

**ROLE OF MICRO FINANCE ON WOMEN'S
EMPOWERMENT: A CASE STUDY OF
NIRDHAN UTTHAN LAGHUBITTA
BITTIYA SANSTHA LIMITED
OF THECHO BRANCH**

A Thesis

**Submitted to the Department
of Economics Birendra Multiple Campus,
Faculty of Humanities and Social Science, Tribhuvan University,
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DECLARATION

I, Roshan Giri, hereby declare that this thesis entitled “**ROLE OF MICRO FINANCE ON WOMEN’S EMPOWERMENT: A CASE STUDY OF NIRDHAN UTTHAN LAGHUBITTA BITTIYA SANSTHA LIMITED OF THECHO BRANCH**” submitted to the Department of Economics of Birendra Multiple Campus is my own original work unless otherwise indicated or acknowledged in the thesis. The thesis does not contain materials which has been accepted or submitted for any other degree at the University or other institution. The results 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 thesis has been published in any form before.



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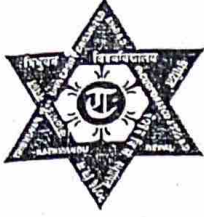
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LETTER OF RECOMMENDATION

This thesis entitled "ROLE OF MICRO FINANCE ON WOMEN'S EMPOWERMENT: A CASE STUDY OF NIRDHAN UTTAN LAGHUBITTA BITTIYA SANSTHA LIMITED OF THECHO BRANCH" has been prepared by MR. ROSHAN GIRI under my guidance and supervision. I hereby, recommend it in partial fulfillment of the requirements for the degree of MASTER OF ARTS in ECONOMICS for final examination.

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APPROVAL SHEET

We certify that this thesis entitled "ROLE OF MICRO FINANCE ON WOMEN'S EMPOWERMENT: A CASE STUDY OF NIRDHAN UTTAN LAGHUBITTA BITTIYA SANSTHA LIMITED OF THECHO BRANCH" submitted by MR. ROSHAN GIRI to Department of Economics, the Birendra Multiple Campus, Bharatpur, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

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This thesis entitled **“ROLE OF MICRO FINANCE ON WOMEN’S EMPOWERMENT: A CASE STUDY OF NIRDHAN UTTHAN LAGHUBITTA BITTIYA SANSTHA LIMITED OF THECHO BRANCH”** is written in partial fulfillment of the degree of Master of Arts in Economics.

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ABSTRACT

This study titled "ROLE OF MICRO FINANCE ON WOMEN'S EMPOWERMENT: A CASE STUDY OF NIRDHAN UTTHAN LAGHUBITTA BITTIYA SANSTHA LIMITED OF THECHO BRANCH " aims to examine current status of respondents and investigate socio-economic impacts of microfinance on women's empowerment. The study utilized a case study, field study, descriptive, and analytical research design, with primary and secondary data collected from various sources and processed using Microsoft Excel. A convenient and purposive sampling technique was deployed to collect the opinions of 210 sampled respondents who are involved in a microfinance program provided by NULBSL.

The study successfully achieved its objectives, revealing the status of respondents and the fact that microfinance program had a positive impact on socio-economic characteristics of the respondents. The participants, with an average age of 37, were predominantly below 40 years old. Irrespective of their caste, religion, or ethnic background, the program aimed to enhance the economic and social status of these women. Encouragingly, there was a positive trend of female-headed households, despite the persisting influence of patriarchal norms. The program also made significant strides in promoting education, resulting in increased school enrollment for children.

In terms of socio-economic impacts, the findings were remarkable. After joining the microfinance program, respondents reported a substantial rise in their annual average income. Notably, business activities emerged as more lucrative than traditional agriculture for income generation. While household expenses and education remained the primary priorities for income allocation, the program led to notable improvements in savings patterns. Respondents experienced enhanced participation in household decision-making and gained greater respect within their families. Access to water and sanitation witnessed significant improvements as well, with a decrease in the number of respondents lacking confirmed sources of water and access to toilets.

Overall, the study demonstrated the remarkable impact of the microfinance program on income levels, employment opportunities, poverty alleviation, entrepreneurship, saving habits, and living standards for impoverished women. It challenged prevailing notions about development and banking for the poor, providing an alternative avenue for savings

and effectively uplifting the economic conditions of rural women. While the education level of children did not exhibit significant changes, the study's findings underscored the program's overall success and the positive transformation it brought to the lives of the respondents.

In conclusion, this research provides evidence that microfinance is an effective way to alleviate poverty and empower women in Nepal. However, specific interventions are needed to change gender relations at the household, community, and macro-levels to fully empower women. The findings of this study are significant and contribute to the growing body of literature on the impact of microfinance on women's empowerment.

Key Word: Women's Empowerment, Microfinance Program, Economic Condition, Nirdhan Uthhan Laghubitta bittiya Sanstha Limited

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ABBREVIATIONS

&	:	And
\$:	Dollar
A. D	:	Anno Domini
ADB	:	Agriculture Development Bank
B. S	:	Bikram Sambat
BOKMT	:	Bank of Kathmandu Money Transfer
CGAP	:	Consultative Group to Assist the Poor
CMF	:	Centre for Micro Finance
CSIDP	:	Cottage and Small Industries Development Program
FINGO	:	Financial Intermediary Non-Government Organization
FSCI	:	Formal Sector Credit Institutions
GON	:	Government of Nepal
IBP	:	Intensive Banking Programme
ILO	:	International Labor Organization
IME	:	International Money Express
INGO	:	International Non-Government Organization
MADB	:	Myanma Agriculture Development Bank
MCPW	:	Micro Credit Project for Women
MF	:	Micro Finance
MFIS	:	Micro Finance Institutions
MFIs	:	Microfinance Institutions Supervision Department
MIFAN	:	Micro Finance Association of Nepal
MOF	:	Ministry of Finance
NGO	:	Non-Government Organization
NRB	:	Nepal Rastra Bank
NRS.	:	Nepali Rupess
NSSC	:	Neighborhood Society Service Center
NUBL	:	Nirdhan Utthan Bank Limited
NULBSL	:	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited

PCRW	:	Production Credit for Rural Women
PSLP	:	Priority Sector Lending Program
RMDC	:	Rural Micro-Finance Development Centre
RO	:	Regional Offices
RSF	:	Rural Self-Reliant Fund
SACOSS	:	Savings and Credit Co-Operatives
SCGS	:	Savings and Credit Groups
SFDP	:	Small Farmer Development Program
SHGs.	:	Self-Help Groups
TSCG	:	Traditional Savings and Credit Groups

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Microfinance is a valuable initiative that aims to provide essential financial services to individuals and groups with low incomes. These individuals, often excluded from traditional banking services, include consumers, self-employed individuals, and marginalized groups. The primary focus of microfinance institutions is to extend credit in the form of small working capital loans, commonly known as microloans or microcredit. However, many of these institutions also offer services such as insurance, money transfers, and regulated microfinance banks even provide savings accounts. microfinance aims to provide financial services to marginalized communities, women, and the rural poor who lack access to traditional banking. The objective is to empower them by offering credit, savings, insurance, and money transfer services, enabling them to become self-sufficient and improve their economic conditions. (Wright, 2015).

In a developing nation like Nepal, the causes of poverty in developing areas can be divided into two categories: those resulting from being born into impoverished families and those stemming from a lack of resources, compounded by traditional structures, class and caste hierarchies, discrimination, and unequal access to government services. The unequal distribution of land in rural regions further exacerbates the situation, leaving the majority of the rural population with limited resources for production. Without a robust social security system, those without land or with minimal holdings face a deplorable and inhumane existence. Even those with small plots of land often have to use it as collateral to borrow from village moneylenders, perpetuating a cycle of debt. These factors contribute to a challenging and harsh reality for the rural poor in Nepal. (Ledgerwood, 2016).

In the context of Nepal, microfinance has emerged as an effective and efficient mechanism for reducing poverty. However, many microfinance institutions (MFIs) have faced challenges in reaching the ultra-poor segment of the population, primarily due to their inability to accurately identify and assess this vulnerable group. It is widely recognized that improving access to financial services can be a powerful tool in the fight

against poverty. However, the outreach of Formal Sector Credit Institutions (FSCI) has been limited, largely due to the high cost associated with delivering their services. Nonetheless, MFIs continue to prioritize the interests of the poor by providing essential services and working towards increasing outreach sustainability and effectiveness. (Upadhaya, 2007).

Despite the abundant potential for development in Nepal, both in terms of its natural and cultural diversity, poverty remains a significant challenge. The lack of infrastructure development and limited awareness among the population about improving their living standards contribute to this problem. Additionally, the absence of training programs to enhance livelihoods, provide information on income generation, and educate people about investment techniques further hampers progress. Consequently, empowering the living standards of the population becomes a difficult and challenging task. Furthermore, it is crucial to shift the perspective from viewing Nepal as a poor country to recognizing its immense resources and natural assets. Instead, the focus should be on addressing the mismanagement that hinders its development. (Llanto, 2013).

Nepal has a significant portion of its population, around 66 percent according to the latest census, engaged in agricultural activities. To drive swift development in the country, it is imperative for the government and stakeholders to prioritize the scientific advancement of sectors such as agriculture, rural tourism, research, and energy. By enhancing the living standards of poor people and farmers through these sectors, we can effectively improve the country's overall economic condition. Furthermore, in order to uplift the economic situation of countries like Nepal, there should be a strong emphasis on promoting small-scale savings and investments to empower individuals with low-level incomes. The importance of microfinance has grown significantly, gaining support from multilateral and bilateral agencies, governments of both developing and developed nations, and non-governmental organizations. Additionally, an increasing number of private banking institutions and insurance companies have also joined in supporting microfinance initiatives in recent years. (Aryal, 2020).

Microfinance is closely associated with supporting the ultra-poor, low-income households, and micro-enterprises. It encompasses the provision of small-scale financial

services, primarily credit and savings, to enterprises engaged in various activities such as production, recycling, repairs, sales, and service provision. These services target individuals and groups at the local level in both rural and urban areas of developing countries. The range of financial services includes deposits, loans, payment services, money transfers, and insurance, catering specifically to the needs of poor and low-income households and their micro-enterprises. In the context of Nepal, the Nepal Rastra Bank has defined microfinance loans in absolute terms, focusing on mobilizing funds to support the poor. In Nepal, microfinance also encompasses the collection of savings from women, poor households, and micro-entrepreneurs, as well as the distribution of funds received from financial institutions that provide wholesale financial services on behalf of donor agencies.

In Nepal, microfinance services are provided by various institutions such as Rural Development Banks, cooperatives, international non-governmental organizations, and donor institutions like ADB, UNDP, and international funds for Agriculture Development. These services are delivered through partnerships with NGOs, local governments, and the Government of Nepal. Furthermore, informal institutions like Dhikuti associations, user groups, indigenous bankers, and businessmen also play a role in providing microfinance services to low-income households and micro enterprises. Cooperative organizations have gained significant popularity worldwide as a means of economic empowerment, and they have a large number of members involved in microfinance activities. Recognizing this situation, the government can take positive steps to address poverty eradication and employment creation through the cooperative movement. This paper aims to shed light on the development of the microfinance industry in Nepal and the recent policy announcements made by the Government of Nepal in relation to the microfinance sector. It is worth noting that Nepal currently has 65 microfinance companies, and for the purpose of this study, we will focus on one specific microfinance company.

1.2 Statement of the problem

Despite having abundant resources and untapped potential, Nepal is often seen as a country with poor management. Around 17.4 percent of its population falls below the

poverty line, earning less than one dollar per day. The main causes of poverty are the high population growth rate and low capital income. With approximately 80 percent of the population residing in rural areas, agriculture is the primary source of employment for the majority. However, the government has primarily focused on urban development, leading to a significant disparity in per capita income between rural and urban areas. Additionally, access to healthcare facilities, sanitation, and education institutions is limited, resulting in lower life expectancy and higher rates of infant mortality, malnutrition, and inadequate immunization. The country also faces a significant challenge in terms of low literacy rates, particularly among women. These facts reflect the current state of our country and highlight the pressing issues that need to be addressed for sustainable development.

