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Chapter 1

General Introduction

1.1. Background of the Study

Women empowerment is a necessary and essential tool for poverty alleviation. Once the women are empowered, they can contribute to the health and productivity of their whole families and communities and improve the future of the next generation. Although several institutions have been fighting for the cause of women empowerment, we still see the women in poverty and they are more vulnerable when compared to men. The main grounds behind this situation are the economic dependence on male members, rapid population increase, unemployment, illiteracy and lack of access to credit. As women in the rural areas play a big role in the domestic and socio-economic life of the society, it is necessary for them to be developed and empowered in order for the nation to develop. In the equation to develop the poor women, improving their economic and social status is a must.

The new economy has realized that microfinance has come up as an influential gear for women empowerment. Microfinance goes ahead in providing a cost effective mechanism that allows financial services to the poor people. Efforts on women empowerment will help society to get rid of social evils. It assists the poor, especially the women, to get employment, increase their confidence, and enhance their communication skills. Through their involvement in these microfinance programs women can acquire greater control on various resources such as material possession as well as intellectual resources like knowledge, information, ideas and decision making at home, in the community, in society and in the nation as a whole.

1.2. Empowerment

Empowerment is when someone is given the authority to exercise some specific power or offer certain means to achieve a given end. Empowerment, as defined by N. Kabeer (N. Kabeer, 2014) is the process by which those who lack the ability to make strategic life choices previously acquire such ability (Naila Kabeer, 2014). Banu defined (Banu, 2001) women's empowerment as the capacity of women in reducing their socio-economic vulnerability and dependency on male

household members, improving involvement and control over household decisions, economic activities and resources, contribution to household expenses, increased self-confidence and awareness of social issues. Empowerment makes the women self-dependent and it avoids the all equalities of social discrimination too. Women empowerment comes into realization when their economic, cultural and social status improves.

1.3. What is microfinance?

Microfinance is “the provision of financial services to the poor and the very poor self-employed people”. Schreiner and Colombet define microfinance as “the attempt to improve access to small deposits and small loans for poor households neglected by banks” (Schreiner, M. and H.H. Colombet, 2001). So, basically, microfinance helps to raise the earnings of the poor by providing small amounts of financial services which are not limited to savings and credit but also covers other financial services such as insurance and payment services. When the poor face constraints in obtaining financial services from banks, the microfinance institutes comes to the rescue by proving them with the financial services. According to Robinson (Robinson, 1996) microfinance helps poor people to increase, protect and diversify their income, as well as to accumulate assets, reducing their vulnerability to income and consumption shocks. It will give the women self-confidence and decision making power after getting economic success in their own small business.

Empowering women is the main target of microfinance programs. As women are the most vulnerable, investing in them helps them to be empowered, and then there is a big contribution to greater economic growth and development. It is well known that increase in the resources of women eventually leads to the betterment and well-being of the family as a whole. Mixed results have been noted in the impact of microfinance on empowerment of women. According to Le and Raven, (Le and Raven, 2015) “microfinance has helped many women in their businesses, but has a limited effect on empowering women, creating upward mobility and contributing to long-term economic growth.” According to Nargis (Nargis, 2008) the longer a woman participates in microcredit programs, the more the employment opportunities she receives, and there are chances of her purchasing both productive as well as non-productive assets. A study conducted in Kenya revealed that when loans are combined with more investment in social intermediation, remarkable shifts in

decision-making patterns are visible (N. Holvoet, 2005). Another case showed that women were more active in household decision making and had more control over household income after participating in microcredit programs (Naved, 1994). It is generally seen that, involvement in microcredit programs helps to women to increase their welfare and decreases male biasness. After reducing the male bias in the society, the women become capable to work more independently and tend to excel and be empowered freely. Equal opportunities lie ahead of the woman as the man intermixes freely in the society.

Women derive personal and economic empowerment when they are engaged in income generating activities. Microcredit paves ahead the way to improved health and harmony in the family. So, it is clearly evident that women significantly increase their roles in household decision making by participating in microcredit programs because they assist women to have a passage to resources, both financial and economic resources. They get into contact with larger social networks in which they are able to communication better, and possess awareness and information about parenting and family planning and are free to move about and use of their right and responsibility which prevail from natural law and society.

Micro finance programs have been treated as key strategies in addressing the development issues across nations since the last three decades. Microfinance has also gained huge prominence in the arena of economic development enhancement worldwide. The vision of micro financial systems is to serve the majority of the poor; help them come out of their poverty; and involve and make them fully participate in the social and economic development of their country. To realize their targets, micro-credits enable various agencies; both governmental and non-governmental, as efficient socio-economic financial mechanisms, among them are the Millennium Development Goals (MDGs). The majority of the women are isolated from their inheritance rights as well natural rights in the male dominated society. If women could have access to exercise the full natural rights without any disturbances of male counterparts, be it in the fields of finance, education, culture and socio economic, the society would be at peace and harmony and no one would be feeling any biasness and discrimination against one another despite their race or sex and everything would be purely from human to human relationship.

