

# CHAPTER-I

## INTRODUCTION

### 1.1 Background

The word microfinance have been derived from Latin word micro =small and finance = investments. Although the finance is in the term microfinance, and the core elements of microfinance are those of the finance discipline, microfinance has yet to break into the main stream or entrepreneurial finance literature. Micro-finance refer to small investment of money different work. The concept of cooperative or microfinance refers an association of household who have voluntarily joint together to fulfill a common socio-economic objective by undergoing suitable income generation activities, making contribution to the capital required and accepting fair share of the risks and benefits. Microfinance is a source of financial services for entrepreneurs and small business lacking access to banking and related service ([www.wikipedia.org](http://www.wikipedia.org)). A type of banking service that is provided to unemployed or low income individual or groups who would otherwise.

Microfinance or microcredits refers to an essay of financial services including loan saving and insurance available to poor entrepreneurs and small business owners who have now collateral and would not otherwise quality ([www.businessnewsdaily.com](http://www.businessnewsdaily.com))(4april2013). It is the provision of financial services to low income people ([www.cgap.org](http://www.cgap.org)). We believe that microfinance is a suitable means of poverty alleviation leading to lasting holistic development ([www.oppurtunity.com](http://www.oppurtunity.com)). Microfinance is the provision of a broad range of finance services to poor low-income households and micro enterprises (Amin and Pebley, 1994). Micro finance has been promoted as a tool to reduce poverty.

The term empowerment is not new notion (Sinha Jha and Negi 2012) it is still lacks a clear definition (Hennink, Kiity, Pillianger, 2012). Empowerment of women means to let women survive and let they live a life with dignity, humanity, respect, self-esteem and self-reliant source. Empowerment (autonomy) has been variously defined as “the ability obtain information and use it is the basis for making decision about one’s

private concern and those of one's intimates and the degree of women's access to and control over material resource (including food, income, land and other forms of wealth) and to social resource (knowledge, power and prestige) within the family, in the community and in the society at large (Dixon, 1978). The term has also been differently by different scholar and use in a different context to mean something different (Malhotra, Schuler and Boender, 2002). Petesch and others have defined empowerment as "increasing both the capacity of individuals or groups to make purposeful choices and their capacity to transform their choices into desired action and outcomes. Furthermore Batliwala (1994) define empowerment is the process by which the powerless gain great control over the circumstances of their lives. It includes both the control over resources (physical, human, intellectual, financial) and over ideology (beliefs, values and attitudes). According to world banks empowerment source book, "empowerment is the expansion of assets and capabilities of pore people to participate in, negotiate with, influence, control and hold accountable institutions that affects their lives"(Narayan,2002, p. xviii). These definition above contain the notion that empower is about making changes, changing the perception of the community, causing personal transformation and improving individual capability to be able to formulate strategic choices for their lives (Malhotra et al, 2002).

Modern microfinance or cooperative have been found developed over 200 years around the world. Cooperative philosophy was originated with the revolutionary writing and activities of Robert and Charles Fourier. Robert Owen (1771-1859), an avowed socialist, has the credit for inspiring the Roach Dale Pioneers for sating up the first modern cooperative space shop in Toadlane near Manchester, in 1844. It was, however Raiffeisen, a burgoo master in Germany and not the Roach Dale pioneers, who inspired the experiment in ruler cooperative in many developing countries. Raiffeisen though not wealthy, was an inspired philanthropist. It was in 1864, that he had setup a credit cooperative society which was is to become model for others subsequently (Acharya, 2006).

Modern cooperative or microfinance organization has been a result of a long process of ideological and conceptual controversies as well as of trial and error. Social philosopher, philanthropists, professional groups, cooperative members and political propagated in various forms the idea that socio economically weak persons should

established cooperative-owned enterprises in order to gain access to various benefits and promotional services, which are needed to increase their income and improve their socio economic condition (Acharya,2006).

Cooperatives today are in operation in all the economic system prevalent in the world, private or capitalist market economics (USA, Germany, Japan and many other industrialized country), centrally planned economies (socialist) like former Soviet Union, people Republic of china etc. and all the developing countries that adapted mixed economies- India, Nepal, Pakistan, Srilanka, Bangladesh in South Asia. Over a period of 200 years, cooperatives are extended over hundred countries and into various sectors and activities encompassing agricultural, fishing, housing, banking insurance, water, electricity and health sector. For e.g. - it is estimated that over fifty percent of global agricultural output is marketed through cooperatives (Acharya, 2006).

### **Microfinance's in Nepal**

Nepalese society have a very strong culture of resource. Nepalese have a long tradition of labour sharing in informal mutual aid groups and rotating saving and credits association in rural areas with different ethnic groups. Dhikuri, Parma, Dharama Bhakari and Guthi are some to the traditional form of informal cooperatives. However, modern cooperatives began in 1953 after the establishment of the Department Of Cooperatives within the Ministry of Planning. Development and Agricultural to promote an assist cooperative development in the country (NCDB 2006).

The first cooperative form in Nepal was credit cooperatives societies with unlimited liability in the Rapti valley of Chitwan district as a part of flood relief and resettlement program. The thirteen credits cooperative society established in 1956 where provisionally registered under an executive order of His Majesty's Government and were legally recognized after the enactment of first cooperative Act 1959. Thus the cooperative Act 1959 and cooperative Rules 1961 provided the legal frame work and basis for registering those groups in multipurpose cooperatives (Shrestha, 2007).

The word cooperative refers working together for the common benefits by collecting capital in small parts from the certain groups of certain group of people. The concept of cooperative refers an association of rural household who have voluntarily joint together to fulfill a common socio economic objectives by undertaking suitable income generating activities making contribution to the capital required and accepting fair share of the risks and benefits. They can operate and expand their business and service activities through the process of networking as primary, secondary or tertiary cooperative (NCDB, 2006).

A cooperative is a voluntary organization of people with limited means to safe guard their needs and interest. Such people of ordinary means, who have ownness of interest of solving their similar problems, established principally cooperatives. The philosophy behind cooperative movement is all “for each and through mutual help “. Such an organization registered under cooperative Act is called “Cooperative Society”. Its basis purpose is to help weaker section of the society. In Nepal, cooperative societies are registered under cooperative Act, 1992(Acharya, 2006).

Cooperatives are being operated as socio economic institution at the primary level to meet and satisfy the needs of a common person. The essence of a cooperative institution is the democratic control and tends to diminish cooperative institution and thus the little democracies operating at the door steps of a common persons. There is now bar on any individual to become a member and to participate in the affairs of the society. A cooperative has often become compared to a state. It is a state within the state. A state is a political organization which has for ingredients, example-territory, population government and sovereignty. The members are its population, the executive committee its government and the general body just like people in state is supreme. A cooperative society in supreme, (Prakash, 2007).

### **Microfinance and women**

The focus on women’s empowerment in the context of microfinance brings to light the significance of gender relations in policy development circles more prominently than ever before. Women are vaunted as ‘weapon against poverty’ (DFID 2006, 1).Microfinance refers networking through fair sharing of decision-making power. In

a society, decision-making power is centered to male in socio, economic and cultural fields. There is discrimination between men and women, rich and poor in order to share power in society. In this context, women and poor don't have proper access to resources and they have been separated in economic activities for many years (NCDB, 2006). Microfinance has been seen as contributing not only to poverty reduction and financial sustainability, but also to series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment (Mayoux and Hartl 2009, 8).

Empowerment through microfinance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationship and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights (Cheston and Kuhn 2002). Although it is difficult to measure the exact impact of access to microcredit on different dimensions-such as impact on decision-making and on self-confidence – studies that MFIs indeed have a positive effect on each of these different dimensions of women's empowerment. The rationale for providing women access to microfinance services is that gender inequality inhibit economic growth and development (World Bank, CIDA, UNDP, and UNIFEM). Hence, the Canadian International Development Agency (CIDA) provides "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women" (CIDA 1999).

Women who were limited in house chores, farming and fodder were now capable to take responsible of different position, participate in meeting, develop business and perform skills and income generating activities. These activities are effective in women empowerment, besides these representing own institution: District center, National and international levels cooperative opportunity lead institution is also get from the running of cooperative institution is the process of established to running. Likewise, empowerment is process (Subedi, 2007).

Women comprises half of the total population of Nepal. They have lower status than men, by tradition they are limited in mobility and access to information and

education. The status of Nepalese women has been deeply affected by various religious, traditional, evil customs. Social norms and evil practices have seriously affected the role and status of women in the context of their access to knowledge, Economic resources, Political Power and their personal autonomy in the process of decision making. When Nepalese women's is analyzed in this light the picture bleak.(Acharya,1995)

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There are different type's co-operative of in existence such as work sharing for agriculture, livestock, vegetable and fruits. No human being can maintain livelihood without co-operation. If people are economically sound, they can fulfil their basic requirement of life. Especially if the women's participation in co-operatives increases they can emerge in every sector like social, economic and political. Empowerment is to power between and within (Oli, 2001).

## **1.2 Statement of Problems.**

Nepal is a developing country where women lag behind from all aspects: education, health, participation in local and national institutions, economic resources and other opportunities due to social structure of the society.

Traditionally, socio-cultural beliefs and other impediments have long limited women's participation in the economy and their access to resources for development especially in developing countries. However, there is a general consensus that in order for women to play a meaningful role in economic development, they must be empowered both at the economic and social level. One way of empowering women is to make credit easily accessible to them to finance their small and micro enterprises. In an attempt to realize this objective, a plethora of policies were implemented by various governments in collaboration with other stakeholders aimed at helping women access funds to expand their business. Despite, the efforts made by the government, policy makers, NGOs and financial institutions in extending financial services to micro enterprises (of which the participation of women is greatest), majority of women still faced enormous challenges in trying to access funds for their enterprises. Constraints to microfinance by women in small and micro enterprises can be attributed to a number of reasons such as low return activities undertaken by women coupled with heavy domestic workloads: channeling their low incomes or returns to support the up-keep of the home; high rate of illiteracy among others. Moreover, the formal financial institutions consider lending to a small business as a very time consuming and a costly venture since micro enterprises lack proper accounting procedures and owners frequently mix their business and personal finances, so their financial statements are often unreliable. Without access to formal financial service, most microenterprises are compelled to raise greater percentage of their start-up capital through their own internal savings and from family members but these are always inadequate. This study therefore intends to explore the contribution of microfinance to the socio-economic empowerment of women and the measures that can be taken to make credit easily accessible to them.

Comparing the condition of women in our society, the question arise. How can we bring change in the status of women in Nepal? How can they be able to make decision by themselves? What can bring changes in them and make them self-confident and independent? What types of program require by them so that they are able to think themselves as equal to man? What can feel them strong and skillful? What kinds of program is needed by them empowered in every aspects of their life? Keeping these question in mind, this research intends to focus in answering the following research question:

- ) What encourage them to join /involve in the microfinance?
- ) How is the microfinance functioning in chapagaun , Lalitpur ?
- ) How the targeted women use loan and the income?
- ) Is the saving and credit system of women of this program accessible to the poor women of the targeted area?
- ) Is the saving and credit system of women microfinance able to make women empowered socially, economically and psychologically?
- ) How can we perceive the program as source of empowerment to women?

### **1.3 Objectives of the study**

The main objective of this study is how microfinance effective in empowerment of its clients. Major achievements of microfinance is considered as enhancing income of the poor, enhancing their decision making capacities, forecasting self–employment, uplifting empowerment level of poor and overall term increasing productivity and reducing the poverty in the economy. However, the specific objectives of the study are given below:

- ) To study the socio-economic status of respondents before and after the involvement of Akriti saving and credit co-operative.
- ) To analyze the impact of deposits collections and mobilization of loans for women empowerment.
- ) To examine the level of empowerment of women involved in women co-operative.

### **1.4 Significance of the study**

Proposed study has both theoretical and practical significance. The research has revealed the actual situation of women at the level of empowerment in the study area. It has tried to explore how the women are being empowered the implementation of the women co-operative program. This study also aims to provide useful information to the concerned women and other interested on how women co-operative has brought change in the empowerment of women and decision-making process. The output of this study is expected to be useful for the government, policy maker and the I/NGOs



facilitating for the development of the co-operative or microfinance itself. This study may be helpful for those who are directly concerned with the human development and those who are concerned with the study of women co-operative.

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

The major limitations of the study are as follows;

The study will be conducted within limited, limited time and limited resources.

- ) This study involves only one financial institution” Akriti saving and co-operative Ltd”.
- ) As it is the research of one person study it is limited in certain territory and certain population.
- ) As the conclusion drawn in this study can be generalized in the entire chapagaun 04, Lalitpur, it cannot be generalized in wide areas of Nepal.
- ) It is for the partial fulfilment of the requirements for the master degree course.