Microfinance can play a crucial role in addressing the challenges outlined earlier by providing support to individuals who lack collateral but have the motivation, determination, and ability to improve their living standards and generate income through small-scale businesses. Therefore, this study aims to assess the performance and impact of microfinance programs, with a specific focus on Nirdhan Utthan Laghubitta Bittiya Sanstha Limited, in empowering women and enhancing their decision-making abilities. By examining the capacity-building aspect of microfinance, this research aims to shed light on how such initiatives can contribute to the overall socioeconomic development of individuals, particularly women, in Nepal.

There are numerous concerns that require attention, as will be discussed below. These concerns are anticipated to be covered by this study.

- What impact does the microfinance program have on women's social standing, sense of worth, and confidence, as well as the chances it opens up for them?
- What challenges do beneficiaries face?
- What solutions can be suggested to get rid of these performances?

1.3 Objectives of the study

The main aim of this study is to assess the impact of a microfinance program on the socioeconomic status of women in a specific study area. In order to achieve this, the following specific objectives have been identified:

- To examine the socio-economic status of respondents.
- To study the socio-economic impact of microfinance on women empowerment.

1.4 Significance of the study

This study focuses on the effective management of microfinance projects, particularly in Nepal where the current rural credit system for small microfinance projects lacks organization. Therefore, it is important to assess the performance of existing organizations before expanding the services of microfinance projects. The significance of this study lies in its exploration of the impact and services provided by microfinance projects in terms of women's empowerment and poverty reduction. Microfinance has been observed to have positive effects on various aspects, including increased business turnover, investment, savings, expenditures, and asset ownership. Additionally, women entrepreneurs participating in microfinance programs experience improvements in various social dimensions, such as increased freedom to make decisions, improved family and social relationships, enhanced mobility, better access to children's education, and improved health. Microfinance serves as a powerful tool in promoting the economic and social empowerment of women, thereby contributing to inclusive growth and women's active participation in the economy. To achieve this, it is crucial to enhance the scale and scope of microfinance initiatives.

1.5 Limitations of the study

In Nepal, there are various types of microfinance programs. The focus of the research is only on microfinance institutions. The following are the study's limitations:

- Because NULBSL is taken into account in the study's overview, it's possible that not all microfinance institutions are covered.
- The statistical results may be biased due to the respondents' illiteracy.

- The study is based on the opinions of microloan borrowers, and its accuracy depends on the response they provide. The sampling procedure is the basis for the study.
- The goal of the study is to determine how NULBSL's microfinance initiatives have affected society.
- The data provided by the relevant organization and the respondents' voluntary responses to the research questionnaire form the basis for the study's clarity and accuracy.

1.6 Organization of the study

The first chapter of this study provides an introductory framework, encompassing the general background, study introduction, objectives, problem statement, limitations, an overview of NULBSL activities, and the organization of the study. Moving on to the second chapter, it offers a comprehensive review of literature, drawing on previous research from various sources such as books, journals, and unpublished materials. Additionally, it examines microfinance practices in South Asia, program evaluations, and relevant policies. The chapter also sheds light on the status of women and their economic and social background in Nepal. It is important to note that this research is an independent study conducted in the field. The third chapter focuses on the research methodology, including the research design, data collection procedure, data processing, and data analysis techniques. In the fourth chapter, the collected data is presented and analyzed according to the defined research method. The chapter also includes the interpretation of the results and the findings of the study. The final chapter encompasses the discussion of the summary, conclusion, and recommendations based on the research findings. Finally, the bibliography and appendixes are provided for reference.

CHAPTER-II

REVIEW OF LITERATURE

2.1 Introduction

For present research work, this chapter presents about review literature on about role of microfinance on women's empowerment that are first presented followed by the review of various empirical studies and research in Nepal or other countries. Subject matter and further the new contribution and prepositions may be helpful for a research work. It in fact it provides the strong foundation for advancing a comprehensive theoretical framework. Thus, here are some of the relevant literatures which are reviewed in this chapter.

2.2 Conceptual Review

It is crucial to acknowledge the immense potential of microcredit in the battle against poverty and dependency. In recognition of this, a global movement has been initiated with the goal of reaching 100 million of the world's most impoverished families, providing them with access to credit for self-employment and other vital financial and business services.

Unfortunately, Nepalese society faces significant challenges in social development, particularly concerning women, due to prevalent social, cultural, and religious discrimination. Women have long been subjected to various forms of discrimination rooted in patriarchal norms, fatalistic beliefs, and superstitious practices deeply ingrained in Hinduism for centuries. These societal codes have shaped women's upbringing, status, and development, relegating them to a subservient role designed solely for the protection and fulfillment of men's needs. The prevailing society harbors various forms of exploitation and discrimination against women, which not only defy reason but also perpetuate cultural and dehumanizing practices that severely hinder women's social advancement(Wright, 2019).

The social and human development of women is severely hindered by the prevailing socio-cultural and religious environment, which perpetuates dehumanizing practices and discrimination. Women are denied access to education, economic opportunities, and basic

rights, limiting their ability to fulfill their human potential and engage in rational thinking and behavior. These constraints are rooted in superstitious beliefs and cultural practices that have marginalized women within society, reducing them to a sub-human category. (Lamsal, 2015).

Consequently, women's health profiles are disproportionately affected, with lower overall health indicators compared to men, particularly in rural areas. Factors such as economic status, income levels, literacy, and education further contribute to these disparities. (Soti, 2022).

The practice of dowry has exacerbated the plight of women, leading to miserable lives and unequal treatment. Families unable to meet exorbitant dowry demands often struggle to marry off their daughters and sisters, and even when marriages occur without meeting the dowry requirements, women still face mistreatment and discrimination. Women endure profound inequalities, injustices, and malnutrition, with their rights, freedoms, desires, and wishes being suppressed. (Khanal, 2021).

These challenges persist not only in Nepal but also in other South Asian countries. Addressing these issues requires raising awareness among the population and emphasizing gender equality, empowering women both economically and socially. Microfinance has emerged as a powerful tool to achieve these goals, providing opportunities for women's economic empowerment and helping to address social inequalities.

In addition, the non-farm rural economy plays a significant role in providing entrepreneurial and wage income to rural households, lowering the cost of local goods and services, and stimulating the demand for food products. However, for microfinance to effectively benefit the poorest individuals, it must be designed and targeted specifically to reach this marginalized group. Poverty-focused financial institutions have increasingly recognized the importance of targeting and measuring the impact of microfinance on the poorest segment of the population. (Morduch & Haley, 2013).

Under the right conditions, microfinance can serve as an instrument for a broad range of people, including the poorest individuals below the poverty line. While some individuals may be excluded from microfinance due to factors like mental illness, this is not likely to

pose significant operational challenges for microfinance institutions (MFIs). The poorest individuals can derive economic and social benefits from microfinance without jeopardizing the financial sustainability of MFIs. However, specific targeting strategies are necessary to effectively reach and assist the poorest segment of the population. (Morduch & Haley, 2013).

In conclusion, addressing the socio-cultural barriers and discriminatory practices that impede women's development is essential for achieving gender equality and promoting social progress. Microfinance, when properly implemented and targeted, can play a pivotal role in empowering women and improving their economic and social well-being, ultimately contributing to a more inclusive and equitable society.

2.2.1 Economic Status of Women

Access to formal employment is limited for Nepalese women, with only 16 percent of the economically active population in paid employment, and less than 400,000 women compared to 1.2 million men. The majority of employed women (82 percent) are self-employed, mainly in the informal sector, such as selling vegetables, small trade, manufacturing alcohol, and vending. This is in contrast to men, with 69 percent self-employed and 27 percent in wage employment. Women tend to work more hours than men, particularly in rural areas, where they work an average of 10.9 hours per day compared to men's 7.8 hours. However, women's access to credit is limited due to the requirement of tangible collateral, which most women lack, since formal and informal credit institutions cater to property owners. The lack of awareness and educational attainment, combined with confinement to household activities, also restricts women's access to institutional credit, making them more vulnerable to exploitative conditions of village moneylenders (Maria, Sabrina & De Gobbi (2005).

Despite the prevailing gender inequalities in Nepal, women have the potential to play a vital role in peace building and reconciliation efforts, transcending conflict divisions. Women entrepreneurs, in particular, contribute significantly to post-conflict reconstruction by integrating peace building and economic initiatives at the grassroots level. However, women in Nepal encounter various obstacles that hinder their economic participation, including religious, cultural, and social factors. The patriarchal system

deeply ingrained in Nepalese society restricts women's decision-making authority, confining their mobility primarily to occasions such as weddings or funerals. (Wright, 2015).

To address these challenges, businesses must prioritize inclusive employment policies and practices that account for gender dynamics. External factors, such as microcredit, can provide valuable support by offering training opportunities and access to credit, benefiting not only women but also their families and communities. However, it is crucial to recognize that financial assistance alone is insufficient; it must be accompanied by women's social and political empowerment to address the underlying structural gender inequalities.

Land reform programs also require careful design and implementation to ensure gender equality. Discriminatory statutes, biased attitudes of government officials involved in land administration, and a lack of awareness among women and men regarding property rights can limit women's entitlement to land ownership. Additionally, women entrepreneurs face obstacles in obtaining credit, as banks often require loan applications to be endorsed by their husbands, impose lengthy procedures, and may demand high levels of self-confidence, skills, and education (Soti, 2022).

To overcome these challenges, concerted efforts are needed from various stakeholders, including the government, businesses, and civil society organizations. Promoting gender-sensitive policies and programs, providing access to education and skills development, and raising awareness about women's rights and entitlements are essential steps toward fostering gender equality and women's economic empowerment in Nepal. In conclusion, while gender inequalities persist in Nepalese society, women have the potential to drive positive change and contribute to peace building and economic development. Addressing the underlying social, cultural, and institutional barriers requires a comprehensive approach that combines financial support, social empowerment, and policy reforms. By harnessing the untapped potential of women entrepreneurs and ensuring their equal participation, Nepal can make significant strides toward achieving gender equality and fostering inclusive economic growth.

2.2.2 Evolution of Micro-Finance

The journey of microfinance in Nepal traces back to the 1950s, with the establishment of the first credit cooperatives. These cooperatives initially focused on providing financial services to the agricultural sector, marking an important step in rural financial inclusion. Subsequently, in 1975, the Small Farmers Development Program (SFDP) was introduced as part of the Asian Development Bank/Nepal partnership. This program aimed to organize farmers into small groups and provide collateral-free credit.

In 1981, the Nepal Rastra Bank (NRB) launched the Intensive Banking Program (IBP), which mandated commercial banks to allocate a minimum of 7 percent of their lending portfolio to the priority sector. This percentage was later increased to 12 percent in 1990, reflecting the government's commitment to promoting inclusive finance. However, the requirement for mandatory lending to the priority sector is gradually being phased out.

In 1992, the government sector took a significant step by initiating Grammen Bikash Banks, a milestone in rural microfinance in Nepal. Additionally, non-governmental organizations (NGOs) started engaging in microfinance activities through institutions like Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (NULBSL) in specific areas.

The evolution of the microfinance sector in Nepal can be summarized as follows:

- Establishment of credit cooperatives in the 1950s.
- Introduction of the SFDP and the formation of small farmer groups in the 1970s.
- Implementation of SFDP under the partnership with the Asian Development Bank/Nepal in 1975.
- Adoption of priority sector lending directives by commercial banks in 1974.
- Launch of the IBP program in 1981, aiming to involve commercial banks in microcredit.

These milestones in the development of microfinance in Nepal highlight the gradual expansion and recognition of the importance of inclusive financial services in supporting rural communities and promoting economic growth.

2.2.3 International Context

Numerous studies have demonstrated the positive impact of microfinance on women's empowerment and development. According to Kabeer (2001), microfinance has been instrumental in providing access to credit, savings, and insurance for women, thus empowering them economically. Microfinance has also enabled women to participate in decision-making processes, thereby enhancing their social empowerment (Mayoux, 1999).

Several studies have highlighted the link between women's economic empowerment and gender equality. For instance, the World Bank (2012) noted that gender equality is essential for reducing poverty and achieving sustainable development. In addition, women's economic empowerment has been recognised as a critical factor in promoting gender equality and women's rights (UN Women, 2013).