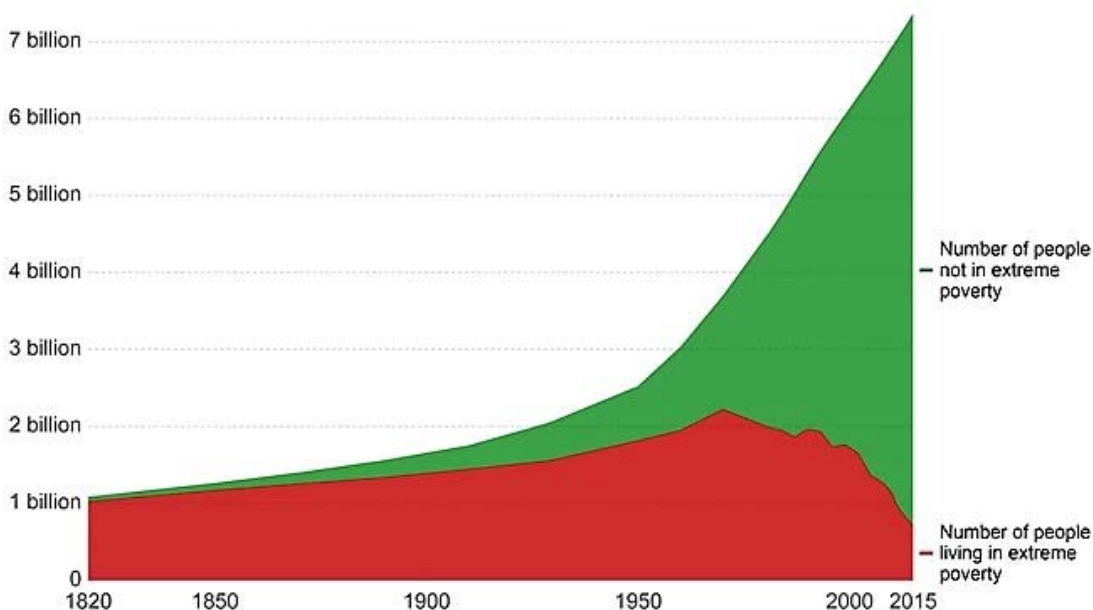
Microfinance provides an array of financial facilities like deposits, loans, payments, money

transfers and insurances to the poor, and the task of the micro enterprises would be to help such people to break out of their impoverishment. As an illustrative example of this, we have the example of India, where microfinance has dominated and developed into an indispensable tool in the economic progress and development of the country.

Microfinance deals with and involves in a loop of borrowing, saving and investing so as to relieve the poor of poverty. It was basically engineered to help the needy and the poor by levying only a minimum rate of interest rate with collateral not being necessary. The loan size varied from about US\$ 20 to a few hundred dollars, as required by the borrowers to initiate their investment or business. As collateral was not necessary for the loan, it was possible even for the poorest person to apply for loans. According to the Consultative Group to Assist the Poor (CGAP), 50-60% of the first-time borrowers in several countries were in the bottom third of their community and even more were living on less than US\$ 1 a day (Daley-Harries. S, 2002). This reflected the ability of MFIs to be available to the poorest of the poor. The poverty line was revised in 2015; since then, a person is considered to be in extreme poverty if he lives on less than US\$ 1.90 per day (Max Roser and Esteban Ortiz-Ospina, 2018). The world definitely needs to implant such kind of vehicle everywhere which would then make it easy to get into reach of prosperity and get access to the basic needs easily. (See Figure 1.1)

Figure 1.1: World population living in extreme poverty, 1820-2015

Source: World Bank Data, 2016



Microcredit programs not only help families move out of poverty and improve their standard of living, but also serve as “bottom-up” tools for the socioeconomic development of the nation (Roy, Andre Marc, 2003). The strong foundation of empowerment needs to empower the people from the bottom of unprivileged people, more so of the women.

There is a very close relationship between empowerment of women and economic development. On the one hand, development can play a major role in bringing up inequality between men and women and, on the other hand, empowering women would help in benefitting development. The term, gender inequality, is sadly brought through by the occurrence of “missing women”. Amartya Sen coined this term to capture the fact that the proportion of women is lower than what would be expected if girls and women throughout the developing world were to be born and die at the same rate, relative to boys and men, as they do in the sub-Saharan Africa (Sen, 1990). Today, it is estimated that 6 million women are missing very year (The World Bank, 2011) and of these, 23 percent are never born. Ten percent are missing in early childhood, 21 percent in the reproductive year, and 38 percent at above the age of 60. Harsh as excess mortality is, it still does not visualize the fact that all through their lives, even before birth, women in developing countries are treated differently than their male counterparts, always behind men in many spheres of life. For each missing woman, there are many more women who fail to get education, a job, or a political responsibility that they would have obtained if they had been men.

