

ROLE OF MICROFINANCE ON WOMEN EMPOWERMENT

(A Case Study of Sanakishan Cooperative Limited Bedkot

Municipality-10, Kanchanpur)

A Proposal

By

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Table of Contents	Page No.
1. Background of the Study	1
2. Statement of the Problem	1
3. Objectives of the Study	2
4. Significant of the Study	3
5. Limitation of the Study	4
6. Conceptual Framework	4
7. Concept and Definition of Microfinance	7
8. Review of Related Studies	9
9. Research Methodology	10
9.1 Research Design	10
9.2 Study Area	10
9.3 Population and Sample	10
9.4 Nature and Source of Data	11
9.5 Data Collection Techniques	11
9.6 Data Processing and Analysis	12
10. Chapter Plan	13

References

1. Background Of The Study

Microfinance has a very important role to play in development according to proponents of microfinance. Bashyal (2008) states that studies have shown that microfinance plays three key roles in development. It helps very poor households meet basic needs and protects against risks, it is associated with improvements in household economic welfare, helps to empower women by supporting women's economic participation and so promotes gender equity.

Microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty. By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society.

The aim of microfinance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector.

The educated as well as energetic women do not want to limit their lives in the four walls of the house. They demand equal respect from their partners. However, Kirtipur Municipalities' women have to go a long way to achieve equal rights and position because traditions are deep rooted in Nepalese society where the sociological set up has been a male dominated one. Women are considered as weaker sex and always made to depend on men folk in their family and outside, throughout their life. The Nepalese culture made them only subordinates and executors of the decisions made by other male members, in the basic family structure. While at least half the brainpower on earth belongs to women, women remain perhaps the world's most underutilized resource. Despite all the social hurdles, Nepal is brimming with the success stories of women. They stand tall from the rest of the crowd and are applauded for their achievements in their respective field.

2. Statement Of The Problem

Women of Nepal are poorest than men because they lack access to health, education and economic resources. Most of the women of Nepal are involved in agriculture but not recognized as farmer due to triple burden of work. Majority of women in Nepal are suffering from hard work and have difficult social and economic condition. The

most unprivileged class like women is to be especially targeted to effectively achieve overall poverty reduction in the country.

Different type of programs is lurching in women development in Nepal. Such as priority sector credit program (PSCP), Small Farmer Development Program (SFDP), Integrated Rural Development Program (IRDP), PCRW, Participatory District Development Program (PDDP) which in fact are intended to uplift the rural poor, especially women. Govt. also conducted micro credit project for women (MCPW) in twelve districts and five urban areas.

Although Kathmandu is one of educational district of Nepal, women of this district are still involved within household activities. They involve in agricultural activities. The ownership right over the family properties rests with males not the females.

Some common problems related to women such as not owning land and low level of education, limited scope to generate income and low social status are interconnected and circular in nature. They are less conscious to save money and financial mobilization. It is difficult for women to get high amount of loan without collateral and with less collateral. It is difficult for them to invest in business activities.

Women microfinance in Nepal has been facing many problems. So this study is tried to solve the following research problem within Bedkot Municipality-10, Kanchanpur.

1. What is the saving habit of women members?
2. What are the sources of income of women respondents?
3. What is the loan use practice of women members?
4. What are the impacts of micro finance to improve in economic status of the women members?

3. Objectives Of The Study

The general objective of the study is to assess the impact of microfinance on women in Bedkot Municipality-10, Kanchanpur. Other specific objectives are as follows:

1. To analyze the saving habit of women members.
2. To examine the source of income of women respondents.
3. To analyze the loan use practice of women members.
4. To analyze the impact of micro finance to improve in economic status of the women members.

4. Significance Of The Study

Through the help of this research study, it can be helpful to the microfinance, saving groups created by women to understand what could be done to empower women effectively. Similarly, it can be helpful to reveal the condition of the society. The study could help to analyze the women participation in financial decision making. The study can help to determine the role of microfinance in society, living standard of the people, their expenditure behaviors'.

