

## Chapter I

# INTRODUCTION

### 1.1 Background

Dalit women are the most oppressed women in Nepal. As a group, they have been deprived of the opportunity to own land, and they do not have their own houses. Poverty affects all members of Dalit households, but because of gender discrimination, poverty affects women and men differently: for example because of traditional property ownership practices which favor sons and husbands over wives and daughters, or because of the preference for educating boys. The combined effect of caste and gender means the impact of poverty falls disproportionately on Dalit women. Higher poverty level among Dalit women result from their lower levels of resource endowment (including educational attainment) and consequent lack of access to more productive occupations compared to those groups who have been privileged historically.

There has been a feminization of poverty in Nepal. However, there has also been Dalitization of poverty in Nepal. For example, the human development index of Nepal is 0.529, but for Dalit is only 0.424(UNDP, 2009). Much worse is the situation of Dalit women who have even less access to ownership of land, households and livestock than Dalit men. When the effects of caste and gender discrimination are combined, Dalit women end up at the bottom of the socio-economic scale.

The number of Dalits counted in 2001 is 2,946,652 which is the 13 percent of the total population. Among them 1,458,316 were male and 1,488,336 were female indicates the female dominance in the Dalit population. The Kami is found highest (30.41%) followed by Dami/Dholi (13.25%) among the Dalit. The result has also shown that 8 percent of Dalit population residing in urban indicates that

most of the Dalits are residing in the rural part of the country. Sarki women are highly employed (60%)(CBS, 2001).

Although the official numbers are less, NGOs estimate that approximately 20 percent or 5.4 million Nepali people are Dalit, 50 percent of whom are Dalit women (12.8% of total women's population of Nepal). Dalit women are thrice alienated on the basis of class, caste and gender. The Dalit community in general and women in particular have been treated as subhuman for centuries, and are still considered "Untouchable" in a nation where untouchability has been officially abolished. Nepal has ratified 18 international human right instruments, yet Dalit women are still preventing from accessing basic social and economic resources and are not represented in political spheres (FEDO, 2010).

Since the political change in 2007, the situation of women has certainly improved, but not as much as it should have. The Constituent Assembly election is itself a triumph in Nepali history; its significant achievement lies in electing 197 women members almost 33 percent of total seats. Out of 197 women, there are 25 Dalit women in CA. Their participation in CA will definitely bring meaningful and remarkable contribution for establishing equal, justice and caste , class and gender discrimination-free society. All we need is unity, solidarity and a strong commitment to transforming the ideal of being equal into reality.

Nepal Census 2001 records that women comprise only 31 percent of all paid workers, suggesting that women lack access to income. In research commissioned by the National Planning Commission in 2004, it was found that micro-credit programs and saving and credit activities, especially since the 1980s, have enabled women to have access to some income.

Women comprising half of the total population have lower status than men, by tradition they are largely restricted in mobility and access to information and education. The status of Nepalese women has been deeply affected by the various religious practices have seriously affected the role and status of women. The United Nation has defined the status of women in the context of their access to knowledge, economic resources and political power and their personal

autonomy in the process of decision making. When status of Nepalese women is analyzed, in this light it is generally found bleak (Acharya, 1994). In this regard various attempts have been made to introduce micro-credit schemes to raise women's status in global perspective.

The concept of "Women in Development (WID)", started by various governments to mainstreaming women in development. It rather displaced women from their traditional avenue of employment and resources ownership. Neither has it helped women in getting access to position of power. The failure of 'WID' approach replaced by "Women and Development (WAD)" concept. It also failed and new approaches developed "Women Empowerment and Gender and Development (GAD)." The concept of GAD is different from WAD and WID in the fact it recognizes the multi-dimensional nature of women's subordination and their empowerment as remedy.

Health, education and employment are major components of women's empowerment and micro-credit scheme help to empower either through home based employment or self employment or small scale income generating activities.

Addressing the inaccessibility of finance to the rural poor to promote their access in income generating activities government has started various micro-finance programs in Nepal. The purpose of such scheme was to emphasize poor and landless women to the small-scale credit to promote their livelihood conducting various small scale earning activities by providing them access to credit without collateral. Broadly speaking, objectives of these programs are to raise income and involve women in community development process.

Though the history of micro-credit started since 1950s, its importance has increased when Regional Rural Development Banks (RRDB) were established in 1992 by Government of Nepal and Nepal Rastra Bank as replication of Grameen Bank of Bangladesh, focusing on extremely poor women. The main objective of RRDB is to empower rural women economically by providing them economic opportunities which in turn empowers them socially, economically,

politically and psychologically. The income and saving of women play a vital role in their decision making, promoting health and healthy behavior (Acharya, 2005).

In the way, such micro-credit programs have made it possible for rural women to have access and control over income. This has played a very positive role as income, health, nutrition, decision making and food security, thus, micro-credit programs need wider coverage to promote women's status. But sustainable source of funding micro-credit operation has become a problem. Recovery of loan is equally challenging. Recent internal insecurity is creating problem for the expansion of micro-credit. Social mobilization is also difficult when people are in conflict nevertheless there are ample chances of micro-credit expansion in the country where informal financing is dominant.

Overtime, micro finance has been emphasizing on poverty reduction through various activities such as credit, saving, insurance, etc. Among these activities micro credit in Dalit women is focused in this study. This is the investment of small loan in micro enterprises through micro finance institutions.

## **1.2. Focus of the study**

The research paper focuses on the micro-credit in Dalit women in Nepal in perspective of Tindowate V. D. C., Syangja district. The study is focused on how the program helps to develop confidence among Dalit women, how it helps to enhance the financial and managerial capability of Dalit women through imparting knowledge and skill and how it creates economic dependene among the poor Dalit women through the saving collection and mobilize rural savings through microfinance activities.

This research paper attempts to clear the picture of facing change of society after micro-credit program through the comparison before and after the program.

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

Dalits have to share with so-called higher caste directly or indirectly because the traditional occupations are not sufficient to fulfill their livelihood. Dalit communities have been affected by the development activities and they are compelled to change their socio-economic activities.

The present study has been made to seek the solution of these questions:

1. What is the present socio-economic status of Dalits?
2. What are the existing problems among them?
3. What are the obstacles on change process?
4. How the discrimination affected development process?
5. Is the impact of the micro-credit program in this VDC is studied yet ?

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

The general objective of this study is to investigate and examine the various socio-economic changes in Dalit women (Kami, Damai and Sarki) after Micro-Credit Program.

The specific objectives of this study are:

1. To examine the change on economic status of Dalit women at the study area after the micro-credit program.
2. To examine social changes and empowerment of Dalit women in the selected VDC through the micro-credit program.
3. To examine the livelihood security of Dalit women after the micro-credit program.

### **1.5. Significance of the Study**

The study is focused on the role of Micro-Credit program on Dalit women (Kami, Damai and Sarki). The study is significant because Micro-Credit program is a tool for poverty alleviation (Rabinson, 2001). The following points will justify the significance of the study.

- ) How to reduce the poverty through Micro-Credit activities in Nepal?
- ) How to change the socio-economic condition of Dalit women through Micro-Credit Program?
- ) How Dalit people develop opportunities themselves through Micro-Credit Program?
- ) How Dalit people create confidence themselves about savings and mobilizing rural saving through Micro-Credit activities?

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

No study can be free from its own limitations. So, the present study has also some limitations. This study is simply presented to fulfill a partial requirement of M.A. degree in Rural Development. So it is not a comprehensive study and is focused to analyze certain aspects of micro-credit.

Some limitations can be enlisted below:

- ) This study is specific in socio-economic studies. The conclusion might not be generalized for the whole.
- ) The study is fully based on the student's financial resources and it is to be conducted and submitted with a time constraint. Further, the study is not a final study on the subject as it is a study prepared in the partial fulfillment of requirement for Master degree thesis.
- ) Simple statistical and financial tools are used in this study.
- ) This study completely based on and limited to the beneficiaries groups and credit institutions formed and operating within the territory of Tindowate VDC, Syangja.

### **1.7 Organization of the study**

The report of the study is organized into seven main chapters in order to make the study more specific, precise and more impressive.

The first chapter is an introductory chapter which provides general introduction about Dalit women and need of micro-credit for their

socio-economic upliftment. Similarly, chapter also provides statement of problem and the objectives of the study.

Chapter second describes the theoretical review of previous study and application of present conceptual framework. It includes review of the books, various published and unpublished reports, articles, journals and empirical studies.

Chapter third deals with the research methodology, which includes research design, source of data, data gathering procedure, tools for analysis.

Chapter four deals with Micro-Credit Programs in Nepal and Chapter five is the Profile of Study Area and its Respondents.

Chapter six attempt to analyze and evaluate the data with the help of analytical tools and interpret the results so obtained.

Finally Chapter seven sums up the results obtained through analysis and state the summary, conclusions and recommendations of the study.

A bibliography and appendices will be enclosed at the end of the study.

## Chapter II

### LITERATURE REVIEW

This chapter deals a brief review on Dalit studies in Nepal and micro-credit on Dalit. On the basis of review, a conclusion to lead the frame of the study is derived in order to follow it as a guideline for this study.

#### **2.1 Literature Review on Dalit**

The marginalized and disadvantaged groups in the society are found mostly in developing countries. Nepal is also one of the least developed countries where socially exploited, politically powerless and under-represented and economically poorest segment of the society; the Dalits are struggling for livelihood.

B.K and Gandharba (2007) defined the term 'Dalit' as untouchable or Achhoot or the term connotes in the sense of old legal code of 1894, "Pani nachalne Choi Chito halnu parne jat"(caste from whom water is not accepted and whose touch requires sprinkling of holy water). Those communities who are backward in the contest of economic, social, cultural, educational and all other conditions are known as Dalit community, who are supposed to be untouchable. They are highly dependent on their traditional occupations like metal-work, leather work, tailoring, etc. Their living standard is very low. It is believed that caste system was introduced in Vedic period (6000-4000 B.C.) mainly in Hindu religion. In the early stage of Rigved, there were only three castes: Brahmin, Chhetri and Vaishya. In Vedic period, the society was divided into four castes groups: Brahmin, Chhetri, Vaishya and Sudra according to the different occupation and classes: religious, power, economic and service class respectively. Among these various caste groups, the Sudra is treated as lower caste in Hindu religion. It is believed that Dalit castes in Nepal come from Sudra. The caste culture is the major factor for the increasing social differentiation, segmentation and stratification of Hindu society. Dalits are exploited or dominated by so-called higher caste people in the social, economic and political positions.



