

## **Empowerment of Women through Microfinance : A Case Study of Different Microfinances in Sindhuli District, Nepal**

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*Microfinance refers to the financial services for those individuals who are typically excluded from mainstream banking. It is also taken as a means of empowerment to uplift the status of people. This study explores the role of different microfinances for the upliftment of women in general and the Sindhuli district of Nepal in particular. In this study, I have used both qualitative and quantitative research design by taking 60 women respondents by using a purposive sampling framework for the data collection and analysis. I found that after the involvement of microfinances respondents feel changes in overall economic behaviors. Moreover, the majority of the respondents changed occupation after involvement in microfinances.*

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**[Keywords : Women Empowerment, Microfinance, Status, Nepal]**

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## **1. Introduction**

Microfinance or cooperative is the provision of savings which mainly focuses on those groups of customers who are economically challenged due to poverty. It involves loan, savings, insurance and other financial services. Organizations like non-government organization, independent group, cooperative institutions, bank, insurance and loan providing agencies are included in microfinance. For the different development efforts, microfinance has been a unique and different program (Sharma, 2005). The idea of microfinance arose on the mid 1970s when Mohammad Yunus started a pilot scheme lending small amounts of money to the villagers on Bangladesh who had to access to the conventional loans due to lack of collateral. In recent days, microfinance has been growing into various models indifferent countries. In Nepal, the first credit cooperative society was formed in Chitwan district (B.K, 2008).

In Nepal, the status of women in various sectors is miserable in comparison to man. The status of women in rural areas is rather upsetting. Women are still victimized by the discrimination, violence, prejudice and inferiority complex because of male domination in different sectors and levels. It has been clear that women's empowerment in society is still nominal. They are not given opportunity in different decisions making activities that makes women's participation in different sectors less important (Acharya, 1997). Women empowerment is one of the raising issues in the present context. The most common use of the term "empowerment" refers to increasing the power of the low-power group, so that it more nearly equals the power of the high power group. In recent years microfinance institute has become one of the most important instruments in development policy.

Microfinance programs have generally targeted poor women. By providing access to financial services only through women, making women responsible for loans, ensuring repayment through women, maintaining savings accounts for women, providing insurance coverage through women-microfinance programs send a strong message to households as well as to communities. Women's participation in income generating tasks from house is very low in Nepal. Moreover, the work done by women in household care and their contribution in agriculture are not considered as economic activity and thus, remain unreported. Women therefore, find

themselves as powerless citizens and their living standards are very low. Many women cannot carry out a decision on their own. Male family members continue to guide women even the energetic and educated women cannot do their work without assistance and guidance of their male guardians. It is the perception that must be changed in Nepal to empower in the work force (Bashyal, 2008).

A huge number of micro credit programs are expending micro loans to support economic activities of the poor people particularly focusing on women empowerment as their explicit goal. The basis theory of empowerment is that putting capital in women's hands can generate income and contribute financially to their households and communities, when they can socially be mobilized in community based non-government organizations. Many studies intend to explore the changes in the women empowerment through the activities carried out by the microfinance institutions. So this research is based on the role of microfinances for women empowerment in Sindhuli district, Nepal. The purpose of this study is to find out the role of microfinances for the empowerment of women in the selected study area.

## **2. Theories Related Women Empowerment**

### **2.1 Moser's Empowerment and Others' Approaches**

The empowerment approach according to Moser (1993) puts emphasis on the importance of women increasing their power. It envisages identifying powerless in terms of domination over others, more in terms of the capacity of women to increase their own self-reliance and strength. This is identified as the right to make choices in life and to influence the direction of change through the ability to gain control over crucial materials and non-material resources. Batliwala (1994) discusses the term power while dealing with empowerment where she sees empowerment as a manifestation of the balance of power in terms of resource distribution and change in ideology or ways of thinking.

In economic empowerment, economic power is considered the basic source of all other kinds of power in society. Batliwala (1994) notes that women's low status is seen to stems from their lack of access and control over economic resources, resulting in independence and lack of decision-making power. She views women's economic powerlessness as deriving from a combination of the following factors (Batliwala, 1994).