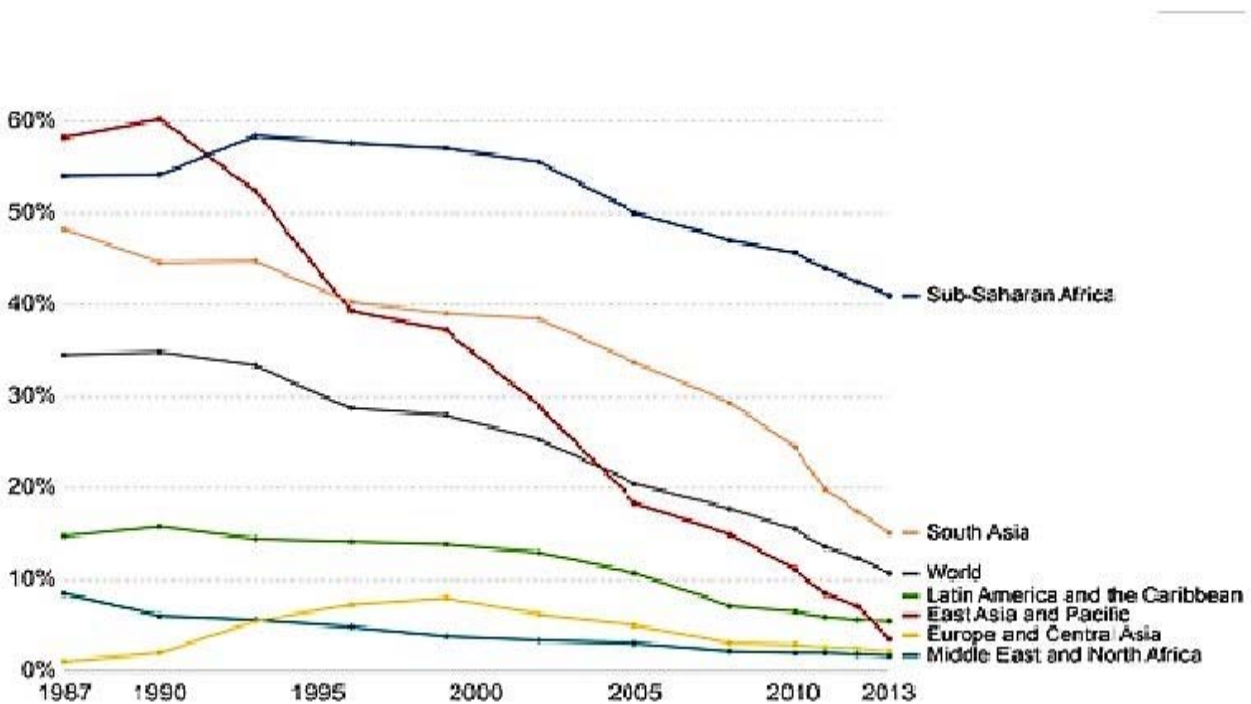
People are living in a world where there is a huge the gap between the two extremes of financial sufficiency and this has been increasing more and more than ever before. At one side, there are the very wealthy who have access to the best of the best for many generations after them, be it healthcare, food or education; and, at the other side, are the extremely poor who find themselves waking up in the mornings not being sure what they will have that day. Even with the technological and medical advancement, the rich and the poor continue to be spread farther away from each other, and poverty has been the winner in the challenge to the modern world. The Human Development Report of the UNDP states that about 46% of the people in the sub-Sahara Africa, 32% of the people in South Asia, and 10% of the people in Latin America and the Caribbean are in the poor income category (UNDP, 2005). Approximately, 1.3 billion people all over the world live on an income of less than US\$ 1 a day (UNICEF, 2007). More than 110 million children of primary school age have never stepped inside a class room and more than 840 million adults still remain

illiterate (A. Priyadarshie, 2016). More than a third of all the children in the developing countries are malnourished and approximately 29,000 children under the age of five die each day from preventable diseases and malnutrition (UNICEF, 2007).

The chart below indicates that the people living in extreme poverty have made fast recovery. This very positive development has been possible in part due to the remarkable improvements in East Asia and the Pacific, where poverty rates went from 60% in 1990 to 3.5% in 2013 (Roser M. and Ortiz-Ospina E., 2018).

(See Figure 2.2).

Figure 2.2: Share of the population living in extreme poverty, by world region.



Source: The World Bank, 2016

Microfinance is one approach which has been accepted as being victorious in many countries of the third world. Microfinance has come as a savior helping the disadvantages out of poverty and impacted the poor by uplifting their lives and their living standards. Nevertheless, microfinance has not been equally successful everywhere. The success rates of microfinance

depend on country wise and area wise.

In Nepal, informal financial markets have been in operation from ages, but the first formal sector began in 1956 with the establishment of credit cooperatives in the Rapti Valley of Chitwan District (Sharma and Nepal, 1997). The Nepal Rural Credit Review Report [NRB 1994] states that, in 1991/92, 39 percent of the rural households had borrowed money in which 86.7 percent had taken loans from various informal sources like friends and relatives, landlords, and merchants/traders, and 20.2 percent borrowed from formal sources such as banks and financial institutions.