Dalits are identified from their specific caste occupation in the village. The Damai group is also called Pariyar. Historically its exact origins are unknown; it is likely that the term came from the South Indian surname Periyar. Damais are usually the tailors; they sew and mend the clothes. The term 'Kami' was increasingly viewed as a negative term, people in this caste group started referring to them as Bishwakarma, which has in contemporary parlance come to be understood as referring to the group of people who were historically known as Kami. They are the blacksmiths who usually forge and repair all kinds of farm implants and household utensils. Historically, when calling to people within caste groups with respect, the term Mijar was used. This term then came to replace the term Sarki itself and now is used in contemporary parlance to refer to the group of people who had historically known as Sarkis. They usually make and repair the shoes. Among all the untouchable castes the Kami occupy the highest position with the traditional castes hierarch. The Kami (blacksmiths) and the Damai (tailors and musicians) regard bodily contact with each others. The same is true for sexual intercourse between the Kami and Damai. A Kami doesn't allow a Damai to enter his house and would never accept 'bhat'(rice) or 'pani'(water) from him. Dalit is politically coined word used by politicians and social scientists of Nepal to identify or categorize a group of people who are culturally, socially and economically oppressed. They are struggling against this caste/ethnic discrimination but their poor access in education and low economic status are some causes those adopt religious rituals exactly as adopted by other upper class castes and they are called "Dalits" in our country. Sudras were thought to be untouchables and their work was limited to the sanitation, ploughing, doing leather works, making ornaments of precious metal, making dress and playing traditional musical instruments in rituals functions and ceremonies, now-a-days these Sudras are known as Dalits (NDC,2004).

The fundamental human rights of Dalit community have been grossly violated. In a number of places, this segment of population could not get social respect in practical sense due to the existence of caste based system though termed illegal and inhumane behaviour because of ineffective enforcement of the Acts, which has made the caste system punishable(NPC, 2002).

The Interim Constitution of Nepal (2007) has a vision that encompasses social harmony and equal development opportunities for all castes and communities. However, continuing unacceptable level of cast discrimination throughout Nepal overshadows the implementation of the constitution.

The Dalit groups that are identified by Dalit Ayog (May 2002) are as follows:

Hill Dalits:

Kami, Sarki, Damai, Lohar, Sunar, Badi, parki, Chunara, Kuche and Kadara

Newar Dalit: Kusule, Kasai, chyame, pode, Dhaier ( Dahal)

Terai Dalit: Tatma, Dushad, Bastav, Mushahar, Khatway, Chamar, Dom, Lalknon, Badimar, Chidimar, Goti and Tamgar.

### **2.1.1 Caste Discrimination in Nepal**

Although the source for origin and cause of caste division is not identified, it has been deeply rooted in human society of Nepal. Different writers and scholars have given different opinions about the origin of caste discrimination.

According to Ramayan, there was not any caste discrimination in primitive society. Some argued that Sudra was developed in the later stage of Rigved but they were not oppressed from other castes. The caste discrimination became prominent in the post-Vedic period. In Buddha period, Sudra were compelled to do socially degraded work as they were appeared from the internal struggle between king and Brahmin. At that time Sudra was classified into two categories: touchable and untouchable.

According to Kisan(2005) there was no class or caste system until the Kirati age. The caste system grew in India and emerged in Nepal during the Kirati age. The study clearly mentions that the caste system began to emerge most clearly during the Lichhavi period. Nepali society during the Lichhavi period was divided into different classes similar to Indian society. Sudra was not allowed to wear gold and silver ornaments. In the regime of Jayasthiti Malla, the caste system further deepened in Nepal. He made rules for each caste ritual, and

explicated specific punishment and fines for those who left their pre-determined professions. Prithivi Narayan Shah not only spread the social organization system of four varnas and thirty six caste divisions, but also he made this system even more rigid (Jha, 2004). Provisions were put in place such that nobody was allowed to either change their own or others' caste status. If any Chhetri violate the rule of the state, they were released without punishment but if the same case happened to Sudra the punishment was given seizing the property (Sarbashwo Haran).

During Rana period, they were forced to eat the remaining (Jutho) and to clean the toilets and sewage. They were separated from the tap, temple and other social ceremony of so-called higher caste people. There was a strict rule of sprinkling water (Chhoichhito) if anyone from higher caste touched Sudra. Jang Bahadur Rana had provided the legal authorization for the caste system and discrimination by introducing the system in first civil code (Muluki Ain) in 1853 (Pandey, 1985).

The discrimination between so-called higher caste and lower caste in the matter of capital punishment was abolished in the civil code of 1963. It stated that legally every citizen is equal irrespective of caste, creed and sex but nothing was mentioned about untouchables.

After re-establishment of multi-party democracy in 1990, voice was raised in favor of oppressed and depressed section of the society. The constitution of the country 1990 declared discrimination on the basis of caste punishable and had given equal opportunities to all caste people. Similarly after the second people's movement 2007 (Jana-aandolan 2062/63) voice of equal opportunities for all castes was strongly raised. In Interim constitution 2007, it is clearly mentioned that if somebody discriminate or hate Dalit, Article 14(1) has sanctioned to punish them.

### **2.1.2. Dalit women in Nepal**

Dalit women, like other Nepalese women perform mainly three roles: reproductive, productive and community. They spend most of their time in reproductive and domestic work, including giving birth, child care, cooking, washing clothes, fetching water, collecting firewood and raising animals. They also work as agricultural labourers, daily wagedworkers, perform traditional occupations and engage in household production. Despite doing all these types of work, they are still deprived of ownership of property.

Education is the most essential element and a basic human right for the 21<sup>st</sup> century human being. Among millions Dalit women there are hardly 10 to 15 university graduates. Ignorance, absolute poverty, caste and gender discrimination are the explanation for these statistics (FEDO, 2010).

The education provided by the current education system, specifically schools, colleges and vocational institutions, does not incorporate the experiences and needs of Dalit women. The current system is patriarchal and not accessible to all (NDC, 2004). Furthermore, it is impractical for many potential students, and discriminatory. People-oriented and practical education policies are needed to address the explanation of education services to all members of the population.

UNDP (2009) shows that at present, a majority of Dalits in Nepal are deprived of education. The literacy rate of all women in Nepal is 54.5% but for Dalit women is only 34.8%. Similarly only 11.8% girls are enrolled in secondary or higher levels of education. The education disadvantages cement the social and economic disadvantages of Dalit community.

The life expectancy of Dalit women is just 50 years of age, although it is 55 for non Dalit women (Musahar women, one of Dalit caste group, have a life expectancy of only 42 years of age).The maternal mortality rate among Dalit is 850 per 1000 at the time of child birth, one of the highest rate in the world. The

under five mortality rate of Dalit women is 109 per 1000, and 50 percent of Dalit women are undernourished. Many Dalit children die from diarrhoea and pneumonia (FEDO, 2010).

The overall economic condition of most to the Dalit community is miserable. It is unfortunate and unnecessary that the Dalits, who have traditional skills in sustaining agrarian livelihoods, live in poverty. Displacement from their traditional occupations and lack of employment in both agriculture and the private sector are common problems of Dalit women and men. On the whole, the economic condition of the Dalit women today has remained stagnant when compared to women as a whole.

Jha(1999), an economist has estimated that about 68% of Dalits live below the absolute poverty line. In a country where even Dalit men and non-Dalit women both suffer from disproportionately high unemployment rates, it is almost impossible for Dalit women to find paid work.

According to NLSS(2003/4) the average per capita consumption for Brahmin/Chheri (higher caste) households is almost double that of Dalit households. So the economic condition of Dalit women is depressing because they are unemployed and mostly involved in non skilled job and in agriculture.

## **2.2 Literature Review in Micro-Credit Program**

Microfinance refers to small scale financial services- primarily credit and savings- provided to people who farm or fish or herb; who operate small enterprises or micro enterprises where goods are produced, recycled repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban. Many such households have multiple sources of income (Robinson, 2001).

The myth that the rural poor are not credit worthy has been firmly dispelled by several innovative experiments during the last two decades. Women's ability to save manage and return loans with in the background of their fragile livelihood systems have been firmly established by credit experiments in various micro-credit projects like Grameen Bank in Bangladesh, Production-Credit for Rural Women (PCRW) in Nepal and Bank Rakyat Indonesia. Micro-finance is termed as the financial services rendered to the deprived groups of the people and small entrepreneurs in savings, credit, remittance, rural insurance, etc. to help them in developing self-employment.

Joanna (1999), in his book explained that micro finance activities usually involve the following

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

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

Khandker (1998) said that lack of saving and capital make it difficult for many poor people to become self employed and to undertake productive-employment generating activities. Providing credit seems to be a way to generate self-employment opportunities for the poor. But because of lack of physical collateral, they have almost no access to institutional credit. In formal lenders can be a source of credit, but poor households do not gain from investing in

productive income-increasing activities because of high interest rates. And these sources are not reliable to poor and they can not save enough through such informal sector. Micro-credit programs which are able to provide credit to the poor at affordable cost and can help them become productive self-employed. Micro-credit program have thus emerged as an antipoverty instrument in many low income countries. They target the poor especially the disadvantaged, with financial services to help them become self employed in rural non-farm activities of their choice.

The small loan has demonstrated that it has big role in helping poor rural and their households to add family income through various income generating activities. This has helped members add household assets in addition to the reinvestment made for the expansion of their micro- enterprises(Acharya, 1994).

Micro-finance is coined as the financial service rendered to the deprived group of the people and small entrepreneurs to help them in developing self-employment opportunities and various income generation activities. Usually, micro-finance is a program that serves a large number of clients with reference to women/deprived people and works at a grassroots level with financial sustainability. The main objective of a micro-finance program is to provide quality service to the largest number of the deprived population (Devkota, 2002).

Nepal has three decades of experience in micro-finance. Although many programs have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as pro-poor and rural based.

The micro-finance revolution has changed attitudes towards the poor in many countries and in some has provided substantial flows of credit, often to very low-income groups or household, who would normally be excluded by conventional financial institution. Bangladesh is the starkest example of a very poor country where currently roughly one quarter of rural households are direct beneficiaries of these programs (Rabinson, 2001).