Moreover, microfinance has also been found to have a positive effect on household welfare. A study by Pitt and Khandker (1998) found that microfinance programs led to an increase in household income and consumption levels.

2.2.4 National (Nepalese) Context

In Nepal, microfinance has emerged as a significant tool for women's economic empowerment. The Government of Nepal has recognized the importance of microfinance in poverty reduction and women's empowerment and has implemented various policies to promote microfinance (Pokharel, 2022).

Several studies have demonstrated the positive impact of microfinance on women's empowerment in Nepal. For instance, a study by Shrestha (2013) found that microfinance has played a vital role in providing access to credit and savings for women in rural areas, thereby enhancing their economic empowerment. Another study by (Mayoux,1999) found that microfinance has enabled women to involve in decision-making processes at the household and community levels, thereby enhancing their social empowerment.

Furthermore, the case study of Nirdhan Uttan Laghubitta Bittiya Sanstha Limited in Nepal has shown the positive impact of microfinance on women's empowerment. Nirdhan Uttan has been providing microfinance services to women in rural areas of

Nepal since 1998. The organization has been instrumental in empowering women by providing access to credit, savings, and insurance. Moreover, Nirdhan Uttan has also been providing training and support to women entrepreneurs, thereby enhancing their capacity and skills (Nirdhan Uttan, 2021).

2.2.5 Financial inclusion in rural communities

Around 40 percent of Nepalese does not have access to financial services from commercial banks, development banks, or financial companies. (WB, 2019) Here is where locally stationed finance institutions can bridge this gap. What rural communities of Nepal need are well designed financial products that can fill specific financial gaps of their livelihood financial empowerment through small credit solutions. The concept for microfinance, which has gained significant global recognition, originated from Nobel Peace Prize Winner Muhammad Yunus and his Grameen Bank model in Bangladesh. This innovative approach to providing financial services to the underserved populations has inspired similar initiatives worldwide, including in Nepal during the early 2000s. The Grameen Bank model, with its focus on empowering individuals through small loans and fostering entrepreneurship, has been a driving force in the expansion of microfinance programs across different countries, including Nepal. When Nepal's previous initiatives to reduce poverty through financial inclusion fell short, a number of private microfinance's and NGOs adopted the Grameen Model, through which micro-credits could be made to poverty-stricken individuals without any collateral against it. Soon after, financial institutions made themselves more and more accessible through microfinance institutions (MFI), financial intermediary NGOs, and saving and credit co-operatives.

MFI products like group savings, micro loans, and insurance have been tailored to meet specific livelihood demands of rural communities. Unlike major commercial banks of Nepal, MFIs specialize in collateral-free microloans, savings, and insurance and remittance services. Additionally, they focus on providing ad hoc financial products to families who suffer economic shocks, to avoid any decline in their living standard.

Institutions such as Laxmi MFI provide agricultural loans for farmers to capitalize on seasonal farming opportunities, along with microenterprise loan, income-generating loan, and revival loans. Similarly, Nirdhan MFI specializes in savings opportunities for

salaries, education fees, group funds and remittance services. Nepal currently has around 85 registered MFIs that have more than 4,200 branches.

2.3 Empirical Review

2.3.1 Review of Related Articles and Journals

Microfinance, at its core, holds the potential to uplift the impoverished and ensure the survival of financial institutions. However, if the desired outcomes prove unattainable, the program should be adapted to enhance its effectiveness. Society may consider subsidizing these efforts to further support the poor by offering them lower interest rates, thereby promoting their success while providing the necessary financial backing for microfinance institutions. Though the costs may be high, the long-term benefits are likely to outweigh them, as the poor become self-sufficient and less reliant on charity or government assistance. Moreover, providing access to credit should be viewed as a fundamental right, aligned with the noble goal of poverty alleviation. Recognizing the social dimensions of microfinance, NUBL Bank acknowledged that extending credit to women not only improves the economic conditions of families but also enhances social well-being (Yunus, 2004).

While microcredit programs have demonstrated the potential to generate income and empower individuals, it is important to recognize that credit alone cannot address all the challenges of poverty. Factors such as lack of human capital, material assets, and access to resources also contribute to low productivity and incomes among the poor. The poorest individuals may have limited demand for credit due to their limited capacity to utilize it profitably and their inability to service debt (Datt & Martin, 2014). Hence, efforts to combat poverty must encompass broader changes in institutions, policies, and awareness to create an environment that supports poverty eradication (Llanto, 2013).

Microfinance, as exemplified by the Grameen Bank model, is rooted in the belief that the poor possess untapped or underutilized skills. Poverty is not a result of a lack of skills but is created by the institutions and policies that surround individuals. To eliminate poverty, it is essential to make appropriate changes in these systems or create new ones (Yunus, 2004). It is crucial to recognize that charity alone is not a sustainable solution to poverty,

as it can perpetuate dependency and hinder individuals' initiative to break free from the cycle of poverty.

Microfinance holds significant importance for social policy, as it can address multiple objectives such as reducing unemployment, alleviating poverty, promoting local community development, and increasing labor market flexibility. The involvement of the private sector in microfinance has shown promising outcomes, offering a platform for successful private-public partnerships. These initiatives benefit the poor by providing new opportunities for wealth creation and choice, contributing to broader societal goals such as improved education, nutrition, and gender equity. Additionally, private businesses gain access to new markets and enhance their reputation by providing services that have a positive social impact (Yunus, 2016).

The key to ending poverty lies in creating employment and income opportunities for the poor. While orthodox economic approaches primarily focus on wage-employment, self-employment is often a faster and easier way to generate income for the poor. Credit should be recognized as a human right, particularly for individuals seeking income-generating opportunities. Credit can instantly facilitate self-employment, enabling the poor to realize their potential (Yunus, 2005).

An apt analogy for understanding poverty is comparing poor people to bonsai trees. Given the right environment, they could have grown into towering trees, but the constraints imposed upon them have stunted their growth. Similarly, the potential within poor individuals remains unrealized due to the lack of social and economic support from society. To harness the emerging knowledge economy and leverage globalization, it is vital to view these advancements as unprecedented opportunities for the poor and economically disadvantaged nations. The future of nations will no longer be determined solely by their wealth but by the quality of human resources and the transformative impact of information technology and education on their economic conditions (Yunus, 2005).

2.3.2 Review of the previous Thesis

Kafle (2018), conducted a research on "Impact of Micro-Finance on Rural People: A case study of self-help Banking Program of Center for Self-help Development in Lahan Municipality". In his thesis, the researcher reached a noteworthy conclusion regarding the positive outcomes of microfinance. The findings indicated significant improvements in various aspects, including income levels, savings, entrepreneurship skills among those living in poverty, employment opportunities, poverty reduction, living standards for rural women, and property ownership. Ultimately, the researcher emphasized that microfinance programs play a crucial role in generating income and uplifting the economic status of impoverished women.

Rajbanshi, (2019), conducted a research entitled "Microcredit for Women Poverty Reduction: In the case study conducted in the Changunarayan Municipality of Bhaktapur, the primary focus was to investigate the involvement of women in a microcredit program. The study's objective was to determine the impact of this program on various aspects such as beneficiaries' income, living standards, and social factors including child education, family planning, sanitation, and other related reforms. The research findings revealed positive outcomes in these areas within the Changunarayan Municipality. The microcredit program proved to be empowering for women, enhancing their self-confidence, promoting literacy, and enabling them to engage in income-generating activities of their choice.

Karki, (2020), in his thesis, he concluded a study on the impact of the Microcredit Program for Women (MCPW) and concluded that it has resulted in empowering women to different extents. The program has provided poor women with opportunities to engage in activities beyond the confines of their households, allowing them to organize themselves into groups and participate in productive and social endeavors. By emphasizing group activities and income generation, the program has contributed to enhancing self-confidence among women and increased their autonomy in decision-making regarding spending.

Adhikari (2021), has done research work on the "Impact of Microfinance Program for Women's Poverty Reduction: A case study of Chartare Youth Club Baglung District," the

findings revealed that the microfinance program had a multi-dimensional impact. While the program showed positive effects on income generation and improving living standards, it fell short of meeting expectations in terms of overall satisfaction.

Neupane, (2022), has concluded that there has been a noticeable increase in women's self-confidence, indicating their growing autonomy in decision-making. This empowerment of women in financial matters has had a positive impact on the well-being of households. Notably, rural women have allocated a significant portion of their increased income towards important priorities such as children's education, improving food quality, and enhancing healthcare provisions.

2.4 Research Gap

Research papers findings may differ as changes in the environment, people's perspectives, and advancements in technology. While numerous studies have been conducted in my area of interest, very few have examined specifically the role of microfinance in promoting women's empowerment. Moreover, previous findings were predominantly based on terai region branch data, leaving a significant knowledge gap. By specifically examining the consequences of microfinance on women's socio-economic empowerment in the Lalitpur district, our research aims to shed light on the unique contributions and potential benefits of microfinance in this particular setting. Through this study, it fulfills the gaps in previous research and provides valuable insights into the empowering potential of microfinance for women in this specific context.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology encompasses the systematic approach employed in conducting a study, including the selection of data, data collection methods and procedures, data organization and analysis techniques. It serves as a framework for resolving the research problem in a structured manner. Essentially, research methodology can be regarded as the scientific study of how research is conducted. In this particular study, the researcher follows a series of steps commonly employed in investigating a research problem, while providing a rationale behind each step taken.

3.2 Research design

The study incorporates various research designs that align with its nature, including case study, field study, descriptive research, and analytical research. The case study research design enables a detailed examination of the current status and past experiences of microfinance program clients. It facilitates in-depth conversations with selected clients to understand the impact of microfinance on their lives. The field study research design focuses on exploring the attitudes, values, perceptions, and behaviors of the participants in the microfinance program. It provides insights into the participants' experiences within the program. Descriptive research design is employed to gather information about the opinions, behaviors, and characteristics of the beneficiaries, aiming to describe the current situation and events. This type of research aims to accumulate factual information. Analytical study involves a thorough analysis of the collected data and information, enabling a precise and critical evaluation of the findings.

3.3 Procedure of data collection

To ensure accurate and reliable research outcomes, both primary and secondary data were collected from a variety of credible sources. The primary data was gathered using structured questionnaires, field visits, and engaging in interactions with respondents closely associated with the microfinance program. These firsthand sources provided valuable insights and direct information related to the research topic. In addition, secondary data was collected from various published sources such as annual reports of

the NULBSL, articles, dissertations, journals, books, and relevant websites. These secondary sources contributed to the existing knowledge and literature on the subject. Furthermore, data from reports by the NRB (Nepal Rastra Bank), economic reports, and other relevant sources were also utilized to complement the research findings. By incorporating a combination of primary and secondary data, the research aimed to ensure comprehensive and well-informed results.

3.4 Data processing

The collected data underwent a thorough process of editing, coding, classification, and tabulation using Microsoft Excel. This process ensured the data's accuracy and organization for further analysis. To visually represent the findings, bar graphs were employed, providing a clear and concise depiction of the data. Through these processed data, a comprehensive understanding of the performance-related activities within the microfinance program was obtained, shedding light on the program's effectiveness and impact.

3.5 Population and Sample

At present, there are 65 (Monthly Statistics-NRB, 2023) microfinance are operating in Nepal. It is impossible to research every aspect of the subject topic due to time and resource limitations. All the microfinances that are operating in Nepal are considered as the population. From the microfinance of Nepal, only one microfinance i.e. Nirdhan Utthan Laghubitta Bitya Sansthan Thecho Branch, Godawori Municipality 12, Lalitpur is taken as a sample for the research study. The research is lived on the nearest location of sampled branches of the company, so this branch is selected for the study. One microfinance (NULBSL) beneficiaries were considered out of the 65 microfinances. The study has deployed a convenient and purposive sampling technique to collect the respondents' opinion. Among the 420 members of this branch, 210 were selected as sample of the study through Non probability sampling. Selected sample size includes 50 percent of whole population which shall represent entire population of study area.