In 1991/92, prior to the initial phase of the eight plan period (1992/93-1996/97), the coverage of borrowing from formal financial sources was one-fifth and borrowing from informal sources was four-fifths. This data clearly shows the over powering influence of informal sources in the rural financial market in terms of outreach. This shows the need of an increased coverage of formal and semi-formal MFIs which would contribute to poverty alleviation.

1.4. Statement of the Problem

Nepal's annual per capita income of US\$ 200 ranked it as the 10th poorest country in the world (UNDP, 2007). More than 31.8% of the total population of the Nepalese people lives below the poverty line (The World Bank, 2007). According to the latest data available, the GDP per capita in Nepal is equivalent to only 5 percent of the world's average. The GDP per capita in Nepal averaged to US\$ 391 from 1960 until 2016, reaching an all-time high of US\$ 686 in 2015 and a record low of US\$ 267 in 1960. (See Figure 3.3)

Figure 3.3



Source: Nepal trade economic (<https://tradingeconomics.com>)

Although Nepal has been encountering big challenges in eradicating extreme poverty, there is also a more serious task at hand, and that is to change the society by inculcating social reforms in order to end discrimination against women. Right from the very beginning, women in rural areas are compelled to live most of their lives sustaining the households, laboring hard in the fields and gathering firewood. Only a very fortunate few women ever get to finish their high school education, and quite a large percentage of women who can read and write are compelled to go on to spend the rest of their lives as housewives (Singh, J., 2002). In rural Nepal, even the men who are the sole bread winners for their families are not without their problems. Most of them are compelled to work on lands owned by the very few rich village landlords. They are very lowly paid and the money they receive in hand is very often not enough for the whole year to support the very basic needs of the family. So, to make the ends meet, they often resort to animal husbandry: raising and selling chickens and goats and selling milk from cows. As they do not have sufficient savings, it not only becomes very difficult and complicated for them to be prepared for medical emergencies, but also to escape from the miseries of which they have inherited. Male children often become heir to their father's debts and place of employment, which makes them similar to slaves. This vicious circle of working for the sole benefit of the landlords and struggling hopelessly to save money has been a habitual tradition continuing for ages and generations on.

As it is known, Nepal was and is still an agricultural country and more than 76% of the labor force is engaged in agriculture. Credit cooperatives sprung up in microfinance in the 1950s to assist

poor villagers by giving credits for agriculture purposes (Center for Microfinance, 2007). Many other organizations and institutions like the Small Farmers Development Program (SFDP) were initiated under the Asian Development Bank/Nepal (ADB/N) in 1975. In the year 1981, the Intensive Banking Program (IBP) was created to provide bigger loans to the workforce of all types. It also ventured to get the commercial banks involved in microcredit (Centre for Microfinance, 2007). Later on, in 1992, a model based on the microfinance of the Grameen Bank was introduced in Nepal. Later on, the Central Bank and the Government of Nepal brought into operation many other microcredit organizations (Center for Microfinance, 2007). Recently, the microfinance move in the suburb areas of Nepal has been having very positive impacts.

1.5. Objectives of the Study

Most of the people believe that the main idea behind microfinance is poverty alleviation and empowerment of people in the context of their living standards. Their major activity was to provide financial services to the poor who had little or no access to commercial bank and financial services.

Many literatures give credit to the establishment of self-reliance of the women as the reasons for the successful achievements made by the Grameen Bank in Bangladesh (G. Gobezie, 2011 and R. Abdur, 2012). In particular, the adopted peer group model is cited as an effective mechanism for yielding the high rate of repayment, effectively promoting business entrepreneurship among women, elevating their self-efficacy, and gaining their footings in social activities. This makes the women more social and trustworthy among their society and community.

In this study, a microfinance cooperative in Nepal was examined by taking the Thankot Mahila Jagaran Saving and Credit Cooperative (TMJSCC) as a model. The TMJSCC was founded in 1997 as a saving and credit cooperative for poor women, adopting the “Grameen Bank” operational model. It was founded by a group of poor women to serve, assist and empower the poor women; and operated in newly developing suburbs aiming to raise income of the members by financing micro credits, mostly designed to help establish small businesses to earn incomes to fill the increasing deficiencies of household budgets.

1.6. The purpose of this study

- 1) How the poor illiterate women empower themselves by accessing the TMJSCC's financial service,
- 2) Why the TMJSCC has recorded good performance even though its interest rate spread is narrower than the other MFIs,
- 3) How the emerging subjects can be identified for the sustainable development of the TMJSCC in the increasing competitive microfinance market, and
- 4) Nepali micro-finance and the empowerment of women

1.7. Structure of the chapters

The Dissertation contains 6 chapters:

1. General Introduction
2. Women Credit Constraint Problems
3. Credit Policies for Women Financing Empowerment in Nepal
4. Case Study of Lumanti (NGO) Supporting Women Microfinance in Nepal
5. Financing Women Empowerment Through Microfinance Institutes
6. General Conclusion and Policy Implications

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However, it is generally agreed that microcredit given to those of the poor who do not have a capacity to repay can increase their poverty.