CSD (2000) wrote the realization of the fact that the lack of capital has prevented majority of rural people from utilizing their skills for productive purposes, CSD has initiated Self-help Banking Program (SBP), an micro-finance

program based on Grameen Banking system of Bangladesh in September 1993 with the broad objective of advancing micro-credit without collateral security to the poor and disadvantaged rural women. Presently SBP has been implemented in the selected VDCs and municipalities of Siraha, Saptari, Udayapur, Dhanusa, Mahottari and Dang District through 2 project offices and 23 branch offices. Supported by different international agencies and loan fund has been received from Grameen Trust, Rural Self-Reliance Fund and different commercial banks of the country.

NRB (2007) in its research work outlined that the institutions that deliver these services can develop within few years, into sustainable organizations with steady growing outreach. Economic transformation of the poor and deprived rural population lies on the shift in rural economic activities from subsistence to commercial. The savings and investment of the rural population are low due to low earnings. To mitigate the saving investment gap in the rural economy, universal access to rural finance would be desirable. Despite the various endeavors, the outreach of financial institutions has covered only 30 to 35 percent of the population. It means that there are still 65 to 70 percent people relying on merchants, money lenders, traditional cooperatives, etc. for financing on socio-economic activities with high interest rates. In the absence of access to formal sources of credit, the poor of the rural areas continue to be subjected to exploitative terms (high interest, gift, premiums, free labor, bonded labor, etc.) feeding the perpetual cycle of indebtedness and poverty.

Mathema (2008) analyzed that micro-finance practitioners around the world have found very effective tool for bringing up their economic and social status thereby assisting in poverty reduction. It is because micro-credit to the poor creates small business opportunities that help to improve the socio-economic condition of deprived communities especially in rural areas. In the Nepalese context too, micro-finance has been used and more importantly could be a powerful too for gradual reduction of poverty. It enables poor and destitute to take advantages of existing opportunities, builds up their assets, generates self-employment avenues, develops micro enterprise, and raises income level.



Build-up self-confidence empowers women and provides opportunities to escape from object poverty and inequality.

Sharma (2003) has tried to analyze problem faced by MFIs/ Programs in attaining financial sustainability. The presentation begins describing theoretical concept and ends connecting it with Nepalese context. Financial sustainability refers to the extent to which a MFI, in addition to being financially viable, mobilizes its own financial resources internally, that is, through equity, deposits, and retained profits instead of depending on govt. or donor resources.

The study explains two types of hurdle in reaching financial sustainability i.e. operational and financial self sufficiency. Expenses such as salaries and other administrative cost, depreciation of fixed assets, interest on borrowings and deposits (i.e. cost of loan able funds), and provisioning for loan loss (i.e. the cost of loan principal lost to default) out of fees and interest income are included in operational self sufficiency. Where as financial self sufficiency requires MFIs to cover all administrative costs, loan losses, and financing costs from operating income, after adjusting for inflation and subsidies and treating all funding as if it had a commercial cost. Without crossing first hurdle, second can not be expected and once this second is crossed, subsidies in the form of concessional funds are no longer required and also inflation does not erode the value of MFI's capital. Theoretically, increasing staff productivity, efficiency and loan quality, and curtailing unnecessary staff and thereby administrative cost may reduce the service delivery cost then MFIs can attain operational self sufficiency which is necessary condition of sustainability.

Out of a population of 25 million, 31 percent are in below the poverty line. Most of the poor people live in rural areas and have little opportunity. Micro-finance could help poor people who have no collateral, but a willingness to work and a desire to do some business activities from which he/she will acquire employment as well as income.

Although many programs have been implemented for poverty alleviation in Nepal, only micro-finance programs are seen as a poor targeted and rural based.

## **Chapter III**

### **Research Methodology**

#### **3.1. Research Design**

A research design is a plan for the collection and analysis of data. It presents a series of guide posts to enable to researcher to progress in the right direction in order to achieve the goal. The design may be a specific presentation of the various steps in the research process. These steps include the selection of a research problem. This study is mainly focused on micro-credit program. As per the nature of the study it has been illustrated with the case study, so the present research design of the study is descriptive research. The purpose of this case study is to describe the impact of micro-credit on Dalit women, their socio-economic status and empowerment through comparative study between loan takers and non-takers.

#### **3.2 Nature of Data**

This study is based on the primary as well as secondary data, but the focus is given to the primary data, which is collected from field survey using structured questionnaire, observation and interaction with different respondent. The secondary data for research is collected from the published, unpublished documents, articles, dissertation, journals, books, economic survey etc.

#### **3.3 Site Selection**

Site for the study is selected as Tindowate VDC of Syangja district. This VDC is selected rationally because micro-credit program has been launching since three years by the Muktinath Bikash Bank. And it would be better for comparative study between the participants of micro-credit program and their counterparts, who are non participants of the program.

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

There are 90 households in Ward No.8 and 9. Among them 76 households are selected by simple random sampling. Thus the study only focuses on those active members. All the respondents are Dalit women as the

purpose of the study is to analyze the socio-economic impact of Dalit women due to micro-credit program. The sample is 87 percent of universe.

### **3.5 Sample Technique**

Sampling method has been used to fill up the questionnaires and observation and interaction is made for cross-checking. From the list of sample, 76 members are drawn by applying simple random sampling with out replacement.

### **3.6 Data Collection Techniques**

For the case study approach primary data or information is collected from various procedures. First of all the researcher visited the Muktinath Bikash Bank' and after taking the information about the program, the field survey is made.

#### **I. Questionnaire**

To get the primary data, the structured questionnaire is developed, and the questionnaire is filled up by the researcher visiting all selected Dalits.

#### **II. Interview**

A checklist is developed for the interview of the household head, the purpose of interviewing household is to cross-check the information obtained from filled up questionnaires.

#### **III. Observation:**

The researcher visited the study area and observed the women's situation with the help of some well-reputed, active and literate women of same VDC.

### **3.7 Data Presentation and Analysis**

To make the study more reliable qualitative study is also made. The collected data are first processed through validation, editing and coding. Secondly the processed data are presented in tabular form.

Simple statistical tool like percentage has been used to present data.

## **CHAPTER IV**

### **MICRO - CREDIT PROGRAMS IN NEPAL**

#### **4.1 Micro-credit in Nepal**

This chapter deals with the development of micro-credit in Nepal, policies specially derived by past experiences based on the secondary information.

##### **4.1.1 Small farmer development program**

Small Farmer Development Program, a well-structured and pioneer group based and physical collateral free micro-credit program to cater financial needs of the small farmers, was initiated as a pilot project in November, 1975 by Agricultural Development Bank (ADB/N). The program which covers the entire country, aims at organizing "Small Farmer "into small credit groups and provide credit on a group guarantee basis.

The main objective of this program is to improve the overall wellbeing of the small farmers through provision of basic inputs e.g. micro-credit, technology, training, and other related social and community development services.

As mentioned above SFDP follows group approach in delivery and recovery of micro-credit. The group organizer who is an employee of ADB/N plays a supportive role in this process. First of all a particular village is selected and small farmers are identified to be eligible for SFDP member on the basis of required per capita income level defined by ADB/N i.e. small farmer are those who basically possess less than 0.5 hector of cultivated land per family and/or per capita income less than Rs.2500 (at 1987/88 price). Villagers must be small farmer, tenant or agriculture labour dependent on agriculture, small craft or cottage industries for their livelihood and have sharp willingness to work together with the group members. The program is based on group liability so that small farmers are motivated to organize themselves into groups and these groups or individuals are financed to generate income by undertaking productive activities. A study conducted by the Agricultural Project Centre (APROSC) in 1980 found that SFDP was effective in reaching small farmers and in response Government

of Nepal proclaimed SFDP as a national program for development of rural people. 'SFDP currently operates 291 SPOs in 67 districts of the kingdom covering more than 140717 small farmer families. Under this program, a sum of Rs.5.95 billion has been disbursed and Rs.4.17 billion has been repaid by the end of FY2000/01. The types of credit include agriculture, livestock, poultry, agriculture implements, irrigation, and cottage industries. The women participation in the program comes to 29 percent (ADB/N, 2001).

The program also provides training and other inputs and technician services to assist the small farmer productive activity. A process of institutionalizing the small farmer groups into the "Small Farmer Co-Operative Limited (SFCL)" has been initiated since 1993/94. The purpose of this initiative is to create locally-owned and managed MFIs that can take over the activities of SFDP on a self sustaining basis. 'By mid January 2003, 125 such SFCLs are in operation in 32 districts. Up to that period SFCLs has been providing Rs 1829 million, here Rs.849 million rupees have been recovered where as saving amount was reached to Rs.165 million (NRB , 2003/4). It is considered a land mark in this front that for the first time the marginal population was included into the net of minor-credit.

It was thought that service delivered through SFDP to men would automatically 'trickle down' to the family but a conference on the occasion of international decade for women held in Kathmandu in the late 70s concluded that the development program broadly aimed to improving the condition of rural people often failed to benefit women and their conditions were still deteriorating. Therefore women groups were formed in the name of women development program (WDP) first in two and second in five in the preceding years in SFDP areas. The observation found positive impact of the program implementation so that women development program was initiated in SFDP in 1981/82. Later the program was expanded to cover wider geographical areas and women population. It represented an important attempt to integrate women in economic development plan. The program became very successful to create awareness

and consequently a desire among poor to participate in micro-credit program for development activities.

The main objective of the WDP is to improve the socio economic status of rural women establishing self reliant women's group with regular credit delivery system to enable them to initiate and promote various income generating activities and strengthen the organizational capacity of women. Except providing credit for income generation, training and community development activities are also integrated to develop skill and productive endeavor of women.

By the end of 1984/85 the program has launched in 19 SFDP sites located in various districts covering 51,141 members in which 17,763 are women. In recent years, this trend is in increasing order. The WDP as a micro credit program mobilizes local savings and links it institutional credit of ADB/N. The women group meets regularly and discusses their problems and reach to a solution for their own and community development. Member of the group collects monthly amount (Rs.5 to 10 or above) as set by themselves into the group saving fund and which is deposited in a local bank. The group members also provide credit to member in need from their saving fund. The fund is also used to pay for developing community assets and infrastructures. Lending procedure and use of the credit in terms of WDP are same as explained above. Members are also provided recognized training like poultry farming, bee keeping, kitchen gardening, sewing, etc. Health and social awareness program are also launched to them which have partly been supporting their productive activities and children. Benefit derived through this program has become effective to fulfill some of their Socio-economic needs. The WDP under the SFDP however, has served only around 29% of the women as against the total number of small clients.