3.6 Statistical Tools and method of data analysis

Descriptive statistics have been used to analyze the data, which involved statistical tools such as the average, mean, standard deviation, and coefficient of variation. These tools

provided a detailed summary of the data and allowed for a better understanding of the patterns and trends within the dataset. The average or mean provided information on the central tendency of the data, while the standard deviation provided insight into the variation or spread of the data points. The coefficient of variation was used to measure the relative variability of the data points, which is useful in comparing datasets with different scales or units. By utilizing these statistical tools, a comprehensive analysis of the data was conducted, which helped in drawing meaningful conclusions and making informed decisions based on the findings.

CHAPTER-IV

RESULTS AND DISCUSSIONS

The present study aimed to investigate the socio-economic status of women and evaluate the impact of microfinance on their empowerment. To accomplish this objective, systematic data were collected, analysed, and presented in this Results and Discussion chapter. This section focuses on presenting the profiles of the respondents and discussing the findings related to the economic and social empowerment of women entrepreneurs through microfinance. The results obtained through the research will be presented and analyzed in order to gain insights into the impact of microfinance on women's empowerment in both economic and social aspects.

4.1 Socio-demographic status of respondent

The research focuses on women entrepreneurs from Lalitpur District who have utilized microfinance loans to start or grow their businesses. A comprehensive overview of the demographic profile of the 210 women entrepreneurs who have availed microfinance services from various microfinance institutions is provided in this study. The profile includes relevant information regarding their backgrounds, such as age, education, marital status, and other pertinent details. In this study, the socio-economic status is studied separately. For the study of the social status, the age composition, educational, marital, socio-households information was presented and analysed.

4.1.1 Age Composition of Respondents

Table 4.1: Age Composition of Respondents

Age group of Respondents (in Year)	No of Respondents(f)	Percent (%) Represent of age group
20-30	64	30.48
30-40	58	27.62
40-50	66	31.43
50-60	16	7.62
60 -70	6	2.86
Total	210	100

Source: Field survey, 2022

The age distribution of the sampled respondents revealed that the majority of them fall into the age group of 40-50, with 66 respondents or 31.43 percentage of the total. The second largest age group is 20-30, with 64 respondents or 30.48 percentage of the total. The third largest age group is 30-40, with 58 respondents or 27.62 percentage of the total. In this regard, we can state that a considerable fraction of young group women participate in MF programs. The age groups of 50-60 and 60-70 represent the minority of the respondents, with only 16 respondents (7.62 percentage) and 6 respondents (2.86 percentage) respectively falling into those age ranges. The participation of older women in the microfinance program is observed to be minimal. This can be attributed to their physical limitations and economic constraints that hinder their engagement in income-generating activities. However, women in the age groups ranging from 20 to 50 exhibit a relatively equal level of involvement in the microfinance program. It should be noted that as per the program's guidelines, only married women are eligible to participate, which excludes those below the age of 16. Moreover, the study reveals that women who are 25 years old have been engaging in the program for approximately seven to eight years. Therefore, it can be inferred that married women who are 16 years or older are actively involved in the microfinance program.

4.1.2 Marital Status of Respondents

The microfinance program has proven to be an important tool in poverty reduction and improving the social status of disadvantaged individuals, particularly women. Many countries around the world have successfully implemented microfinance programs, focusing primarily on empowering poor women. Similarly, the NULBSL program in our country specifically targets rural women in poverty. As a result, all members or clients of the NULBSL microfinance program are married women. This policy ensures that unmarried women are not included as clients, as the bank believes that their outstanding loans may increase after marriage. However, even though all clients are married women, their marital status may change due to factors such as divorce, widowhood, or living separately. Therefore, this research aims to identify the specific marital status of the respondents, as shown in the following table.

Table 4.2: Marital Status of Respondents

Marital Status	No. of Respondents	Percentage (%)
Married status	190	90.05
Widow status	16	7.58
Separate status	4	1.89
Divorced status	-	-
Total	210	100

Source: Field Survey, 2022

According to the findings presented in Table 4.2, it can be observed that the majority of the sampled respondents, accounting for 90.05 percent, were married women who were living with their husbands. Additionally, 7.58 percent of the respondents were widows, while 1.89 percent of the women were living separately from their husbands, despite being legally married. Interestingly, none of the respondents in the sample were divorced. These statistics provide insight into the diverse marital statuses of the women participating in the microfinance program.

4.1.3 Distribution of Respondents according to Caste or ethnicity

The examination of caste and ethnicity is crucial in assessing the impact of the microfinance program, as it enables us to determine the extent to which women from marginalized communities are participating and benefiting from the program.

Table 4.3: Distribution of Respondents according to Caste or ethnicity

S. No.	Caste	No of Respondents	Percentage (%)
1	Brahmin	30	14.29
2	Chhetri	18	8.57
3	Newar	64	30.48
4	Gurung	14	6.67
5	Magar	20	9.52
6	B.K./Ranpal	24	11.43
7	Damai	6	2.86
8	Muslim	6	2.86
9	Madhesi	18	8.57
10	Thakuri	6	2.86
11	Tharu	2	0.95
12	Sarki	2	0.95
	Total	210	100

Source: Field Survey, 2022

According to the data presented in Table 4.3, the distribution of respondents based on their caste and ethnicity is as follows: 14.29 percent of respondents belong to the Brahmin caste, 8.57 percent are from the Chhetri community. Additionally, 30.48 percent of respondents are from the Newar community, which is significant as the study area falls within Lalitpur district. Furthermore, 8.57 percent of respondents belong to other Madeshi castes such as Gupta and Yadav. Another 7.62 percent of respondents are from various other communities. Specific community groups, such as Muslims, constitute 2.86 percent of the respondents, while Gurungs make up 6.67 percent, and Magars account for 9.52 percent. Notably, 15.24 percent of the women in the program are from Dalit groups.

4.1.4 Education Level of Sampled Respondents

Education plays a crucial role in empowering individuals and improving their economic status. It is especially important to provide education and awareness to women as part of programs aimed at their empowerment. Before women enter the microfinance program, the bank offers training on loan installment payment methods, mandatory savings, personal savings, and how to invest the loan amount for profitable ventures. This training provides essential knowledge that has a significant positive impact on society.

Table 4.4: Education Level of Sampled Respondents

Level of Education	No of respondents	Percentage (%)
Illiterate	110	52.38
Literate	100	47.62
Total	210	100

Source: Field Survey, 2022

Table 4.4 illustrates the distribution of respondents based on their educational level. The table indicates that 52.38 percent of women were initially illiterate but have learned to write their own names after participating in the microfinance program. Among the 210 respondents, 100 have a basic level of literacy, accounting for 47.62 percent of the total. This category includes individuals with education ranging from basic level to secondary level, bachelor's degree, or higher. The majority of respondents who are illiterate tend to be trusting and rely on bank staff for various activities, including inquiries about their savings account balance. They hold the belief that the bank and its staff are like deities to

them because they provide loans when needed. However, they may not be aware of the interest charges imposed by the bank or the remaining loan amount to be repaid.

4.1.5 Head of the Family Household

In our society, there exists a prevalent male dominance where men typically hold the position of household heads. As a consequence, men tend to exert control over women in various aspects of life, including even decisions regarding meals. It is evident that the role of the household head plays a significant part in determining the status of women within the family and society at large. When women are actively involved in the decision-making process within the family, it contributes to their overall empowerment and enhances their confidence. This valuable experience gained within the household setting has a positive impact on their ability to engage in other activities outside the home.

Table 4.5: Head of the Family Household

Head of Family	No of Respondents	Percentage (%)
Respondent herself	54	25.71
Husband	138	65.71
Others	18	8.57
Total	210	100.00

Source: Field Survey, 2022

Based on direct questionnaires and interviews conducted with a sample of 210 respondents, the majority of them (65.71 percent) reported that their husbands hold the position of the family head. Additionally, 25.71 percent of the respondents stated that they themselves are the head of their families. However, 8.57 percent of the respondents mentioned that neither they nor their husbands hold the role of family head, but instead, it could be their father-in-law, son, or daughter. It is worth noting that the respondents who identified themselves as the family head predominantly belonged to hilly regions, while women from Terai (plain) regions expressed being more disadvantaged compared to their counterparts in hilly regions. This implies that women from hilly regions tend to have more openness and confidence in expressing their opinions and taking charge of their families.

4.2 Socio-economic Characteristics

The socio-economic characteristics of the respondents refer to the social and economic factors that describe the population being studied. The variables used in my research paper includes the total number of economic active and dependency persons in the respondents' households, the size of the respondent's family, the number of children going to school, the causes of changing the number of children going to school, the pattern of paying the loan, and the sources of paying the loan.

The total number of economic active persons and dependency persons in the respondent's household can provide insight into the household's economic activity and support structure. The size of the respondent's family member can provide an idea of the household's composition, while the number of children going to school and the causes of changing the number of children going to school can provide insight into the household's education-related decisions. The pattern of paying the loan and sources of paying the loan can provide information on how the respondents manage their finances and the level of financial literacy. Overall, these variables can help to understand how microfinance can impact households and the factors that influence its effectiveness in promoting financial inclusion and poverty reduction.

4.2.1 Total number of economic active person and dependency person in respondents household

Generally, economic active population refers to individuals who are in the age range of 15 to 59 years and are able and willing to work. However, in the present study, the number of economic active persons in a household was used as an indicator of the number of income earners in the household. The concept of dependency level refers to the family members who rely on the economic contributions of others within the household. In this study, the researcher aims to determine the number of economically active individuals in each respondent's household, as well as the total number of individuals residing in the sampled households.

Table 4.6: Total number of persons in respondent's households and economically active person

Particulars	No of Persons in the sample respondents Households	Percentage%
Total No of person in the sample respondent's house	1206	100.00
Economically active person:	402	33.33
Overseas	97	8.04
Pension getting	9	0.75
Army	35	2.90
labour	124	10.28
Government job	22	1.82
Private job	80	6.63
others	35	2.90

Source: Field survey, 2022

According to the aforementioned table, it is evident that the 210 respondent households collectively comprise 1,206 members. Further analysis reveals that only 33.33 percent of these members are economically active individuals who earn income to support their families. Among them, there are 22 individuals employed in low-grade government positions, 97 individuals working overseas, and 35 individuals serving in the Nepalese and Indian armies. Additionally, there are 9 individuals receiving pensions, 124 laborers, and 80 individuals employed in the private sector. The remaining 35 members are engaged in various other professions not specified in the data collection. These findings indicate a significant number of dependents within the sampled households. Notably, households belonging to the Terai community exhibit a higher dependency ratio compared to those from the hilly region community group.

4.2.2 Size of respondent's family member

The size of a family has a significant impact on its economic situation. A larger family requires more sources of income as it directly affects the level of household expenses. Additionally, the workload for domestic chores increases, requiring women to dedicate more time to household responsibilities. The size of a family plays a crucial role in determining its socioeconomic status and overall livelihood. Larger families require a higher financial contribution compared to smaller families. The smooth functioning of a

family necessitates a higher level of consumption, as compared to smaller families. In this study, the researcher aims to present the family sizes of the sampled respondents, providing insight into the relationship between family size and various socioeconomic factors.

Table 4.7: Size of respondent's family member

Family Size	No of Respondents	Percentage (%)
Up to 4 (small)	52	24.76
5 -9 (medium)	142	67.62
9 to 12 (large)	14	6.67
13 and above (very large)	2	0.95
Total	210	100.00

Source: Field survey, 2022

Referring to Table 4.7, it can be observed that the majority of sampled respondents belonged to medium-sized families, with a member count ranging from 5 to 9, accounting for 67.62 percent. Similarly, 24.76 percent of respondents were classified as belonging to small-sized families. A smaller proportion of respondents, 6.67 percent, indicated that their families were large in size. Additionally, 0.95 percent of respondents reported having very large-sized families. These findings provide insights into the distribution of family sizes among the sample beneficiaries, highlighting the prevalence of medium-sized families among the respondents.

4.2.3 Number of Children Going to School

Table 4.8: Number of Children Going to School

Particulars	Before	After	Changed
Son	232	248	16
Daughter	188	198	10
Total	420	446	26

Source: Field Survey, 2022

There is a noticeable similarity in the trend of parents sending their daughters to school both before and after their involvement in the microfinance program.