Every research itself has own importance because it aims to gain knowledge and to add new literature to existing field. This study has great significance because microfinance program definitely enhance the economic status of rural poor, disadvantaged and deprived women of a society. The main reason behind this research work is to analyze the impact of microfinance on women. So this study is also important to get answer of above problems. Microfinance concept is very important to poor Nepalese people especially for women. From microfinance tools they can directly involve in fund raising program and can develop themselves. Today many research studies have been carried out in many developed countries including India, Bangladesh in microfinance. So to the best knowledge of the researcher, it will be more significant in Nepalese context. In the light of above statements, the researcher believes that the study will explore a virgin field in Nepalese women's microfinance scenario and add new things to the literature of micro finance sector. It will also contribute scholars, teacher, decision maker, financial planner and other training providers.

In addition to these, the present study has some practical relevance. It attempts to find out the ways it is trying to find out women's condition in Nepalese society. The increasing participation of the women in economic activities such as saving, taking loan etc. is supposed to enhance their capabilities to change and develop their household and overall economy. Microfinance allow women to take a greater role in household decision making, to have greater access to financial and economic resources, to have greater social networks and more bargaining power vis-à-vis their husbands; and to have greater freedom of mobility (Linda Mayoux 1997)

To date, Nepal about three decades of experience in Micro-Finance, which has been exclusively recognized as a poverty-reduction program focused towards raising the Income level and social standard of the people living in poverty, particularly women.

This research is to examine the impact of the microfinance on livelihood improvement of the people living in Bedkot Municipality-10, Kanchanpur through employee opportunity, income level, consumption expenditure, capital expenditure and social information.

5. Limitations of The Study

While this study is sheds light on various aspects of the micro finance. Furthermore, this study attempts to contribute to a fuller picture of the micro-finance sector and its impact. Followings are major limitation of the study

-) This study is only concentrated to the small area. So it does not cover the real scenario of Nepal.
-) The small part of the data in this study will be secondary; therefore the comprehensibility and accuracy of the figure and information published in this document may be bias.
-) The sample size of this study is too small which may not represent the whole population.

6. Concept and Definition Of Microfinance

Microfinance has proved itself a powerful tool for economic development of low-income women and man. It is an effective approach for alleviating poverty through access to the poor for operating their small enterprises. The term microfinance refers to the provision of financial services to low-income clients, including the self-employed, financial services generally including savings and credit; however, some microfinance organizations also provide insurance and payment services.

Microfinance means providing very poor families with very small loans (micro credit) to help them engage in productive activities or grow their tiny business. Over the time, microfinance has come to include a broader range of services (credit, savings, insurance etc) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products (<http://www.microfinacegateway.org/section/faq.html>.2008: may19).

Micro finance activities usually involve:

