally, 104 (i.e. 34.7%) women are selected for the study.

### **3.5 Data Collection Techniques and Tools**

Basically, three techniques were applied to collect the primary data from the field; Questionnaire survey, case study and focused group discussion. Besides these, informal discussions also conducted in order to verify the obtained information as well as to gain more detail insights regarding the research objectives.

To attain primary data, structured questionnaire be filled of all 104 members. Similarly, field observations as well as focus group discussion with the group also be used to confirm the information provided by the group members. Secondary data were collected from library, websites, academic institutions and related agencies. Some tools such as check list, schedule maps, graphs etc. were used in the process of data collection and processing.

### **3.7 Data Analysis**

All the collected qualitative as well as quantitative data were coded in Microsoft Office Excel 2007 and SPSS16 was used to process the data. Univariate Descriptive statistics such as frequency, percentage, mean was used. Bivariate analysis like cross-tabulation and correlation were also used. The output of the analysis shows by using pie-chart, cross-tabulation, bar-diagram and frequency.

## **CHAPTER IV**

### **PRESENTATION AND INTERPRETATION OF THE FIELD DATA**

This chapter has been devoted to analyze the relevant research questions and certain objectives that divided in various sub headings. This is one of the major chapters of this study because it includes detail analysis and interpretation of data from which concrete result can be obtained. The chapter, outline of the study area and socio-economic status of the respondent's family, contains the essence or finding of the study in table formats and some figures generated for the data analysis. The specific sub heading of the chapters are- physical setting of study area, population composition, religious structure, gender/ sex distribution, education status of the respondent, family type, livestock holding, major source of income, source of loan, family income and expenditure and means of cooking stoves have been analyzed with the help of primary data. All the concerning variables were developed and analyzed to know the relationship between socio-economic status and participation and decision making roles of female microfinance members. The data collected from the field were edited, coded, tabulated and presented in this chapter.

#### **4.1 Socio Economic Status of Women**

The socio economic status is analyzed based on population composition, religious structure, marital and age status of the respondents, education status of family and their children, family type and size, livestock holdings, major sources of income and expenditure of family.

##### **4.1.1 Population Composition**

Population composition refers to the demographic makeup of persons within a geographic area. The scattered settlement of different place of different microfinance members shows that the population of community has been increasing day by day. Most of female and male are involved in different agricultural activities and some of them are engaging in different economic activities like foreign employment, business, governmental job etc.

**Table 4.1: Population Composition of Different Microfinance Members**

S.No	Microfinance	Number of Female Members	Total Family Members		Total
			Male	Female	
1	Muktinath Bank	34	81	98	179
2	Kalika Microfinance	33	63	93	156
3	Garima B. Bank	37	87	108	195
	Total	104	231	299	530

*Source: Field Survey, 2015*

The population of different microfinance members is scattered around different village of Kalika VDC. Among the total 104 households of the female members, the scattered settlement or the above data in the table 4.1 depicts that, around the different member' households, there are altogether 530 populations. Among the total number of 179 member populations of 34 households of Muktinath Bank, 81 are male and 98 are female. Likewise, 63 male and 93 female of 33 household of Kalika microfinance, 87 male and 108 female of 37 households of Garima B. Bank. This population and sex wise composition shows that the majority of female population is quite higher or greater than in comparison of male one.

Table above also clarifies that the proportion of female population in the VDC is higher than male which consists of 56.41 percent. And the proportion of male is just 43.58 percent. Nevertheless there is division of Labour at household level between male and female. Mostly females are engaged in expressive roles household chores, socializing and nurturing children whereas males are involved in instrumental roles--outside works.

#### 4.1.2 Religious Structure

**Table 4.2: Population by Religion in Different Household**

S.No.	Population in 2015		
	Religion	Population	Percentage
1.	Hindu	484	91.32
2.	Christian	46	8.68
	Total	530	100.00

*Source: Field Survey, 2015*

The above table explores that the religious structure of different household is complex and diverse with 91.32 percent of population following Hinduism while 8.68 percent of the total population following Christianity. The religious pattern shows that there is increasing trends of having Christianity among them. Or it can be depicts that religiously they are mixed within and different member of family.

#### 4.1.3 Marital and Age Status of the Respondents

Marriage is one of the universal institutions. It is established by human society to control and regulate. The sex and life is loosely connected with the institution of family. The relationship between women's marital status and their involvement in external affair is based on the nature of social structure. In the field study three types of marital status were found.

**Table 4.3: Marital and Age Status of the Respondents**

S. No	Marital Status			Age Status		
	Frequency	Percentage		Frequency	Percentage	
1	Married	89	85.57	Up to 30	39	37.5
2	Unmarried	12	11.53	30-50	57	54.81
3	Single/Wido w	3	2.88	Above 50	8	7.69
4	Total	104	100	Total	104	100

*Source: Field Survey, 2015*

With respect to marital status, table above shows that the majority of the respondents 89 which account 85.57 percent were married, while 12 respondents which account 11.53 were unmarried. In terms of single or widow respondents, 3 or 2.88 percent were found in all those three microfinance. This implies that the married women are most probably responsible to participate in microfinance than others.

On the other hand, data concerning the age of the women was also presented in the table above and which shows that 57 women respondents which account 54.81 percent of them are between 30-50, whereas 39 respondents which account 37.5 of them are the age of up to 30. The remaining 8 or 7.69 percent of them are above 50 years. From the descriptive result of the table above one could observe that the majority of women respondents were in the age category of 30-50. Most women in these age category were highly involved in microfinance.

#### **4.1.4 Education Status of Children**

Education is the source of enlightenment and knowledge. It is widely recognized fact that education is one of the main agents for transformation of traditional society into modern one. Education is the transmission of knowledge by either formal or informal methods. According to the *Dictionary of Sociology (1999)*, the concepts of socialization and learning are related to, in fact often inseparable from, the concept of education. Although education is often thought of in terms of schooling (formal), effective training for the individual role for a group member and an autonomous person is a constant process. The main function of the educative process is to pass down knowledge from generation to generation--a process that is essential to the development of culture. Formal education is primarily designed to inculcate crucial skills and values central to the survival of the society or to those who hold effective power. Inherent in education, in all periods of man's history, is a stimulus to creative thinking and action, which accents in part for cultural change; cultural change itself being a powerful stimulus to further innovation.