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

This research study consists of five chapters. Chapter one has include the background of the study, objectives of the study, rationale of the study and conceptual framework of empowerment of women through co-operatives. Chapter two includes literature review. Chapter three includes research methodology adopted for the study in which various methods for data collection tools, techniques, and analysis are described. Chapter four is about the study area and includes data analysis and presentation, which is the major part of the thesis. The summary, conclusion and recommendation of the study are incorporated in chapter five.

## **CHAPTER-II**

### **REVIEW OF LITERATURE**

#### **Background**

Women occupy more than half of the total population in the context of Nepal. Most of women are under poverty. Women's access to financial services has been increased substantially in present and has been empowered economically. Microfinance programs have become the crucial tool for the empowerment and boost up of women.

As women empowerment has become the global concern and burning issue in these days, various scholars, academicians and other related organizations have learned and presented about the similar subject matters. The chapter, Review of Literature has been based upon various reports, manuals, workshops, papers, proceedings and studies Women empowerment through MFPs and institutions undertaken nationally and internationally. The chapter has included only theoretical conceptual reviews both at national and international level.

#### **2.1 Theoretical Reviews**

When we talk about savings and credits or microfinance, the credit goes out the novel peace prize winner Prof. Mohammad Yunus of Bangladesh. He was the first person who developed the concept and applied it. An economist by profession, he established saving and credits bank in Bangladesh that came to know as Grameen Bank. The bank was established in the Jobra village of Bangladesh in 1976 as a result of action research project on Chittagong University. The project later became a pilot and covered throughout an entire district. This was undertaken with financial support of the central bank of Bangladesh. In 1983, an independent financial institution. Grameen bank was established under a special law passed for its creation. It is owned by the poor borrowers by the powers of the bank who are mostly women. It works exclusively them. At present, 94 percent of the bank is owned by the borrower of Grameen bank and remaining 6 percent by the government of Bangladesh. Saving

services allow servers to store excess liquidity for future use and to obtain returns their investment. Credit services enable the use of anticipated income for current investment or consumptions. Overall cooperatives services can help low income women, reduce risk, improve management, increase empowerment, raise productivity, obtain higher returns on investments, increase their incomes and improve the quality of their lives and those of their dependent. Lack of saving and capital make it difficult for many poor rural women to become self employed and to undertake productive employment generating activities. Providing credit seems to be a way to generating self employment opportunities for the poor women.

The centre for micro finance CMF IN Nepal had commissioned a number of studies in the past for purpose of determining how best to use micro-finance as a mechanism to empower poor rural women. One of such studies investigated women's control over savings and loans while another examined the role of savings in women's empowerment Thomas, 2000. The former study concluded women have control over savings than over loans. The study further pointed out various factors that mitigate women's control over savings than loans. These factors are the women's civil status, their ethnicity, and the actual use of loan amount others. This study proved that credit loan is not enough to bring about women's civil status, their ethnicity and the actual use of loan among others. This study proved that credit loan is not enough to bring about women's empowerment. The latter study concluded that women do benefit from participation in mixed-sex SMCOs but in a limited way presently, mixed sex, SMCOs are not vehicles for women empowerment because their access and participation as members and leadership is constrained by their marginal role in decision making and by barriers perpetuated by society as a whole and by local SMCO board. This study therefore supports the view that women only SMCO is the better institutional mechanism for women empowerment in Nepal. Generally, the above mentioned researcher are valuable in their contribution to the body of literature that sheds light on the relationship between micro-finance and women's livelihood, empowerment in the context of Nepal. Their contribution especially to MFIs in the country however, could be step beyond accumulation of knowledge if it would lead to a resolve among Micro-finance institutions to implement practical actions that aim at women's livelihood and other Social activities.

This study intended to identify some Best Practices of women only savings and credits, if any in providing non financial services to their members, which when linked to improved access to financial services, can have the most significant development impact on poor households in general and poor women in particular. The study aims to identify and analyze what these non-financial services are, the factor that motivated women only SMCO to provide these services, and whether such services met their women members needs. The study will propose some practical action for women only SMCO and promoting agencies to consider in enabling women- only SMCOs in meeting financial and non-financial needs of their members. Saving and credits co-operatives are financial intermediaries. Being financial intermediaries, their function is to provide savings and credits services to its member-clients. However, in poor communities SCCs cannot avoid providing more than just financial services to their member-clients due to mainly two factors, expectation from their member-clients for non financial services, and their success in financial intermediation depends greatly on their ability to create mechanisms to bridge the gaps created by poverty, illiteracy, gender and remoteness. These mechanisms created to bridge the gaps caused by the economic social, and cultural disadvantages may be the form of non-financial services which may come in the form of social intermediation, enterprise development services.

Ledgerwood 1998 proposed a system analysis in understanding the process of successful and sustainable financial intermediation. Within the systems framework, an SCC or any micro finance institution should not be expected to provide all the services needed by its clients and members but rather a number of different institutions be involved, each responsible for providing one or more of different services needed for successful banking with the poor. In short, successful and sustainable financial intermediation should involve several players or services providers.

These services are:

- ) Financial intermediation, or the provision of financial products services such as savings, credits, insurance, credit cards and payment system
- ) Enterprise development services or non-financial services that assist micro entrepreneurs

) Social services or non-financial services that focus on the well-being of the poor

The degree to which an MFI or the SCC in this particular study is willing to provide more than just financial services depend on whether it takes an minimalist or integrated approach.

Ledgerwood develops a schematic framework that showed the relationships of the different types of MFI services to clients. ([www.microfinance.com](http://www.microfinance.com))

### **Micro – Finance in the world**

The history of microfinance can be traced back as long to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty. But it was at the end of world war second with the Marshall plan the concept had big impact. The day use of the expression micro financing it has roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the micro finance pioneer Mahammad Yunus, here starting and shaping the modern industry of micro financing. Another pioneer in this sector is Akhtar Hameed Khan. At that time a new wave of microfinance initiative introduced many new innovations into the sectors.

Many pioneering began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that the programs could show that people can be relied on the repay their loans and that it is possible to provide financial services to poor people through market-based enterprises without subsidy. Shore bank was the first microfinance and community development bank founded 1979 in Chicago. An economical historian at Yale named Timothy Guinnane has been doing some research on friedrich Willhelm Raiffeisen's village bank movement in Germany which started in 1864. And by the year 1901 the bank had reached two million rural farmers. Timonthy Guinnane means that already then it was provided that microcredit could pass the to tests concerning people playback moral and the possibility to provide the financial service to poor people. 10 another organization, the *caisse populaire* movement grounded by Alphone and Dorimene Desjardins in Quebec, was also concerned about the poverty and passes those two tests. 1900 to

1906 when they founded the first *caisse*, they passed a law governing then in the Quebec assembly, they risked their private assets and must have been very sure about the idea of micro credit. Today the World Bank estimates that more than 16 million people are saved by some 7000 microfinance institutions all over the world. About 500 million families benefit from these small loans making new business possible. In a gathering at a microcredit Summit in Washington DC the goal was reaching 100 million of the world's poorest people by credits from the world leaders and major financial institutions. The year 2005 was proclaimed as the international year of microcredit by the economic and social council of the United Nations in a call for the financial and building sectors to 'fuel' the strong entrepreneurial spirit of the poor people around the world. The international year of microcredit consists of five goals. They are assess and promote the contribution of micro finance to the MFIs, make microfinance more visible for public awareness and understanding as a very important part of development situations, the promotion should be inclusive the financial sectors, make a supporting system for sustainable access to financial services and support strategic partnership by encouraging new partnerships and innovation to build and expand the outreach and success of microfinance for all.

Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and political democracy cannot achieve their full potential unless the female half of human participates on an equal footing with the male. Yunus's long-term vision is to eliminate poverty in the world. That vision cannot be realized by means of micro credit alone. But Muhammad Yunus and Grameen bank have shown that, in the continuing efforts to achieve it, micro-credit must play a major part ([www.microfinance.com](http://www.microfinance.com)).

Microfinance began in the 1980s as a response to doubts and research findings about the delivery of subsidized credit to poor farmers. In the 1970s government agencies were the pre dominant methods of providing productive credit to those with no previous access of credit facilities. The microfinance program was firstly developed and initiated in Bangladesh in the late seventies and later replicated and many other countries now have been recognized as very useful instruments for the poverty

reduction. The Grameen Bank is the pioneer among the MFIs to introduce micro credit programs. During the last two decades or so the number of such MFIs including government and non-government organizations operating at national or various local levels on Bangladesh has increased ([www.microfinance.com](http://www.microfinance.com)).

### **Micro- Finance in Bangladesh**

Bangladesh has a successful story of microfinance programs. Bangladesh has implemented MF as the tools for poverty alleviation. Bangladesh government has implemented different target oriented poverty alleviations schemes under safety net programs to save hard-core poor from hunger and starvation to create productive employment for them. Food for work program, Vulnerable group feeding programs, destitute and women and children fund, allowance for distressed widows and deserted wives and scheme like “One house one farm” are some important target oriented poverty focused programs. Swanirvar Bangladesh 1975 and Grameen Bank 1975 have innovated two credit programs special agricultural credit program and small farmer development programs.

German bank was founded by Muhammad Yunus inspired by a young lady of village who used to make bamboo stools laboring whole day for other people. The GB success encouraged hundreds of the NGOs to start MF in Bangladesh. Now GBB has over 11,195 branches province of BD, borrowing groups in 43,681 villages, 3.12 million borrowers own women clients with 11,855 total staff. It borrowers owns 93% of the total equity. The GBB alone cover 71 percent of the total credit which lending credit on group based lending (Yunus, 2004).

Besides GBB, Bangladesh Rural Advancement Committee (BRAC 1972) and Association for Social Advancement (ASA-1991) are actively participating in micro credit program aimed to poverty reduction and income for rural people. These NGOs have disbursed a large amount of loan to over 4 million micro borrowers with saving collection from their members (ESCAP-007) Pallik Karma Sahayak Foundation (PKSF-1990) and Bangladesh Rural Development Board (BRDB) are the large autonomous microfinance institutions to channel fund to partner NGO. The PKSF is unique organization of private company outside government bureaucracy. The governing body of this foundation consists of distinguished person including

Muhammad Yunus. The government provided initial fund from annual budget and also lent large sums of subsidized rate. It works like a central financial institution for small and medium MFIs until they managed the first loan. ([www.bwtp.org](http://www.bwtp.org))

### **Micro - Finance in Nepal**

In the early 1960s, the co-operative movement becomes the first vehicle of microfinance in Nepal. As 13 cooperatives provided flood victims access to financial services adapted to their specific needs. In parallel, rural finance institutions were established such as the Agricultural Development Bank of Nepal, which aimed at providing credit and marketing support to agriculture.

In 1974, the two state-owned commercial banks, Nepal Bank Ltd. and Rastriya Banijya Bank were directed by the central bank, Nepal Rastra Bank, to invest at least a portion (first 5% to increase as high as 12%) of their deposit liabilities in the 'small sector'. This marked the beginning of the directed credit system in Nepal. In 1976, the scope of the small sector was broadened to include agriculture, cottage industry and 13 services, and has since then been called the 'priority sector'. The credit did not reach the poor as only influential and well-connected people, with collateral, were able to access the program. This led to the development of targeted initiatives, such as the Intensive Banking Program in 1981, initiated by the government and the central bank, through partnerships with commercial banks. Under this approach, group guarantee for loan repayment were used instead of physical collateral.