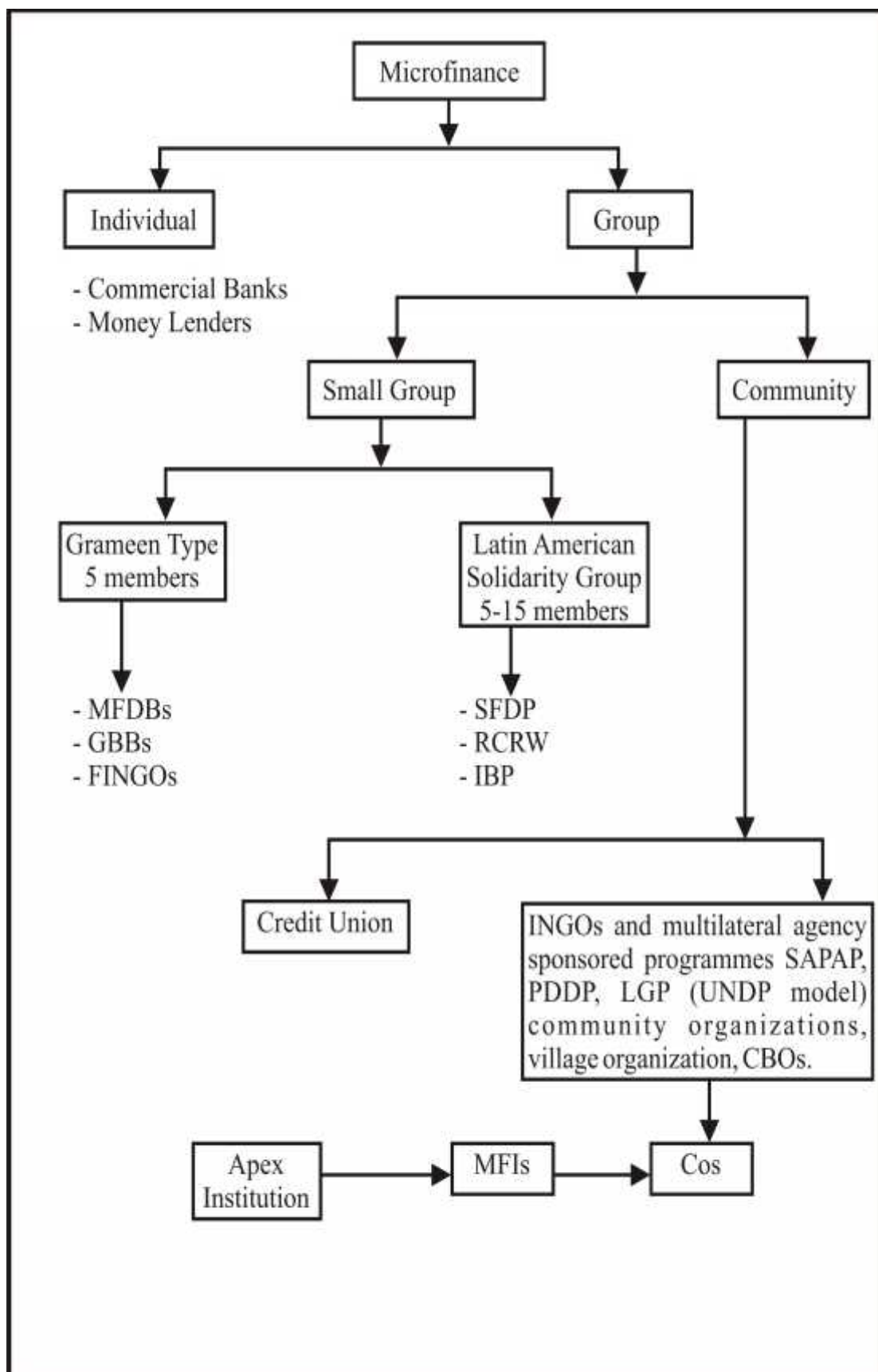
- Small loans, typically for working capital.
- Informal appraisal of borrowers and investments.
- Collateral substitutes, such as group guarantees or compulsory saving.

- Access to repeat and larger loans, based on repayment performance.
- Streamlined loan disbursement and monitoring.
- Secure saving products.

Since microfinance is targeted to poor people of rural areas, it assists the poor in many ways. Such as; providing poor people to invest in assets, organizing and facilitating difficult activities to earn their livelihood, protecting against income shocks incase of emergency needs and smooth consumption, improving quality of life by building social capital.

Some MFIs provide enterprise development services, such as skills training and marketing, and social services, such as literacy training and health care; these are not generally included in the definition of microfinance. MFIs can be non-governmental organizations (NGOs), saving and loan cooperatives, credit unions, non-banks financial institutions. Microfinance clients are self-employed as well as street vendors, small farmers, service providers (hairdressers, rickshaw drivers) and artisans and small producer, such as blacksmiths and seamstresses.

The general microfinance model is as follows:



Source: Bashyal, 2008: p. 13.

“Micro-credit” remained as important tool to focus the rural poverty. The poverty situation in Nepal is alarming and to reduce this situation to a reasonable level is also a major concern of the govt. plans and programs. The current 10th plan (2002-2007) has also incorporated micro credit as a major financial tool to overcome its single objective; i.e. poverty reduction. To attain the objective, the 10th plan has set out a number of policies and strategies along with various credit programs. For this, the plan has set a target of Rs. 101 billion rural credits to be disbursed during the plan-period of which the MFIs alone will disburse 50 percent” (Pardhan, 2005: p.13).