**Table 4.4: Number of students Attending School by Gender**

Sex	Level of Education						Total %	
	Primary %		Lower Secondary %		Secondary %			
Boys	35	62.5	28	52.83	19	63.33	82	59
Girls	21	37.5	25	47.17	11	36.67	57	41
Total	56	100	53	100	30	100	139	100

*Source: Field Survey, 2015*

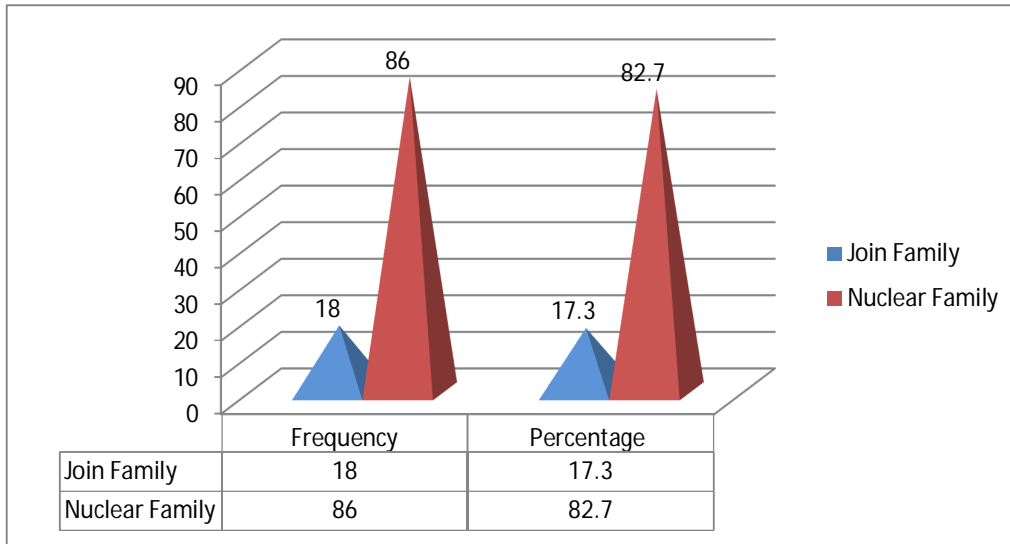
In the study place of different households or different microfinance members, out of a total population of the three hundred sixty two, one hundred thirty nine students are studying in different schools of the village. Near of the ward there are six educational institutions including secondary and higher level. And there are thirteen primary level schools under the government level. Most of the students are enrolled in those institutions for their education. The total number of students attending primary level stood at 56 with 35 boys' students and 21 girls' students with a percentage of 62.5 boys and 37.5 percentages of girls. The total number of students studying at lower secondary level stood at 53 with 28 boys students and 25 girls students with a total male percentage of 52.83 and a female participation of 47.17. This shows the high number of boy students studying at lower secondary level. The total students attending secondary level are 30 with 19 male students and 11 female students with a male percentage of 63.33 and a female percentage of 36.67. The overall female students percentage at all levels stood at 41 percentage and male students at 59.

#### **4.1.5 Family Types and Size**

In human context, a family (from Latin: *familiare*) is a group of people affiliated by consanguinity, affinity, or co-residence. In most societies it is the principal institution for the socialization of children. Extended from the human "family unit" by biological-cultural affinity, marriage, economy, culture, tradition, honor, and friendship are concepts of family that are physical and metaphorical, or that grow



increasingly inclusive extending to community, village, city, region, nation, global village and humanism. A family group consisting of a father, mother and their children is called a nuclear family. This term can be contrasted with an extended family.



Source: Field Survey, 2015

**Fig. 4.1 Distributions of Respondents by Family Type**

From figure 4.1, we discern that 17.3 percent of families were of joint type. While more of the families 82.7 percent were part of a Nuclear family. It is because they marry early and separate from their parents. The increasing rate of nuclear family, the next cause is independent form family like foreign employment and getting more opportunity of job.

On the other hand, the size of family is one of the demographic factors that affect women's participation in Microfinance. As the number of family size is large, the active participation of women in microfinance is less since women were trapped with lots of workload in the household such as cooking food, rearing and bearing their child and participation in agricultural activities. During the time of generating quantitative data, 23 women respondents which account 22.11 percent had family size of 1-4, while the majority of the respondents i.e. 67 which account 64.42 had family size of 5-8. The remaining 14 respondents reported which account 13.46 had family above 9. Showing this data from the field work, it is to be analyzed that women in the

study area have large family size which would exposed them to household workload and shouldering of responsibilities in the domestic activities.

#### 4.1.6 Livestock Holdings, Types and Distribution

Income earned by women respondents is determined by the number of livestock population. This income changed due to the prevalence of livestock pets and diseases and other livestock problems including grazing land. Their income is determined based on the sale of livestock e.g. oxen, cow, goat, chicken and buffalos etc. besides it, animal products such as milk, butter, cheese could play an important role for their income generation.

**Table 4.5: Livestock Holdings, Types and Distribution**

Name of Microfinance	Livestock Types			
	Buffalos	Ox and Cow	Goats	Hens
Muktinath Bank	67	19	104	66
Kalika Microfinance	74	26	119	79
Garima B. Bank	96	42	152	59
Total	237	87	375	204

*Source: Field Survey, 2015*

In the studied areas, the majority of people are found to be involved in traditional occupation. They are also taking some multiple uses of domestic animals viz. buffalo, goat, etc. The above table depicted that, the total number of domestic animals; buffalo (every household) are the prime domestic animals of community. Beside it, they preferred goat than cow and chickens. But almost of the house, during the field work period, the researcher found one or two ox in each house. Because of the livestock and agriculture is the main source of economy, they are rearing buffalo and ox.

The number of domestic animals is one the important factors that affects women's participation in microfinance. As the number of domestic animal size is large, the active participation of women in microfinance is less since women were trapped with lots of workload in the household activities like agricultural activities.

#### 4.1.7 Major Sources of Income

A main characteristic of economic development is the progress towards an increasingly intricate pattern of Labor specialization. In communities at the earliest stages of economic activities particularly all goods and services are produced and consumed within the family group, but with economic development more and more people become specialized in particular tasks and the economic autarky of the family group is superseded by the exchange of goods and services (Boserup, 1970). He further stresses that at the more primitive stage of family history there was some division of Labor within the family, the main criteria for the division being that of age and sex. Some particularly light tasks, such as guarding domestic animals or scaring away wild animals from the crops are usually left to children or old persons; certain other tasks, are performed only by women, while some tasks are the exclusive responsibility of adult men.