In 1982, the cottage and small Industries Project and the Production Credit for Rural Women all provided new directions to priority sector lending, focusing on project viability rather than collateral and therefore provided a financing window to the poor through commercial collaborating with local development organizations. The commercial banks perceived this program as more of an obligation to wards the central bank than a business interest. In 1990, the government of Nepal established the Rural Self-Reliance Fund (RSRF), with the objectives of providing wholesale loans to NGOs, co-operatives and financial intermediaries for on lending to the poor. The micro finance department of NRB acts as the secretariat of the RSRF and management committee headed by the NRB deputy governor oversees the fund. In 1992, the government of Nepal, following a recommendation from the NRB,



established Regional Rural Development Bank in each of the five development regions of Nepal, modeled on the Grameen Bank methodology. The majority of the ownership in the hands of government, Nepal Rastra Bank (the central bank) and public commercial banks, while other private commercial banks have small equity stakes. During the same period, private initiatives led NGOs, such as Nirdhan and the centre for self help development also used the Grameen Bank methodology, resulting in a generally more efficient and successful replication. In 1990s, with technical assistance from GTZ, local branches of the ADB/N under the small armer development program, started to be reorganized into federations of small farmer groups 'Small Farmer Cooperatives Ltd.' (SFCL), each operating as an autonomous cooperative. ([www.bwtp.org](http://www.bwtp.org))

With the promulgation of Development Bank Act 1995, Nirdhan was the first NGO (1998), to transfer its microfinance portfolio autonomous microfinance rural bank. Since 2000, Swabalamban Bikas Bank Ltd and Chhimek Bikas Bank in 2001, acknowledging the poor performance of the RRDBs under public ownership, the central bank started a restructuring program, which will lead ultimately to the privatization of the five RRDBs. With a view to provide a source of wholesale fund to regulated microfinance institutions the Rural Microfinance development center was established in 1998 and later on opened its lending to other microfinance provider. In 2001, the small farmer development bank was established under the development bank act to provide wholesale funds to small farmer cooperatives ltd (SFCLs). In Nepal agriculture based co-operatives were initiated in the 1950s as a first step in micro finance. Poverty programs on a pilot test basis in 1975 by the SDB/N. the success of the pilot tests in Dhanusa and Nuwakot districts encouraged policy makers to expand formal rural based micro finance programs. The SFDP is now being transformed into several autonomous, self-help organizations called Small Farmers Co-operatives Ltd (SFCLs), which are managed by farmers themselves. Other microfinance development programs such as Priority Sector Lending Program (PSLP), Intensive Banking Program (IBP), Production credit for rural women (PCRW) and Rural self- Reliant Fund (RSF), have been implemented. After studying the pros and cons of various MF development programs government began to rethink the delivery mechanisms of MF. In 1992, government set-up to Graman Bikash Banks as a replication of the Bangladesh Grameen model of MF delivery. Government also

created a situation to encourage participation in the MF by the private sector. Subsequently Nirdhan, CSD, Chhimek and other organization came to existence. RMDC was also established to support MFIs by giving wholesale credit, initiating training and other necessary support to the MFIs. Some government directed programs (TLDP, Bishweshwor with poor, PAPWT, community ground water project etc) have been implemented in co-ordination with NRB. MFIs are depended on small saving from group members. As a definition MFIs, as a part of development finance, rural or urban targeted towards specific group of people, male or female, falling in the lower bracket of society. Financial services include savings, credit and other services such as micro money transfer and micro insurance. This service is differentiated by types of service employment and income oriented objectives, target group, target community, target area and credit at home. In the past decades, MF has been recognized as a particularly effective development intervention for three basic reasons. They are the services provided can be targeted specifically at the poor, these service can make a significant contribution to the socio-economic status of the targeted community and the institutions that deliver these services can develop within a few years in to sustainable organizations with steadily growing outreach ([www.microfinance.com](http://www.microfinance.com)).

Nepal has three decades of experience in MF. Only MFPs are seen as pro-poor and rural based. In Nepal, Agriculture based cooperatives were initiated in the 1950s as a first step in MF. Poverty alleviation rural based programs were initiated through the Small Farmer Development (SFDP) on a pilot basis in 1975 by ADB/N. On the basis of the success of these programs, the SFDP was transferred into SFCLs which were managed by the farmers themselves. Later, other microfinance development programs such as Priority Sector Lending (PSLP), Intensive Banking Program (IBP), Production Credit for Rural Women (PCRW) and Rural Self-Reliance Fund (PSRF) were implemented, (NRB,2008).

### **Micro – Finance Models Practice in Nepal**

Three decades of Nepal experience have recognized microfinance as a poverty alleviation program focused towards raising the income level and social standard of the people living poverty, particularly to women. The success of the microfinance

program in the bringing positive impacts towards poverty reduction, the microfinance practices of the organized sector those are prevalent in the country can be categorized broadly in to seven microfinance models as follows:

### **Grameen Model**

A concept of Grameen bank was evolved in 1992 when the Nepal government felt the need to establish a separate institution which could take sole responsibility for financing the rural poor and supplementing, to some extent the rural microfinance activities of the previously established institutions. The aim of Grameen Bikash Bank GBBs, established as a regional development bank in 5 development region between 1992 and 1996 and operating on the Bangladesh Grameen model, it is to engage the targeted rural poor with the appropriate credit delivery mechanism and on a liability basis. These banks are the largest MF operators in Nepal. Training as an entry point of banking has been introduced, as a new specialized banking system by Grameen Bikash Bank.

The bank provides credit basically for micro level income generating activities on a group guarantee basis to the group members through 2+2+1 system. In a group, there should be 5 women and have less than 1 bigha (0.71 hectare) in terai and 10 ropanis (0.55 hectare in hills). The interest charge in the disbursed credit is 20 percent and bank recovers the credit in 50 weekly installments from the borrowers. There are four institutions working as a replaces of GBBs.

### **Swabalamban Bikas Ltd. (SB Bank)**

Swabalamban Bikas Bank (literally means Self-help Development Bank) is a microfinance development bank which started its operation on January 14, 2002. Over 13 years ago Centre for self help development (CSD) an NGO, initiated the self help banking program based on the Grameen bank model with some adaptations in September 1993. The primary objectives of the institution is to provide the disadvantaged section of the rural poor with easy access to credit, which will help them to improve their socio-economic status and make full use of their existing skills

and resources. SB Bank targets having per capita income not more than NPR 4,400 (US\$ 62) and serves women exclusively.

#### **Nirdhan Utthan Bank Ltd. (NUBL)**

Nirdhan Utthan Bank Limited, the bank of up-liftment of the poor is a microfinance bank established in November 1998 but was granted a license to undertake banking activities in April 1993. Though, legally established as a company in 1998, the operation of NUBL is a continuation of microfinance service provided by an NGO called 'NIRDHAN' which was providing microfinance service since March 1993. At that time it has limited resources and capacity to satisfy the demand of poor people in different part of the country. Hence, Nirdhan was transferred all microfinance operations to Nirdhan Utthan Bank. It provides microfinance services such as loans, deposits, micro-insurance, and remittance services. The lending methodologies are individual lending based on Grameen bank. Bangladesh model and group lending based on self help group model through a few specific branch office.

#### **Chhimmake Bikas Bank Ltd.**

Chhimmake Bikas Bank limited is a microfinance service to the poor, the marginalized and the deprived with a main focus on women living below the poverty line. It was registered with the company Registrar's office in December 2001 and obtained a license in January 2002 from Nepal Rastra Bank.

#### **Deprose Development Bank Ltd.**

Deprose Development Bank is a microfinance bank working in the central and western region of Nepal. The pioneer objective of the bank is to provide microfinance services, which are adaptable to local situation, cost effective and financially viable and sustainable. The bank has been promoted by DEPROSC Nepal. The other promoters are agriculture are agriculture development bank, Nepal bank, nabil bank, lumbini finance and leasing company, CEAPRED and former banks having 15-20 year experience. This bank was registered in January 2001.

### **Small farmers co-operative model**

In order to provide microfinance service to small farmers, agriculture development bank of Nepal. (ADB/N) introduced a newly developed financing concept on co-operatives known by the name of small farmers Co-operative Limited. It is also known as the convergent form of 3 decades old small farmer development project (1976) of the bank, considered the first poverty focused credit program in the country. ADB/N has also estimated Small farmer development bank in 2002 meet the wholesale requirement of CFCL for on landing to small farmers.

The main objective of transformation of SFCL is to ensure the viability and sustainability of micro finance institutions (MFIs), which would be managed and administrated by the members themselves. Many international organizations including IFAD, ADB/N, CGAP have lent their support to this program in one way or other band GTZ has been continuously providing technical support to help upgrade these institutions. As of mid July (2006), a total of 117,094 members were associated with 200 members of CFCL in the country. During the same period, however, only 141 SFCLs have taken wholesale loan from SFDP for on-lending to the small farmers with the credit disbursement amounting to Rs. 1.347 million. In this model SFDB provides the wholesale loan to SFCL at 9.5 percent interest rate per annum. Whereas SFCLs disburse loan to their clients at the interest rate ranging between 12 to 16 percent per annum and the loan is repaid within 2 to 5 years from the date of disbursement. ([www.microfinance.com](http://www.microfinance.com))

### **Finance Intermediary Non-governmental Organisations (FINGOs) Model**

This is the latest form of development in microfinance in term of financial intermediary process. It is believed that more than 10,000 unregistered NGOs are opportunity either in the field of micro finance or in social and community based development activities. However, only 47 NGOs (mid July 2006), have been permitted license for doing limited banking operation from NRB. Still, mid July 2006, 51 NGOs are associated with the Rural Self Reliance Fund (RSRF, 1991). After the promulgation of Financial Intermediary Act 1998 (1st Amendment 2002), a broader scope has been created for the NGOs to function as financial intermediaries for

mobilizing saving and promoting credit activities within the group. In this model, the NGOs disburse loans for microfinance on a group basis. The interest rate range between 18 to 25 percent per annum and repayment system of NGOs in MF is on a very short term periodic basis.

### **Priority and Deprived Sector credit PDSC model**

After knowing that large volume of people are directly related to certain sectors, priority sector lending model was introduced in early 1974 through the mandatory credit requirement as put forward by the NRB in agriculture, cottage industry and services sectors. This mandatory requirement is presently called Priority Sector Credit Programs PSCP and Deprived Sector Credit Programs DSCP. PSCP was recognized as Intensive Banking Programs IBP in 1981 while DSCP was introduced in 1991 by the NRB. Both the programs have provision of direct and indirect financing. Under the direct financing mechanism, commercial banks provide loans to the beneficiary directly as retail lending while under indirect financing, commercial banks act as wholesale micro financer and the loanable funds are channeled through MFIs, co-operative, FINGOs and MFDBs for on lending to the beneficiaries. Notwithstanding the fact that Nepal is currently passing through a World Bank led Financial Sector Reform Program FSRP, NRB has opted for phasing out policy of this priority sector credit program within five years starting from 2002/03. It may be recalled mandatory requirement to flow funds in to priority sector credit program was 12 percent of the total credit outstanding, while for the DSCP commercial banks are required to finance micro finance sector at least to the tune of 3 percent of their total credit outstanding. Thus DSCP is also a major source of fund for lending purposes to MFIs. In priority sector credit program, the commercial bank charges 4 to 12.75 percent interest rate per annum. Co-operative provides micro finance in the form of credit to individuals and groups with limited resources. Savings are the strong bases of co-operatives to make them suitable and capable to fulfill both the economic and social needs of their members and the communities where they are operating. In co-operatives, money that is, comes from the members. So the members are not merely the clients but owners of the institutions. Co-operatives are autonomous association of the persons united voluntarily to organize and operate any business in the society. These associations are governed by some established

principles, i.e. open membership, democratic control and equal distribution in the organization.

As of mid-April 2013, around 29,526 co-operatives have been registered with the Department of Co-operatives of which 12,916 are savings and credit co-operatives SACCOs and 4,520 or 35 percent of them are women SACCOs. Such SACCOs provide micro finance to their members for running income generating activities. ([www.bwtp.org](http://www.bwtp.org))

Financing from the RSRF is popular amongst SACCOs and FINGOs. SACCOs at the present juncture could be an alternative vehicle for micro finance service delivery to the rural targeted people. But in absence of proper regulatory frame work and clear-cut supervisory jurisdiction, it may not be so easy to generate faith with financial co-operatives. The regulation on the job of micro financing may therefore be assigned to a separate institution like NEFSCUN and National Cooperative Development Board or new institutions such as Micro Financing Regulatory and Supervision Authority.

### **Project-Based Micro-Financing Model**

There are six major donor-funded project-based micro credit programs. Some of there are still in inactive stage.

### **Production Credit for Women PCRW**

PCRW was the first donor supported micro finance program was the initiated in 1198 and completed in 1997 under two phases covering 26,616 poor women borrower from 75 direct of the country with the credit disbursement amounting to Rs. 933,812 thousand. Funded by IFAD with a lone amount of SDR 3.23 million, the project utilized the lone amount cent percent. To major commercial banks NBL and RBB and ADB/N where participating bank and it was executed by Women Development Division of Ministry of Local Development Nepal Rastra Bank was the main executing agency of the credit component.