4.2.4 Causes of changing the number of children going to school

Ensuring education for their children is considered crucial by parents, as it holds the key to a bright future for the younger generation. During the research interviews, many respondents expressed their commitment to providing educational opportunities for their children, despite their own illiteracy. While there was no significant change in the overall proportion of children attending school before and after their parents' involvement in the microfinance program, a closer examination revealed that a majority of respondents reported sending their children to school at least up to the primary level after joining the program.

Interestingly, the long-term engagement in the microfinance program seemed to have influenced the balance between children entering and leaving school, resulting in a nearly equal proportion. When asked about the reasons behind sending their children to school or the factors leading to their withdrawal, 22 respondents attributed it to the increase in their income levels. Additionally, 15.24 percent or 32 respondents mentioned that they had recognized the significance of education through firsthand experiences of the challenges they faced due to their own illiteracy.

Table 4.9: Causes of changing the number of children going to school

Reasons	No of respondents Answered	Percentage
Due to age of children	50	23.81
Due to the increments of income	22	10.48
I have known importance of education	32	15.24
Due to marriage of child (Daughter)	32	15.24
Due to marriage of child (son)	6	2.86
Getting Job	4	1.90
Not interested by child	28	13.33
Due to Poverty of family	22	10.48
Due to illness of child or family	8	3.81
Overseas Job	6	2.86
Total	210	100.00

Source: Field Survey, 2022

Among the respondents, 15.24 percent or 32 mentioned that their children left school due to their daughters' marriages. Similarly, 2.86 percent or 6 respondents reported that their

sons discontinued their education because of marriage. Additionally, 1.9 percent or 4 respondents stated that their children left school after securing a job. Another factor mentioned by 13.33 percent or 28 respondents was that their children lost interest in studying after failing in higher grades while their peers continued their education. Similarly, 10.48 percent or 22 respondents attributed their children's departure from school to the pressing need to support the family financially due to poverty. They had to engage in income-generating activities. Moreover, 3.81 percent or 8 respondents cited the illness of a family member as the reason for their children leaving school, while 2.86 percent or 6 respondents mentioned that their children pursued overseas job opportunities.

4.2.5 Pattern of paying loan

According to the bank's regulations, the respondents are required to repay their loans in a minimum of 25 installments. This rule applies to general loans, and it is expected that the respondents make installment payments on a fortnightly or weekly basis.

Table 4.10: Pattern of paying loan

Types	No of Respondents	Percentage (%)
Paid Fully	22	10.48
Paid Partially	188	89.52
No Paid Yet	0	0.00
Total	210	100.00

Source: Field Survey, 2022

During the research, respondents were asked about their loan repayment behavior, specifically whether they paid their loans on time and regularly. Out of the 210 respondents, 22 individuals (10.48 percent) stated that they had already fully repaid their loans and no longer needed further loans from the bank. On the other hand, 188 respondents (89.52 percent) reported that they had partially repaid their loans in a timely manner. Interestingly, none of the respondents indicated that they had not paid their loans at all. Many respondents mentioned that after completing their first loan repayment within a one-year period, they were able to obtain re-loans. It should be noted that loans for topics such as toilets and hand pumps were not available for repeated borrowing.

4.2.6 Sources of paying loan

In order to maintain a regular financial relationship with the bank and continue receiving necessary support, particularly in the form of loans, it is imperative for respondents to prioritize timely loan repayments. Adhering to the rules and regulations set forth by the bank is crucial in this regard. Respondents utilize loans for a variety of purposes, and the means by which they repay their loans may differ. Some rely on the income generated from their loan investments, while others may borrow from friends or other institutions to fulfill their loan obligations.

Table 4.11: Sources of paying loan

Sources	No. of Respondents	Percentage (%)
Income earned from Investing loan	140	66.67
Taking Loan From Other Institution	6	2.86
From Mutually income	6	2.86
Other Sources (other family's income/salary)	52	24.76
Doing labor	6	2.86
Total	210	100.00

Sources: Field Survey, 2022

According to Table 4.11, a significant majority of respondents (66.67 percent) indicated that they pay their loan installments using the income generated from their loan investments. A small percentage (2.86 percent) mentioned that they rely on borrowing money from other financial institutions or friends to fulfill their loan obligations. Similarly, another 2.86 percent of respondents reported that they use the combined income of both spouses to repay their loans. On the other hand, 24.76 percent of respondents expressed that they faced financial constraints and did not have sufficient funds to cover their loan installments. Consequently, they resorted to seeking monetary assistance from their husbands or other economically active family members.

4.3 Socio-economic Impacts on Women Empowerment

In this section, we examine the social and economic impacts on women's empowerment by analysing a set of variables as mentioned below. The purpose of this analysis is to better understand the factors that contribute to women's empowerment and to identify areas where progress can be made.

4.3.1 Social Impacts on Women Empowerment

4.3.1.1 Involvement on Cooperative Discussion

The concept of empowerment is a subject of ongoing debate in the realm of development and social movements worldwide. While various definitions exist, they all aim to capture the dynamics of power in social interactions and personal relationships. In the context of sustainable development, empowerment plays a crucial role, particularly concerning women's rights and status. By addressing these issues, women can effectively utilize their resources and contribute to the overall advancement of society.

Gender equality and women's empowerment have far-reaching positive implications for national, community, and household economies. Moreover, they are vital for enhancing the well-being, self-confidence, and social standing of women within their personal and broader networks. Engaging in discussions on relevant topics serves as an indicator of individuals' confidence and influence. Cooperative discussions are typically undertaken to foster societal development, such as improving infrastructure (e.g., constructing roads, digging wells), enhancing education, promoting sanitation, and conserving natural resources. Participation in social activities is a key driver in increasing individuals' confidence levels, as it provides them with opportunities to contribute to the betterment of their communities.

Table 4.12: Involvement on Cooperative Discussion

Particulars	Number of Respondents			
	Before Involvement on MF Program		After Involvement on MF Program	
	No.	Percentage (%)	No.	Percentage (%)
Yes	12	5.70	56	26.66
No	198	94.30	154	73.34
Total	210	100.00	210	100.00

Source: Field Survey, 2022

According to the data presented in Table 4.12, it is evident that the number of women engaging in cooperative discussions before participating in the Microfinance (MF) Program was 12 individuals, accounting for 5.70 percent of the respondents. However, after their involvement in the MF program, the number of respondents participating in

cooperative discussions increased to 56 individuals, representing 26.27 percent of the sample. These findings indicate a notable increase in the confidence levels of the respondents following their participation in the MF program, particularly in terms of engaging in cooperative discussions. Although the increment is a positive development, it may not fully meet the expectations or desires of the participants.

The data highlights the positive impact of the MF program in empowering women to actively participate in cooperative discussions. However, further efforts may be required to enhance the level of increment and ensure that women feel more satisfied and empowered to contribute to such discussions in a meaningful manner.

4.3.1.2 Level of Satisfaction of Sampled Respondents

Satisfaction refers to the level of contentment or approval an individual experiences in relation to the value or services they receive from a provider. It is a subjective assessment that varies from person to person based on their individual preferences, expectations, and circumstances. For instance, consider a scenario where two individuals purchase a bicycle. Person A buys a bicycle for Rs. 4000 and feels satisfied with the value they received. However, Person B may consider a higher value bicycle worth Rs. 5000 or a lower value bicycle priced at Rs. 3000 to be equally satisfying. The perception of satisfaction is influenced by factors such as personal preferences, affordability, and individual circumstances.

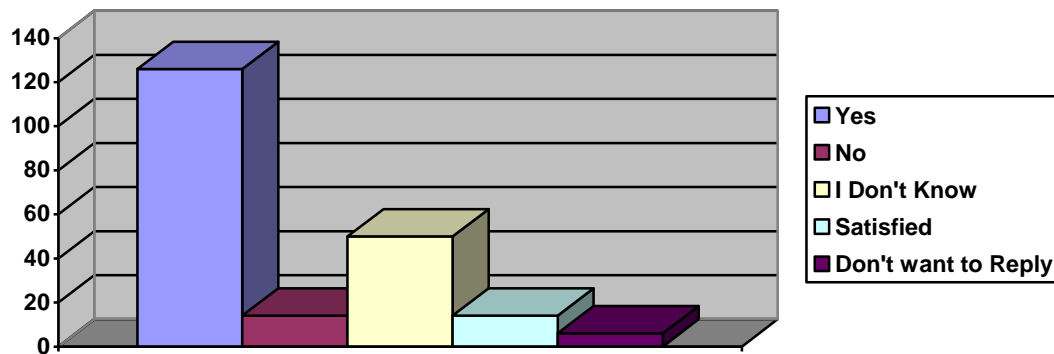
Satisfaction serves as a measure of the perceived value of goods or services relative to the investment made. For example, a person may find satisfaction in having a simple Nepali meal at a modest restaurant for Rs. 50, while another person with a higher economic status may be willing to pay over Rs. 500 for the same meal at a luxurious restaurant. The level of satisfaction derived from the meal depends on the individual's personal preferences and economic situation. Ultimately, satisfaction is a subjective evaluation that considers the perceived value of goods or services in relation to the individual's investment, taking into account their unique preferences, expectations, and financial circumstances.

Table 4.13: Level of Satisfaction of Sampled Respondents

Particular	No of respondents	Percentage (%)
Yes	126	60.00
No	14	6.67
I Don't Know	50	23.81
Satisfied(But not at all)	14	6.67
Don't want to Reply	6	2.86
Total	210	100.00

Source: Field Study, 2022

Figure 4.1: Level of Satisfaction of Sampled Respondents



Based on the responses obtained from the respondents, it is evident that 60 percent of them expressed satisfaction with the services provided by the banks. However, 6.67 percent of the respondents reported dissatisfaction with the services and the return value generated from the loans. Interestingly, 23.81 percent of the respondents indicated that they did not place much importance on evaluating the services provided by the banks, implying that they were not concerned about measuring the value of the service they received. It seems that their satisfaction was influenced more by the satisfaction of others rather than their own assessment.

On the other hand, there was a small percentage, specifically 6.67 percent, of respondents who reported being quite satisfied but not completely. It is worth noting that the number of respondents who did not express their satisfaction or dissatisfaction was negligible,

suggesting that the majority of respondents were able to articulate their level of satisfaction with the services provided.

Overall, the findings highlight the varying degrees of satisfaction among the respondents regarding the services offered by the banks. While a significant portion expressed satisfaction, there were also those who were dissatisfied or indifferent. It is essential for banks to take these diverse perspectives into account and strive to address any areas of concern to enhance overall customer satisfaction.

4.3.1.3 Societies Attitudes towards Respondents

Women face many practical and structural obstacles when it comes to participating actively as economic actors. Despite their efforts and achievements, they often find themselves underpaid compared to men and confined to low-wage positions. This disparity is particularly prevalent in developing countries, where women and girls experience higher illiteracy and poverty rates, and have limited opportunities to acquire the education and skills necessary to unlock their economic potential. As a result, their economic activities tend to revolve around unpaid or poorly remunerated work.

Gendered social norms and stereotypes further compound the challenges faced by women. These norms dictate expectations about women's behavior and lifestyle choices, placing additional constraints on their economic prospects. Within the household, women are typically financially dependent on male family members, which diminishes their decision-making power and control over household assets. Moreover, structural barriers such as the absence of legal rights for women to land or resources create further impediments.