**Table 4.6: Major Source of Family Income**

S. No	Source of Income	Distribution by Sex		Total	Percentage
		Male	Female		
2	Traditional Agriculture	49	73	122	43.42
3	Service/Job	21	12	33	12.10
5	Business	29	16	45	16.02
6	Foreign employment	77	3	80	28.46
7	Total	180	104	281	100

*Source: Field Survey, 2015*

In terms of major source of family income, above table shows that about the total 530 population of the 104 family, only 280 are engaging in economic activities within and out of country. About 43.42 percent of individuals are found engaged in just their traditional occupation as the major source of income. While 28.46 percent of the total population, is engaged in foreign employment. 16.02 percent of the total populations are involved in business related activities. While only 12.10 percent or 25 male and only 9 female of those 104 families are engaged in service or job. But the above table analysis that there is less involvement of women even that source of income. They are deprived and oppressed because of gender discrimination of the society.

#### **4.1.8 Family Income and Expenditure (Monthly)**

Family income is the collection of money from the family member of the household. But there are various source of income that affects the individual and his culture in the society. The position of the family members depends on his amount of income. In the ladder of the Hindu philosophy, women are the bottom step but her position can uplift according to her income within the family. Likewise, expenditure is the process of living within the family which depends on income. In the rural community, there is not additional source of income than their traditional and indigenous occupation. But having the modern technology and modern opportunity, the sources of income are various. The intention of the researcher is to find out the distinct and different between the income and expenditure within the family in the respondent's household. Table 4.7 analyzes the income and expenditure of respondent's family.

**Table 4.7: Family Income and Expenditure**

S. No	Income	Freq.	%	Expenditure	Freq.	%
1	10,000-20,000	48	46.15	10,000-20,000	21	20.20
2	20,000-40,000	31	29.81	20,000-40,000	38	36.53
3	40,000-50,000	19	18.27	40,000-50,000	33	31.73
4	Above 50,000	6	5.77	Above 50,000	12	11.54
5	Total	104	100	Total	104	100

*Source: Field Study, 2015*

Above table depicts that the rate of expenditure is higher than income one. About the total number of the respondent, 46.15 percent earn around ten thousand to twenty thousand rupees per month but among the total respondents, in terms of same variable 20.20 percent just expenditure for their family. The rate of expenditure around twenty thousand to forty thousand is 36.53 percent while 29.81 percent respondents' response they earn monthly it. 31.73 percent respondents response that they expenditure forty to fifty thousand per month while 18.27 percent respondent response they earn around it. But the rest respondent responses, 11.54 percent are expenditure above fifty thousand per month but only 5.77 percent respondent earn above fifty thousand per month

This chapter is aimed to display and evaluate the collected data regarding the objectives. The main component of microfinance program for women is to provide loan for women especially in income generation and enhance living standard as well as to empower and encourage them for compulsory saving.

The quantitative data had been subjected to editing coding, tabulation classification prior to analysis. All data had been put in Microsoft words and excel chart. Similarly, qualitative data had been used to describe the informants' perception and narration in an unbiased manner. The final data has analyzed by presenting in table & chart.

#### **4.1.9 Educational Status of Respondents**

Education has strong ties on the status of women as it is closely related to opportunities such as position in the microfinance (e.g. Management board, different committees etc.), knowledge about microfinance, access to information, training, marketing networks and thus enhancing their participation. The higher the education level, the better would be the knowledge of women towards the microfinance and acquire news and education about the benefit of microfinance easily (Kraenzle; Klien et al, 1997). Accordingly, an attempt was made to see the educational level of respondents in the study area.

**Table 4.8: Educational Status of Respondents**

S.No	Education Level	Frequency	Percentage
1	Illiterate	27	25.96
2	Can read and Write	21	20.19
3	Primary School	24	23.08
4	Secondary School	17	16.35
5	Higher Secondary	9	8.65
6	Bachelor or above	6	5.77
7	Total	104	100

*Source: Field Survey, 2015*

With respect to educational status of women respondents, the above table indicates that 27 women respondents which account 25.96 percent of them were illiterate, 21 women respondents which account 20.19percent of them can read and write without attaining formal education. These respondents obtained the reading and writing skill through adult literacy campaign. It also shows that 23.08 and 16.35percent of the respondents account for primary and secondary schools respectively. Like this remaining 8.65 and 5.77 of the respondents account for higher level and bachelor or above respectively. This relatively low level of education might have significant impact on the low level of participation of women in microfinance and especially their role in microfinance performance.

## **4.2 Effectiveness of Microfinance in Empowering Women**

Effectiveness of microfinance in empowering women is analyzed based on knowledge, membership and participation of respondents in microfinance, women involvement in decision making, women leadership, women participation in meetings, access to training and sources of family loan.

### **4.2.1 Knowledge of Respondents about Microfinance**

Knowledge of Microfinance for members in general and women members in particular is essential for microfinance activity. The more know-how members have

about the microfinance society the better understanding and participation they have for microfinances (Daneil, 2006). The item “Do you have knowledge on Microfinance principle? “ Intends to measure how many of the respondents had basic knowledge on the principles of Microfinance. Most respondents of the study area opted to have knowledge on Microfinance principle. The following table shows that the knowledge of respondents about the Microfinance.

**Table 4.9: Knowledge of Respondents about Microfinance**

S.No		Awareness of women about the Microfinance	
1		Do you know about Microfinance values and principles?	
		Yes	No
	Frequency	39	65
	Percentage	37.5	62.5
2		Do you know about the rules and regulation and Law of microfinance?	
		Yes	No
	Frequency	43	61
	Percentage	41.35	58.65
3		Do you know the rights and duties of Members?	
		Yes	No
	Frequency	45	59
	Percentage	43.27	56.73

*Source: Field Survey, 2015*

Accordingly, as the table depicts above only 39 women respondents which account 37.5percent were know or familiar about the principle and values of microfinance, whereas the majority 65 women respondents which account 62.6 percent of them did not know the basic principle and values of microfinance. With respect to the rights and obligation for dismissal and punishment in the microfinance, 43 women respondents which account 41.35percent of them were know their rights and obligations, whereas, 61 women respondents which account 58.65percent of them did not know their rights and obligations. Concerning the rights and duties of the microfinance society out of the total 104 respondents 45 of them which account 43.27percent of them know the rights and duties of the microfinances, while 59 women respondents which account 56.73 percent of them did not know the rights and duties of the microfinances. This imply that microfinances should work much on creating a sense of awareness for women about the principles, values, rights and the general benefit of microfinance.

#### **4.2.2 Membership and Participation in Microfinance**

Concerning to reasons or factors for membership in microfinance, almost all member of the microfinance. Comparing with those data, because of forced participation respondents gave different answers to become a member in the microfinance. in the



context of Kalika Microfinance, out of the total respondents (33) 9 respondents reported that they knew and came in to microfinance due to their own interest and choice; 12 of them were due to the influence of the neighbors, 3 of them were due to the encouragement of the microfinance members and the rest 9 of them were due to the encouragement by the family members. From the mentioned data, the involvements of women in microfinances show that, behind their own interest, they are becoming the in the microfinance, they are neither familiar with the law, rules and regulations of the microfinance nor they are familiar with the duties and responsibilities.