### **Micro-credit Project for Women MCPW**

This project was launched in 1994 by Ministry of Local Development in co-ordination with NRB, RBB financial assistance of ADB/Manila amounting to SDR 5.0 million. The distinctiveness of its approach lies in using NGOs as facilitator in micro finance. Under the project, 95 percent 87 NGOs and SACCOs have been involved in 'financial and social intermediation' i.e. group formation, training and delivery of bank credit. By March 2002, the project covered 25,000 women clients from 14 districts and 14 municipalities. The participating bank such as NBL, RBB provide micro credit amounting to Rs.135 million outstanding balance to the target beneficiaries through NGO and women associations. NRB was again the executing agency of the credit component of the project. The project was awarded best fund ADB funded project in Nepal by ADB in 2001. With the completion of the project, many NGOs associated with the program as a credit agent later converted or upgraded into FINGOs and SACCOs. That is, 82 women saving and credit co-operatives were organized and 25 of them were registered at the co-operative department. 25 SACCOs have been able to become partner organization of RSRF. Similarly, 27 FINGOs formed by women groups under the MCPW have received licenses for limited banking from the central bank. ([www.microfinance.com](http://www.microfinance.com))

### **Poverty Alleviation Project in Western Terai PAPWT**

This project was funded by IFAD and launched in December 12, 1997 in selected Terai district of western, mid-western and far-western development region. The project is to cover below poverty level clients of MFIs through 16 branches of 22 Grameen Bank and its replicating institutions from 8 districts of western, mid-western and far western in Terai. The project was completed in December 2004 and covered 29,000 small and marginal deprived sector borrowers. The project utilized 80 percent of loan amount of SDR 2.75 million. The project is based on pre-financing model under which the selected branches are pre-financed by the NRB for on lending their branch viability plan. As usual, Ministry of Local Development as the major project implementing body for overall project management and NRB acted as a credit component implementing body.



### **Third Livestock Development Project**

The project was started in the year 1996 with aim to improve the quality of livestock and its production along with other livestock related development. The project was funded by AND/Manila with a loan amount SDR 2 million. The project was launched in three different phases in 26 districts of western, mid western and far western region of the country for the targeted marginal and middle income people. Initially, the project was to be completed by July 30, 2003 but it was extended by one year to July 30, 2004. Besides, targeting marginal and middle income farmers, provision for high income level farmers was also made for raising live stock on commercial basis. During the project period, TLDPI has disbursed Rs 170 million through its MFIs while NRB was implementing agency for the credit component the overall executing responsibility was with the department of livestock, ministry of agriculture and co-operative. The project had shown remarkable performance and as such has been rewarded three times 2000, 2002, and 2003 by ADB/M. ([www.bwtp.org](http://www.bwtp.org))

### **Community Ground Water Irrigation Sector Project**

With the objectives of increasing agriculture productive of marginal and small farmers through community based shallow tube well irrigation system, government introduced CGISP in 12 district of eastern and central terai in march 1999. CGISP is founded by ADB/M with a loan amount of DRS 9.93 million for the STWs installation and production credit and US 3.5 million as a grant from CIDA as technical assistance. RSRF under NRB is the implementing agency for the credit component. As of mid July 2006, RSRF under CGISP disbursed Rs. 134.98 million for 5365 STWs in group thereby benefiting altogether 21,262 marginal farmers. CGISP was extended twice from July 2005 to July 2007. The project targeted to install 15,000 STWs through credit without subsidy. Department of irrigation has overall responsibilities for executing the project. Technical assistance part was implemented by Central for international studies and co-operation. ([www.bwtp.org](http://www.bwtp.org))

## **Rural Micro-finance Project**

This was an ADB/M funded for project for a period of 1999-2005. With a loan amount of SDR 14.2 million under the project, RMP aimed at improving the socio economic status of poor women through wholesale credit to PFIs for on lending to income generating activities and institutional strengthening of MFIs. Rural microfinance development centre RMDC implemented the credit component. As of July 2006, RMDC was able to utilize only 30 percent of ADB/M was mainly due to conservative attitude shown towards large MFIs with undermining the prospect of micro finance development bank such as GBBs in outreaching as well as scaling up of operation of micro finance.

## **Wholesale Micro- Finance Model**

Wholesale microfinance in Nepal was introduced in 90's with the establishment of RSRF in 1991. Later another institution called RMDC under RMP came into existence in 00 to cater to the wholesale credit needs of MFIs and capacity building of clients of partner organizations. Currently, in the year, another wholesaling micro finance institution called Sana Kisan bank SKBB was established to provide wholesale credit to SFCL. Likewise, wholesale institution called National co-operative development bank was also established in 2003.

## **Principles of Co-operative**

Principles of co-operatives refer to the guideline to give the concrete form to norms and values of co-operative organization. In order words cooperative principles are the set of rules and regulation to regulate and govern the activities of cooperative enterprise. There have been three types of co-operative systems, which are Rochdale system, Refisen system and Schulze system. The principle of co-operative have been given new dimensions from time to time to suit the changing environment and situations in order to make the cooperative movement more meaningful and purposeful. Due to rapid changes in the economy of the world, the need for review of the principle of cooperative was increasingly felt. In 1963 the international

cooperative alliance had reviewed the existing principles. In 1995, sep the ICA General meeting stated the following as the principles of co-operative.

- Voluntary and open membership- co-operative organization is a voluntary organization. It does not discriminate and show disparity to any person on the basis of caste, sex, religion, beliefs and any other such characteristics.
- Democratic management- the control and management of co-operative organization is performed by its democratic system. Every member enjoys equal rights in policy making and decision making of the organization and there is system of one-man one vote.
- Autonomous and freedom- co-operative organization is an autonomous, independent and an organization controlled by its members. There is necessary to make the members acquainted with the basic principle of co-operative education training and information to the members based on co-operative values.
- Concern to society- co-operative organization directs their plans and policies towards the continuous and long term development of the society.

## **2.2 Review of related studies**

No. of articles and thesis are being reviewed to have a clear understanding and greater insight about the subject matter during understanding this study. So, they are briefly reviewed below. For the general purpose, reviews of articles have been divided into two portion review of MF related articles and review of dissertations

### **Review of articles**

According to Dhital on the article entitle of “Great inspiration” in Nepal, cooperatives were started almost six decades ago. The movement failed during the panchayat era. After 1990, the UML government restored cooperatives and the maoist – led government gave in continuity. However, the Nepali Congress, which headed the government fo the most of the multiparty period, didn’t give priority to cooperatives due to its focus on privatization and liberalization policies.

Compared to mushrooming growth of cooperative institutions, their performance has not been satisfactory. Nepal's cooperative sector contributes less than 1 percent to GDP. The main challenge for these cooperatives is that they couldn't maintain their norms and values. Through microfinance has been successful to uplift lives of rural poor, concerns have been raised about increasing profit-centricity of micro credit institutions pushing borrower over the edge with multiple debts. There are 100 microfinance institutions affiliated to RMDC that comprises 76 percent of total micro credit market. Microfinance services have been attributed as one of the factors that have contributed in Nepal. Along with noticeably improving the living standard of the member these services have brought huge social changes in the backward rural areas especially in the area of women empowerment.

In a country like Nepal, where the people living in the rural areas don't have access to technology and banking services, the role of micro finance is even more important for the development of nation. But the government is not proper attention to many of the problems of micro finance companies. Financial institutions that are obliged to fulfill deprived sector lending requirement by the central bank to lend the amount to whole sale microfinance lenders at interest rates of seven percent to 10 percent. The whole lenders then lend to individual micro credit institutions who then give the money to clients that consist mainly of poor people who reside in rural areas. ([www.microfinance.com](http://www.microfinance.com)).

As a development tool, microfinance is considered as one of the important financial resources for poor people to conduct household economic and income generating activities, which can reduce their vulnerability and allow them to accumulate capital and hold valuable assets. In another perspective, micro finance also means of helping micro entrepreneurs to expand their business to the point of becoming viable business and eligible for credit from commercial banks. However, it is irony that micro finance services are confined to a greater extent among small relatively less poor segment of rural population living in accessible districts and large number of poor and vulnerable poor living in remote hills and mountain districts are yet to be serviced through microfinance services.

## **Review of thesis**

Since the MF and Empowerment are relatively new discipline, only handful researches are undertaken by few researchers. Therefore, very few dissertations are available in the libraries, which are briefly reviewed below.

Raskoti R.K. undertook the research study entitled, “Impact of Siddhartha multipurpose co-operative organization limited on empowerment of women” in November, 2011. The specific objectives of these studies were

- To explore the socio-economic and political impact of the respondents.
- To explore the improvement in the status of women through the programme.
- To explore the cumulative impact of the micro finance programme in the study area.

Thus this study was undertaken to identify the impact of micro credit extended by Siddhartha Multipurpose Organization Limited on Socio-economic and political status of women. Likewise, this study also carries the objectives of measuring the degree of achievements towards poverty alleviation and women support.

## **2.3 Conceptual Framework**

Empowerment is a process that emerges from people themselves. Only concerned bodies, organization etc. can empower themselves to make choice or to speak out on their own behalf. The role of development workers is to provide tools (information, awareness, leadership, training, etc) to support the empowerment. There are not magical recipes. Each context is specific and development workers must be able to analyze and identify what could be more efficient in each situation. However, empowerment needs usually a combination of different actions. (UNITERRA, 2006)

### **Micro-Finance in Women Empowerment**

A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most

vulnerable of the underprivileged and thus helping them should be a priority. Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997).

A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Ledgerwood (1998)'s definition of social intermediation, enterprise development and social services are used in the analysis while the definition of women's empowerment is as follows:

Women's condition and position are described condition refers to women's material state. Position refers to women's social and economic standing relative to men. Practical needs are linked to women's condition. Poor women may identify practical needs which are related to food and water, the health and education of their children, and increased income. Meetingsuch needs through development assistance can be a relatively short term process involving inputs such as equipment, training, credit programme, literacy programmes, or clinics. Projects that aim to meet practical needs generally preserve traditional relations between men and women (Moffat and Stuart, 1991)

Women's involvement in decision-making on different matters, including households decisions, was taken as a proxy indicator of their empowerment. Involvement of women members in decision-making in various matters, such as opting for family planning, buying and selling assets, participating in community development.

Dahal has clarified the roles of MF to achieve MDG. According to him, first of all potential characters (Women poor back warded communities) are involved in group to

fight against the poverty through MFSs. In the second step various employment, self-reliance related, skills are presented to the group to create capacity for the betterment of own self. In third step, they are provided micro capital to utilize their capacity and to generate income. After completing this first step of three Cs, MF adopted group are passed through next five steps of second phase which are information, participation, partnership, ownership, agreement. ([www.bwtp.org](http://www.bwtp.org))

The first step of second phase is information where MFSs adopted groups get information about raw material, production technology, market and complementary services through MFIs. After that they are forced to participate on education, health, sanitation, water supply and personality building. Then after they realize the whole network is for own shake and want to work in group which creates their partnership concept, such activities which are conducted in communities. Such activities become valuable for them and they think the entire effort as their own property and the concept of ownership takes place. Similarly, they realize their progress and MFIs effort to make them self-dependent and agree to give continuity in such activities again and again, which is the foundation of women and back warded communities for their empowerment and poverty reduction (Dahal, 2063). ([www.bwtp.org](http://www.bwtp.org))

Increasing poverty, shift from subsistence farming to cash crop farming, depleting natural resources, and increased migration and growing number of women headed households, due to globalization, are factors that have increased women's vulnerability in recent years. A large percentage of women lack access to productive resources specially land.

The studies reviewed in this study more or less have similar views regarding the microfinance programs. However, with the help of the reviewed studies it can be concluded that MF is an effective development intervention tool and it has reached the poorest of the poor families. Moreover, the women clients have improved self-confidence, leadership, decision making power and entrepreneurial skills after participating in the micro finance programme.

## **The major findings of this study**

MFs are very much supportive to enhance the so-economic status of women and on poverty alleviation. The study further says that increasing per capita income of MF client's justifies the fact.

MF activities are not very much supportive towards the women support. Even though, there has been significant improvement in the women's education, health and employment situation, the decision making power of women has not been improve accordingly. The specific objectives of these studies were

- ) To analyze activities to saving and credit co-operatives.
- ) To find out Economic and empowerment status of women
- ) To find out economic change of women through the saving and credit co-operative.

Likewise, this study also carries the objectives of measuring the degree of achievements towards poverty alleviation and women support.

MFs services met the members' practical needs for literacy, good health and sanitation, and practical skill needed in livelihoods. The rural women's empowerment services addressed the strategic interests of women, especially those that were related to awareness of women's rights.

## **Research Gap**

Although some of the researches have conducted on the subject of MF, out of total research only very few are available for public use. Trend of selecting MF as a matter of research from the new researchers was limited in the past, but at present trend is satisfactory. As meaning of MF consist very broad definition of micro fund mobilization and it incorporates a lot aspect of societies so. To know the real impact of MF, all relevant aspect of societies should be evaluated. In the same concern I have selected women as a matter of study which is majority in population but ignored from the stream of sustainable development of country and dominated by males. Mainly, this research is focused on women empowerment and with the boundary of



empowerment; I have introduced three major pillars (economic, social and education). However, the study is entirely new in Chapagaun, lalitpur no research related to MF has so far been done in this area my research justifies the present work. ([www.microfinance.com](http://www.microfinance.com)).