7. Review Of Related Studies

Bashyal (2005) studied and evaluated the impact of microfinance program on poverty reduction in her Ph.D. dissertation entitled “Impact of microcredit programs on poverty alleviation in Nepal: A case study of Rupandehi district”. She gave more emphasis on her study that women will not be empowered until and unless they get benefited both qualitatively and quantitatively with the promotion of gender equality. Overall objectives of the study were to evaluate the socio-economic impact and implications of microfinance on poverty alleviation through empowering women.

Chakraborty and Jayamani (2013) published an article on '*Impact of Micro Finance on Women Empowerment*'. Microfinance, a poverty alleviation tool to mitigate the vulnerability of the people of the weaker section in the society, has widely been implementing all over the world by engaging especially, the women in the main stream economic development. From the conducted study suggests that microfinance has been able to make poor women psychologically empowered and has raised their consciousness level high. It is also found that now they are equally capable of executing their decision- making power in the family matters. From the table of consciousness level of the beneficiaries, it is evident that the consciousness level regarding exercising voting right, preparing oral saline and drinking tube well water is satisfactory while the habit of using contraceptive is little bit low. Thus for the overall development of the country including rural sector, the weaker section women must be included as the key force with the existing male dominated financial sectors and all the development program must be addressed to the financially backward women.

Sujatha & Malyadri (2015) published an article on *Impact of Microfinance on Women Empowerment: An Empirical Evidence from Andhra Pradesh*. Empowering women is the main social objective of microfinance programs. It is difficult to evaluate the effectiveness of microfinance program on women empowerment because measurement of women empowerment is a difficult task. In most of the studies women empowerment is measured as latent variable. This study also measures women empowerment as latent variable. Microfinance is a powerful tool in enhancing women empowerment for its all indicators like household economic decision making, economic security, family decision making, mobility and legal awareness. Only participation in microfinance program does not lead to increase in women empowerment but when it is coupled with participation in seminars, workshops and training then it helps women in enhancing their empowerment. These training programs not only provide selfemployment training but also facilitate good decision-making. All the indicators which have been used to measure women empowerment in this study are not further studied for which indicators are more important in enhancing women empowerment. Future studies may target on this issue. This study is conducted in only one state of India. It opens the door to conduct similar studies in other states of India and in other countries to reflect impact of culture diversity on women empowerment. Demographic variables are considered controlled variables for this study but they have important role in explaining women empowerment. Therefore, future researches should consider role of demographic variables while explaining women empowerment.

Poudel & Pokharel (2017) study on Women's Empowerment Through Small Farmers' Cooperatives: A Case Study from Eastern Nepal. SFCL has positive impact on women empowerment; first in economic sense and consequently socio-cultural dimensions. Since SFCL delivers services primarily targeting people to acquire economic strength. This could be stepping-stone to enter in empowering socio-economic perspectives. In addition of economic support, SFCL delivers services to women to uplift socio-cultural standard. Service delivery system of SFCL does not directly support to encourage women in political activities, though it implies in political sense. It has emphasized women for microcredit programs in material resources and their control over it. In addition of economic aspects, role of SFCL is significantly higher in socio-cultural empowerment than the political empowerment.

SFCL being an independent and non-political organization, people do not discuss in political issues, but indirectly women become aware on their political rights. The statistical analysis of t-test also shows the significant difference in socio-cultural and political empowerment of women after involvement in it.

8. Conceptual Framework

Review of literature has provided the sources for the identification of theoretical foundation, different parameters are taken into consideration according to need of the various objectives.

Following conceptual framework has been operationalized in this study.

Fig. 1. Conceptual Framework:

Independent Variables

Dependent Variables

Saving habit of member women, source of income of women respondents and loan use practice of member women are independent variable whereas women empowerment is dependent variable.