### 4.2.3 Leadership and Participation in Management Committee

Leadership propensity refers to the degree of ability of the member to influence and lead others in the group in deciding and implementing group activities.

**Table 4.10: Leadership and Participation in Management Committee**

Leadership Participation			Member of Management Committee		
	Frequency	Percent			
Actively participated	28	26.92	Yes	No	
Participated sometime	63	60.58	Frequency	56	48
No participation and discussion	13	12.5	Percentage	53.85	46.15

*Source: Field Survey, 2015*

Out of the total of 104 women respondents in the study, only (26.92 percent) of them actively participated in leading group meetings and discussions, (60.58 percent) of the respondents participated sometimes, whereas (12.5 percent) of the respondents did not participate in any leading group discussions and meetings. On the other hand, in the participation of management committee, accordingly, as the table depicts only 56 women respondents which account 53.85percent were the members of management committee, whereas the 48 women respondents which account 46.15percent of them did not participate in any management committee of microfinance.

#### 4.2.4 Participation of Women in General Meetings

General body is the supreme organ of the microfinance where all members were meeting once or twice in a month depending on the rules and regulation of microfinances. The power and duties of the members are determined by the committee and passing decisions after evaluating the general activities of the microfinance. Equitable participation of member is the democratic process of sustainable microfinance development. The table below shows that, the involvement or participation of women member in general meeting.

**Table 4.11: Participation of Women in General Meetings**

Never participating	22	21.15
Always participating	29	27.88
Participating sometimes	41	39.43
Rarely participating	12	11.54
Total	104	100

*Source: Field Survey, 2015*

As indicated in the table above 22 women respondents which account 21.15 percent replied that they were never participating in the general meetings. 29 women respondents which account 27.88 percent attend the general assembly meetings always. 41 women respondents which account 39.43 percent were attending the meeting sometimes. The rest 12 or 11.54 percent of respondents were rarely participating in the general meeting. Thus, the participation of women in the meeting was generally not good. This implies that women and microfinance relationship was not satisfactory. During the general meetings several issues were raised such as approval of annual plans, listening of audit report, election of different committees and distribution of net profit/surplus. Apart from attending the meeting the issue of active participation of women on the meeting and the value given to their idea by others were also raised in the FGD (Focus Group Discussion). The majority of respondents replied that although some women attend the general assembly meetings, most of the time they were not willing to express their idea on meeting this was due to lack of information, poor educational background to understand the issues raised in

the meetings, workload in the domestic activity and the low status given by their male counter parts.

#### 4.2.5 Access to Training

The quality of microfinance boards, different committees and members as well can be enhanced through the provision of microfinance training. In any country, there is a direct relationship between the success of microfinance and the level of education especially adult education (ICA 1963). The more training women have about microfinance such as microfinance values and principle, rules and regulation, rights and obligations, and on microfinance affairs in general the more knowledge they will have and the more their participation. Training and skill upgrading is one element of women participation.

**Table 4.12: Access to Training**

No	Access of Training		Total
	Yes	No	
1			
2	Frequency	42	62
3	Percentage	40.38	59.62

*Source: Field Survey, 2015*

Access to training has a significant impact on microfinance members in general and women respondents in particular. As the descriptive result of table shows only 40.38percent of women respondents were trained. The rest, the majority respondents, 59.62percent of them didn't have access for training. From the previous discussion of educational level (table 2) of this study it was indicated that the majority of respondents are at the below primary. This implies that there was a need to promote their level of understanding about the principle, values, ethics, and the need of member's commitment to microfinance, the benefit of microfinance and general microfinance affairs through delivery of training. Respondents were also asked to what extent the training given by the microfinance promotion bureau was useful, they respond that it was useful because the training helped them to know the role of women in the economic, social and political affairs, women participation promotes

the economic growth of the country, self- reliance in income generating activity and decision maker in the household chores activity. Almost all respondents who receive training in one way or another admitted that the training program helped them to increase the awareness level of different issues.

#### **4.2.6 Source of Family Loan**

Formal and informal institutions are the two main sources of credit in the study area. The formal sector is rural savings and credit that includes banks, finance and microfinances. While the informal source includes friends and relatives, money lenders who were used to cover family consumption requirement such as food purchase, medical expenses and sometimes to pay taxes. Interest charged from friends and relatives is somewhere nil in most cases. However, local money lenders who charge high interest rate were common in the study area. According to some respondents these moneylenders if women farmers were unable to pay their debt, they wait until the harvest time of production and they took all the products produced including the charged interest. There were also formal micro-finance institutions that provide credit for the women respondents Whatever credit women took from the above sources they were unable to pay the debt. The microfinance also provide credit for the women i.e. they distribute fertilizer, improved seeds, chemicals in the form of credit for women members. In the table depicted below the study shows the source of credit before and after participating in microfinance.

**Table 4.13: Source of Family Loan**

S.No	Source of Loan	Before Participating in Microfinances		After Participating in microfinances	
		Frequency	Percentage	Frequency	Percentage
1	Microfinance enterprises	9	8.66	13	12.5
2	Informal Money Lenders	54	51.92	22	21.15
3	Loan from Banks	12	11.54	17	16.35
4	Friends and Relatives	29	27.88	21	20.19
5	Microfinances	-	-	31	29.80
6	Total	104	100	104	100

*Sources: Field Survey 2015*

With respect to source of credit, the above table shows that before joining the microfinance 54 women respondents which account 51.92 percent of them were using the so-called informal money lenders as the source of credit while 29 or 27.88 percent of respondents were depending on friends and relatives for their loan. Loan from banks constituted the credit source of 12 or 11.54 percent of the respondents.

While microfinance enterprises constituted the credit source of 9 or 8.66 of the rest respondents. Whereas none of the respondents could claim we don't have credit source. This implies that all the respondents could get credit facilities in one way or another from the above credit sources. It was also indicated that the majority of respondents were getting loan or credit sources from the informal money lenders before participating in microfinances.

However, after joining in microfinance respondents credit source from the informal money lenders decreased, this imply that microfinances could play a significant role in providing credit sources.

#### **4.14: Change in Education and Awareness**

Change in education and awareness is analyzed based on women involvement in decision making and their change in decision making power of family resources, benefits after joining microfinance, satisfaction of shareholders from microfinance, suggestion for improving women participation, affecting factors of women participation, purpose of microfinance loan, and reason for joining microfinance.