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction to Study Area**

Methodology is the process of completing the study. Methods and techniques of data collection and methods of analysis have been consisted in methodology. It describes the essential and experienced view for all academic work of study. It clarifies the concept and gives the way of the study. This is the comparative study which uses both qualitative and quantitative methods.

#### **3.2 Research Design**

Research design is a purely and simply framework or road map for a study that guides the collection and strategy of data analysis. According to C.R Kothari "Research design is a conceptual structure within research is conducted, it contributes the blueprint for the collection, measurement and qualities of data". As per the nature of this study our research design will be descriptive and analytical.

The research strategy for this study will be random sampling, data collection strategy and fieldwork in the form of qualitative data and the analysis strategy will be inductive analysis.

#### **3.3 Universe and Sampling**

All the beneficiary of Akikrit Saving and Credit Ltd will be taken as the population. There are 324 groups' works under this co-operative. Out 324 groups 4 respondents from each 30 groups are taken as the sample of the study. The sample is selected on the basis of simple random sampling method.

#### **3.4 Data Collection Procedure**

In this study required data will conducted from primary as well as secondary sources.

### **3.4.1 Primary Sources**

In this source, microfinance groups, its members, field supervisors and individual micro-finance clients will be involve, besides manager of Akikrit Saving and Credit Ltd and it staffs will be also taken for the primary sources of data.

#### **3.4.1.1 Interview Schedule**

To obtain the primary data face to face interview (unstructured and structured) was adopted, where the researcher directly talked to the respondents to know the fact of the rural women. It involves interaction between interviewer and respondents. The researcher was included this types of questions; general information, information about income, borrowing, expenditure, business activities, occupational change and empowerment.

#### **3.4.1.2 Field Observation**

Direct observation is applied in order to get additional information of the activities of cooperative members for the study. Generally, this observation collected women behavior and information on members with other persons, staff of administration, visitors. Their internal interaction with other women has also been observed and it is helpful to understand the dynamic of daily life style in empowerment sites. It is participant observation of the researches will be the key tool to acquire their income pattern or practices.

#### **3.4.1.3 Field Note**

Not all the information during the fieldwork will secured systematically and in such cases field notes proved helpful. The field notes help to remind later on when the subject matter will complex and the pace of flow of information was rapid. During field survey both subjective interpretation of the situations and the raw interpretation of the fact have been recorded.

### **3.4.2 Secondary Sources**

For this study, secondary sources of data includes various sources like as given below.

- ) Annual report of Akikrit Saving and Credit Co-operative Ltd.
- ) Bulletins, Progress report and micro finance statement of MFIs.
- ) Various books related to subject matter and published documents.
- ) National and international journals, newspapers.
- ) Previous studies/thesis.
- ) Nepal's government.

### **3.5 Data Processing**

The raw data collected have to be processed in order to generate meaningful information. These processes involve a series of actions which helps to eliminate the possible errors that might have occurred during the collection of data, Editing, classifications, and tabulation are sequential will be used in this study for data processing.

### **3.6 Methods of Data Analysis and Presentation**

After completion of the data processing and data analysis will start. Data analysis is the careful study of available facts, so that one can understand and drew consultation from them on the basis of established principle and sound logic. As and arithmetic tool percentage analysis mean, coefficient of variation are used and as statistical tool Z-test and  $X^2$ -test are used to draw inference.

## **CHAPTER-IV**

### **SOCIO-ECONOMIC CHARACTERISTICS OF WOMEN**

#### **4.1 Introduction of Akikrit Saving and Credit Co-operative Ltd. (ASCCO)]**

Akikrit Saving and Co-operative (ASCCO) is the rural saving and credit cooperative. It lies in Chapagaun-04, Lalitpur District, Bagmati zone Nepal. This Co-operative was established in 2056 Chaitra 29 under the Co-operative Act , 2048. There were only 25 shareholder members when is started. To involve rural women in economic activities and built them to be an economical pillar was main objective of this organization. To fulfill this objective, Co-operative adopts “Grameen Model” approach microfinance services. Under this model, Co-operative start these MF activities to form different groups of its members and each group contents only 5 members. After formation of groups, organization starts collect a small amount of saving on monthly saving system and provides the small amount of loan without any collateral or deposit. After the saving and credit program, ASCCO also motivated its members against different social discrimination, violence against women, education activities and developed their confident.

##### **4.1.1 Current Status of ASCCO**

To operated successful from last 13year there are total 1620 members, which is segregated in different 324 groups. There are only 5 male members (including staff) out of total members. ASCCO had expanded its program in its neighbor VDC’s like Lele, Chhampi, Jharuwarashi with its 4 field staffs only.

##### **4.1.2 Saving Service**

A compulsory saving strategy has been adopted in the cooperative. The amount of compulsory saving per individual per month was 200 to 500 Rs. This saving deposit is playing the important role in member’s loan acquisitions.

Study shows that the saving feature in the cooperative encourages its members to save money and enables them to obtain loans they may require for various purposes from their accumulated savings. This definition provides an indication of the main task of the cooperatives. It enables members to save their money on a regular basis, or

according to their needs. The member saves money within the framework of the cooperative. According to the field study, cooperative has given saving service for their members. That savings are compulsory and directly related to member's credit amount. Therefore all members have to be involved in compulsory type of saving.

#### **4.1.3 Credit Service**

According to the respondents, the best saving system is only saving and cooperative as it is easy to take loan from cooperative. The source of credit capital was ASCCO. The cooperative has provided loan to the members. The saving money is being utilized for buying share capital. The cooperative provided credit of about Rs 5 thousand to maximum 2 lakhs for starting small shop, business, farming etc.

In case of cooperative loan, most of ASCCO activities have performed by different committee so that, before giving the requested amount of credit, the credit committee and the management committee have calculated about the type and status of the business which they would have improved or established. This is because some members would have saved more amount of money without any business activities in order to get big loan size. If members have got big loan size without business activity, they would have to face challenge for repayment.

#### **4.1.4 Membership**

Membership is the most important and first activity of cooperatives as well as members. Women should be a member in order to get saving and credit benefit from cooperative. To become member they should pay the decided registration fee and buy at least one share capital/unit from the cooperatives. This is because the share capital is an entry ticket that ensured a membership. The sum of registration fee and share capital collected from members is the initial capital of cooperatives. Initially, cooperatives have no any source of capital rather than share capital. If the share is low, the total capital of the cooperative will be low so that the cooperative will not be able to do anything.

#### **4.1.5 Co-operative Management**

Savings and credit cooperatives are usually managed by a volunteer elected committee. From this point of view, the cooperative is fully governed by the elected members. The study indicates that the cooperative lack good management which might be either intentionally or by lack of educational knowledge. All activities are served by different committees which were constituted by the general assembly.

#### **4.2 Services Offered by Akikrit Saving and Credit Co-operative Ltd.**

The various savings and loan products and social services offered by SWSCC to its members are discussed in following sections. ASCCO usually provides such financial and non-financial services during its savings and credit phase.

##### **4.2.1 Savings Products**

ASSCO offers a variety of savings products to its members. It starts its savings products from compulsory savings, and gradually introduces voluntary and other purposive savings. These savings products are designed to develop thrift among members generate internal fund for on-leading and make savings available to members in times of emergency.

Savingd products are regularly introduced in ASCCO on test and error basis. Generally, members cannot withdraw compulsory saving up to an agreed term or til its give up membership. ASCCO cannot return compulsory savings because these are their main sources of capital and they are also considered collateral against loans. To fulfill member's financial needs, ASCCO regularly introduce other purposive savings products. ASCCO issue passbooks to their members once they start depositing savings. Passbooks are filled and signed by the staff concerned.

**Table 4.1**  
**Types of Saving Products**

<b>Sadharana Bachat</b>				
S.N	Particular	Interest Rate (%)	Date of interest calculation (Month)	Payment
1	Samuhik/Niyamit Bachat	10	6/6	After 5 years
2	Akikrit Bachat	8	6/6	In the needed time
3	Grameen Bachat	8	6/6	In the needed time
4	Karmachari hita kosha Bachat	11	6/6	After retirement
5	Kendra Kosha Bachat	8	6/6	In the needed time
6	Niyamit Bal Bachat	11	6/6	In the 16 year

<b>Aabadhik Bachat</b>				
S.N	Particular	Interest Rate (%)	Date of interest calculation (Month)	Payment
1	Six month	8	6/6	After Matured
2	One year	12	6/6	After Matured
3	Two year	13	6/6	After Matured
4	Three year	14	6/6	After Matured
5	Four year	14.5	6/6	After Matured
6	Five year	15	6/6	After Matured

Sources: Annual Report, 2015

#### **4.2.2 Loan Products**

ASSO offers a variety of loan products to its members such as productive loans. Members are eligible to borrow loan three to three months after acquiring membership. In the case of ASCCO, more than one member from the same family can become a member, but only one can get loan at a time. She can acquire another loan



only after the repayment of the previous loan, but in emergencies, she can avail of emergency loans.

The loan sub-committee reviews the loan applications based on the existing policy and forwards them to Board of Directors (BOD), the final body for approving or disapproving loans, with necessary recommendations. Generally, it takes two days to approve or disapprove a loan application. The loan subcommittee is authorized to approve or disapprove loans up to the amount of Rs. 2,00,000. ASSCO adopts EMI method for loan repayment on 18% diminishing rate.

**Table no.4.2**

**Loan Product**

S.N.	Type of loan	Loan Limitation	Diminishing Rate (%)	Time Duration	Installment Numbers	Loan Repayment Method	Insurance
	Samuhik Karja						
A	First Phase	50,000/-	18	One Year	12	Monthly With Principle and Interest	500
B	Second Phase	1,00,000/-	18	Two Years	24	Monthly With Principle and Interest	
C	Third Phase	1,50,000/-	18	Three Years	36	Monthly With Principle and Interest	

Sources: Annual Report, 2015

**4.2.3 Other Services**

ASSCO provides a broad of range of other services through their own resources or in coordination with developmental agencies for the benefit of its members. These services can be categorized under the following headings;

### **i. Income Generating Activities**

ASCCO organize incoming activities for its members. Under this activity, it is running program called “**Patha Satasat**”. In this program ASCCO provides 5 pathas for it one group for one time. When those patha starts reproducing, the reproduced patha is provided to another group.

### **ii. Elder Person Reward Program**

Under this program ASCCO rewards its elder members in every fiscal year.

### **iii. Ekal Mahila Subidha**

ASCCO also provides Rs. 300/-allowance for its Ekal(Widow) shareholder.

### **iv. Pariwar Niyojan Karyakram**

Under this Karyakram ASCCO provides Rs.500/-and Rs.1000/- Pariwar Niyojan allowance for its members and their husband for permanent family planning respectively.

### **v. Sutkeri Subidha**

In this title, ASCCO provides allowance of Rs.1000/- to its member for first delivery in hospital.

### **vi. Arthik Sahayata Karyakram**

Under this karyakram ASSCO provides small fund of Rs.2000/- and 3000/- for their members family if its member and their husband death respectively.

### **4.3 Organization Structure of Akikrit Saving and Credit Co-operative Ltd. (ASCCO)**

The general assembly elects a seven to eleven-member BOD and a three member account supervisory committee for one year term.

#### **Figure 4.1 Organizational Structure of ASCCO**

Source: Annual Report

### **4.4 General Information of Respondents**

Being the study of MF targeted to the women, Researcher have studied women form the “ASCCO”, to know the women activities Researcher have asked various structured questionnaire. So, this section consist various information like age, educational status, marital status, and distribution of respondents by cast/ethnicity. No. of respondent are analyzed by percentage technique.