#### **4.1.2 Production Credit for Rural Women (PCRW)**

The ministry of local development (MLD) in collaboration with UNICEF, NRB, CBs and ADB/N initiated the first women focused socio- economic program "Production credit for Rural Women (PCRW)" in 1982. It is a gender based program. This program involved organization of poor women into small credit

groups and appropriate skill training by the MLD staff and extension of group based loans by the participating banks.

The main objective of this program is to uplift the socio-economic status of rural women. For this, the program increases the income of rural women by participating them into productive activities associating with regular credit facilities and other technical services. It needs to form the self reliance women's group because in it women are able to tackle their problem and fulfill their needs. The program also strengthens the ability of the banks to serve women in rural areas.

The program had covered 67 districts by July 2000. As of mid-July 2000, CBs and ADB/N disbursed a total loan of more than Rs.831.2 million to 74571 rural women through 163 bank branches in 67 districts. Total outstanding loan has been estimated as 546 million (ADB/N, 2001).

The program follows a simple implementation mechanism. The women development division (WDD) motivates women to form group of appropriate size from layer of low income and helps to obtain credit from different banks. Loans are delivered for productive activities such as agriculture, livestock, cottage industries, small enterprises, and trade and service sectors. PCRW has presented a unique feature that it utilizes commercial bank's financial resources allocated and disbursed under the priority sector program of intensive banking program and the credit funds made available through ADB/N and donors. Here it is noted that by mid-July 1997, over 260,000 borrowers of all categories were benefited by the IBP of commercial bank with outstanding loan of Rs.2.2 billion. Unlike SFDP, women member of PCRW receive bank credit with out any physical collateral up to Rs.30 thousand at a concessional rate of interest under the priority sector lending program. The women development section (WDS) also encourages women members of the group to save regularly. Different mechanisms are used to mobilize saving i.e. either compulsory or voluntary saving schemes. Savings have been used for financial formation as well as consumption needs of the group members into productive activities. The

activities like training, group organization, community development inputs and services etc. required for capacity development of the groups are delivered in assistance of multilateral and bilateral donors arranged by the government. The capacity measures are found to be instrumental in making credit more productive.

PCRW program has helped women to work together engage in individual or group level productive work to generate income. It has stipulated them to show their hidden talents and ability. The sign of 'trickle down' effect to the family and child welfare has been clearly seen through participation of women in PCRW.

#### **4.1.3 Micro-Credit Project for Women (MCPW)**

Learning lesson from the PCRW program, micro-credit project for women (MCPW) was initiated in 1994 by the government of Nepal under financial assistance of Asian Development Bank (ADB) with an objective of developing NGOs as appropriate financial intermediaries that would provide quality micro-credit services to the rural poor women over time. 'The project is under implementation through 95 NGOs in 12 districts and 5 municipalities. As of 31December, 2001, these MFIs had 1619 borrowers with an outstanding loan of Rs18.13 million (NRB, 2004:289). Nepal Rastra Bank (NRB), however, occupies sole responsibility to administer these program by channeling funds through commercial banks, agricultural development banks, Nepal Bank limited (NBL), and FI-NGOs. And it is noted that bank loan is made available to women beneficiaries initially through WDS in the recommendation of NGOs.

To provide an access of credit to the women in both the rural and urban areas is the primary objective of this program while issues like poverty reduction and human development are regarded as secondary objective. The over all objective of this program is however to improve the socio-economic status of women and promote their participation in national development. In order to have this goal, the aim of this project is to generate income and employment in selected rural and urban areas.



Like other targeted credit programs, the program has been designed to cater financial services such as credit and savings. Non- financial services such as organizing women in group, providing skill and training etc. are also provided to stimulate their ability of handling productive activities. First of all poor women are identified on the basis of per capita level less than or equal to Rs.4400 and mobilized and organized into self help group of 25members. These members are provided bank credit for multiple purposes such as agro- farming, small business and enterprises. The amount of loan ranges from 30 thousand to 250 thousand per borrower. Members are encouraged to save regularly and cultivate saving habits. Group savings thus deposited are lent to its members for productive as well as consumption purposes.

The program has become successful in bringing large number of poor, deprived and disadvantaged women into the safety net of formal credit and helps them to generate self employment opportunities initiating income generating activities which would uplift their socio- economic status through reducing poverty of their family, village, and the country as a whole(ADB/N, 2001).

#### **4.1.4 Grameen Banking Model**

During the period of 1992-1996, five regional development banks (Grameen Bikash Banks), following the grameen bank model of Bangladesh were set up to cater the financial needs of the deprived sections of the society in rural areas especially women for undertaking income generating activities. In the beginning, the rural development banks, one each in the eastern and for western development regions, were established towards the end of 1992. By June 1996, other three banks, one each in the other three development regions, were also set up. In aggregate, NRB and HMG hold about 33% and 10% respectively.

The basic objective of these banks is to provide financial resources required for different types of income generating activities by forming group of deprived women of rural areas and help reduce the level of poverty among the rural households. Identification and motivation of targeted groups, compulsory training about rules and regulation of bank and its lending procedure, easy loan

at door step without any physical collateral, 2+2+1 lending scheme to observe the performance of preceding loan receiver and compulsory saving scheme are some of the sound features of Grameen Banking. These features have partly stimulated the clients to achieve high and more stable income with proper employment generation and which in turn raise the repayment rate. The present fragmentary studies have shown that repayment rate of grameen banks is as high as 95% so that these banks occupies in better position than earlier launched programs.

The operation modalities of Grameen Bank is first to identify the poor women in the village. Then motivate and organize women in group of five. Each woman are given compulsory training among the group members for at least seven days to provide information on banks credit and their lending procedures and made women aware of their farming and business. The training also makes women to read and write even their own name. The Grameen Banks provide and collect loans at the door step and loans are distributed to individual group members against group guarantee in the field of agriculture, micro-enterprises, trade, and service sectors, Any rural women from rural households with less than 0.6 hector in Tarai and 0.5 hector in hills are eligible to join the group recognition test then the group member becomes eligible for the loan. The loans are extended following 2+2+1 model means in the group, rest will be facilitated at last observing the performance of earlier member. There may be four weeks gap between first and second phase and within sixteen weeks all borrowers get loan. The bank goes to the borrowers themselves during the group meeting at the villages. The purpose of loan is to provide an opportunity to the rural women for undertaking and promoting their farming, small enterprises, and trade and service activities. The bank lends credit up to 5 thousands rupees per borrower in the first phase and this amount gradually increases up to Rs.25 thousands in the successive period. The banks regulate 20% interest rate per annum for all purposes. In this respect it is severely higher than the loan provided by Banijaya Banks due to their high service delivery cost and it is not considerable. Again rural people need banking services at the doorstep rather than high interest rate. Although the interest rate of development bank is high, the program is highly

satisfactory because clients have been able to achieve high and more stable income with massive employment opportunities and which are the reasons of high repayment rate. Saving in group is compulsory and each week every member has to save Rs.1 or 2 in the group fund where Rs.1 daily during training period and 5 percent of received credits is also deposited. The group fund is mobilized for emergency purpose or to over come the problem of households' credit.

By mid- January 2005, these banks have already formed 35,435 groups through the 4,961 centers of 1,003 VDCs of 43 districts and forwarded micro-credit without collaterals to 147,949 members for income generating activities by mobilizing local skills. As of now, these banks have provided micro-credits totaling Rs11.55 billion. Of this, Rs10.16 billion has been recovered with Rs1.39 billion as outstanding in credit. Total amount of saving deposited by these groups reached Rs471.60 million including collective savings Rs.416.80 million and individual savings Rs.54.80 million by mid January 2005 (Ministry of Finance, 2004/5:16).

#### **4.1.5 Rural self Reliance Fund (RSRF)**

Rural self reliance fund was established in 1990 by the government of Nepal, as a pilot-scheme, with the objective of providing wholesales loan to financial intermediaries (SCCs and NGOs) that had difficulty in obtaining access to credit for on lending to the rural poor. Nepal Rastra Bank Development Finance Department is the executing agency of this program. This program is the first step in Nepal in the direction of exploring alternative means of credit delivery to the poor. RSRF provides credit on the installment basis based on the performance of the borrowing institutions. The internal rate charged by the fund is just 8% and it returns 75% of interest if the concerned institutions repay principal and interest on the schedule time- so that the effective interest rate is just 2 percent.

The targeted group of the fund is the individual households holding less than 15 ropanis of land in the hills or less then 1 bigah of land in the Terai. The

SCCs or NGOs who act as financial intermediaries between the fund and the beneficiaries (target group) are responsible for social mobilization, group formation, skill training, saving mobilization, demand assessment, loan approval, disbursement and supervision and flow ups. Loan is provided up to Rs. 30,000 without any physical collateral depending on group approach or liabilities. The SCCs or NGOs may on lend the loan from the fund only in those VDCs and municipalities where no more than 3 commercial bank or their branches (including banking offices of Agriculture development Bank) have been operating at present.

But SRSF stopped lending to the NGOs since 1998/99 for the reason that financial intermediary society Act, 1998 had not allowed NGOs to accept saving, and RSRF's one of the policies being that of lending a SCC or NGO to the extent of ten times the saving it had collected. Now the amended version of FISA allows FI-NGOs to collect saving from their group members, therefore, NRB needs to take initiatives to make RSRS funds available to the FINGOS as earlier. For RSRF to continue lending to FI-NGOs does not have to wait for amendment in the financial intermediary society by laws. It can be done internally with little bit of push from NRB. Such an initiative would improve access of RSRF fund to the FI-NGO that are not served by RMDC its strict eligibility criteria.

"It has disbursed loans equivalent to Rs. 72.8 million through 50 NGOs in 26 districts and 159 co-operatives in 40 districts as of mid July 2004, hence 8996 households of 47 districts were benefited as mid July 2004. NRB has been contributing to this fund from its profit each year. In FY 2003/04 NRB provided the fund with Rs. 74.8 million. From FY 2003/04, the fund has been successful to operate on its own income"(NRB, 2003/4:26).

#### **4.1.6 Rural Micro-Finance Development Center (RMDC)**

Rural micro-finance development center was established by Nepal Rastra Bank in 1998 realizing the fact that the MFIs operating in the micro finance market had sever shortage of funds for on lending and also needed assistance in enhancing their institution capabilities. However, RMDC because operational

since 2000 only. Twenty-one banks and financial institutions, including NRB own the share of this second tier-institution.