##### **4.3.1 Women's Involvement in Decision Making and Implementing Decisions**

Decision making refers to the involvement of women in generation of ideas, evaluation of options and making choice from among options. Decision making in the microfinance involves setting the objective of the microfinance and participation in short, medium and long term planning of the microfinance.

**Table 4.14: Involvement in Decision Making and Implementing Decisions**

Always participating	31	29.81
Participating sometimes	59	56.73
Never participation	14	13.46
Total	104	100

*Source: Field Survey, 2015*

In this study, the above data, among the total women respondents, only (29.81 percent) are always participating, (56.73 percent) participating sometimes and (13.46percent) never participate in decision making of the microfinance decision making and implementing decisions. This shows the majority of women were not participating in decision making regarding the affair of their microfinances. The opinion of some respondents revealed that the reasons for the non-participation of women in decision making is that “those who are participated in decision making process in the microfinance are those who are shared responsibilities; and since most women have no position within the microfinance they are not involved in decision making process. The second reason is the underestimation of women's ideas and

feelings because men counterparts perceive women ideas as not important even though they forward important ideas.

### 4.3.2 Decision Making Power of Family Resources; Before and After Membership in Microfinance

Women are the primary collectors and users of resources such as water and forest. However, their share in decision making in resource management is nominal. One of the reasons for the lack of women's voice in decision making is due to the past effort of involving them only in routine job, even when women were made parts of the groups as demanded by the constitution. Most of the decisions continued to be made by men.

**Table 4.15: Decision Making Power of Family Resources; Before and After**

S.No	Decision Making	Before Membership		After membership	
		Frequency	Percent	Frequency	Percent
1	Economic mobilization	32	30.78	41	39.422
2	Children education	17	16.35	28	26.92
3	Communal participation	9	8.65	14	13.46
4	Family planning and children marriage	7	6.73	16	15.38
5	No any Decision	39	37.5	5	4.81
6	Total	104	100	104	100

*Source: Field Survey, 2015*

Economic power is supreme power that can decide the decision making power in intra and inter family. During the research period and based on the mentioned assumption, the researcher has tried to know about the relationship between decision making power and different variable in comparison with before and after membership in microfinance. Out of total respondents, their decision making power have been

changing their before and after enrolment in microfinance. Among 104 respondents, they have less power to decision in terms of economic mobilization, children education, communal participation, family planning and children marriage, and no any decision making power before their enrolment in microfinance. While after enrolment, among the same variables or means of decision making, their power and right is being increased related to their participation in microfinance. From the above presented or mentioned data, it is concluded that, decision making roles can be affected by the economic power and public relation through the public originations.

### 4.3.3 Benefits after Joining in Microfinance

As microfinances are also business organization the main objective for people to set up and join a microfinance is to improve their economic and social condition through joint action for the good of all members than the individual concern. Members peruse the goal of improving their economic and social situation through joint actions by using the jointly owned resources to produce or obtain goods and services for the members. The important benefits after joining the microfinance are socio-cultural and economic. Here the researcher has tried to find the different types of benefit that the respondents have benefited after involvement in microfinance.

**Table 4.16: Benefits after Joining in Microfinances**

S.N	Benefits	Frequency	Percentage
1	Increase peer circle	27	25.96
2	Able to put problems openly and get solutions.	34	32.69
3	Speak confidently and do something in the society.	33	31.74
4	Able to lead the institution.	10	9.61
5	Total	104	100

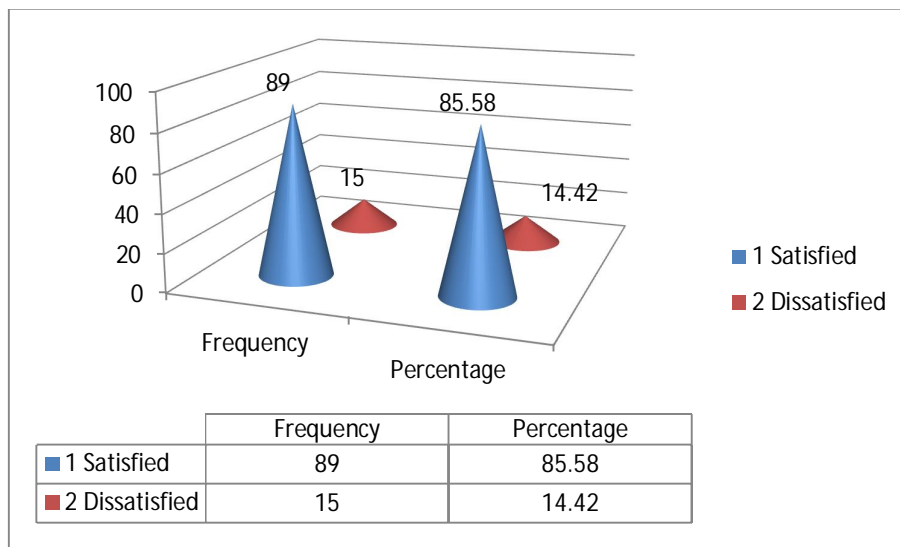
*Source: Field Survey, 2015*

There are different means of benefits can be founded while involving in microfinances. During the field work period, the researcher had tried to diagnosis different means of benefits from involvement of microfinances. Out of the total respondents, the foremost benefit by involvement of microfinance is able to put



problems openly and try to get solution individually and collectively. It is reported by 32.69 respondents. Like this 31.74 percentage of the respondents reported that the main benefits after joining in microfinances is speak confidently. The rest of the respondents reported that it helps to increase peer circle (25.96%) and able to lead the institution (9.61). The overall information from the above presentation and analysis of the data show that the positive benefits are benefited by the microfinance.

#### 4.3.4 Satisfaction of Shareholders from Microfinance



**Fig. 4.2 Satisfaction Level**

The above figure reveals the level of satisfaction of the member of microfinance. From the study 85.58(percent) members are satisfied with the performance, service, facility & system provided by microfinance 14.42(percent) shareholders are dissatisfied with the work of microfinance, and they also told that they are dissatisfied due to unknown of the service provided by the microfinance. Members are also satisfied from the role played by the microfinance for providing personal empowerment i.e. training program, tour program, providing prize to shareholder's children who get highest percentage in SLC etc.

#### **4.3.5 Suggestions for Improving Women's Participation**

Suggestions which women respondents thought as helpful for the improvement of their participation in their microfinance were sought at the time of collecting primary data from members. Respondents agreed that continuous education of women about the principle, values and by-laws about microfinance in order to develop awareness is the most important suggestion for improving women's participation in their microfinance in the study area. Followed by educating the society about the issue of gender and development, the government or concerning organization should interfere in increasing women participation especially in providing different awareness campaign and training and society should aware about the gender equality in every field of communal institutions and organizations. Another suggestion that respondents focus on, women even from the family and community level, they should be encouraged and equally distributed opportunities to mobilize and utilize the resources and power should be given them as male counterpart. The final suggestion, respondents emphasized that the classical or traditional cultural practices and low access to information about the women roles and discriminatory religious philosophy should be improved for the well participation in communal organizations.