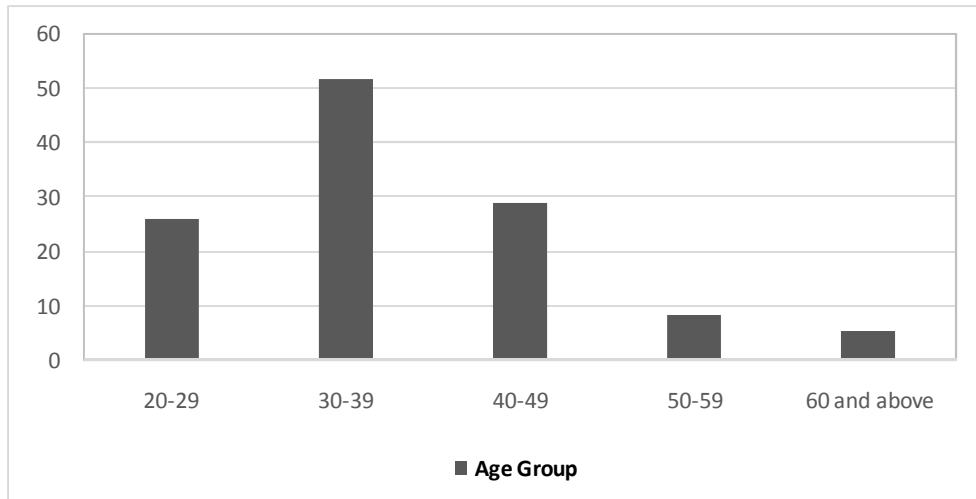
#### **4.4.1. Distribution of Responsibility by Age**

Whether a population is young or old, or getting older or younger depends of the portion of people at different group. In general, a population with more than 35 percent under age of 15 is considered young and population with more than 10 percent aged 65 and above is considered old. Age structure is affected by the fertility,

mortality and migration. Independent and active age group of population has a significant role in the overall development of the society. The following graph depicts age structure of sampled population.

**Figure no.4.2**

**Distribution of Sampled Population by Age**



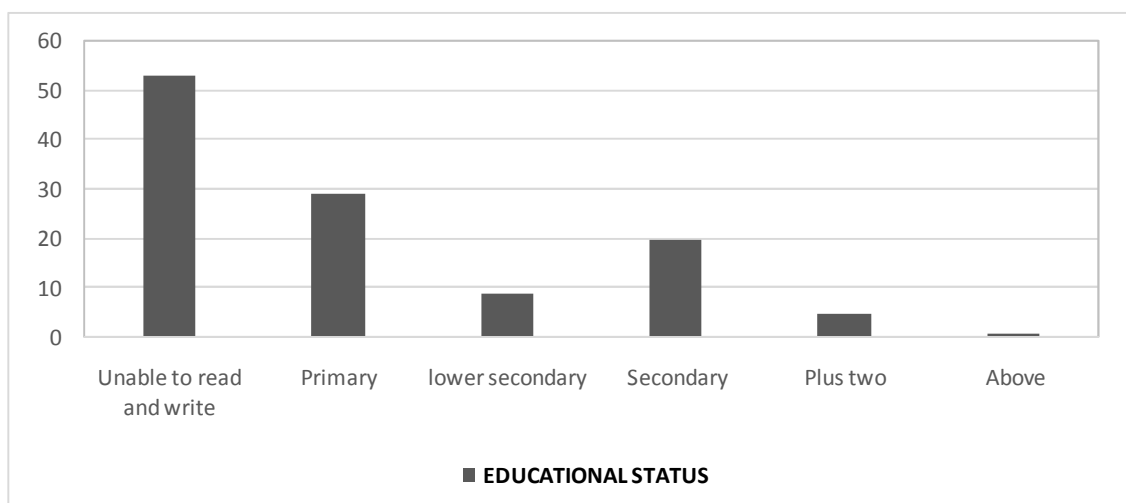
Source Annex -1

**4.4.2. Educational Status of Respondents**

Researcher have studied total 120 women respondents out of them, I find their educational status, scattering in following term. (Related Question No.1)

**Figure no.4.3**

**Presentation of Educational Status of Respondents**



Source annex-2

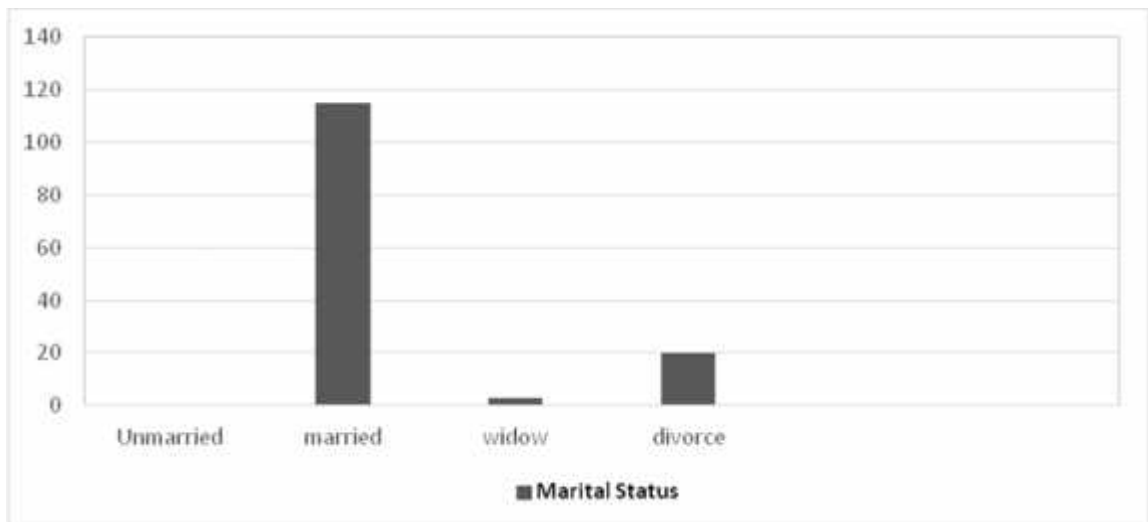
On total Researcher had visited 120 respondents, out of them around 54 are found illiterate, 28 respondents were under the primary level, and around 9 respondents were literate having lower secondary level. 21 and 6 respondents are having secondary level and plus two level. Only 2 respondents are having above plus two level. So, educational status of remote women is miserable.

#### 4.4.3 Marital Status of Respondents

This study has allocated the respondents of respondent into four different subheadings and the marital status of respondents are scattered among this subheadings, which are presented as

**Figure no:-4.4**

**Presentation of Marital Status of Respondent**



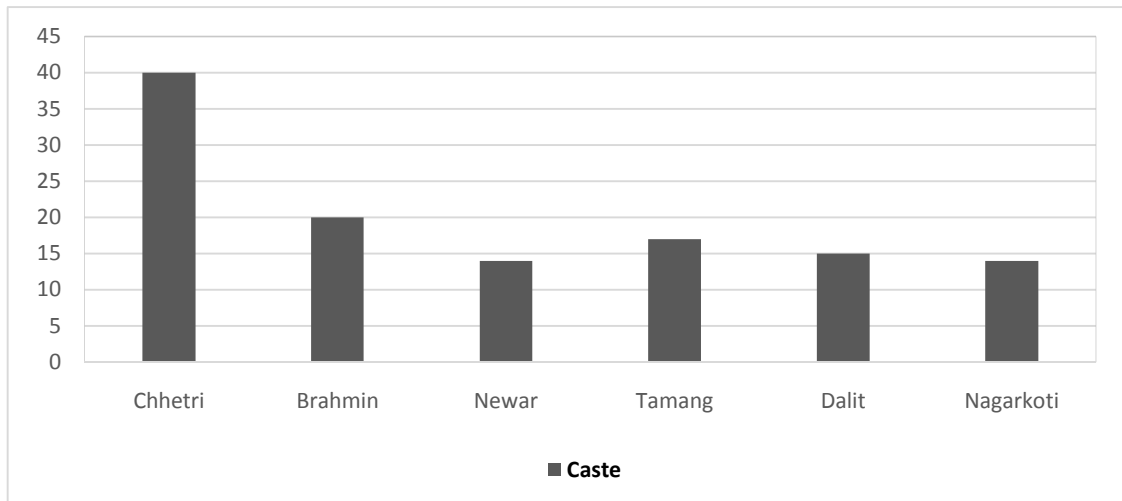
Source annex-3

Unmarried women were not found during the study, 115 women were found married and living with their husband. Similarly 3 respondents were widow, 2 respondents were divorced.

#### 4.4.4. Distribution of Respondents by Caste/Ethnicity

This study have consisted 6 different castes. No. of respondent which are falling into these different castes are shown in figure

**Figure no. 4.5**  
**Presentation of Caste/Ethnicity Status of Respondents**



Source annex-4

Above figure informs us that MFPs of selected MFI are more focused to those who are suffering from various discrimination. Generally Tamang, Dalit and Nagarkoti are known as extremely discriminated caste. MFPs of ASCC have given more focus on such caste so, program seem to, target group oriented.

#### **4.5. Economic Impact of MFPs on Rural Women**

This study has incorporated various economic impact related issues under this heading. Mainly, study deals with significance of changed income after MFPs, occupational change due to involvement in MFPs change in lifestyle (consumption, fuel). Tests of such subheading are presented sequentially.

##### **4.5.1 Significance of Changed Income Level of Respondent**

Income is the outcome of investment on monetary and non-monetary efforts. Under this heading Researcher have taken both level of income of respondents before and after involving MFP and analyzed by using mean and coefficient of variation test. Presentation of Income and no. of respondents.

**Table no. 4.3**

**Income Level of Respondent before and after joining MFPs**

Annual Income(Nrs)	NO. of Respondent Before joining MFPs	No. of Respondent After Joining MFPs
Below 2000	25	0
2000-4000	20	10
4000-6000	28	40
6000-8000	22	30
8000-10000	8	10
10000-12000	5	9
12000-14000	3	7
14000-16000	2	5
16000-18000	2	3
18000-20000	0	2
20000-22000	2	0
22000-24000	1	2
24000-26000	0	0
26000-28000	0	0
28000-30000	2	2
Total	120	120

Source: Field Study 2015

**Table no.4.4**

**Summary of Income level of respondent before and after joining MFPs**

	Before	After	Result
Mean Income(Nrs)	6100	8300	Increased
C.V (%)	87.245	59.323	Decreased

(Sources Appendix-1)

Above table shows the positive impact on the mean income of respondent after MFP is increased to Rs.8300 and C.V. is decreased to 59.323 percent which gives positive result to us. It means increased income is more consisted than previous income. Their economic condition is improving after MFPs.

#### 4.5.2. Saving

Saving is one of the major components associated with in the boundary of MF. So, MFI are enforcing their clients to save because they have made the provision of regular monthly meetings with small amount of deposit. ASCCO have the provision that their client must save Rs 200 during their monthly meeting. If they don't save money than they are restricted to attend the meeting so 100% women are saving even small amount of money.

#### 4.5.3. Occupational Movement

This section deals with the occupational changes of respondent after involving MFPs. For the calculation purpose Researcher have categorized occupation of respondent in to two groups as traditional occupation (agriculture, buffalo keeping and wages) and modern occupation (modern farming technique, goat keeping, poultry farming, small business, hotel, etc.

**Table no. 4.5**  
**Occupation change of Respondents**

Occupation	Before	After
Traditional (agriculture, buffalo keeping and wages)	X1=86	X2=56
Modern(modern farming technique, goat keeping, poultry farming, small business, hotel)	34	64
Total	N1=120	N2=120

Source: Field Survey 2015

#### Hypothesis Test

**Null Hypothesis (Ho):**  $P_1=P_2$ : there is no significant change in proportion of respondent, whose main occupation was traditional before involving in MFPs.

**Alternative Hypothesis(H1):**  $P_1>P_2$ : there is significant decrement in proportion of house hold whose main occupation was traditional after involving in MFPs.



Tabulated value of  $Z = 3.342$  (From Appendix-2)

Critical value of  $Z$  at 0.05 level of significance for one tail test is 1.960.

**Result:-**

Since tabulated value of  $Z$  is lower than calculated value so null hypothesis is rejected and alternative hypothesis is accepted. So proportion of household whose main occupation is traditional before involving MFPs has been decreased significantly.

**4.5.4. Consumption Pattern:-**

This section deals with the consumption style of rural women. Is MFPs are becoming effective to improve consumption pattern of rural women? Here I have tried to answer the question (Related to Question No.2.1)

**Table no. 4.6**  
**Consumption Pattern Change**

Condition	Before	After
Improved	X1=38	X2=98
Normal	82	22
Total	N1=120	N2=120

Source: Field Survey 2015

**Hypothesis Test**

**Hypothesis (Ho):**  $P_1 = P_2$  there is no significant improvement in the proportions of women population in the concern of consumption patterns after involving MFPs.

**Alternative Hypothesis (H1):**  $P_1 > P_2$  there is significant improvement in the proportions of women population in concern of consumption patterns after involving MFPs.

Calculated Value of  $Z = 10.9435$  (From Appendix-3)

Critical value of  $Z$  at 0.05 level of significance for one tail test is 1.960

**Result:-**

Since, calculated value of Z is higher than tabulated value of Z so alternative hypothesis is accepted. So, there is significant improvement in the proportions of women population in the concern of consumption patterns after involving in MFPs.