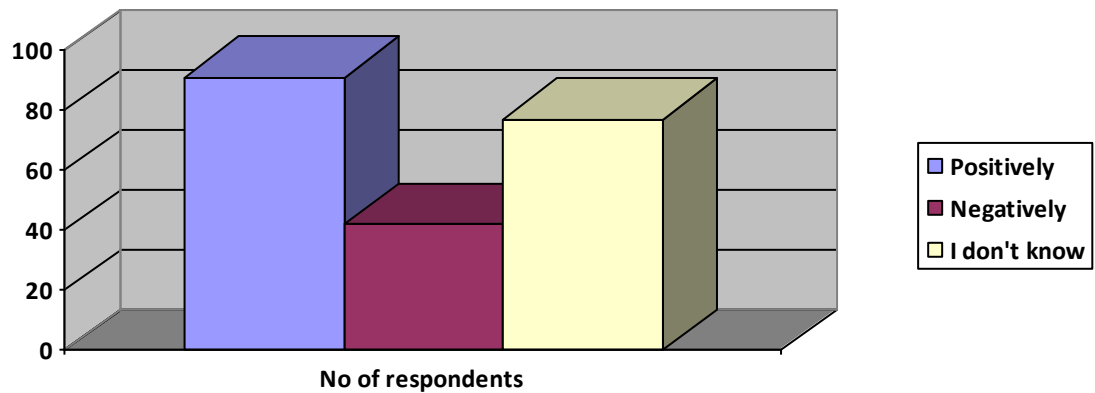
It is crucial to recognize and address these barriers in order to empower women economically. Efforts must be made to promote gender equality, challenge discriminatory norms and practices, and provide women with equal access to education, skills training, and economic opportunities. By dismantling these obstacles, we can create an environment that enables women to fully participate, thrive, and contribute to economic development on an equal footing with men.

Table 4.14: Feeling of Society towards Respondents

Response	No of respondents
Positively	91
Negatively	42
I don't know	77
Total	210

Source: Field Survey, 2022

Figure 4.2: Feeling of Society towards Respondents



In order to understand the societal response towards women who engage in various activities outside the home, the researcher conducted interviews with women who frequently need to go outside for work purposes. Out of the respondents, 91 women expressed that both their society and family have a positive attitude towards their self-dependent activities, accepting and supporting their endeavors. On the other hand, 42 respondents shared that being a woman going outside and engaging in various activities alone is challenging, as society and their own families do not provide support and sometimes even scold them for their choices.

Additionally, 77 respondents revealed that they are not bothered by societal opinions and criticism, as their family members offer unwavering support for their activities. This group of women seems to have developed a resilience to external judgments and prioritize their own aspirations. It is worth noting that a few respondents, with "I don't

know" responses, indicate a mixed level of acceptance or uncertain reception from society regarding their involvement in activities outside the household.

These findings highlight the varying experiences and attitudes towards women's engagement in external activities. While some women receive positive support and encouragement from both society and family, others face challenges and resistance. It is crucial to create an inclusive and empowering environment where women's autonomy and contributions are valued and supported by both societal and familial structures.

4.3.1.4 Respondent's Sources of drinking Water

Water is an essential element for sustaining life, and it is widely recognized that access to clean and safe drinking water is crucial for human well-being. Numerous health researchers and experts have highlighted that many diseases can be transmitted through contaminated drinking water. Moreover, water is indispensable for carrying out various household activities. Therefore, ensuring easy and efficient access to water for every individual is of utmost importance.

In Nepal, despite being the second-largest country in terms of water resources, many people continue to face challenges in accessing clean drinking water. In certain areas, individuals spend a significant amount of their time each day just to obtain a single pot of drinking water. This situation poses a considerable burden and hampers their daily lives. Recognizing this issue, the NULBSL (name of the organization) has taken the initiative to provide loans for digging hand pumps to its clients. This intervention aims to enable individuals to have access to water conveniently within their own homes, thereby eliminating the need to spend excessive time and effort on procuring water.

The provision of loans for hand pump installation not only addresses the immediate challenge of water scarcity but also contributes to improving the overall well-being and quality of life for individuals and communities. It is a practical step towards ensuring that people have a reliable and sustainable water supply, which is vital for their health and daily activities.

Table 4.15: Respondent's Sources of drinking Water

Sources of Water	Before joining MF Program		After Joining MF Program	
	No of Respondents	Percentage (%)	No of Respondents	Percentage (%)
Hand pump	122	58.11	144	68.57
Tap(Gov)	10	4.75	18	8.57
Public Tap	12	5.70	16	7.62
Nothing	54	25.71	18	8.57
Boring	12	4.77	14	5.71
Total	210	100.00	210	100.00

Source: Field survey, 2022

Figure 4.3: Use of water Sources before Involvement

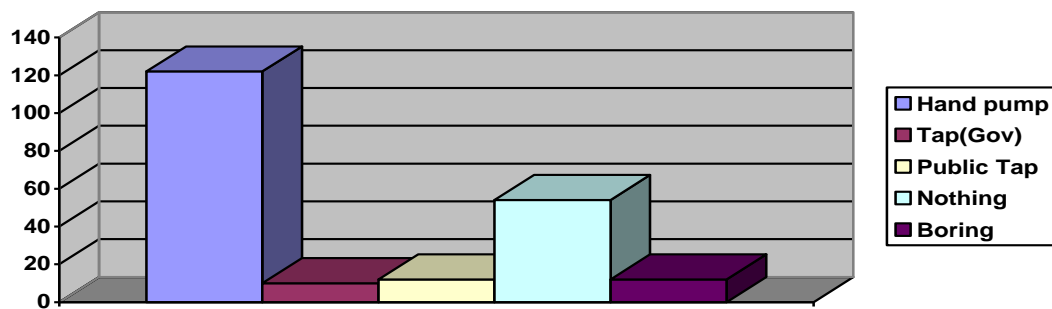
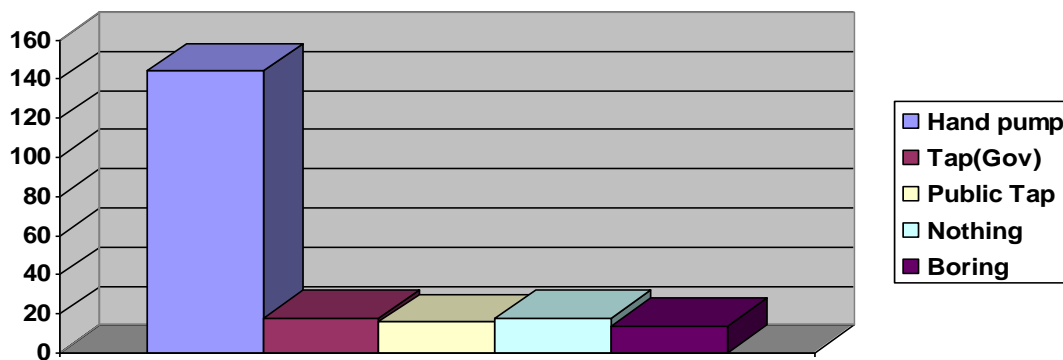


Figure 4.4: Use of water Sources after Involvement



According to the data presented in the table, 122 respondents relied on hand pumps as their water source before their involvement in the MF program. However, after participating in the program, there has been an increase in the number of respondents using hand pumps. This increase can be attributed to the shift in water sources among those who previously did not have a fixed water source. Prior to the MF program, 54 respondents did not have a consistent water source, but this number decreased to 18 after their involvement.

Furthermore, the trend of using various permanent water sources has also witnessed an increase. This change is due to the fact that individuals who previously did not have a fixed water source were able to access new sources after participating in the MF program. Specifically, out of the 36 respondents who transitioned to a fixed water source, this change was distributed among different sources such as hand pumps, taps, public taps, and boring. It is worth noting that the NULBSL loan system specifically provides loans for hand pumps. Therefore, out of the 144 respondents who started using a new permanent water source, 22 individuals began utilizing hand pumps. This indicates that 61 percent of the respondents who gained access to a permanent water source chose hand pumps as their preferred option. Overall, these findings suggest that the MF program has played a significant role in improving the availability of permanent water sources. By offering loans for hand pump installation, the program has enabled individuals to secure a reliable and consistent water supply, leading to positive changes in their access to clean water.

4.3.1.5 Sanitation used by Respondents

Table 4.16: Toilet Used by Respondents

Particular	Before joining MF Program		After Joining MF Program	
	No of Respondents	Percentage (%)	No of Respondents	Percentage (%)
Only toilet	50	23.80	110	52.38
Toilet and Bathroom	38	18.11	46	21.91
Bathroom Only	0	0	4	1.90
Nothing	122	58.10	50	23.81
Total Sum	210	100.00	210	100.00

Source: Field Survey, 2022

Based on the information provided in the table, it is evident that before their involvement in the MF program, 122 respondents, accounting for 58.1 percent, did not have access to a toilet or bathroom. However, after participating in the program, this number decreased to 50 respondents, representing 23.80 percent. Prior to their involvement, 50 respondents (23.81 percent) used a toilet only, while 38 respondents (18.11 percent) used both a toilet and bathroom. This data indicates that approximately 42 percent of the respondents had access to a toilet before their involvement in the MF program. Following their participation, 110 respondents (52.38 percent) reported using a toilet only, while 46 respondents (21.9 percent) stated that they used both a toilet and bathroom. However, it is noteworthy that 54 respondents (25.71 percent) still reported not having a toilet despite their involvement in the MF program.

It is important to note that, after completing a certain period of involvement in the MF program and ensuring timely loan repayment, respondents have the opportunity to acquire a toilet if they desire. The provision of toilet land is made available to program participants who meet these criteria. By analyzing the information presented in the table, it can be inferred that the MF program plays a role in addressing sanitation issues to some extent by reducing the proportion of respondents without access to a toilet. The program aims to contribute to controlling pollution stemming from inadequate toilet facilities. Overall, the MF program's efforts to improve sanitation and hygiene through the provision of toilets align with the goal of enhancing the living conditions and well-being of program participants.

4.3.1.6 Impact of Microfinance in Decision making

Table 4.17: Women's role in decision-making

Decision Making Areas	Before involving on MF Program		After Involving on MF Program	
	No of Respondents	Percentage (%)	No of respondents	Percentage (%)
Sending school for children	80	38.10	166	79.05
Going outside house	60	28.57	166	79.05
Selling and buying assets	56	26.67	138	65.71
Family Planning	98	46.67	172	81.90

Source: Field study, 2022

The respondents' involvement in the MF program led to a significant increase in their decision-making authority, even among the poor and less educated individuals. The program promoted a collaborative approach, where decisions were made through mutual understanding and discussion. A majority of the respondents reported being included in household decision-making processes, regardless of their socioeconomic background. This shift towards inclusivity and participation demonstrates the program's success in empowering individuals and creating a more democratic decision-making environment within households.

4.3.1.7 Impact of Microfinance in Health

Microfinance has been an effective tool in promoting the health and well-being of women in many developing countries. The provision of microfinance services, such as microcredit, micro savings, and micro insurance, has enabled women to access financial resources to meet their healthcare needs.

Table 4.18: Impacts of microfinance in Health

S.N.	Status of health	Increased Percentage
1	Access to Medical	75.50
2	Access to drinking water	66.66
3	Intake of Nutrient-food	61.20
4	Maternal care	52.46
5	Personal Hygiene	55.84
6	Immunization of children	88.70

Source: Field study, 2022

The table no. 4.18 clearly shows that microfinance has a positive impact on women's health. Access to medical care has increased by 75.50 percent, indicating that the intervention has successfully improved the availability and accessibility of healthcare services. This is a significant improvement, as access to medical care is essential for early detection and treatment of health issues. Access to drinking water has increased by 66.66 percent, which is also a positive development as it can reduce the risk of waterborne illnesses and improve overall health. Intake of nutrient-food has increased by 61.20 percent, indicating that the intervention has had a positive impact on the diet and nutrition of the population. Maternal care has increased by 52.46%, which suggests that the intervention has successfully improved access to maternal health services, such as

antenatal care and skilled birth attendance. This is crucial for reducing maternal mortality and improving the health of mothers and their children. Personal hygiene has increased by 55.84%, indicating that the intervention has successfully promoted good hygiene practices, which can reduce the spread of infectious diseases and improve overall health. Similarly, the intervention led to an increase in personal hygiene by 55.84%, which can help reduce the spread of infectious diseases and improve overall health. Finally, the immunization of children has increased by 88.70%, which is a significant improvement in preventative care. The significant increases observed in all indicators demonstrate the effectiveness of the intervention in improving health outcomes.