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Chapter 2

Women Credit Constraint Problems in Nepal

2.1. Overview of credit constrain

In this world, the difference of inequality among the haves and the have nots is the central problem of the poor and rich people in the developing countries. People have many problems because of credit constrains, especially the poor people. Access to financial support is critical for successful business for both the men and the women (Aldrich and Zimmer, 1998). Legally, women are equal to men in accessing credit in Nepal, but in practice, cultural and social barriers hamper women in getting credit. Generally, land becomes a necessity as collateral to receive loans from banks and other lending institutions. Earlier, the paternal inheritance system to property was the enforced law. Later on from 2007, new criteria were made in which the law and bylaws stipulated equal rights to family property from birth for the daughters and the sons, without restriction after marriage; but, because of deeply rooted cultural beliefs and traditions, daughters rarely possessed a deed to family land, and after marriage, they were not considered eligible or not considered at all. The failure to provide collateral severely hampered their ability and zeal of becoming self-reliant, risk taking entrepreneurs and have their own business, be it big or small. Those who do not have easy access to finance in cash and movable property could not get any collateral credit from the finance company, and this made them inferior before the bankers which automatically killed the chance of small entrepreneurs and small businesses.

Bishnu, the owner of a small fancy cloth and tailor shop, said that despite the daughters were given equal property rights by the law in the constitution and civil code (Muluki Ain), they do not get any chance to implement the rights in practice, especially after they are married. Bishnu said that, in her situation, after her husband's death, she tried to start her business but as she was not given any property rights from her own family or her late husband's family, she had to undergo through very hard situations to commence and continue her business as compared to a man in her society.

Although it is stated that women have equal legal rights to land and property, the research opines that their ability to exercise these rights and hence use land and property as collateral for a loan is

very much thwarted by the embedded cultural norms of the family and societal institutions (Indira Shrestha, 2014).

In Nepal, credit obtained by the women from institutional sources accounted for less than 15 percent of the capital, and more than 85 percent capital for the men. More than 81 percent of their capital came from family and friends, and the remaining 19 per cent came from their own savings (B. Bushell, 2008). Even those who could accumulate the capital were stunned by the enormous interest rates of 11-14 percent levied by bankers which worried them of the bank loans. The women believed that, to start their investment on their own, self-reliance and independence were the prime motivators. But, in real life, women have no choice but to depend on their male counterparts to acquire their basic capital needs. After all, the bankers need immovable property as collateral rather than other items, so basically the poor women do not have any property for the guarantee.

The problem of acquiring credit makes women to begin their business with one third of the necessary capital which is not really sufficient to start a venture with this nominal capital. It always depends on the venue, how much credit needs to be invested, though approximately NP Rs. 100,000 is needed to launch a small business in Kathmandu (De Gobbi, 2005). Even the women possessing the ownership of property have difficulties in getting the loans sanctioned. Commonly, mistrust and lack of recognition of women entrepreneur means that many banks and microfinance institutions also ask for 'guarantees' from male 'guardians' (Mayouz, 2002). In Nepal, women have not yet practically gotten the property rights, so their heirs need to sign as guarantees and witnesses whenever and wherever they need the loans, and also whether they buy or sell property. Although women have gained self-reliance and independence as motivations for investing and starting business on their own, they still have to depend on the securities of others in order to collect their basic capital requirements.

For most of the women businesses, it was very hard and crucial for collecting the working capital in the urban, and furthermore, in the rural sectors of the mountain and Terai areas (southern region of Nepal). Financial institutions had been very skeptical and hesitant while approving loans for business. The performance history and personal background were needed with guarantors so the women felt disheartened by the insufficient amount they could procure for the initiation of their new business and development. All these circumstances and the lack of capital jeopardized them

severely in their confidence and even the smart and hard working women were barred from their dreams and aspirations to venture out in their self-independent businesses. This type of situation makes the women entrepreneurs lag behind in social advancement and women empowerment. For these very disparities of social problems in Nepal, the central government, the Central Bank and the MFIs are needed to encourage all financial institutions make the women business more credit accessible and assist and commence in the social changing move on this inequality thought equal opportunities and regulating the access and distribution of credit in the society.

In Nepal, many people still hold deep beliefs that women cannot do business because of family, children and domestic responsibilities. Culturally, Nepalese are engaged in housekeeping work, and they need to be inside the house and take care of the family only. This situation makes the women unable to participate in business meetings, seminars and free movement's activities in the Nepalese society. The obligation through the superstition of Nepalese and Indian society belong to women in regard of free personal move is restricted, It is also the one more major points of credit constraint as well beyond the access to credit problem in Nepal.