It started functioning with the objective of contributing “to improving socio-economic condition of the poor, the landless, and the assets less through increasing their access to resources for productive undertakings and employment”(RMDC, 2003:8) Its disaggregate specific objectives are many that include, among other, to provide wholesale funds to potential and viable micro finance institutions for on lending to the ultimate borrowers for undertaking their productive activities; to help build and strengthen institutional capacity of the partner organization (POs); to provide financial and technical supports to MFIs; to under take research and development activities to promote new micro-finance products and develop sound practices; to strengthen their capacity through training and exposure visits and to act as a financial intermediary to channelize the resources.

Till July 2004, RMDC has approved a total loan amounting to Nrs. 444.48 million for 32 MFIs and disbursed NR's 363.71 million (81.8%) to 28 MFISs. Among 28 MFIs, 2 regional Grammen Bikas Bank, 4 private micro credit development banks 18 micro finance NGOs and 4 co-operatives societies (RMDC, 2007).

Observing the functioning of RMDC sound satisfaction has been found in case of development of micro-finance market but, it is true, it alone can not meet the financial need of MFIs in Nepal. some more institutions are urgently needed. In this context, NRB needs to come up with appropriate policy measures that would create conducive environment for entry to other second tire institutions. Without a few more second tier institutions with provision of providing wholesale loans to MFIs, it will be impossible to achieve the target of reducing population below poverty line by the end of tenth plan period.

#### **4.1.7 Nirdhan Utthan Bank**

Nirdhan Utthan Bank Ltd. is the product of the initiative of Nirdhan NGO. NUBL registered as a company in November 1998 and in April 1999. NRB granted license to undertake banking activities under the development bank Act 1996. But the development bank Act 1996 has been redeemed with the commencement of Banks and Financial Ordinance 2005 (BAFIA). NUBL started its operations from July 1999 after Nirdhan handed over all its micro-credit operations. Its vision is to be a bank with social conscience that enables poor to contribute equally to a prosperous, self-reliant rural society through self-employment and social awareness and also help to reduce poverty in Nepal. The vision and mission of NURB has the primary goals to reach to a maximum number of poor households with potential and financial viability by adopting proven delivery mechanisms, develop a well-managed institution with high staff morality and enhance women's self-respect through social awareness, proper use and timely repayments of loan. Regular saving and provision of micro-credit services. NUBL has also chosen two types of models as a lending methodology. One is individual lending based on group solidarity and without collateral based on village banking model (NUBL, 2007).

#### **4.1.8 The Center For Microfinance**

The Center for Microfinance is a non-government organization of the microfinance sector. It is an autonomous organization established in July 2000 as a non-profit organization. It is an outcome in response to growing demand for a national focal point for the microfinance sector. This organization was previously a project implemented by Canadian Centre for International Studies (CECI), a leading INGO engaged in microfinance in Nepal. With a vision of sustainable access to microfinance services for the poor, CMF mission is to promote and strengthen microfinance services through capacity building, training, knowledge management, research, policy lobbying, consultancy and networking with mutual trust and co-operation among service recipients, practitioners and stakeholders. The Center has program management partnerships with 80 MFIs in 39 districts in Nepal. With the twin goal as such strengthen micro-credit institutions that serve

the poor, particularly and excluded groups and enhance service delivery capacity of development partners that promote the micro-credit sector (CMF, 2007).

#### **4.1.9. Chhimek Bikash Bank Ltd.**

Neighborhood Society service center (NSSC) supported in the establishment of Chhimek Bikas Bank (CBB). CBB was registered under company register office in 2001, under Company Act 1997 and received license from NRB January 2002 as per development Act 1996.

The vision of CBB is to enable the poor to contribute equally to a prosperous, self reliant rural society through self employment, social awareness and reduction of poverty. With this vision, the objective of the CBB is set to improve the socio economic condition of the poor, the landless, assets less and deprived rural Dalits through micro finance services.

The authorized capital of CBB is Rs. 60 million, issued capital Rs. 30 million and paid up capital Rs. 10 million. Out of the paid up capital 36 percent is owned by class A, CBs, 12 percent by Neighborhood Society Service Center, 30 percent by public share holders and 22 percent by others(CBB, 2007).

#### **4.1.10. Swabalamban Bikas Bank Ltd.**

Swabalamban Bikas Bank Ltd (SB Bank) was registered under Companies Acts 1997, obtained license form NRB in January 3, 2002 to operate under Development Bank Act 1996 and started its operation on January 14, 2002. SB bank has been promoted by Center for Self help Development (CSD) and the overall assets and liabilities of CDS were taken over by SB Bank on January 14, 2002. The primary objective of SB bank is to provide micro-credit services to the disadvantaged section of the rural Dalits to uplift their socio-economic status and also to make the maximum use of their existing skills and resources. The disadvantaged section of the rural woman includes those families owing not more than one bigha of land or having per capital income not more than Rs. 4400.

The authorized capital of SB Bank is Rs 24 million and issued and paid up capital is Rs. 10 million. Out of the total paid up capital 70 percent is with the institution and individual promoters and rest 30 percent is allocated for the general public(SBBL, 2007).

#### **4.1.11 Small Farmer Co-operatives Ltd.**

In 1975, ADB/N started to form joint liability groups of small farmers through its sub project offices. The high overheads and low collection rates of the sub project offices however led experts to question the sustainability of this approach. In 1987, the ADB/N introduced an action research institutional development program with the support of GTZ. In 1993, as the result of the Institutional Development Program, the first four sub project offices were transformed into Small Farmer Co-operatives. Since then, 143 Small Farmers Co-operative have been established in 36 districts of the country. Currently Small Farmers Co-operative Ltd. in Nepal covers nearly 80,000 rural households. The Small Farmer Co-operatives are multi service co-operatives designed to deliver primarily financial services, but also non-financial services to its members in rural areas(ADB/N, 2001).

#### **4.1.12 Priority Sector Credit Program**

In July 1976, definition for priority Sectors Credit Program (PSCP) was made credit to the agriculture, cottage industry and service sectors come into account in priority sector. This was the first participation of the commercial bank in the area of micro-credit. The commercial banks were required to lend at least 7 percent of their total deposit to such areas specified as the priority sector. This program has phased out from 2007.

#### **4.1.13 Intensive Banking Program**

Nepal Rastra Bank initiated the Intensive Banking Program (IBP) in 1982 with many efforts to accelerate the priority sector lending program. It is the developed version of Small Sector Credit Program. This is a well coordinated program that emphasizes project viability instead of collateral, thereby allowing



the underprivileged section of the society to take advantage of credit opportunities. The NRB rose minimum lending of 7 percent of total lending up to 12 percent in this sector (NRB, 2004).

#### **4.2 Developmental and Promotional Initiative taken by NRB in Support of Micro-finance**

Before 1974 only ADB/N was supplier of rural credit and which was not sufficient to meet the growing needs of rural credit because according to the data presented by NRB in 1972, ADB/N disbursed Rs.13.64 million in rural financing in FY 1969/70 which was only 1.36 percent of the total credit needs of the country. Two big government owned banks, NBL and RRB's interest was mainly on financing commerce and trade in the urban areas and not in rural lending. Again there were also a few credit cooperatives and ward village committees at the grass roots level, but their financial resources and capabilities were limited. Realizing all these facts NRB took appropriate steps i.e. developmental and promotional initiatives, in support of micro-finance.

Accordingly, NRB in 1974 directed the two CB's to invest at least 5% of their deposit liabilities in the "small sector". This step was the beginning of directed credit system and also involving CBs in rural lending in Nepal. Later on in 1976, the scope of small sector was enlarged so as to cover the whole of agriculture, cottage industries and services and renamed it as "priority sector". Similarly NRB took initiatives to establish Credit Guarantee Co-operation (now Deposit Insurance and Credit Guarantee Corporation) with its major share holding to minimize the risk of default or non-repayment of priority sector loan.

In 1981, NRB introduced Intensive banking program (IBP) under which the CBs were required to provide project based loans in priority sector that were to be supervised regularly and they were to extend at least 60% of their priority sector loan to rural poor below the poverty line as group based lending without any physical collateral. Later on NRB realized that the coverage of priority sector loan was still lower than expected so that it introduced "deprived sector credit scheme" in 1990. Under this scheme CBs are required to invest a minimum of

0.25% to 3% of their total loans and advances to the "hard core poor". In the initial phase up to Rs.15000 was provided with interest subsidy by Government through budgetary allocation. But interest subsidy was withdrawn when loan amount extended to Rs.30000.

NRB established 5 development banks, one in each development region with its major share holdings during the 1992-1996 periods. These banks provide loans under group guarantee system to rural women belonging to ultra poor category without any physical collateral. Again NRB took a lead role in establishing "Rural Micro-finance Development Centre (RMDC)" in 1998 which was brought under to overcome the severe shortage of fund and enhance institutional capabilities of MFIs operating in the microfinance market. RMDC has the provision to provide wholesale loans to MFIs licensed by NRB, for on lending to the sub-borrowers. It can also provide technical assistance, staff training etc. to the financial intermediaries.

Up to mid July 2002 there exists 827 MFIs in micro-finance market but most of them have not yet attained operational self-sufficiency and achieving financial self-sufficiency is still a longer way for them. Therefore various present studies shows that NRB's efforts should be extended in promotional activities though these have been taking since 1992 in support of micro-finance.

First promotional activity undertaken by NRB was its collaboration with the ministry of local development (MLD) in "production credit for rural women (PCRW)" project and acting as an executing agency for its credit part in 1982. The other far reaching activity was the adoption and implementation of policy to grant limited banking licenses to NGOs and SCCs engaged in micro-finance in 1990. A study report (sinha 2000) has expressed this act as a bold step in the promotion of micro-finance and unique in south Asian region. In the same year 1990, Government of Nepal established the "Rural Self Reliance Fund (RSRF)" as a pilot scheme, with the objective of providing wholesale loan to financial intermediaries (SCCs and NGOs).In the way, Financial Intermediary Act, 1998 had created obstacle between RSRF and NGOs but after its amended version

has created little bit comfort because it allows FINGOs to collect saving from their group members. This fund administered by NRB, was the first step in Nepal in the direction of exploring alternative means of credit delivery to the poor.