## **2.2 Women in Development (WID), Gender and Development (GAD), Women and Development (WAD)**

The WID approach is located within the liberal framework, which sees development related to increased efficiency of production in a competitive market economy. Women are seen as an important factor of production and development theories have to move away from focusing on men as producers and heads of households (Koczberski, 1998). The GAD approach views women as active agents of development and aims at changing their marginal position in society to achieve equal status between women and men. It does acknowledge that women do not necessarily have a complete understanding of their situation but stresses that they need to organize themselves to increase their economic and political power. The approach draws on a more holistic picture considering both, women's productive as well as reproductive roles as important aspects in societies (Moghadam, 1998).

The last stream presented here that advocates women's development is the WAD approach. The main goal of WAD is the welfare of society a community made of women, men, and children. As women constitute more than half of the world's population and are key contributors to the economic and social well-being of societies, they have to be given the legal right and access to existing means to upgrade the status in society, to fully meet development objectives. In practice, that means to give the maces to practical needs such a material service, health, and education, while less attention was given to those factors that influenced systemic gender inequities such as sexual division of labor, legal discrimination, and domestic violence (Snyder et al., 1995).

## **3. History of Microfinance in Nepal**

The history of microfinance programs in Nepal can be traced back to the beginning of the First Five Year Plan, which commenced with the establishment of a cooperative in 1956. However official policy got the recognition of the importance of the sector in alleviating poverty in the fourth five-year plan with the establishment of Small Farmers Development Programmers (SFDP) in 1975. It is to ensure that women, who traditionally have not had access to formal credit, have been started in 1981/82 with the introduction of the Women development Programme (WDP) within

the operational framework of SFDP. Soon after in 1982, the Women Development Division (WDD) of the ministry of local with two public commercial banks (Nepal Bank Ltd and Rashtriya Banijya /bank) and UNICEF as their partners (Poudel, 2011).

In other sectors like bilateral and multilateral agencies have also been rapidly increasing programs in saving credit in rural-urban areas since 1990 like Swabalamban, Credit Default Swap(CDS), DEPROSC, Laghubitta Bikash Bank Ltd, Center for Environmental and Agricultural Policy Research, Extension and Development (CEPREAD), Action Aid Nepal, Center for International Studies and Cooperation (CECI) Canada, Danish International Development Agency (DANIDA) are also supported to this credit/saving program. Several thousand community-based saving credit organizations have engaged in the past few years, largely in response to the promotional efforts of local and international NGOs there is much diversity among these organizations in terms of size levels of operations and financial status (Maharjan, 2011).

In Nepal micro-credit project for women was implemented in 1994 with the objective of improving the socio-economic status of women in Nepal and promoting their participation and interaction in national development, thereby contributing towards poverty alleviation. As of the fiscal year 1996/97 the project has covered 12 districts which include 10 municipalities and 98 VDCs. The loan has been channeled through the women's development section and 62 NGOs to 7545 beneficiaries amounting to NRs 88.84 million. The project's aim is poverty alleviation through the flow of credit to the deprived sector in a more effective way by giving responsibility to the banks, women's development division, credit guarantee co-operation, NGOs, and the local loan deposit group constituted by the women's development division and NGO. The government of Nepal has given top priority alleviation in its development plans for the last many years. It has started different development programs with the help started different development programmers with the help of the different organizations, where a non-government organization (NGOs), International non-organization (INGOs) Multilateral Agencies, Training Community Development, Institutional Development, and Microfinance programmers have been important contributes for community development, Microfinance for women empowerment is one of the state successful activities of government and developing agencies (Maharjan, 2011).

#### 4. Research Methodology

This study is based on quantitative and qualitative data with both descriptive and exploratory research design to achieve the purpose of the study. The universe of the study was the women who were involved in different microfinance in the Sindhuli district of Nepal. Out of the universe I have selected 60 female respondents by using a purposive sampling procedure. Similarly, I have used interview by using interview schedules to collect the required data. After completion of data collection, I have used statistical analysis such as ratio, percentage, and average to analyze the data. For qualitative data, descriptive analysis was used.