2.2. Introduction and credit constraint problem

In the world, poverty alleviation is the top priority agenda and this is true as well in Nepal. After the restoration of democracy in Nepal in 1990, poverty alleviation has been the top most priority of the government. The government policy came intensely to fight strongly against poverty. In order to uplift the poor family's socio-economic status, Microfinance Banks, institutions and cooperatives began to emerge. It was in the initiation of the Nepal Rastra Bank (NRB) that led to the setting up of Microfinance Banks regionally with the share capital of the government, the NRB and commercial banks as Grameen Bikas Banks and directed and systemized to commercial banks to provide the deprived sector loan of three percent of their transaction, i.e., loan to microfinance banks and institutions in simple interest rather than other business loan. And then, many Microfinance Banks and institutions came into existence. The direction of deprived Sector loan was 2 percent to Developing Banks and 1.5 to finance companies. Apart from this the NRB provided little loan to MF Banks and institutions from the rural self-reliance fund.

Thus, MFI banks operated in rural areas providing micro credit and saving mobilization, informal education, first aid health services and training on skill development. With the pace and expansion of microfinance in the villages and rural areas the program gained popularity because of offices stationed in the villages, contact with the poor families, selection of women as group members, access of micro credit without collateral and other development activities. Agriculture, livestock development, small irrigation, products marketing, and renewal energy are the main products in credit component as well as saving mobilization of the members and group center's meetings informal education which educated them to plan their activities. Despite these activities Microfinance Banks are facing some issues and problems. One issue is that microfinance has not been able to reach the ultra-poor in the remote areas, hills and the inclusive. But, basically, microfinance is based on the poor, inclusive in villages and is slowly reaching the hills and inner side of the Terai. The women are surveyed and selected from poor families, and to begin with, they are provided credit without any collateral ranging from Rupees ten to twenty thousand. Offices are stationed at the village level and objective is to uplift the socio-economic status of the poor. The priority of the program is focused on the women belonging to the indigenous and other backward families. As the program is costly, with the lack of infrastructure and scattered houses the risk becomes comparatively high. Therefore the program is seeking and waiting for the address and help from the government and the Nepal Rastra Bank.

The microfinance institutions are moving ahead, but they are facing problems which are as follows:

2.3. Resource constraint

The Nepal Rastra Bank has directed the Mega Banks of Nepal to provide the deprived sector loan at least 3 percent, with 2 percent to development banks and finance companies and 1.5 percent of their transactions to MFIs. But all the banks are not going to implement according the direction of the NRB because if the direction is not followed, there is no penalty and punishment, so the concerned bankers are not serious in this matter which constrains the poor people of the funds as well the poor women are not able to access the funds easily.

The motive of the micro credit organization is to uplift the access of credit though less concentration of deprive access but the fund constraint is going high. Despite the constraint of fund,

the MFIs banks are expanding in villages and remote districts, but again, the fund resources are limited. The Nepal government and the Central Bank of Nepal should deeply initiate to the fact that 3 percent deprived sector loan must be available to the micro finance institutions.

2.4. High interest on deprived loan

As it is clearly seen, one of the major tools of poverty alleviation in the developing countries is microfinance program. Taking this fact into consideration, the deprived sector policy was set by the Nepal Rastra Bank to provide resources to the MFIs. This policy stipulated all commercial banks, development banks and financial companies to provide 3, 2 and 1.5 percent of their transactions at low interest rates (3-5%). But then, these banks increased their deprived sector lending rate (6-9%) making it very high for the MFIs to cope with. Due to the high interest rate, the cost of funds has increased so that the poverty alleviation program has been directly affected and has been difficulties for the MF Banks to sustain them. So, the Nepal Rastra Bank should take effective steps to reduce the deprived sector lending rate to the strengthening of MF Banks so that these banks could reach further more to the remote areas. High interest rate is the major demerit for the poverty alleviation moves as well it discourages all entrepreneurs in the developing countries.

2.5. High tax rate

The Nepal Rastra Bank has divided all the financial institutions in Nepal into four groupings. The MFIs have been placed in the "Gha" category (D standard). Different rules and regulations have been set up for these groupings or categories for the functioning of their establishments, maintenance and other aspects. As for the corporate tax, it is the same as in the other commercial banks. So, when compared with the other banks, the profit of the MF banks is lower. As corporate tax, 30% is charged by the government and this indeed is a elevated maximum rate for the MFIs. If the MFIs are favored and this corporate tax is waived by the government, the rebate amount of tax could be used to expand services to the poor families, institutional strengthening and capacity building of its staff as well as clients too. The high rate of taxes is also the one of the reasons for credit constraint in Nepal.