4.3.2 Economic Impacts on Women Empowerment

4.3.2.1 Causes of Changes in Income of Respondents

According to the respondents' feedback, their income levels generally increased after their involvement in the microfinance program. However, it should be noted that some individuals faced setbacks, such as increased business credit or the death of cattle, which resulted in financial losses. Over the course of nine years in the microfinance program, some respondents experienced significant improvements in their economic status, while others did not see a substantial change. Despite these variations, the majority of participants reported an overall enhancement in their family's economic condition compared to before their involvement in the program.

Table 4.19: Causes of Changes in Income of Respondents

Reasons	Number	Percentage (%)	Remarks
Business Expansion	46	21.90	Increased
New Business Estd.	42	20.00	Increased
Increasing in Production of Agriculture	32	15.24	Increased
Others/labour Rate increase	28	13.33	Increased
Getting job	42	20.00	Increased
Decrease In Sales	6	2.86	Decreased
Illness of Family Member	6	2.86	Decreased
leaving business due to loss	6	2.86	Decreased
Death of cattle	2	0.95	Decreased
Total	210	100.00	

Sources: Field Survey, 2022

The findings of the research indicate that various factors contributed to the increase in income among the respondents. Approximately 21.9 percent of the participants reported that their income grew as a result of expanding their business, while 20 percent mentioned that they established new businesses, which positively impacted their income levels. Additionally, 15.24 percent attributed their increased income to improvements in agricultural production or cattle rearing, which were facilitated by the microfinance program. Furthermore, 20 percent of the respondents mentioned that the income boost came from family members obtaining jobs, particularly overseas employment. It is worth noting that the bank provided foreign employment loans of up to Rs. 200,000 to clients. Consequently, 13.33 percent of the respondents reported an increase in income due to higher wage rates. Some workers also utilized loans from the bank to purchase equipment, enabling them to expand their income-generating activities. However, it is important to acknowledge that 20 respondents observed a decline in their income after initially experiencing an increase. Among the reasons cited were a decrease in sales (2.86 percent), family members falling ill (2.86 percent), discontinuing business operations due to losses from extending excessive credit (2.80 percent), and the unfortunate death of livestock (2 respondents).

4.3.2.2 Income Generation of Sampled Respondents

Studies have consistently shown that empowering women economically has a positive impact on their families and communities. Women tend to allocate a larger portion of their income towards household needs, leading to improved overall welfare for their families. The increased income of women directly benefits their children, particularly in areas such as education, nutrition, healthcare, and clothing. Moreover, women's economic participation plays a crucial role in their ability to provide essential services like healthcare, education, and safe housing for themselves and their families. When women have access to working capital and financial resources, it not only enhances their confidence and self-respect but also enables them to exert their influence in shaping their own lives and the lives of their family members. In this context, income generation plays a significant role in empowering women. Therefore, the table presented below illustrates the income generation of respondents before and after their involvement in the microfinance program offered by NULBSL.

Table 4.20: Annual Income in view of respondents

Annual income	Before Involvement		After involvement		Increment
	F1	% of respondents	F2	% of respondents	
0-20	164	78.1	88	41.9	-760
20-40	20	9.5	32	15.24	360
40-60	8	3.8	22	10.48	700
60-80	4	1.9	12	5.71	560
80-100	4	1.9	18	8.57	1260
above 100	10	4.8	38	18.1	3080
	210	100	210	100	

Source: Field survey, 2022

According to the data presented in the table, a significant majority of respondents, comprising 164 individuals or 78.10 percent, belonged to the income group below Rs 20000 prior to their participation in the MF program. Additionally, 20 respondents (9.5 percent) fell within the income range of Rs 20000 to Rs 40000. Hence, it can be inferred that prior to their involvement in the MF program, approximately 87.6 percent of respondents were earning below Rs 40000. Conversely, after their participation in the program, the percentage of respondents falling under the below Rs 20000 income group significantly decreased to 41.90 percent. This decrease is primarily attributed to the increase in the number of respondents in higher income brackets. Therefore, it can be concluded that the MF program implemented by NULBSL has had a substantial impact on the income levels of its clients. However, it is noteworthy that despite the improvements, a significant portion of respondents, approximately 41.9 percent, still remains below the poverty line.

Table 4.21: Statistic Summary

Statistic	Before involving	After Involving	Result
Mean	20.85	45.61	Increased
Standard Deviation	25.45	46.23	Increased
Variance	647.84	2136.82	Increased
C.V.	1.22	1.01	Decreased

Based on the concluding table, it is evident that the average annual income has increased by Rs. 24.76 thousand after the involvement in the MF program, as compared to the income before involvement. Additionally, the standard deviation of income has also increased, indicating a greater dispersion in income levels after the program. Despite the

higher dispersion, the income after involvement in the MF program is more uniform and consistent, as evidenced by the decrease in the coefficient of variation (C.V.). This implies that the members of NULBSL experience a higher level of income consistency and homogeneity after their involvement in the MF program, as compared to their income levels before involvement.

4.3.2.3 Saving Pattern of Sampled Respondents

The savings pattern reveals the state of saving habits among respondents before and after their participation in the Microfinance program. Based on the responses provided by each respondent, it was found that only 24 out of 210 respondents were actively involved in saving prior to their involvement. This indicates that a majority of the clients had little or no savings in their bank accounts. However, it is important to note that after participating in the Microfinance program, there was an increase in the number of clients who began to develop a savings habit.

Table 4.22: Saving Pattern of Sampled Respondents

Particulars	Before Involvement		After Involvement	
	No of Respondents	Percentage (%)	No of Respondents	Percentage (%)
Saving	24	11.43	176	83.81
Not Saving	186	88.57	34	16.19
Total	210	100.00	210	100.00

Source: Field Study, 2022

Upon participating in the microfinance program, a significant change in the saving patterns of respondents was observed. Out of the total respondents, 83.81 percent stated that they now have savings in the bank, reflecting the positive impact of the program on their financial habits. However, it is worth noting that 34 respondents still reported not having savings in the bank. It is important to highlight that women who engage with the bank are required to contribute a compulsory or group saving of Rs. 4 every fortnight. Additionally, during each meeting, they must maintain a balance of Rs. 9. Moreover, every client is obligated to allocate 5 percent of their loan amount to savings in their

group fund saving account. These measures ensure that clients are encouraged and empowered to build a habit of saving for their future financial security.

4.3.2.4 Pattern of spending income by Respondents:

The distribution of decision-making power within a family significantly influences the responsibility of managing expenses, and this allocation is contingent upon the division of labor among family members. For instance, when it comes to purchasing land, the authority lies solely with the member who holds full decision-making power. On the other hand, the procurement of daily household items such as fruits, oil, spices, salt, sugar, and the like is typically handled by the individual responsible for kitchen or household tasks. In some cases, only the person generating income is authorized to make expenditures. Generally, the individual accountable for generating income assumes the right to make financial decisions and manage expenses within the family unit.

Table 4.23: Pattern of spending income by Respondents

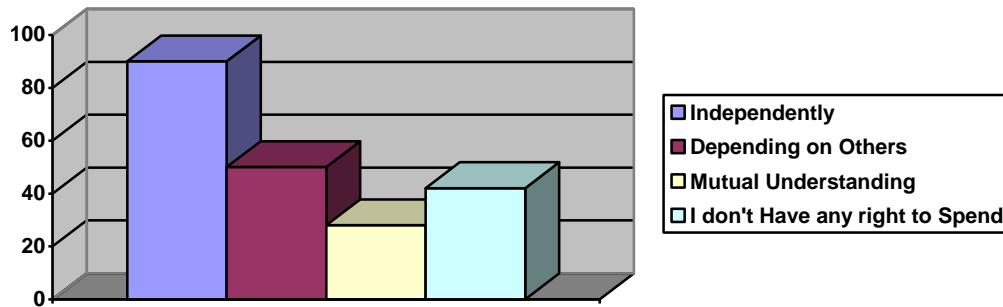
Particular	No of Respondents	Percentage (%)
Independently	90	42.86
Depending on Others	50	23.81
Mutual Understanding	28	13.33
I don't Have any right to Spend	42	20.00
Total	210	100.00

Source: Field Survey, 2022

According to Table 4.18, a significant number of respondents, specifically 90 individuals (42.86 percent), are financially independent and make their own expenses. This demonstrates that when individuals earn income, they gain independence in managing their expenses. On the other hand, 50 respondents (23.34 percent) rely on others, particularly their husbands and other family members, for their expenses. Additionally, 28 respondents (13.34 percent) make expense decisions through mutual understanding with their husbands. This indicates that out of the total 210 respondents, 168 (80 percent) actively participate in decision-making regarding their expenses, based on their own earnings. This suggests that having the right to make expenses is closely tied to one's income-generating role within the family. While social hierarchies in family structures may traditionally determine expense rights, the data above illustrates that these

hierarchies are primarily based on the responsibility for income generation and financial management. However, when other family members contribute to income generation, they also gain the right to participate in expense decisions.

Figure 4.5: Pattern of spending income by Respondents



The analysis of the data indicates that the social hierarchy regarding expenses within families is primarily influenced by the responsibility of income generation. However, this hierarchy has the potential to change when other family members also contribute to generating income. As observed, 42 respondents, accounting for 20 percent of the total, now have the authority to spend their own income. This change in power dynamics highlights the flexibility and adaptability of social hierarchies within families based on the individual's role in income generation. It signifies that when multiple family members contribute to financial resources, the distribution of decision-making power regarding expenses can undergo transformation.

4.3.2.5 Impacts on other economic variables after involvement of Microfinance:

There are several economic variables that impacts the economic well-being of individuals and households. These variables include purchase capacity, employment opportunities, financial literacy, and quality of life. These variables can influence demand for goods and services, income levels, financial decision-making, and overall productivity. Here, we tried to look the impact of microfinance on women empowerment with these four variables and result from respondents are as follows:

Table 4.24: Other economic variables after involvement of Microfinance

Other Economic Variables	Increase Percentage
Loan Borrowing Capacity	70
Income Generation capacity	63
Financial Literacy	81
Quality of Life	86

Source: Field Survey, 2022

The table 4.24 data clearly shown that there is an increase percentage of 70 percent, 63 percent, 81 percent, and 86 percent, among above four economic variables respectively. loan capacity represents the ability of individuals to borrow loan, employment opportunities indicate ability to generate income or revenue through economic activities, financial literacy reflects knowledge and skills related to financial management, and quality of life measures overall well-being in terms of health, education, and access to basic needs. These variables are crucial for economic growth and development of women, as they influence the demand for Loan and advances, income levels, financial decision-making, and overall productivity. Improving these variables indicates that microfinance intervention promotes greater economic stability, growth, and prosperity of women.

4.4 Major Findings

Based on the analysis of the data, it can be concluded that the microfinance program implemented by NULBSL has had a significant positive impact on various aspects of the respondents' lives. The majority of the respondents are below the age of 40, indicating that the program primarily targets the younger population. It is worth noting that the program is open to married women, and while the clients are initially married, their marital status may change over time due to divorce, separation, or widowhood. The program aims to be inclusive, encompassing women from various castes and ethnic backgrounds, ranging from Brahmins to indigenous groups. However, the majority of the respondents have limited education, often only able to write their names.

In terms of decision-making power within households, the traditional patriarchal structure still prevails, with a majority of households headed by the respondents' husbands. Nevertheless, there is a positive trend with approximately 26 percent of respondents reporting that women are the head of the family.

The average annual income of the respondents has increased significantly after joining the microfinance program, with those engaged in business activities earning higher incomes compared to those in agriculture-related occupations. The program has also had a positive impact on the respondents' savings patterns, with a higher percentage of individuals reporting increased savings after joining the program. Regarding education, there is a noticeable increase in awareness and importance placed on educating children after participating in the microfinance program. Factors such as the child's age, respondents' understanding of the importance of education, and increased income levels contribute to this change.

The program has brought about significant changes in the occupation of the respondents. Agricultural occupations have decreased, while self-business and other entrepreneurial activities have seen a significant increase. This has led to improvements in the economic and social status of the respondents. In terms of water and sanitation, the program has had a positive impact, with a decrease in the number of respondents lacking a confirmed water source and access to toilets. While there have been some changes in social and cooperative involvement, it cannot be solely attributed to the microfinance program.