#### 5. Data Presentation and Analysis

Data collected from the selected women is presented in the following tables :

**Table-1 : Attitude of Respondent toward Change after Participation**

Descriptions	Yes	No	Total
Change in income	50	10	60
Change in saving	55	5	60
Change in occupation	40	20	60

Source : Field Survey, 2021

The above table shows that out of the 60 respondents, 50 respondents feel changes in income after participation in different microfinances. Similarly, out of the 60 respondents 55 feel changes in saving. The number of respondents who changed the occupation after participation in different microfinances is 40. The number respondents who does not feel any changes in income and saving is very low.

**Table-2 : Distribution of Respondents by Cause of Joining**

Cause	No of Respondent
To be self-dependent	40
Paying debt	40
Suggested by family	20
To improve saving habits	45
Others	5

Source : Field Survey, 2021

Table-2 shows that, out of 60 respondents, 40 respondents are joining to be self-dependent, 40 are to take a loan for paying debt, 20 suggested by family, 45 to improve saving habits. Some respondents join not for only one reason but they have a multipurpose reason.

**Table-3 : Distribution of Respondents by Purpose of Getting Loan**

Loan spent on	No of Respondent	Percentage
Particular purpose	10	16.6
Household need	5	8.3
Business	40	66.6
Education	5	8.3
Total	60	100

**Source :** Field Survey, 2021

It may be seen from the abovetable that out of 60 respondents, 16.6 percentage received loans for a particular purpose, 8.3 percentages received for household needs purposes, 66.6 percentage received for Business purposes, and respectively 8.3 percentage received loans for Business purposes. Most people take loans for business and fulfill their particular woks, some household activities, and education. Most women changed their occupations after joining finance and they are encouraged by cooperatives.

**Table-4 : Distribution of Respondents by Trainings /Program Received**

Types of training	No. of Respondents	Percentage
Agriculture and livestock trainings	28	46.66
Trainings on family planning and reproductive health	30	50
Training on microfinance management system	5	8.33
Solid waste management training	30	50
Literacy class	25	41.66
Stitching training	10	16.66
Training on making incense stick (dhup)	25	41.66
Training on health & nutrition	20	33.3
Training to make candle	15	25

**Source :** Field Survey, 2021

Table-4 on the preceding page shows that out of 60 respondents, 46.66 percentage respondent received training in agriculture and livestock, similarly 50 percent took family planning and reproductive health programs, 8.33 received training on the microfinance management system, 50 percent respondents received training on solid waste management, 41.66 percentage attended literacy class, 16.66 percentage received stitching training, 41.66 received making incense stick (Dhup), 33.33 respondent attended health and nutrition program and 25 received training on candle making.

**Table-5 : Distribution by Decision Making Status of Respondent**

Control over decision making after involvement in Microfinance	Number of Respondents	Percentage
Household decisions from small to big	40	66.66
Reproductive health	40	66.66
Child care taking schooling	45	75.00
Nightstand outside of home	5	08.33

**Source :** Field Survey, 2021

Similarly, the data contained in the above table indicates that 66.66 percentage women participate in household decision making, 66.66 percentage in reproductive health decision making, 75 percentage in child care and schooling decision making, and the lowest percentage is 8.33 in go outside of the home for a nightstand.

## **6. Conclusion**

Though the micro-finance program was established in the decades of 1950 A.D. till the 1990s it was under the control of the government. Due to that reason, it was not able to well-flourish. After the 1990's decade, through the help of different government and non-government agencies, the microfinance program was well-development in Nepal. Most studies show that, after involvement in microfinance, most of the women were able to speak for themselves, they started attending meetings by managing their household works, they became literate, and write their names. Women who were dominated by men before days slowly started to participate in financial activities. Self-confidence and independence increase among women. Their decision-making power was also enhanced. Awareness regarding sanitation and health issues also increased due to their involvement in microfinance.



This study also reveals the changes after the involvement of microfinance. The majority of the respondents develop the concept of saving, being easy to save money, being easy to get a loan, and feeling the change in overall economic behavior. Moreover, the majority of the respondents changed occupation after involvement in microfinance.

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