2.6. Capacity building

The developments and innovations of institutions depend on their study, research, innovation plus information. In Nepal, microfinance institutions tend to be weak due to the lack of the above mentioned points. Due to the lack of these progressive trends, institutions are finding difficulties in accomplishing the objectives of poverty alleviation. As with many under developed and developing nations, the government of Nepal has also given top priority to the poverty alleviation program. To achieve this goal, capacity building is of utmost importance and is one of the burning issues of the MFIs. To avail microfinance services to the rural poor in the long-term, microfinance institutions should be strong and sustainable. When the MFIs are strong, they would be able to provide new products and services to the rural poor which comprise the majority of the population in Nepal. For that, the NRB, the Government of Nepal and other related agencies should be committed to enhance the capacity building of Microfinance Banks vertically and horizontally, i.e., intuitional capacities, staff capacities as well as clients' skills development. It creates new and best mileage to the deprived people in country.

2.7. Public deposit

Bank and Financial Institution Act 2006 has provision that Microfinance Banks can accept public deposit with the approval of the Nepal Rastra Bank. Most of the MFIs are not allowed to collect the deposit freely which makes it hard for the MFI institutions to access the fund. That is why it is necessary to make the public deposit without the approval of the Central Bank of Nepal. So, to maintain and balance fund scarcity, opening public deposits is very essential. Now, the NRB, on a positive note, collects small amounts of deposits from the members, and this is done to educate the poor about banking transactions. In other South Asian countries like Bangladesh, they have been permitted continuously and successfully to activating public deposits like a bank.

2.8. Voice not heard

It seems that the policy level has had a deaf ear to what the microfinance institutions have to say. This program is riddled with numerous problems in its prospects towards development. Time and again, the Government has been made aware of the current problems and constraints in [this program](#),

but they have not taken it seriously and are still studying the trends and prospects.

Most of the mega loans and interests are the subjects of the banks and the government as well as the policy makers, but there is not a single pie and sympathy and the subjects have to prevail to the small loans which are provided by the MFIs. The subject of sympathy is the need to be addressed by the concern authority. That is why the Government of Nepal is not looking into the subject matter on this small macro credit. This means that the little voices of the subjects are not being heard by the upper authorities which also create credit constraint.

2.9. Sustainability and viability

Every plan and project has succeeded after the practical viability and sustainability though the surroundings and policies, but the microfinance institutes are in the cross-road. The taxes levied are equal to that levied to the commercial banks and the interest rate levied on deprived sector loan is steadily increasing making life difficult. The lack of infrastructure, difficulty in reaching the scattered houses, inadequate motivation and service given to poor in center/group level (ward/block) all make it very costly making the scenario worse.

The overall situations do not look encouraging and in no way seem to be supporting the MF institutes. As microfinance is an important instrument in the process of reducing poverty, microfinance development banks/institutions should be made sustainable and also viable. This makes it even more urgent for the government and the NRB to review and contemplate on exempting tax, funding as well as making resources available to the poor people. After these things are done, the deprived families and the people will understand the policies, making everything equal for all.

2.3.1 The problems of dowry and women's access to property

In Nepal, all inequality of law is dumped upon the women and the men are not in the scenario and the dowry system is still prevalent in Nepal and India. Dowry related violence still remains a very big issue and is a social problem in Nepal. Money or property that a wife's family gives to her husband when the woman and man marry in Hindu culture is said to be the dowry.

This practice of dowry, giving and receiving customs, is very much influenced by the neighboring country, India and this system is very closely related with prestige. Most of the violence is prevalent in the south belt of Nepal. Analytically, it seems there is little bit benefit as the credit and property becomes accessible to women, but after marriage, the husbands and the men grab and possess the property and the women are not able to use their own possessions with their own free will. Despite Nepal already enacting the social practices act outlawing dowry in 2009; in practice, most of the people still give some gold, moveable goods, cash and accommodation goods to women.

If the property is self-earned, this makes it possible for the women to have rights to possess the property themselves. This is also one more access right of property to women but most of the earning is now being converted to land, houses and immovable property so when every disputes arise among the possession of such property only few women can established their ownership legally. But most of the women still have not been able to establish their ownership.

Practices shows that most of the men, who do want property settlement with their brothers during family separation, tend to buy or transfer the land, houses and immovable property in their wife's name and try to established the fact that the property belongs to or comes from the dowry of their wife or it is the woman's self-earning. Even this kind of access of property is prevailing in the legal system of Nepal on behalf of women and should be able to access credit, but this is a very nominal thing which does not go parallel in credit access.

2.3.2. Unpaid in domestic work

In Nepal every educated man and woman knows that before the eye of law, women and men have same right even in the work pay, time of work and individual right.

Nepal is a country with multi-cultural caste system like India. Every caste has their own customs, cultures and beliefs, but, whenever the subject of women comes in, the people say that they are Devis, Mother of god, more powerful than man. This ancient belief of more than 10 thousand years states that the women were leading the world, not by men. Even the space and whole earth was guided by women, the Devis. That was in the past. Then, after that time, the men started to struggle

for power and got to be more powerful than women, and now the universe is guided and ruled by men. The human development report shows that most of the women work for 16 hours including their domestic work, but they are not paid.