9. Research Methodology

9.1 Research Design

A research design is a plan for the collection and analysis of data. It is an organized approach and not a collection of loose, unrelated parts. The research design serves instruments to be utilized and the sampling plan to be followed. It presents residues of guide posts to enable to researcher to progress in the right direction in order to achieve goal. The design may be a specific presentation of the various steps in the research process. The steps include the selection of a research problem, formulation of hypothesis, conceptual clarity, and methodology, survey of literature and documentation, bibliography, data collection, testing of hypothesis, interpretation, presentation and report writing.

To conduct this studies analytical and descriptive approach will be adopted. Analytical approach will be utilized mainly to analyze the relationship between income, investment and other variables. Descriptive approach will be used mainly for conceptualization of the research objectives and research problem of the study.

9.2 Study Area

The sample is selected from groups of Women. The study will be covers only five years of data. The study will be analyzed on the basis of the performance of participating people from micro enterprise groups.

9.3 Population and Sample

Population refers to the entire group of peoples, events or things of interest that the researcher wishes to investigate. A sample is a collection of items or elements from a population. Hence, a sample is only a portion of subset of the population. It comprises some observation selected from the population. The whole groups of cooperatives and women saving Groups with in study areas are considered as the size of the population. This study covers some sample women members for the purpose of study because of the limitation of area, budget and time. Only 101 women will be selected as sample for this study using convenience sampling method.

9.4 Nature and Source of Data

This study will be mainly based on primary data. These primary data will be both qualitative as well as quantitative. Secondary data will be used in this study will be collected from different sources such as:

- Various research studies, dissertation and article related to the study.
- Annual reports from municipality.

9.5 Data Collection Techniques

This study basically will be based on primary data. Primary data will be collected from the different primary data collection techniques.

(a) Primary Data:

Primary data will be collected from actual field using:

- Questionnaire:

Questionnaire will be used to get qualitative information. But some important quantitative information is also collected the respondents of questionnaire survey are the sample numbers and group managers of the program.

- Personal Interview:

This is also called direct interview. It will be used to collect the information related to investment, credit, saving interest collection, repayment rate and so on.

- Field Observation:

In this technique direct observation on field will be done. Women's condition about economy and other facilities is considered.

- Case Study:

If some related cases about women's economic condition arrive they are discussed.

(b) Secondary Data:

Secondary data will be collected from reports of municipality, Journals of microfinance, published books, unpublished books, thesis, and newspaper and other related published journals and article.

9.6 Data Processing and Analysis

The available data will be edited, classified and tabulated in appropriate form.

Processing of data will be done by the computer using Microsoft excel.

Analysis is the careful study of available facts so that one can understand and draw conclusion on the basis of established principles and sound logic. Various analysis tools are used. The following techniques will be followed in analyzing the data:

- Collection of relevant information.
- Identification of data suited to fulfill the purpose of the study.
- Classification and tabulation of data.
- Use of percentage charges, average.
- Drive conclusion, summary and recommendations will be based on the analyzed data.

Some statistical tools such as mean are used. Mean is the central value on an average.

A simple arithmetic mean is determined by dividing the sum of values by number of the observations.

10. Chapter Plan

The research study has been organized into the title of these chapters are as follows:

Chapter 1 - Introduction

It starts with the first chapter introduction that includes general background followed by the statement of the problem, objectives of the study, significance and limitations of the study.

Chapter II - Literature Review

The second chapter is literature survey and conceptual framework. It provides insight of the literature review.

Chapter III - Research Methodology

This chapter covers the research design, nature and sources of data, selection of sample Sanakishan co-operative ltd, data analysis procedures, model used for data analysis, instrumentations and overall analysis plan along with the limitations of the study.

Chapter IV - Results and Discussion

This Chapter focuses on the systematic presentation and analysis of data. It is the most important part of research where the determination of sanakishan co-operative ltd.

Chapter V - Conclusion

This chapter provides a summary of overview on all works carried out in chapter one through four including major conclusion derived from the study.

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