The other innovative/promotional role played by NRB was its active participation from conceptualization to finalization of development bank act in 1992, under which a total of 21 development banks have been incorporated by mid January 2003, of which 11 are micro-finance development banks. In 1993, NRB adopted a policy of CB's wholesale loans to Grameen Bikas Banks and licensed NGOs and amount of their (CB's) share participation in Grameen Bikas Banks as a part of deprived sector credit. The policy became effective although it was indirect way of lending. In 1994, NRB again collaborated with MLD in "Micro-credit Project for Women (MCPW)" for channeling ADB funds through NBL, RBB and FINGOs to the rural women of 12 districts and five municipalities. The most recent and potentially the most far-reaching promotional step undertaken by NRB was its important role in formulating "Financial Intermediary Societies Act 1998" (NRB, 2004).

Micro credit is financial and social intermediation, micro credit provides financial services like micro credit, micro saving, micro insurance and micro remittance. MF services are attracting rural poor backward Dalits, but due to the many constraints the delivery process of micro finance is not satisfactory. Most of the Dalits get benefit from the service but the improvement on their savings, consumption pattern is very slow this is because of the loan amount that is provided for these Dalits is very small. Despite these hurdle the role of micro-institutions, that for the improvement of living standard, reduction for poverty can't be ignored.

## CHAPTER V

### PROFILE OF STUDY AREA AND ITS RESPONDENTS

#### 5.1 Introduction to Syangja District

Syangja District, a part of Gandaki Zone, is one of the seventy-five districts of Nepal, a landlocked country of South Asia. The district, with Syangja as its district headquarters, covers an area of 1,164 km<sup>2</sup>. It has 60 VDCs and two Municipalities. It has Tanahu district in the east, Gulmi district and Parbat district in the west, likewise Kaski district in North and Palpa district in south. The other main feature of this district is the Siddhartha Highway named after Gautam Buddha. The highway crosses this district in the east to Sarketari and in the west to the border Palpa district. The places of Syangja district that keeps their name in history are Sataoun chandi, Manakamana, Bhirkot durbar, Alamdevi, Nuwakot durbar, Chhangchhangdi, Ridi, Jaisidanda etc. Jaisidanda is famous for its hold in the politics of Syangja District for a long time.

Putalibazaar municipality is in eastern and central Syangja. Walling is a municipality in western Syangja. It is a longitudinal valley along the beautiful Adhikhola river.

National population census Report 2001 shows that, the total population of Syangja District is 317,320. Out of which 143,619 are male and 173,701 are female. The major ethnic groups of the district are Brahmin, Chhetri, Magar, Gurung, Newar, Kami, Damai, Sarki, etc. The total population of Dalits (Damai, Kami and Sarki) is 44616. Out of this 20261 are male and number of female is 24355. Main occupation of the people of this area is farming, business, service, production, teaching etc.

To uplift the living standard of those people, various programs thorough different organizations are being launched. Among those programs, micro credit is one of the effective programs. Micro-credit program helps to develop the financial activity in the country. The objective of micro-credit program is to save and easy access to credit without collateral to poor people of rural area. It helps the deprived sections if the society specially the women from rural poor

households. This income generating activities helps to reduce the level of poverty in the rural household areas.

## **5.2 Introduction to Tindowate VDC**

Tindowate VDC is situated at 35 km west from the district headquarter Syangja. It has Pakwadi VDC in east, Tulsibhanjyang VDC in the west, Walling Nagarpalika in the north and Pakwadi VDC in the south.

According to the population census 2001, the total population of VDC is 4480, out of which, 1997 are male and 2483 are female. The main castes of the VDC are Brahmin, Chhetri, Magar, Newar, Kami, Damai, Sarki, etc.

The majority of Dalits (Kami, Damai and Sarki) lies in Bangradi village(ward no 8 and 9) which is popularly known as the Dalit settlement in the VDC. So the respondents for this study are from this area. The total population of Dalits (Damai, Kami and Sarki) in the VDC is 732. Out of this 325 are male and number of female is 407(CBS, 2001). Hinduism is the highly accepted religion in this VDC. Agriculture is the main occupation to raise the live stocks. Almost 80 percent of the total household are engaged in there occupation where paddy, wheat, maize, millet are the major crops.

## **5.3 Introduction to Muktinath Bikash Bank and its MCP**

Muktinath Bikash Bank is a 'B' class financial institution established in Paush 19, 2063 B.S. under the provision of Nepal Rastra Bank act 2063. It has head quarter in Prithivi Chowk, Pokhara. Its vision is to be a bank with social conscience that enables poor to contribute equally to a prosperous, self reliant rural society through self employment and social awareness and also help to reduce poverty in Nepal.

Muktinath Bikas Bank Ltd has played initiative role to provide Microfinance Services taking the approval from Central Bank since Baisakh 2065. Now the bank has provided the Microfinance services almost Twelve thousands poor households and their dependence through eleven branches like Putalibazar, Walling, Chapakot, Biruwa, PhediKholra, Jugle, Arjunchaupari, of Syangja district, Pokhara of Kaski district & Bhimad, Tharpu and Duleganda of Tanahun district of

Gandaki Zone. Fifty five Staffs under Microfinance department are dedicated for income generation of the poor, asset less, Marginalized, the exploited and desperate people of those areas through Microfinance program. Bank's vision is that bank should go to the doorsteps but not people coming to bank So bank has planned extending the financial services among all the people of three districts, Syangja, Kaski and Tanahun by Covering all the VDC through Microfinance.

### **5.3.1 Features of MCP of Muktinath Bikas Bank**

The Microfinance program of Muktinath Bikas Bank Ltd is quite different than other MFIs. The bank's programs going to realize the necessity for creating economic opportunities and to meet the basic needs of household requirements by the vulnerable group & deprived people. The program is unique due to:-

- Making access credit services to Low income & Collateral less people by going their doorsteps.
- Educated the Targeted Women as well as their guardians about the Programs , different services and methodology, Loan utilization, group liabilities etc
- Focused on the Rural poor households away from highway where formal institutions does not operating like Biruwa, Chapakot etc.
- Effectively Targeted to poor Women
- Loan demand, approve, disburse & supervision under based group guarantee by themselves.
- All the family Member of Microfinance clients access to financial services
- Linking to the banking program of Muktinath for saving and collateral based big loan.
- Small loan and gradual increment based on the credit discipline & capacity of burrowers
- Center chief workshops annually and awarded , business supporting Trainings, exposure visits etc
- Management Team are fully liable for programs
- High quality low volume microfinance services.

The vision and mission of bank has the primary goals to reach to a maximum number of poor households with potential and financial viability by adopting proven delivery mechanism, develop a well managed institution with high staff morality and enhance women's self-respect through social awareness, proper use and timely repayments of loan, regular saving and provision of micro credit services. The bank has also chosen two types of model as a landing methodology. One is individual lending based on group solidarity and without collateral based on village banking model. Walling branch of bank situated in Walling municipality is operating micro-credit program in Tindowate VDC.

To participate in Micro-Credit Program of MBBL, the following conditions are essential.

1. Residential in the operational area of bank
2. Knowing each other very well in the community
3. Self motivated, confident, enthusiastic and willing to be self employed.

The married women meeting the above criteria can participate in this program. There should be a group of minimum 10 and maximum 30 members to participate in this program. After group formation training of a week is given to the members by the bank staffs. During the training period the members learn about the bank, its policies, savings, credit and about micro-credit program and its advantages. The group of 5 members is formed during training period and a center is found. The members from the group choose a president and a secretary of that group. Then the rules and regulations to run the centre are set up. The center meeting is held either in monthly or once in 15 days which one is appropriate. In Tindowate VDC, there are 80 members (16 groups) active in micro-credit program ([www.mukthinathbank.com.np](http://www.mukthinathbank.com.np)).

The data are analyzed by using various tools and techniques. Whether the data are in the form of qualitative or quantitative form which starts with the general background of respondent.

## 5.4 Cast Distribution of Respondents

**Table 5.4**

### **Caste distribution of respondents**

Caste	Total Member	Percentage
Kami	38	50
Damai	23	30.26
Sarki	15	19.74
Total	76	100

*Source: Field survey, 2010*

The above table shows that in the study area majority of members belongs to Kami. 50 percent of members come from Kami caste and 30.26 from Damai caste and 19.74 percent from Sarki caste.

## 5.5 Age Group of Respondents

**Table 5.5**

### **Age Group of Respondents**

Age Group	No. of Respondent	Percentage
20-30	14	18.43
30-40	20	26.32
40-50	24	31.57
50-60	10	13.15
60-70	8	10.53
Total	76	100

*Source: Field survey, 2010*

Table shows that the, the respondents of age group 40-50 have heavy financial load for their survival, as they have the social responsibilities of giving education, marriage of their children etc. The smallest number of respondent is from age group 60-70. As being old they have less responsibility to their family.



## 5.6 Educational Status of Respondents

**Table 5.6**

### **Educational Status of Respondents**

Education level	No. of Respondents	Percentage
Illiterate	28	36.84
Joined Adult literacy class	16	21.05
Primary school	14	18.42
Secondary school	12	15.79
Higher secondary	6	7.9
Total	76	100

*Source: Field survey, 2010*

The table 5.5 shows that the education status of Dalit women is not good, 36.84 percent of Dalit women are found to be illiterate and the only 7.9 percent reached the higher secondary level. It indicates sheer negligence of concerned authority to educate Dalit women in Syangja.

## Family Size, Family Head of the Respondents

### 5.7.1 Family size of the Respondent

**Table 5.7.1**

### **Family size of the Respondent**

No. of Family member	No. of family	percentage
1 – 3	10	13.15
4 – 6	30	39.48
7 – 9	36	47.37
Total	76	100

*Source: Field survey, 2010*

The data shows that still the family size of rural people is large as 47.37 percent respondent belongs to large size family. 39.48 percent are from medium size family and only 13.15 percent are from small size.

## 5.7.2 Family Head of the Respondents

**Table 5.7.2**

### **Family Head of the Respondents**

Category	No. of family	percentage
Female	14	18.42
Male	40	52.63
Others	22	28.95
Total	76	100

*Source: Field survey, 2010*

The table shows that the majority of households are mostly male headed, clearly showing the patriarchic family system, which is often blamed for the lower efficiency of the family as a production unit and the main cause of repression of women within a family. Out of 76 respondents, only 14 women members are head of the family. These 14 women are head as they perform main economic activities in house. They are seen as more active than men in business and labour. Lower percentage of female headed household reflects the dominant portion of male members over female member. It also shows that important decision in the family is taken by male members no matter how serious it is.