As per the survey result shows, large numbers of women respondents were not participating in microfinance affairs such as in management committee, the general assembly and microfinance decision making. This shows that participation of women in microfinances is still very low. Lack of awareness, culture, lack of access to information, work load in the house, lack of education, lack of capital, the negative attitude of the society towards women and mobility were the most important factors contributing to the inactive participation of women in microfinances in the study area. Through awareness creation, training and educational programs which are sensitive to women needs, microfinances can help strengthen women's capacities and capabilities, resulting in their increased self-confidence and enabling them to participate fully in decision-making and assume leadership positions.

Therefore microfinance should target on continuous education, training and information to all members in general and women members in particular. Active, equitable participation of members, both men and women, is a necessity for

sustainable microfinance development. Active participation in the microfinance context means that members are involved in all the functions of microfinances including planning, decision- making, implementation and financial and management control. Therefore, in order to enhance sustainable microfinance development, special consideration should be given to increasing women's participation in the microfinance movement at all levels.

#### **4.3.6 Affecting Factors of Women Participation in Microfinance**

The concept women participation is an important analytical tool in the planning, management, monitoring and evaluation of development programs or microfinance projects as it requires that women be considered as in relation to men in socio-cultural setting and not as isolated group. Active participation of women means that women are involved in all the function of microfinances, including social, economic, planning, decision making, and implementing and management control. Microfinances are a form of organization which women can use to help themselves. With their democratic structures microfinances can offer women as a member and employees opportunities for participation and influence over economic activities. Women gain self-reliance through this participation as well as access to opportunities which they would not have been able to obtain on their own, attaining equality of opportunity between men and women (Birhanu, 2006).

The chapter is designed to justify about the affecting factors of women participation in microfinance. The specific sub heading of the chapters are- educational status of respondents, source of family loan, purpose of microfinance loan, distance of women members from the office of the microfinance and reasons of joining microfinance.

### 4.3.7 Purpose of Microfinance Loan

**Table 4.17: Purpose of Microfinance Loan**

No	Purpose of Microfinance Loan					Total
	Poultry, fish, cow, goat, buffalo	For business	Foreign employment	For household purpose		
1						
2	Frequency	4	8	9	10	31
3	Percentage	12.90	25.81	29.03	32.26	100

*Source: Field Survey, 2015*

According to the information given by the respondents, the purpose to involving in microfinance is diverse. The respondents reported that they are using their loan from different sources. Among the various one, out of the total respondents 104, only 31 or 29.80 percent reported that they are using loan from microfinance. Among those 31 respondents the researcher had tried to know about the purpose of microfinance loan, table above data reveals that about 32.26 percentages of the respondents used the loan for household. While, 29.03 or 9 respondents reported that they borrowed their loan for foreign employment. The rest of the respondents reported that, they are using or applying this loan for business purpose and for domestication of animal 25.81 and 12.90 respectively.

### 4.3.8 Reasons for Joining Microfinance

**Table 4.18: Reasons of Joining Microfinance**

S.No	Reasons	Frequency	Percentage
1	Access to credit	37	35.58
2	Improving Saving	16	15.38
3	Social Participation	8	7.69
4	Forced by neighbors	43	41.35
5	Total	104	100

*Source: Field Survey, 2015*

Table above data reveals that about 41.35 percentages of the respondents joined to their microfinances by the forced of their neighbors. While, 35.58 or 37 respondents reported that they joined their microfinance to access financial mechanisms to borrow money. 16 or 15.38 percent respondent reported that the main reason of their involvement in the microfinance is to improve their saving. Finally, the rest of the respondent i.e. 7.69 reported that the reason of joining microfinance is increasing social participation. But during the personal interview, the majority of respondents reported that they strongly emphasized that microfinance are alternative means to solve economic and social problems of members.

# **CHAPTER V**

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This chapter deals with the summary of the study, major conclusions based on the study findings and provide some recommendations.

### **5.1 Summary**

A microfinance institution is an organization that offers financial services to low income populations especially in rural area. Most of the people in rural area of Nepal are poor and engaged in subsistent agricultural activities. The development of microfinance institutions (MFIS) has contributed to diminish the poverty of the country comparatively than previous days, by providing microfinance to the poor people. Microfinance can create a safe environment where women increase their self-confidence, identify their own challenges, make decisions and manage risks. Microfinance institutions have been successful in not only increasing social participation of women but also in developing drives, initiatives and leadership qualities.

Women empowerment can be achieved only when the women are economically independent as well as they have control over their earning and decision making. Microfinance programs provide loans to rural women to get involved in income generating activities. The implementation of microfinance programs, focusing on women as a target group has produced substantial impact on economic empowerment of women through their economic self-sufficiency. The saving and credit program of microfinance with the objective of providing loan to women easily and priority to women in loan disbursement has motivated them to come forward in the society. However, their impacts on social status of rural women are not studied well. This research study attempted to fill the research gap of analyzing both direct and indirect changes in women's financial, social, human, and natural (land) capital. It also understands the changes in key research areas such as, clients' livelihood status along with the implications of microfinance program on resource management. The main objective of this study was to evaluate the socio-economic impact and implications of

microfinance on women empowerment by assessing their socio-economic status and awareness level as well as education.

Primary data of the study were collected using a questionnaire survey and focused group discussion. In addition to this, case studies were done to see the changes brought up by the microfinances in women empowerment. Besides these, informal discussions were conducted in order to verify the obtained information as well as to gain more detail insights regarding the research objectives. Secondary data were collected from library, websites, academic institutions and related agencies. Some tools such as check list, schedule maps, graphs etc. were used in the process of data collection and processing. Microsoft Office Excel 2007 and SPSS16 were used to process the data. Univariate descriptive statistics (frequency, percentage, mean) and bivariate analysis (cross-tabulation and correlation) were done to get the results that were expressed as tables, bar and charts.