Overall, the data and analysis demonstrate that the microfinance program implemented by NULBSL has positively impacted the income levels, employment opportunities, poverty alleviation, entrepreneurship, savings patterns, and living standards of poor women. The program has provided alternative financial resources and helped uplift the economic conditions of rural women living in poverty. It has challenged stereotypes and misconceptions about development, banking, and the capabilities of poor individuals, particularly women, in our society.

CHAPTER-V

SUMMARY AND CONSLUSIONS

5.1 Summary

Globally, there are approximately one billion people living in households with a daily income of less than one dollar. Addressing the challenges faced by this population and improving their quality of life is a daunting task for policy makers and practitioners. The belief is that by providing financial services to low-income households, poverty can be alleviated, and economic and social structures can undergo fundamental transformations. These services, including loans, deposits, and other financial tools, enable the poor to reduce their vulnerability, seize opportunities for cash flow, and increase their earnings. Furthermore, microfinance indirectly contributes to improvements in education, healthcare, and women's empowerment.

Microfinance programs have the potential to shift power dynamics and empower both men and women living in poverty. Well-managed microfinance initiatives foster a relationship of respect between the service provider and the client, inherently fostering a sense of empowerment. Consequently, microfinance has become a central component of gender equality, poverty reduction, and community development strategies employed by donor agencies and national governments. However, it is important to recognize that providing financial resources alone is insufficient for empowerment and improvement.

Enhanced access to financial resources and services for women has the potential to give them greater decision-making power regarding household finances. The allocation of this power has significant implications for families and communities. Women often contribute their entire financial resources towards their families' well-being, whereas men rarely do so. When women are empowered with decision-making authority, they tend to make choices that are optimal for their families. This means that financial decisions made by women are more likely to prioritize nutrition, health, and education within the family, whereas men may allocate resources to activities that are less beneficial or even harmful.

In conclusion, while microfinance programs offer a promising avenue for poverty alleviation and empowerment, it is crucial to recognize that true empowerment goes

beyond providing financial resources. It involves addressing social norms, power dynamics, and promoting gender equality to ensure that women have the opportunity to make meaningful decisions that positively impact their families and communities.

5.2 Conclusions

The combination of increased economic activity and control over income, facilitated by access to microfinance, has had a positive impact on women's skills, mobility, and knowledge. It has also empowered women to form their own networks and enhanced their status within the community, enabling them to contribute to decision-making processes and generate innovative ideas. These changes have been further supported by the formation of groups, leading to broader movements for social and political change.

However, it is important to recognize that the paradigms of financial self-sustainability and poverty alleviation alone do not automatically lead to social and political empowerment. They assume that empowerment will naturally occur without explicitly addressing gender relations at the household, community, and macro levels. In contrast, the feminist empowerment paradigm advocates for specific interventions to support women in protecting their individual and collective gender interests at all these levels. The level of women's economic and social empowerment in a country is influenced by its cultural and legal environment, as well as its national policies regarding women's rights and poverty alleviation. Initiatives undertaken by microfinance institutions, such as the provision of financial services and advocacy for policy and legal reforms, play a crucial role in achieving greater economic and social empowerment for women.

Many individuals around the world, particularly those living in poverty, engage in income-generating activities to sustain themselves and their families. However, a significant number operate within the informal economy, lacking social protection and facing various risks. Microfinance can provide them with tools to manage these risks and serves as a valuable resource for initiating small businesses, trade, and local service provision. Yet, there remains a need to explore the potential synergies between microfinance provision and the development of micro and small enterprises (MSEs).

Changing attitudes of individuals are as important as material achievements in community development during the initial stages of progress. Ensuring increased

participation of women and indigenous communities is vital for the rapid development of a country. Recognizing this, the government has implemented numerous programs aimed at empowering these groups through various institutions. Microfinance programs, in particular, have been successful in improving living standards and empowering socially and economically marginalized individuals, including women. The microfinance sector in Nepal has met only one-third of the estimated demand for its services. It has relied on external borrowing and client deposits to fund a growing loan portfolio. Poverty alleviation remains a primary objective for the government in developing countries. In Nepal, the shift toward a free market economy, especially after the restoration of democracy in 1990, has placed NGOs at the forefront of the country's development efforts. The importance of women's participation in development and their advancement has been recognized globally.

The study conducted by NULBSL revealed that microfinance has had a positive impact on household income after participants joined the program. As a result, women's roles in decision-making areas traditionally dominated by men, such as family planning, children's marriages, property transactions, and education for their daughters, have increased. In addition to economic empowerment, women's self-confidence has grown through their involvement in microfinance programs. Their participation in social discussions, women's organizations, and political dialogues has also increased, although not at a rapid pace. Furthermore, women are now able to independently invest and manage their income according to their own preferences.

5.3 Recommendation

Based on an analysis of primary and secondary sources, as well as field surveys conducted, several recommendations and suggestions have been identified to enhance the effectiveness and target orientation of the microfinance program. These recommendations aim to establish the program as a recognized best practice with innovative approaches in the microfinance system.

One important finding is that although loans are provided in the name of women for their economic and social empowerment, in reality, some respondents reported that the loans are used by their husbands. This practice hinders women's upliftment and self-

dependence, preventing them from gaining self-confidence. To address this issue, it is crucial for the bank to ensure proper supervision and monitoring of loan utilization. This includes verifying whether the loan amount is invested in the intended purpose and whether women are genuinely benefiting from the loans.

The field study and interviews with 210 respondents revealed that most loans were taken for livestock and agriculture purposes, such as goat farming, pig farming, and buffalo farming. However, the outcomes in these areas have been disappointing due to the lack of specific knowledge on farming techniques and improved crop varieties. Livestock sickness and mortality have further burdened borrowers economically and socially, leading to problems instead of empowerment. Similarly, new entrepreneurs who lack proper knowledge in their respective businesses have also faced losses. To address these issues, the bank should provide adequate support and training to borrowers, offering guidance and technical assistance in areas such as livestock management and specific business operations. Additionally, measures such as providing healthy livestock, arranging timely vaccinations, and implementing compulsory insurance policies can mitigate risks and ensure better outcomes for borrowers.

NULBSL should develop practical and diverse training courses tailored to the specific needs of different communities. These courses should focus on skill development, entrepreneurship, income generation, and business promotion. Regular training for field staff is also essential to enable effective supervision of loan utilization and provide clients with technical and managerial guidance. It is crucial to ensure that loans are utilized as intended, and that women are the primary beneficiaries rather than other family members. Providing loans to women alone is not a complete solution for poverty reduction; careful monitoring is required.

To enhance the program's impact, there is a need to shift the focus from agriculture-based activities to small-scale industries and other business ventures, as these sectors have proven to be more effective. Furthermore, credit facilities should be conveniently extended to rural girls and women who genuinely desire financial assistance for income-generating activities. This approach can help discourage harmful practices such as early marriage, polygamy, and other forms of social and economic discrimination against girls.

However, loans should be granted with the guarantee of another family member to address follow-up challenges after the girls' marriage.

Communities that are socially disadvantaged, such as Muslim communities and lower caste women, should be given special attention and included in the program. It is important to note that this does not imply the exclusion of other community groups of women, but rather a focused effort to empower marginalized communities.

Marketing challenges were observed, particularly in the sale of farm produce, particularly vegetables. Women often face difficulties selling their products at profitable prices, resulting in selling below the cost of production. It is necessary to create an enabling environment for women to sell their products at fair prices. Additionally, establishing an appropriate legal framework for microfinance and providing specific fiscal advantages to institutions with a stronger impact on women's status can further support the sector's development and empowerment goals.

Overall, implementing these recommendations will contribute to the growth and effectiveness of the microfinance program, ensuring its alignment with best practices and innovation in the field.

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APPENDIX

Appendix-A

Field Questionnaire for the interview.

QUESTIONNAIRE

A. Demographic and socio-economic characteristics Details:

General Information

Name:

Caste:

Age:

Gender:

Marital Status:

Address:

Ward no:

Municipality:

1. How many members do your family have?

- a. Up to 4 b. 4 to 9 c. 9 to 12 d. 13 above

2. Who holds the position of head of the household in your family?

- a. Myself b. Husband c. Others

3. Have you acquired any educational background or experience?

- a. Illiterate b. Literate (Mention your education level)

4. Did you possess any prior business experience prior to joining this program?

- a. Yes b. No

5. Which of the following occupations do you belong to?

- a. Trade, commerce, and shop
- b. Fruits shop
- c. hotel
- d. Tailoring cosmetic
- e. PCO(Public Call Office)
- f. Cattle farming
- g. Agriculture landlord
- h. vegetable production
- i. Job
- j. Furniture
- k. Wages/labor Child
- l. Overseas em.
- m. Fisheries

6. What was the origin of the capital you initially invested in your business?

- a. Personal Savings
- b. Friends and relatives
- c. Loan from MFIs
- d. Others

7. How many individuals in your household are engaged in economic activities?

- a. Overseas employment.....
- b. Pension
- c. Army force.....
- d. Labour
- e. Govt. job.....
- f. Private Job.....
- g. Others.....

8. What is the current status of children attending school and what factors contribute to changes in their attendance?

	Before	After
son		
daughter		

Causes

- Due to age of children
- Due to the increments of income
- I have known importance of education
- Due to marriage of child (Daughter)
- Due to marriage of child (son)
- Getting Job
- Not interested by child
- Due to Poverty of family
- Due to illness of child or family
- Due to Overseas Job

9. Have you repaid your microfinance loan?

- a. Not Paid Yet b. Paid Fully c. Paid Partially

10. What are the various sources you utilize to repay your microfinance loan?

- a. Income earned from investing loan b. Taking Loan from Other Institution
c. From Mutually income d. Other Sources (other family's income)
e. Doing labor

B. Socio-economic impacts from Micro-finance intervention

1. Do you actively participate in cooperative discussions or engage in cooperative activities before?

Cooperative discussion involvement	Before	After
Yes		
No		

2. Are you satisfied with the Microfinance (MF) program?

- a. Yes b. No c. I don't know d. Satisfied (But not at all)
e. Don't want to reply

3. How has your society perspective changed on you since participating in the Microfinance (MF) program?

- a. Positively b. Negatively c. I don't know

4. What is the primary source of drinking water for your household before and after?

Source water	Before	After
Hand pump		
Tap (Gov)		
Public Tap		
Nothing		
Boring		

5. What type of sanitation system is utilized in your household?

Sanitation System	Before	After
Only toilet		
Toilet and Bathroom		
Bathroom Only		
Nothing		

6. Which of the following decision-making roles do you undertake after participating in the microfinance program?

Roles	Before	After
Going outside house		
Sending school for children		
Selling and buying assets		
Family Planning		

7. Have you felt any change in the health conditions of your family members after the involvement in Microfinance?

S.N.	Status of health	Condition of change	
1	Access to Medical	Improved	Same as before
2	Access to drinking water	Improved	Same as before
3	Intake of Nutrient-food	Improved	Same as before
4	Maternal care	Improved	Same as before
5	Personal Hygiene	Improved	Same as before
6	Immunization of children	Improved	Same as before

8. What are the reasons behind the changes in your income?

- | | |
|--|--|
| a. Business Expand | b. New Business Established |
| c. Increasing in Production of Agriculture | d. Others/ Rate increase |
| e. Getting new job | f. Decrease in Sales |
| g. Illness of Member | h. leaving business due to loss occur. |
| i. Cattle Death | |

Income Increased	
-------------------------	--

Income Decreased	
-------------------------	--

9. Which income group do you fall into among the following annual income categories?

Annual Income	Before	After
(0-20)		
(20-40)		
(40-60)		
(60-80)		
(80-100)		
(above 100)		

10. What is your saving condition before and after involvement in microfinance?

Behaviors	Before	After
Saving		
Not Saving		

11. How do you allocate and utilize your income?

- a. Independently b. Depending on Others c. Mutual Understanding
d. I don't have any right to Spend

12. How far has microfinance been helpful on economic empowerment for your household?

Other Economic Variable	Status of Change	
Loan borrowing Capacity	Increased	Same as before
Income generation capacity	Increased	Same as before
Financial Literacy	Increased	Same as before
Quality of Life	Increased	Same as before

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