## 5.8 Land holding size of Respondents

**Table No 5.8**

### **Land holding size of Respondents**

Size of land	No. of Respondents	Percentage
Land less	10	13.16
Less than half ropani	10	13.16
Half ropani	16	21.00
Half to one ropani	18	23.70
One ropani	12	15.82
above one Ropani	10	13.16
Total	76	100

*Source: Field survey, 2010*

The table shows that 13.10 percent Dalit women are land less; these land less Dalit women fulfill their daily needs by daily wage earning. The total data show, that the Dalit women have only small size land of land. About 73 percent Dalit women have less than half ropani. Only 13.16 percent they have land more

than one ropani. So this figure depicts that the economic status of household as well as women themselves some extent.

## 5.9 Main Occupational Status of Respondent

**Table No. 5.9**

### **Main occupational status of respondent**

Occupation	Total	percent
Wage labor	30	39.47
Household work	20	26.33
Small business	14	18.42
Others	12	15.78
Total	76	100

*Source: Field survey, 2010*

39.47 percent of the Dalit women have their main occupation wage labour. Similarly 26.33 percent work in their own firm and also doing the household services. 8.43 percent are found to have small business of wine selling, weaving machine, selling milk etc. And 15.78 percent are found working on other sectors. In addition to other activities they are following their traditional activities as Damais sew clothes, Kamis forge and repair farm implements, and Sarki do leather works.

## CHAPTER VI

### IMPACT ANALYSIS OF MICRO CREDIT

#### 6.1 Impact on Poverty Reduction of Dalit women

Micro-credit scheme being one of the major instruments to reduce the poverty in the society the foremost example is Bangladesh Grameen Bank. To uplift the economic status of Dalit women, it is the fact that this scheme has played an important role to reduce poverty which becomes dear after analyzing the data.

Monthly incomes of Dalit women, their monthly saving are dealt in this unit to identify the impact of micro-credit reducing the poverty among the women through comparative study.

##### 6.1.1 Difference in Monthly Income Level of Respondent Before and After MCP

Under this heading we have taken both level of income of respondents before and after involving in the MCP

**Table 6.1.1**

##### **Income Level of Respondent before and After Joining MCP**

Monthly income	Before Joining (%)	After Joining (%)
0 - 1000	21.05	10.52
1000 - 2000	15.80	7.90
2000 - 3000	13.15	7.90
3000 - 4000	26.32	26.31
4000 - 5000	10.53	31.57
5000 - 6000	13.15	15.80
Total	100	100

*Source: Field survey, 2010*

Above result shows that after joining the MCP. Their average income increases. Because before joining the program there were 21.05 percent respondent who have monthly income less than 1000 but after program the number is reduced to 10.52 percent, similarly the monthly income between 1000-2000 also reduce to 7.9 from 15.8 percent and the number of respondents having

monthly income more than 3000 increased drastically. This shows the positive impact on economic status of overall poor Dalit women.

### 6.1.2 Causes of Change in Income of Respondent

Most of the respondent replied that their income level increased after the involvement, some respondent faced loss also but in totality it was found positive.

**Table 6.1.2**

#### **Causes of Change in Income of Respondents**

Reasons	No. of Respondent	Percentage	Remarks
Business expansion	26	34.21	Increased
New Business establish	20	26.32	Increased
Increase in product of Agriculture	24	31.58	Increased
Leaving business ace to loss	4	5.26	Increased
Death of cattle natural hazard	2	2.63	Increased
Total	76	100	Increased

*Source: Field survey, 2010*

Above result shows the positive impact on income. As among 76 respondents 35 are found to be better off whereas only 3 are found to be worse off due to micro-credit program. It is found that 34.21 percent respondents income has increased due to the expansion of business, 26.32 respondents replied that their income level increased due to establishment of new business. Similarly 31.58 percent respondents income how increased due to expenditure made on production of Agricultural goods. In total 92.11 percent respondents are direct positively affected by the micro-credit program operated by the bank.

Out of 76 respondents 6 respondents are negatively affected due to micro-credit program, but this failure is not the impact of micro-credit itself, but due to the death of cattle and fire and due to loss in the business.

### 6.1.3 Change in Pattern of saving and Consumption before and After the MCP

**Table 6.1.3 (A)**

#### Change in monthly saving due to MCP

Monthly saving	No. of Respondents before MCP	No. of Respondents after MCP
0 – 25	12	6
250 - 500	10	4
500 - 750	20	26
750 - 1000	14	18
1000 - 1250	10	12
1250 - 1500	10	10
Total	76	76

*Source: Field survey, 2010*

Above table shows slight changes in the saving after the implementation of MCP in the surveyed area. Because the no. of respondents who save less than 500 reduced and the numbers of savers more than 500 has been increased. This shows that this saving again contribute generation of more income.

**Table 6.1.3 (B)**

#### Change in monthly consumption due to MCP

monthly consumption	No. of Respondent before MCP	No. of Respondent after MCP
less than 2000	10	6
2000 - 2500	14	12
2500 - 3000	20	24
3000 - 3500	18	20
3500 - 4000	14	14
Total	76	76

*Source: Field survey, 2010*

As indicated in above table, the consumption pattern has increased, it means out of their total monthly income greater part is diverted to the consumption and less is diverted to saving.

## 6.2 Loan Amount and Frequency of Loan Taken

**Table 6.2 Loan Amount and Frequency of Loan Taken of Respondents**

Loan borrowed in Rs.	No. of Respondents	percent
0 - 5000	12	15.78
5000 - 10000	24	31.57
10000 - 15000	8	10.53
15000 - 20000	14	18.43
20000 - 25000	12	15.79
25000 - 30000	6	7.90
Total	76	100

*Source: Field survey, 2010*

Above table shows the scenario of loan amount borrowed by the respondents for different purpose. In the research period it is found that borrowers are concerned about the loan amount according to their ability to earnings. 31.57 percent of respondents have taken the loan amount 5000-10000 and only 7.90 percent have take loan more than 25000.

## 6.3 Pattern of Paying Loan

As per the rule of bank respondents should pay their loan at least in 10 installments whatever the loan they get; it is basically implicated for general loan. 50 respondents should pay loan on fortnightly or weekly on installment basis.

**Table 6.3**

### **Pattern of Paying Loan of Respondents**

Types	No. of Respondents	Percentage
Paid fully	24	31.57
Paid partially	52	68.43
No paid yet	-	-
Total	76	100

*Source: Field survey, 2010*

In this regard the question whether respondents pay their loan timely or not were asked out of total respondents 24(31.57 percent) replied that they had already paid their loan fully. 52(68.43 percent) respondents paid their loan partially and timely. Finally no respondents replied that they had not paid loan till now.

### 6.3.1 Sources of paying loan

In order to take regular financial support from co-operative every respondent should pay their loan in time at any cost as per the rules and regulation of the co-operative. Respondents take loan for various purposes, but sources of paying loan might be different.

**Table 6.3.1**

#### **Sources of Paying Loan of Respondents**

Sources	No. of Respondents	Percentage
Income earned from investing loan	40	52.64
Taking loan from other institution	10	13.16
Family income	14	18.42
Doing labor	12	15.78
Total	76	100

*Source: Field survey, 2010*

According to the mostly 40(52.64 percent), respondents replied that they paid loan from the income earned from investing loan. This is the good indicator productive capacity of earning. 13.10 percent respondent pay back their loan from taking loan from other financial institutions, where as, 18.42 pay bank loan from their family income such as, salary. Out of total, 12(15.78 percent) replied that they pay loan from their wages.

### 6.4 Empowerment of Dalit Women Through MCP

Various changes on Dalit women's status and attitude have been observed after their participation in the programs. The description of empowerment in this case is seen through micro-credit program contribution to the decision making power, economic independence, and increase in mobility, change in social, political situation which are observed from their position in the household and confidence in community activities.

#### **I. Economic Independence**

Dalit women who are involved in micro-credit program regarded their ability to earn and be independent as a source of empowerment compared to



their status before the program. The Dalit women were not dealing directly with cash and had little decision making power before the program. Dalit women are highly involved in decision making activities either it is related to cash or other household concerns after the program. The feeling that they own something of their own has given them confidence. Their new income generating activities had made them more confidence and enthusiastic than before.

## **II. Increased in Mobility**

One of the indicators to measures the empowerment of Dalit women is their increased ability for mobility. Dalit women's confinement to the household had made them limited in their thinking and had limited their social interactions. As the participants Dalit women of MFIs came out from the household for group meetings and started new income generating activities, their social contacts had extended, had become more knowledgeable about the external world, were able to speak in public, and also know to deal with different people. But such opportunities were rare before the program. For them daily routine like taking care of children including household chore were major activities and those who worked as wage laborer even their mobility was limited only at the work place. So, most of the participant Dalit women felt more confident than before. Though, some are not feeling such.

## **III. Dalit women's Group Work as a Source of Empowerment**

One of the indications to measure Dalit women empowerment was their participation in community and group activities. According to the participant Dalit women, their joint efforts have made them economically strong. Due to their group work, they became able to take loans, do their individual business, and hence generate more income. After being member of MCP, they formed a new community saving group named as 'Tarkari Samuha'. But most of them were feared to joint in such group due to rule of weekly saving which is out of access for them. Most of the Dalit women reported the group work provided them a chance to share their ideas and techniques through group work they got physical and mental support which in return provided them more confidence than before.

#### **IV. Change in Social Situation**

It is already reflected that micro-credit program has comparatively improved the economic status of Dalit women than before the program. So, it is obvious that on the basis of economic status, social prestige or respect depends. Most of the participants of MCP reported that the micro-credit program had broadened their external world, whereas they were confined within the household activities before the program. The participant of micro-credit program revealed their social relationships and levels of contact had extended and so they became able to understand the world better, the training, and other activities had made them able to fight against the traditional values. Besides, when they had their own income, they felt proud, confident and prestigious in the society. During the household observation, almost all of them seem quite open, glad and enthusiastic. They seemed ready to face any kind of challenges that came along in their way. On the other hand, they had never got chance for group meeting and there was no opportunities either to ideas sharing or group discussion between other Dalit women before the program.

## CHAPTER VII

### SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter consists of core part of the thesis which presents the summary of the findings, conclusion and recommendations for policy making. There is close link between summary of the findings, conclusion and recommendations. Based on findings conclusions are drawn and according to conclusions recommendations are attempted in order to improve the status of Dalit women of the study area.

#### 7.1 Major Findings

The following points highlight the characteristics as obtained from data collected.