The study has found that microfinance programs are targeting rural people who are very poor. Their programs were focused on women so that their socio-economic status can be uplifted. While analyzing the changes brought by microfinance in rural women's lives it was found that the monthly earning was increased after joining microfinance institutions. In addition to this, microfinance members have become more active mentally as well as physically. They have widened their consumption as they have to gather once in a month to repay and for saving. They also get chance to discuss on their improvement and failure. The study also revealed that caste and ethnicity does not affect the control over their earnings. However, women do not have their own control on their earnings and joint control exists widely

The study also revealed the fact that the number of savers in rural area has increased due to microfinance programs. Microfinance programs have also helped women to organize in groups, discuss about their problems to explore the solutions, participate in group activities that have overall increased their confidence level. The study also found that rural women are enjoying the microfinance programs that are easily adapted and understood in rural area. The microfinance clients are well satisfied by microfinance programs as well as their staffs, so there is high chance of sustainability

## **6.2 Conclusion**

Based on the results of the present study, it can be concluded that microfinance has substantially contributed in reducing domestic violence, reduced household work load, and empowered women to participate in decision making process. In addition to this, it has also helped women to develop saving habit, provided access to loan to increase income generation activities. However, there are challenges for microfinance institutions to implement its programs in rural area. The major challenges faced by microfinance institutions are loan recovery is growing difficult to get access over loan. Monitoring and evaluation from microfinance side is still not satisfactory. The regular conduction of annual general meeting, monthly progress report development, growing number of female members, increasing the amount of fund collection are some positive symptoms of showing some prospects and sustainability of the microfinance institutions.

## **6.3 Recommendations**

Microfinance has brought some positive changes in economic aspects of the rural area but the social problems like widow mirage and cloths, women mobility on the society and gender discrimination still exist. This is because of lack of awareness and education. MF should include programs to enhance education and awareness in addition to its credit programs. MFs are helpful to the poor to enable them to finance specific income generating activities. However, it is vitally important to ensure that the loan facilities provided to the poor for income generating activities are not being utilized for consumption purpose or other activities besides investment in income generating activities. For instance, the loan obtained for vegetable cultivation was used for the daughter's wedding. So, proper monitoring of the clients should be done by MFIs in order to track their progress and help them in tackling the obstacles. Besides this, Nepal Government should also formulate a microfinance-friendly national policy on MF setting the vision, objectives, and strategies specifying the implementation modalities to direct the microfinance program to accomplish the given objectives.



Based on the findings of study it is also recommended that the commercial banks need to take active part in MF because their involvement in MF and poverty alleviation (through dealing with indirect lending) is essential in the country until the MFIs will be sufficient in number and strong enough to provide sustainable MF services. Furthermore, lending interest rate should be varied for different categories of poor people in order to encourage the interest and participation of the poorest group in the membership. Moreover, loan products also need to be varied, i.e. income generating loan, student loan, loan for going abroad for foreign employment, and even interest free loan is needed for struggling members or the very poor to run certain types of enterprises/business.

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## APPENDIX I

### Individual Questionnaire

Questionnaire no:-.....

Date:-2073/.../...

Respondent's Name:-.....

Address:-.....

### 1. Personal Profile

1.1 Age

1.2 Your marital status (Tick)

a) Married

b) Unmarried

### 2. Family information

2.1 Your current family member (Tick)

Children: - 0-14 years      Female       Male

Adult: - 15-64years      Female       Male

Older: - 65and above      Female       Male

2.2 Members who earn from (Tick)

a) Government services

b) Business

b) Private firm/industries

d) on own farm

e) Other (specify): -.....

2.3 Who is the head of your family? (Tick)

a) Self

b) Others

**3. Economic Background**

3.1 Do you have land of your own? (Tick)

a) Yes

b) No

3.2 What was your main occupation?

Sector	Before	Income	After	Income
Agriculture				
Business				
Private sector				
Government				

**4. Participation in micro-finance**

4.1 How did you know about the MF Program?

.....

4.2 How did you enter in the group?

.....

4.3 What is your position in the group? :-

.....

4.4 How did you feel to enter in the group? (Tick)

a) Very difficult       b) Difficult       c) Normal

d) Easy       e) Very easy       d) others

### 5. Loan received, use and repay

5.1 From where do you receive loan?

Sources	Before		After	
	Amount	Rate of interest	Amount	Rate of interest
Local money lender				
Co-operative				
Bank				
Microfinance				



5.2 Who decided utilization of the loan? (Tick)

- a) Self       b) Family head       c) Common decision

5.3 Why did you join this program? (Tick)

- a) To earn more income and to improve family condition.
- b) To have company with friends.
- c) To be self-dependent.

5.4 What is the purpose of taking the loan and how much is it?

S.N	Items	Before(amount)	After(amount)
1	Consumption expenditure		
2	Celebration of festival		
3	Luxurious goods		
4	Health and services		
5	Farming		
6	Business		
7	Other		

5.6 How do you pay back the loan? (Tick)

a) Partially

b) At once

c) Not paid yet

5.7 Have you ever faced difficulties to pay back the loan and interest?

a) Yes

b) No

If yes, what are the difficulties? How did you solve it?

.....  
.....

5.8 Have you conduct any literacy class?

Program	Before	After
Adult literacy class		
Woman literacy class		
Pre-primary class		

**6. Family Statuses:**

6.1 How do your family members and relatives deal with you after joining the group?  
(Tick)

a) Appreciate       b) Criticize       c) Others.....

6.2 In your opinion, what are the main benefits of joining MF group?

.....  
.....  
.....

**7. Question for the management**

7.1 Do you investment on the following heading? (Tick)

a) Agriculture       b) Pastorals

c) Business       d) Education

e) Social program

7.1 How much investment has been done by MF?

Heading	Minimum(Amount)	Maximum(Amount)
Agriculture		
Pastorals		
Business		
Education		
Social program		
Others		

7.2 How do make your investment? (Tick)

a) Without collateral       b) With collateral

c) With risk bearer

7.3 How do you return back the loan? (Tick)

a) With low interest rate. (.....%)

b) Without interest rate.

c) Installment payment.

d) Full payment.

## 8. Trainings

8.1 Have you taken any training from micro finance program? (Tick)

a) Yes                       b) No

8.2 How helpful has the training you received form MFI been in your enterprise operation? (Tick)

a) Very helpful       b) Helpful       c) Not helpful

d)

Others.....