**4.5.5. Fuel Consumption:**

Researcher have taken into consideration various fuel alternatives from our study area and classified them into two groups by giving name improved and poor. An improved source includes Bio-gas, LP gas, electricity, improved oven etc. and poor sources includes firewood, animal residual etc. (Related to Question No.2.2)

**Table no. 4.7**  
**Fuel Consumption Change**

Condition	Before	After
Improved	X1=38	X2=98
Normal	82	22
Total	N1=120	N2=120

Source: Field Survey 2015

**Testing of Hypothesis**

**Null Hypothesis (Ho):**  $P_1=P_2$ : population still completely uses traditional sources of fuel or there is no significant difference in proportions of population in fuel consumption before and after the arrival of MFPs.

**Alternative Hypothesis (H1):**  $P_1 < P_2$ : population doesn't completely use traditional sources of fuel or there is significant decline in proportion to traditional sources of fuel user after the arrival of MFPs.

Calculated value of  $|Z| = 7.617$ (From Appendix-4)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since the tabulated value is lower than calculated value. So Researcher can say that proportion of population using traditional sources of fuel are decreasing nowadays after the arrival of MFPs.

## 4.6. Involvement in Decision-Making

Under this heading Researcher have considered women's power of decision making and women's participation on different issues. The main significance of this section is to measure the impact of micro finance on participatory condition and decision making level of rural women. When human being becomes economically strong then he/she conduct various activities based on his strong deeds. Do every aspect of human being are interlinked so if one aspect become strong then other aspect also react differently or they have auto relation. Main focus of this section is to test women's activities which are auto related with financial aspect. Inclusion in social and family decision making process empowers the women because it develops the perception of pride with in women. It enables women to make themselves as integral part of family and society as well. So, increased outreach of women to the decision making process on social units either family or in the society implies the increased dignity of works. So the present study thoroughly deals with the empowerment of women through the enhancement of decision making power with special reference to the MFPs of ASCCO are supportive, different variables regarding the decision are identified. They are; household related, entertainment, production and Sell related, land related, loan related, loan payment related, education, health and treatment related decision pattern of women are tested sequentially below. (Related to Question No.3.5)

### 4.6.1. Household Related Decision

Respondents were asked about their decision on household related field like as livestock purchase etc. They expressed their feelings as below;

**Table no.4.8**

#### **Household Related Decision**

Decision Made By	Before	After
Self	X1=30	X2=82
Others	90	37
Total	N1=120	N2=120

Sources: Field Survey 2015

## Test of Hypothesis

**Null Hypothesis (Ho):**  $P_1=P_2$ , proportion of women population is not changed due to MFPs in concern to the household related decision before and after involving MFPs.

**Alternative Hypothesis (H1):**  $P_1<P_2$ , proportion of women population is increased due to MFPs in concern to the livestock related decision after involving in MFPs.

Calculated value of  $|Z| = 5.4331$  (From Appendix-5)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

### **Result:-**

Since tabulated value of Z is lower than calculated value. So the proportion of women population is significantly increased due to MFPs in concern to the household related decisions.

## 4.6.2. Production and Sale Related Decision

Respondents were asked about production related decision, like sales of agro-product, purchase of such product, about the plantation, harvest etc. They replied as;

**Table no. 4.9**  
**Condition of Women Decision on Production and Sales**

Decisions Made By	Before	After
Self	X1=30	X2=75
Others	90	45
Total	N1=120	N2=120

Sources: Field Survey 2015

## Test of Hypothesis

**Null Hypothesis (Ho):**  $P_1=P_2$ , there is no significant difference in women proportion in concern to the production and sales related decision before and after joining MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , proportion of women population is increased due to MFPs in concern to the production and sales related decision after joining MFPs.

Calculated value of  $|Z| = 5.3151$  (From Appendix-6)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since tabulated value of Z is lower than calculated value. So the proportion of women population is significantly increased due to MFPs in concern to the household related decisions.

**4.6.3. Education, Health Related Decision**

Women respondents are asked questions about their decision level on entertainment and education before and after their involvement in MFPs. They replied as;

**Table no. 4.10**

**Decision on Education and Health Treatment**

Decisions Made By	Before	After
Self	X1=36	X2=86
Others	84	34
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P1 = P2$ , proportion of women population is not changed in concern to the women decision on education and health treatment related decision before and after involving in MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , proportion of women population is increased due to MFPs in concern to the women decision on education and health treatment related decision after joining MFPs.

Calculated value of  $|Z| = 6.4570$  (From Appendix-7)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, the calculated value is higher than tabulated so Researcher can say that, proportion of women population is increased due to MFPs in concern to the women decisions on the education and health treatment.

**4.7. Social Impact of MFPs on Rural Women**

It refers to the women’s participation in decision making regarding social and family related issues by giving priorities to participation of women. It is positive perception of women that they are integral part of their family and society as well. Participation enables women to make decision not only on the family matters but also on the society and social matters. To test the conditions of women’s participation on different issues, I have selected various issues like family planning, daughter’s marriage, widow’s clothes, racial discrimination and (Related to Question No. 3.6)

**4.7.1. Family Planning**

In this section, Researcher have asked questions about family planning. Our respondents replied as;

**Table no. 4.11**  
**Respondent’s Participation on Family Planning**

	Before	After
Yes	X1=43	X2=100
No	77	20
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P_1 = P_2$ , proportion of women population who participates in family planning is not significantly changed due to MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , proportion of women who participates in family planning is significantly increased due to MFPs.

Calculated value of  $|Z| = 7.4428$  (From Appendix-8)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, the calculated value is higher than tabulated so we can say that, proportion of women population who participates in family planning is significantly increased due to MFPs.

**4.7.2. Daughter's Marriage**

In this concern, Researcher have asked question about participating condition on their daughter's marriage with our respondents. They responded as;

**Table no. 4.12**

**Respondent's Participation on Daughter's Marriage**

	Before	After
Yes	X1=38	X2=93
No	82	27
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P1 = P2$ , proportion of women population who participates in their daughter's marriage as their male partner is not significantly changed due to MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , proportion of women population who participates in their daughter's marriage as their male partner is not significantly increased due to MFPs.

Calculated value of  $|Z| = 7.130$  (From Appendix-9)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, the calculated value is higher than tabulated value of Z so we can say that, proportion of women population who participates their daughter's marriage as their male partner is significantly increased due to MFPs.

**4.7.3. To Send Daughter for Higher Education**

In this concern, Researcher have asked question about participating condition on the topic of daughter's higher education. They responded as;

**Table no. 4.13**

**Participation of Respondent's to Send Daughter for Higher Education**

	Before	After
Yes	43	102
No	77	18
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P1=P2$ , proportion of women population who positively in their daughter's higher education is not significantly changed due to MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , proportion of women population who participates positively in their daughter's higher education is significantly increased due to MFPs.

Calculated value of  $|Z| = 8.16600$  (From Appendix-10)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960



**Result:-**

Since, the calculated value of Z is higher than tabulated value so we can say that, proportion of women population who participates positively in their daughter's higher education is significantly increased due to MFPs.

**4.7.4. To Discuss on Social Issues**

In this concern, Researcher have asked question about participating condition in the concern to discuss on social issues. They responded as;

**Table no. 4.14**  
**Participation of Respondent's to discuss on Social Issues**

	Before	After
Yes	X1=26	X1=82
No	94	38
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P1=P2$ , there is no significant difference in proportion of women who participates to discuss on social issues after involving MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , there is significant increase in the proportion of women population who participates to discuss on social issues after involving to MFPs.

Calculated value of  $|Z| = 10.4222$  (From Appendix-11)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, the calculated value exceed the tabulated value so we have evidence to say that, there is significant increase in the proportion of women population who participates to discuss on social issues after involving to MFPs.

#### 4.7.5 Inter-cast Marriage;

In this concern, Researcher have asked question about participating condition in the concern to support inter-caste marriage. They responded as;

**Table no. 4.15**

#### **Participation of Respondent's to Support Inter-caste Marriage**

	Before	After
Yes	X1=20	X1=74
No	100	46
Total	N1=120	N2=120

Sources: Field Survey 2015

#### **Test of Hypothesis**

**Null Hypothesis (Ho):**  $P_1=P_2$ , there is no significant difference in proportion of women who participates to support inter-caste marriage after involving MFPs.

**Alternative Hypothesis (H1):**  $P_1 < P_2$ , there is significant increase in the proportion of women population who participates to support inter-caste marriage after involving to MFPs.

Calculated value of  $|Z| = 7.1408$  (From Appendix-12)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

#### **Result:-**

Since, the tabulated value is lower than calculated value so we can say that, there is significant increase in the proportion of women population who participates to support inter-caste marriage after involving to MFPs.

#### **4.7.6. Widow's Cloths**

In this section, Researcher have asked question about participating condition in the concern to support widow's cloths (other than while). They responded as;

**Table no. 4.16**

**Participation of Respondent to Support Widow's Cloths**

	Before	After
Yes	18	53
No	102	67
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P_1 = P_2$ , there is no significant difference in proportion of women who participates to support widow's cloth after involving MFPs.

**Alternative Hypothesis (H1):**  $P_1 < P_2$ , there is significant increase in the proportion of women population who participates to support widow's cloth after involving to MFPs.

Calculated value of  $|Z| = 4.98489$  (From Appendix-13)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, calculated value is greater than tabulated value so we can say that, there is significant increase in the proportion of women population who participates to support widow's cloths after involving to MFPs.

**4.7.7. Racial Discrimination**

In this section, Researcher have asked question about participating condition in the concern to raise voice against the racial discrimination. They responded as;

**Table no. 4.17**

**Participation of Respondents against the Racial Discrimination**

	Before	After
Yes	X1=32	X1=68
No	88	52
Total	N1=120	N2=120

Sources: Field Survey 2015

**Test of Hypothesis**

**Null Hypothesis (Ho):**  $P1=P2$ , there is no significant difference in proportion of women population who participates to raise voice against the racial discrimination after involving MFPs.

**Alternative Hypothesis (H1):**  $P1 < P2$ , there is significant increase in the proportion of women population who participates to raise voice against the racial discrimination after involving to MFPs.

Calculated value of  $|Z| = 6.2345$  (From Appendix-14)

Critical Value of Z at 0.05 level of significant for one tail test is 1.960

**Result:-**

Since, calculated value exceeds the tabulated value of Z so we can say that, there is significant increase in the proportion of women population who participates to raise voice against the racial discrimination after involving to MFPs.

**4.7.8. Social Perception on Women's Community Participation**

Respondents were asked to know the social perception on women whether their society is taking their community participation of women positively or negatively.

**Table no. 4.18**

**Social Perception on Women's Community Participation**

How?	Best	Good	Normal	Bad	Very Bad
No. of Respondent	20	59	36	5	-

Sources: Field Survey 2015

## Test of Hypothesis

**Null Hypothesis (Ho):** Society perceived that is no significant association between MFPs and social perception about women community participation MFPs have not brought any changes on social perception regarding to women community participation.

**Alternative Hypothesis (H1):** Society perceived that there is a significant association between MFPs social perception about women community participation MFPs have brought new positive change on social perception regarding to women community participation.

Calculated value of Chi-Square( $x^2$ ):-- 67.65(From Appendix-15)

Critical Value: the tabulated value of( $x^2$ ):- at 0.05 level of significance for 4 degree of freedom is 9.49

### Result:-

Being calculated value higher than tabulated value so we can say that there is a significant association between MFPs social perception about women community participation view MFPs have brought new positive change on social perception regarding to women community participation.

#### **4.7.9. Social Response on Women's Mobility, Leadership and Decision Making**

Respondents were asked whether they are treated differently after joining MFPs. How society is taking their mobility, leadership, and decision making changes. They replied as, (Related to Question No. 3.8)

**Table no. 4.19**

#### **Social Response on Women's Leadership, Mobility and Decision Making**

How?	Best	Good	Normal	Bad	Very Bad
No. of Respondent	26	53	32	9	-

Sources: Field Survey 2015

## **Test of Hypothesis**

**Null Hypothesis (Ho):** Women involvements in MFPs and social response to women have not any significant association via society's response is as usual to women before and after the women involvement in MFPs.

**Alternative Hypothesis (H1):** Women involvements in MFPs and social response to women's mobility leadership and decision making support of women have significantly associated via society perceived positively to those women who are involved in MFPs and becoming dynamic by leading power, easy mobility and decision making inclusion.