- MCP of MBB is poor and target group oriented. MCPs are provided to different castes, which include mostly illiterate and married women.
- The average age of clients is 45 year. So, it has focused mature and especially for household women of different places of study area.
- The average income level of Dalit women is increased by 40 percent after involving MCP.
- About 45 percent of Dalit women have taken loan for expansion of small business.
- In addition to traditional occupations, Dalit women are involved in more income generating activities and have become economically self-dependent after the program. This is positive impact of micro lending of MBB.
- Consumption patterns of household are far better than previous. They are improving their consumption level, which is positive impact to improve lifestyle of rural Dalit women.

- MBB has made provision for compulsory saving, so Dalit women are saving even a small amount of money, and after joining the program the average saving has been increased by 20 percent.
- Today Dalit women are able to make decision about their spending income, co-operative loan and repayment, selling and buying assets, sending children for school, children's marriage and family planning because of financial assistance of MBB. This indicates that MCP has improved the Dalit women clients.
- More than 50 percent respondents have paid loan, income earning from investing loan.
- Rural Dalit women are started to take part on social discussion and participation of Dalit women on MCPs has been positively taken by the society. This shows that Dalit women are socially uplifted.
- Dalit women perceive MCSs positively, social reaction is also good. It signifies that MCSs desirable in rural areas of Syangja.
- All the respondents have paid the loan in time, out of 76, 24 have been paid fully and 52 have been paid partially.
- Dalit women are becoming self-dependent and there is increase in participation of women on economic and household decision and on social issues as well. Thus, positive effect on socio-economic upliftment of rural Dalit women is seen.

## **7.2 Summary**

Dalit women approximately 10 percent of the total population is still in traditional trap. Nepalese Dalit women are severely victimized by discriminatory treatment in all sections of the society. Dalit women are still treated as untouchables, despite the fact that the state has already officially abolished caste-based discrimination and untouchability. This discrimination has been resulted poverty in Dalit community in various forms such as backward in

economic aspect, educational status, health condition and community based activities. So, economic empowerment of Dalit women through Micro credit program is taken as effective tool.

Today various programs, policies, NGOs, INGOs, Government organization are working to support rural life. Among a lot of programs, MCP is becoming an effective program because of its best performance and unique features.

Micro credit is a financial and social intermediation, according to available resources; micro credit provides financial services like micro credit, micro saving, micro insurance and micro remittance. These all organizations, which are facilitating the services rendering process of MF, are known as MFIs. Easily getting services of MF are attracting backward Dalit women, which may be caused to push them toward new horizon.

Most of the Dalit women beneficiaries of MCPs are relatively poor; women having no income or low income are focused by MBB. So, it seems to be oriented to poor women. The beneficiaries from MCP have improved their earning and equally stimulated their standard of living. As becoming them member of MBBMC they have become more active mentally and physically they have broadened their thinking about participation, communication, fund management discussion, accountability about their task, social and household sanitation etc. As they have together once in a month to repay and for saving, they have get chance to discuss on their improvement and failure of their own activities, which is a big foundation for empowerment.

Women's greater access to financial resources and services could provide greater decision-making power in terms of money and their households. Where this power lies may have significant implications for families and communities. Mostly women contribute their full financial resources for their families where as men rarely do so. When women are given decision-making power, they generally make decisions that will be optimal for their families. As a result, women will tend to make financial decisions that will promote nutrition, health and literacy within

their families, whereas men may allocate some of their resources towards activities that are not helpful to the family.

The main factors determining the level of women's economic and social empowerment in a country are its cultural and legal environment, and national policy on women's rights and poverty alleviation. Initiatives organized by micro-credit institutions for the provision of financial services and for policy and legal reforms are key elements for achieving greater economic and social empowerment.

A large number of poor people throughout the world are engaged in income generating activities in order to make ends meet for themselves and their families. Many others have established micro or small-scale businesses, but most of them operate within the informal economy where they lack any form of social protection, and where their livelihoods- and sometimes even their lives may be at risk. Micro-credit can give tools to manage risk. It is also a valuable resource in enabling people to take their first steps in making items for sale, engaging in trading activities, or providing services within their local communities. However, little effort has been done to explore the potential synergies between the provision micro-credit and small enterprise (MSE) development.

### **7.3 Conclusion**

This study has raised issue about Dalit women's empowerment and impact of MCP. To identify the socio-economic impact of MCP, respondent's before and after various conditions are taken from primary sources and tested by using various tools. Eventually following conclusions can be drawn from this study.

Our first objective is to examine the socio-economic impact of MCP on rural Dalit women in operational areas of MBB in Syangja. In this concern various tests are tested, aggregate result of this main heading is positive. So, we can conclude in the point that MCPs are creating positive socio-economic impact on rural Dalit women. It means MBB is encouraging, focusing and facilitating rural Dalit women in the Syangja district for socio-economic upliftment.

Our second objective of the study is to analyze the role of MCP empowerment of Dalit women through enhancement of decision making power in Syangja by MBB. In aggregate, result of this section area is also positive. So, Dalit women are becoming empowered through enhancement of decision making power by MBB operating in Syangja, they are taking parts in various social as well family decisional aspects. Thus, there is positive role of MCP on Dalit women decision-making.

Now, all objectives of the study are met. So, the study is complete with the conclusion that the MCP is a desirable and effective tool to uplift socio-economic condition of the Dalit women on rural area.

#### **7.4 Recommendation**

Micro credit is desirable in our rural areas but the study is not done to know about impacts of it on implemented areas. So it would be better to support, facilitate to researches or academicians by the concern bodies.

There is high demand for loan amount in the rural area; however there is not sufficient supply. Therefore, the banks, co-operatives, etc should increase its lending capacity with low interest rate. If bank increases its lending capacity and provides loan to more rural poor people, they will be able to be self employed by starting new business and gradually their life standard will be improved.

The rural Dalit women have different type of traditional skills in their hands. They have capacity to design and create wonder with traditional tools and absolute methods. These skills should be utilized and encouraged by providing trainings on these skills with new techniques such that it will help them on income generation activities.

MCP is seemed to money focusing only; they have not included other aspect of empowerment deeply (as money related programs). So it would be better to include other programs such as education, awareness related etc. So, supporting programs such as trainings, educations, awareness programs etc.

must be implemented for the socio-economic upliftment of rural Dalit women by the MBB.

MCSs are helpful to the poor for the enhancement to finance specific private income generating activities. However, it is vital important to insure that the loan facilities provided to the poor or the poor are not utilized for consumption purpose. If the people use their borrowing for consumption purpose, the actions of such borrowers if imitated by other poor people, it could produce a negative impact on future growth of MC. So, respective MC is recommended to adopt proper monitoring evaluation and feedback mechanism.





2.2 Do you have land in your own name?

2.3 How much land does your family cultivate?

Account of land	Ropani	Aana
Own land		
Others Land		
Land given to cultivate to others		

2.5 Do you produce sufficient food your family?

Yes: No:

2.6 a) If yes, is there any surplus? Yes: No:

b) How much is the surplus (in rupees):

c) If no, how much (in rupees):

2.7 What was your main occupation/job before joining the program?

a) Agriculture b) Household activities c) Other jobs, specify:

2.8 Average monthly income before and after joining the programs (in rupees)

a) Before:

b) After:

3. Information about the program:

3.1 Why did you join the program?

a) To earn more income and to improve family condition

b) To be self dependent c) Other specify

3.2 For how long you have been involving in this program?

3.3 What type of benefit do you get after joining the program?

a) Economic Benefit:

- i) Saving mobilization:                      ii) Easy to take loan
- iii) Curtail unproductive expenses   iv) To develop saving habit
- v) Others

b) Non-economic Benefit:

- i) Developed social concept              ii) Social awareness   iii) Lowered social evils
- iv) Health and sanitation                  v) Others

3.4 Have you taken any loan from the program?              Yes:              No:

3.5 If yes, how many times you have taken the loan?

3.6 What was the amount and purpose of taking the loan?

S.N	Purpose	Amount

Is the loan fully spent in particular purpose or not?

Spent:              Not spent:

If no, then where have you used it?

- a) I have in cash              b) I spent in other household needs              c) Others

3.9 Are you benefited from the loan?              Yes:              No:

3.10 If yes, what is the amount of income generated from the loan?

S.N	Type of program	Total monthly income generated

3.11 Did you pay the loan?

- a) Paid totally      b) Paid partially      c) Not paid at all

3.12 After paying loan, what is the purpose for which the remaining income is used?

- a) Daily household needs      b) Other household expenses  
c) For own use      d) Reinvested in previous works  
e) Others

3.13 Do you have any savings or not?    Yes:                  No:

3.14 If yes, then what is the monthly savings (in rupees)?

3.15 For what purpose the saving is used?

- a) To pay back the loan    b) To lend the some on else  
c) Taking idle      d) Others

3.16 Do you think your poverty has been reduced by joining the program?

Yes:                  No:

3.17 What was your consumption pattern? Is it changed after joining the program?

Yes:                  No:

If yes, then please maintain:

Before:

After:

5. Status of living standard:

5.1 Types of Houses:

- a) Made with brick and mud      b) Made with brick and tin
- c) Made with cement and brick      d) others

5.2 What type of fuel does your family usually use for cooking?

- a) Fire-wood   b) Kerosene   c) Biogas      d) Others

5.3 What type of toilet does your family member use?

- a) Local Toilet      b) Flush Toilet      c) Not Toilet

5.4 What source of drinking water is being used by your family?

- a) From local tap    b) From own tap    c) From river
- d) From own well    d) From tap made From Govt/NGO

5.5 Items of communication:

Does your family have the following communication media?

- a) Radio      b) Television   c) Daily news paper   d) Others

5.6 Except income generating activities which type of program have you joined under this Program?

- a) Community development activities      b) Training    c) Literacy Classes
- d) Environment and appropriate technology    e) others, specify

5.7 How do you spend your income?

a) Independently own self b) Depending on others

5.8 What is your role in various intra-household decisions making process?

Before:

After:

5.9 Do you think after joining the program you can support yourself if left alone?

Yes: No:

5.10 Do you think that the thinking of society towards you has changed after joining the program?

Yes: No:

5.11 After joining the program, is there any work that you can perform now which you couldn't do earlier?

5.12 Is there any problems you have faced when you are launching varieties of activities under this program?

Yes: No:

If yes, what are they?

5.13 Did you get any cooperation to solve that problem fro NGO, Bank, Government etc?

Yes: No:

5.14 Any suggestions or comments form your side that can help to make the program more effective:

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