8.3 Has the training increased your skill? (Tick)

A) Very much increased  b) Normally increased  c) Not increased

8.4 After receiving the training, has your confidence on income generating activities increased? (Tick)

a) Yes  b) No

8.5 Do you think your employment opportunity in labor market has increased due to training you received from MFI? (Tick)

a) Increased  b) Decreased

c) Constant  d) don't know

**11) What types of benefits you have from this MF?**

<b>Program</b>	<b>Having it</b>	<b>Have not</b>
Economical independent		
Social awareness		
Literacy program		
Basic skill development		
Decision power development program		
Gender equality		

**12) What social and economic changed has been appears from MF?**

<b>Status of respondent</b>	<b>Before joining MF</b>		<b>After joining Mf</b>	
	Investment	Output	Investment	Output
Agriculture				
Business				
Employment				
Pastoral				
Education				
Celebration of festival				
Participation on social work				
Donation				

## **ANNEX - II**

### **QUESTIONNAIRE FOR FOCUS GROUP DISCUSSION**

- 1) A question to explore livelihood and key economic activities of women in the area?
- 3) What were your reasons for joining MF?
- 4) What made you join MF instead of other institution?
- 6) What are your views on MF procedures on membership and loan taking? (Easy or not easy to meet on time); And why?
- 7) What factors do you think women 's membership to MF?
- 8) Apart from financial aspect, are there any skills and knowledge that you feel to have gained through MF membership?
- 9) Do you think your membership to MF has facilitated your decision making, economic welfare and material ownership such as IGAs, assets accumulation? (Yes/No) explain.
- 10) Do you think your membership to MF has helped to improve your status in the community and the way people perceive you? (Yes/No) explain.
11. Do you think your membership to MF has improved your status within the household with your family and other relatives?
- 12) How would you compare your self-confidence before and after you joined the MF? Why?
- 13) How about regular meeting (monthly/Annually).

## Appendix 2

### Case Study-One

*Santa Kumari Kami, an old woman of 58, lives in Bhandarithar. She is an illiterate woman. She lives with her husband, two sons and three daughters in a small house as a big conventional nuclear family. Being old, her husband lives in home with the help of brew and smoke. Brew is the blind stick of the old house head. Small three daughters go to school for study. They study at a Primary School in Kalika in Kalika secondary school, a big village in a few minutes' walk from their home. But one elder son of 26 has some buffalos and cows. His prime work is to look after those buffalos and cows. He collects grass and provides dana to the domestic animals on everyday basis. The regular work is to provide milk at Kalika microfinance, in a few minutes' walk from his home, which is the main source of money for his individual necessities and his family needs. Bikram, a small son of Santa, has gone for foreign employment. Santa, on the other hand, is one of the members of microfinance. She says a group of higher caste neighbors came to here and make me a member but I don't know about the rights and duties of my in Microfinance. But behind this, she is use to producing agricultural goods and sells it in the Kharana, a market of village. By the evening, she collects vegetables and makes them ready to sell for the next day. For her, traditional tools are the main means of it. Without slipper on her feet and the cigarette smoke clouding over her head, wherever she goes, she moves here and there all day to ready for sell. Next day like many of the sellers, her day too starts quite early in the morning as she has to sell those vegetables to a nearby market, Lekhanath. With the basket in the bake side, she walks shops to shops, asking if anyone is willing to buy.*



### **Case Study- Two**

*Forty five year old Sita Bhujel is a resident of ward -5 of Kalika VDC, Kaski. There are altogether six family members (2 sons, 2 daughters and wife) including her who has only five ropani (2 ropani khet and 3ropani bari land) for the survival. She remembers her early days of hardship when she had to struggle hard to join hand to mouth. The family had no other choice except cultivating the seasonal crops in their land resource, the only asset them posses. The production of their land hardly fed them for 6 months. Her those days are left behind so far her income has been increased much. She sad days of severe food scarcity are no more now. For this, she thanks to Kalika microfinance that has brought a drastic change in her life and her family life. As soon as she had learnt about the seasonal and off-seasonal vegetable farming training, she enlisted her name in the Kalika microfinance, the training was organized by the same microfinance. After that she is much interested to become a member of microfinance. She still remembers, for the membership of the microfinance, she has asked some loan from the relative but he denied providing it. But after requesting with one of the same microfinance member, he provide me 5,000/-, I would like to give the credit to him for my every success. After that, “The training was conducted in Falgun, 2063 and I began off-season vegetable farming from Baishak 2064 with the loan Rs.10,000 that I took from at same microfinance. From Rs. 10,000 she made Rs. 20,000 in 4 months. It was a good profit she had ever seen or known. The seasonal and non-seasonal vegetable training has helped her lot to earn. She grows cucumber, pumpkin, tomato, potato, lady’s finger, cabbage, cauliflower, brinjal, gourd, bitter gourd, chilli, spinach, runner bean, etc. in her own land by her own efforts. Since there is not a large market nearby, she has been deliberately producing in limited quantity vegetables and has to satisfy herself in average income of of Rs. 8000 per month. “If the market is created, I could grow more to make more money, she says. Anyway it has changed my way of life and for this I’m highly indebted to Kalika microfinance”, she said. She suggests Kalika microfinance to continue such programs and trainings along with counseling so that more neople of this area would be benefited. But*

### **Case Study – Three**

*Harikala Bhandari is a member of the executive committee of Muktinath Microfinance. She is 38 years old married woman. After completed her SLC, she got married with Krishna Bhandari. She has completed her SLC in her parents' house. She has six members in the family with three daughters and one son. Her husband is a teacher. She has 4 ropani bari which is used to produce food and other things needed for the family. She grows about 4 muri maize and 1 muri mustard which is used in household purpose. She has 5 buffalos and 13 goats and she generates income by selling milk. She is involved in different activities of the communal work around the ward. Before involving in the Muktinath Microfinance, she used to spend her time to agricultural products and work within family only. No one hears her voice even within family and community before involving, she says. The main work was preparing food for the family and work as an agricultural labor after her married. No even one hundred rupee can have with her during that time. I used to ask the rupees with my husband for my daily use, she added. The miserable time and situation she could not remember and tell at all. But after the member of the Microfinance, she used some loan and started to rear some goats and buffalos with agricultural products. She claims that I can live without the help of any member in this situation. I can have some saving after returning the loan, which was taken from Microfinance.*

#### **Case Study – Four (Kalika Microfinance staff)**

*Krishna Kumari Kunwar is a 27-year-old school drop female. She currently works as a microfinance staff in Kalika. She has been started her work for two years. After completed her regular work in house at 9.30, she regularly attended on her duties. Back home at, Krishna has a family of five members--father, mother and two brothers. Before she dropped her school and joined this new profession, she had helped her father and mother for agricultural production behind her education. However, from her early days she showed little or no interest in education, says Som Kunwar, her father. Som blames the lack of awareness regarding the importance of education being the main reason behind Krishna dropping her school at the 10th grade. However, Som is quite happy and satisfied with what his daughter is doing right now. Krishna now regularly use her salary which has helped fulfill her household needs along with covering the cost of her two brother' schooling.*

*On the other hand, in her duties and responsibilities, she is quite unsatisfied with the behavior of the microfinance members. Most of the members are unsatisfied with her education. Because of lack of education, she could not right to attend the any meeting of microfinance. The main duties of her are to open the office at 10, cleaning and closing at 5 pm.*