Calculated value of Chi-Square( $x^2$ ):-- 67.65(From Appendix-16)

Critical Value: the tabulated value of( $x^2$ ):- at 0.05 level of significance for 4 degree of freedom is 9.49

### **Result:-**

Since calculated value is higher than tabulated value so we have evidence to say women involvement in MFPs and social response to women's mobility leadership and decision support of women have significantly associated via society perceived positively to those women who are involved in MFPs and becoming dynamic leading power, easy mobility and decision making inclusion.

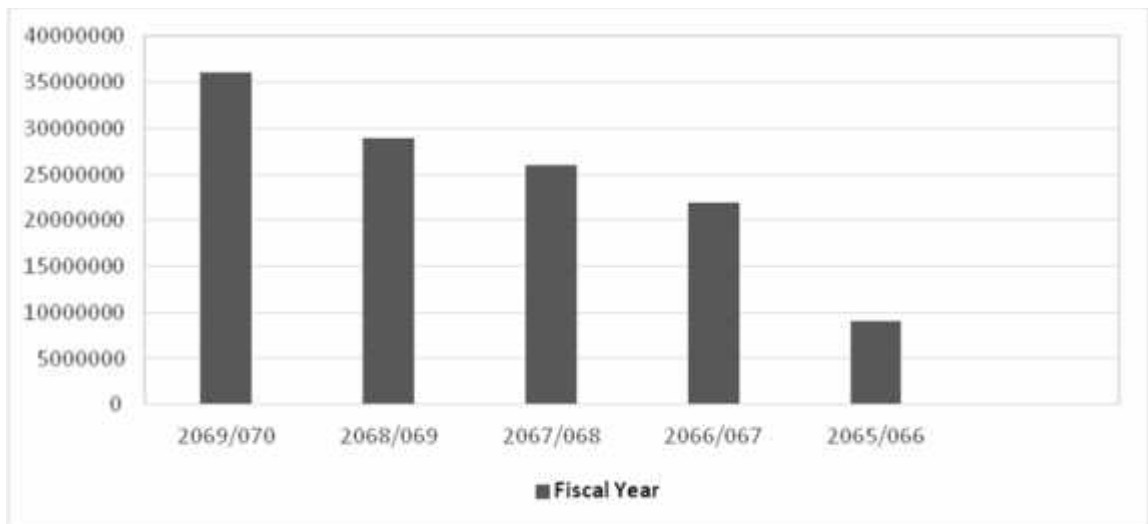
## **4.8 Deposit Collections and Mobilization of Loans of ASSCO**

Under this heading, I have considered total deposit collections of ASSCO from different saving package (like Samuhik Bachat, Grameen Bachat, Niyamit Bachat and other) in every fiscal year. Similarly, I have considered total considered total mobilization of fund (deposit) on every fiscal year by provide loan for its members empowerment.

### **A. Deposit Collections**

This study have consisted 5 year's total deposit collections. Total deposit collections which are falling into different fiscal year are shown in figure.

**Figure no.4.6**  
**Deposit Collection**



Sources- annual report

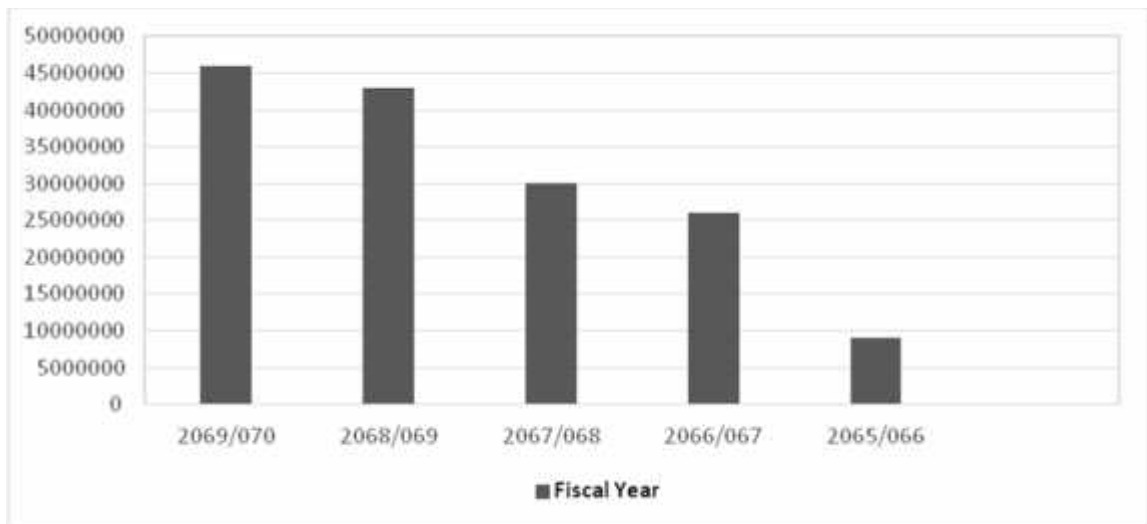
The above table shows that a total deposit collection of ASSCO is increase in every fiscal year. It seems that the income level of its member also increase and number of ASSCO also increase in every fiscal year.

### **B. Mobilization of Loan**

This study have consisted 5 year's total loan collections. Total loan mobilizations which are falling into different fiscal year are shown in figure.

**Figure no.4.7**

**Mobilization of Loan**



Sources- annual report

In the above data show that loan mobilization of ASSCO has increased in every fiscal year. It seems that the members of it were involved in different types of economic activities like goat farming, cow farming, modern agricultural business and other services base business. Because without any business activities or plan, co-operative don't lending it loan amount.

We can see that the total deposit collections of every fiscal year were less than loan mobilization. Because to analysis the total deposits collection, I have considered only different types of saving items and excluding share purchase amount.



## CHAPTER –V

### SUMMARY, CONCLUSION & RECOMMENDATION

#### 5.1 SUMMARY

Nepal is a developing country, its most of the part is covered by rural areas which are very far from infrastructural access. Similarly, more than 50 percent of the total population is covered by women and most proportion of women and most proportion of women population is still in the quick sand of traditional trap, Nepalese women are backward in every aspect, they are perceived as liability where their male partners are perceived as assets.

ADB/N was the pioneer, who launched rural based programs at first, which are becoming sources of inspiration for newly established organization, such as NGOs, INGOs. Today various programs, policies, NGO, INGOs, government organizations are working to support rural life. Among a lot of programs MF is becoming effective program because of its best performance and unique features. MF is a financial and social intermediation to the poor or especially for women. These all organizations which are facilitating the services rendering process of MF are known as MFIs. Easily getting services of MF attracting back warded women, this may be caused to push toward new horizon.

In this study, Researcher have defined the new horizon as empowerment of women. Empowerment is a situation here women have their self-dependency, free mobility, free participation on their own desired sector and field. So our matters of concern are three pillar of empowerment and impact of MF on these pillars in the context of women.

Researcher have, categorized various important facts under these heading, economic impact of MF which consists various sub heading and test like as income, saving, consumption patterns, occupational changes, fuel consumptions etc. Researcher have

taken second pillar of empowerment as Socio impact of MF which consist decisional power or women and women participation on various issues.

To collect all related information Researcher have visited ASCCO which was operating in Chapagaun V.D.C in Lalitpur. Working areas of ASCCO have visited by us with structured questionnaire and interview. Requirement of data is fulfilled by primary survey for the general introduction and other related of information I have taken ASCCO related journal, statements etc. collected data are analyzed, tested, interpreted by using descriptive as well as statistical approach. The women beneficiaries from MFP have improved their earning and equally stimulated their living standard. As becoming them member of MFPs they have become more active mentally as well as physically. They have widened their thinking about participation, communication, fund management discussion, cooperative power, and accountability about their task, social etc. as they have to gather once in a month to repay and for saving, they have get chance to discuss on their improvement and failure of their own activities. All tests deprived from political impact of MFP are also providing positive results, so women are becoming politically strong.

## **CONCLUSION**

This study has raised issue about women empowerment, and Researcher have taken MFSs supporting program. Therefore the whole study is based on omen, MFSs and impact of MFSs the whole needed data are taken from working area of ASCCO. The main three pillars of women empowerment are realized as socio and economic empowerment. To find out the impact of MFPs on respondents, before and after its implementation, various conditions are taken from primary sources and tested by using various tools.

Our first objective was to find out economic impact of MFPs on rural women. In this concern Researcher have tested various test, aggregate result of this main heading is positive. So, Researcher can conclude in the points that MFPs are creating positive economic impact of rural women. It means MFPs are encouraging, forcing , facilitating rural women to become socio-economically empowered.

Our second objective of the study was to find out socio impact MFPs on rural women. In aggregate, results of this section are also positive. So, rural women are becoming socially conscious, they are taking parts in various social as well as family decisional aspects

Third objective of the study was to find out the collections of deposits and it mobilization of loan of ASCCO for its member. In this objective Researcher found loan mobilization of ASCCO is very effective for their member.

Now, our all objective are met so, the study ends with the conclusion that the MFP is a desirable and effective tool to empower the women on rural area.

## **RECOMMENDATION**

MF 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, researchers or academician by the concern bodies.

Through this study has shown positive changes in all the sectors considered. This positive change might be because of the economic aspect but socially the concept like widow marriage and cloths, women mobility on the society are not easily accepted. This is because of lack of awareness and education. MFP should include programs to enhance education and awareness.

MFSs are helpful to the poor to enable them to finance specific private income generating activities to increase their income. However, it is vitally important to ensure that the loan facilities provided to the poor or the poor are not utilizing the provided fund for consumption purpose. In other word Researcher would like to recommend to ASCCO to lunch various training and educational workshop for holistic empowerment of its members in future. The actions of such borrowers, if imitated by other poor people, could produce a negative impact on the future growth of MF. So, respective MFI is recommended to adopt proper monitoring, evaluation and feedback mechanism.

## 5.2. Major Findings of the Study

MFPs of ASSCO are poor and target group oriented. MFPs are provided to six different castes which include mostly liberate and married women.

- J Income level of women is increased to Rs. 8300.00 from Rs. 6000.00 after involving MFPs. Since C.V. is decreased to 59.323% from 87.245. So, increased income is more consisted than before involving MFPs .
- J Being economically self-dependent or getting easily getting MFPs women are slowly changing their traditional occupation. This is positive impact of micro lending of MFPs.
- J Consumption patterns of women are far better than previous. They are improving their consumption level, which is positive impact to improve lifestyle of rural women.
- J Although fuel consumption pattern of women is giving positive result, most part of the women respondent is still with traditional sources of fuel like firewood.
- J ASSCO has made provision for compulsory saving, so women are saving even a small amount of money.
- J In aggregate socio-economic condition of women seems to be better than their perception of past. It means they are getting credit and awareness as well.
- J Today women are able to make decision about their food, and education as well, because of financial assistance of MFPs.
- J Women are also making decision about livestock, agriculture, bank loan borrowing and repayment which were used to take by male only.

- ) Most of the proportion of women is economically active to make decision about their personal health and treatment as well.
- ) Rural women are becoming politically aware; today they are taking part in family planning, their daughter's marriages as their male partners.
- ) Rural women are realizing their weakness so; they have started to behave their daughter as their son which is the strong foundation of women empowerment.
- ) Skill development program of ASSCO was not effective in the past. So the ASSCO plan to lunch new strategy for skill development programs for effective result in the future.

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## QUESTIONNAIRE SCHEDULE FOR THE STUDY

### A. Personal Information

Name:.....Sex:.....Age(Completedyrs.):.....

Caste/ethnicity:..... Address:.....

### B. About the Origin Place and Family Background

1. Where did you get your birth?

District.....VDC/Municipality.....Do not know.....

2. Do you have your home in your village?

a. Yes                      b. No

3. Do you have land ?

a. Yes                      b. No

4. When did you enter enter to a co-operative?.....

5. How much is your saving ?

a. Regular on monthly basis

b. Regular on daily basis

c. Irregular

6. If not, why?

a. Due to lack of regular income.

b. Negligence.

c.Other.

7. How is your economic condition now ?

a. Good      b. Bad    c. Normal    d. Best

8. What is the occupation of your family?

a. Agriculture      b. Services                      c. Small business

d. Porter/worker      e. Driver                      f. Security guard

g. Wage labor      h. Do not know

9. Does your parent earn sufficient for family's survival?

a. Sufficient                      b. Just sufficient

c. Insufficient                      d. Do not know

10. Can you read and write?

a. Yes                      b. No

12. If yes, Grade.....

13. At present time are you going to school?

a. Yes                      b. No

14. If no, reason for not joining school,

a. Negligence of house owner      b. Busy at work

c. Not interested                      d. Do not know

15. Family planning status:

a. Permanent done                      b. Temporary

c. Not done                      d. Not aware