Work such as cooking in restaurants, worship in temples taken care by the males gets paid, but if similar work is done by the women, such as cooking in the household and worshipping in the house, then it does not become a subject of payment, although when compared, they are the same. This kind of social treatment leads to the constraint faced by the women when they apply for credit. That is why the women credit constraint is not only the problem of women, it is a big social problem which needs to be addressed and solved involving all of us.

Economic empowerment has been an important catalyst in the change of status of the women in the society. Despite the many positive changes in the society, there have been several accounts where women, though educated and economically independent, have regrettably been victims of domestic violence.

As compared to the situation a few years back, the present scenario shows government programs, non-government projects and various other initiatives on women empowerment bringing in positive improvements in this context. Although education and employment have somewhat changed and made headway the situation of women in the urban areas, the case in the rural areas is still seen insignificant. Most of the women in Nepal work in the family as unpaid labor force. More than 76% of the women are engaged in agriculture, but they are not given any creditor recognition for their involvement to the economic return that the family gets.

The 2013-2017 strategy of the country clearly states that the cause of hindrance for development was due to the inequality shown to women. This strategy advocates and stresses on the value and need for empowering women in the social, political and governmental systems in order for the country to have development in the true sense. The country has seen its first women President, the first Women Speaker of the House and the first women Chief Justice, and this does bring in a golden ray of hope that will enable the people to see and bring positive changes in the empowerment of women through education and economic access. If this goes very rapidly for some decade than the credit access expanded and steps of empower of women is uplift rapidly too.

2.3.3. Women in the Gender Concepts and credit access

In this world there is still the gender discrimination prevailing though the concept of law is nothing unequal, the population report showed that half of the population is women and without the women the world would not exist to survive.

From the beginning, women were known to be of a nurturing nature and sophisticate, so they were needed to be inside the home and take care of the children, the family and the house. But now the time has change and women can do whatever a man can do in this universe; furthermore, may be in this 21 century, the women can do more than the men. In the developing countries, most of women are isolated from the society because of lack of education. Restricted customs now allow them to go out of the house, family, society in the rural area and city as well. Gender discrimination is one of the most issues in the developing countries which now allow women to lead and go ahead by themselves freely alongside with the empowerment issue. The society is going with the innovative developments where it is needed for man and women to give recognition to each other and either partner believe in social and material recognition.

For most of the material recognition, every man and women needs to accept each other very freely and without the bias for the innovative social development. The development of women empowerment is related with half of the population of the world and this is isolated through the notion of gender. This makes it hard for them to access credit as well as many more benefits. The reason of credit constraint problem is also impartially seen in this gender discrimination.

Change began after 1975 with the Women in Development (WID) approach when women were focused as a vital concern in development. Their active role and participation in production and development was seen to be significant and was well appreciated. Despite the women being dynamic and seen as producers, they were labeled and treated as "leftovers" of the capitalistic production system, and not recognized as part of the system. But then, maintaining the patriarchal structures and ideology intact and tagging them along would invariably alter their status. The active participation and involvement of women was seen to be vital for the accomplishment of development projects in education and health, as well as in the areas where they joined and participated as workers, in the fields of agriculture and other related fields.

The WID consequently developed and changed into Women and Development (WAD). The WAD

stressed and emphasized that women were very much an integral part of development and not to be seen as outsiders in the development process. The women supported capitalistic development by freeing it from the requirement of paying subsistence wages to its workers in order to support their families.

These developments highlighted the position of women in relation to development and did not really stress on her overall position and relation in the society. Despite of the numerous talks and planning in the years after 1975, the changes and developments seen in women's status and rights, especially in the developing countries, was insignificant. The Beijing Platform for Action (1995) projected a 12 point program after reviewing the development made in advancing women's cause. The distinctive attribute of this Platform stressed on the multi-dimensional nature of women's subordination and the need to battle it in all spheres by mainstreaming and empowering women. It set up a gender framework making tiers in the government, non-government and semi-government sectors to develop an effective monitoring system to record gender discrimination at work. An appropriate organizational structure was thought up for coordinating and monitoring women related activities.

The Ninth Plan (1997-2002) set up its major policies on women that mainstreams and eliminates gender inequality and empowers women as well, which goes ahead towards a gender approach to women's promotion.

The policy elaborated mainstreaming as clear and well defined policies, targets and programs in all the spheres, both at the national level and the regional levels. This encompassed more scientific and realistic calculation of GDP statistics which include the contributions of women, and promoting the development of more effective coordination and monitoring instruments and mechanisms.

The objective of equality was rectified to promulgate the removal of gender inequality in all laws; to stress on affirmative action policies and programs that would reduce current inequality in economic social and other areas; to implement sterner laws and enforcement systems to respond to all kinds of violence against women; and to disseminate gender awareness programs to the public sector institutions.

The term empowerment made it compulsory for women's representation in the formulation of policies and programs at all levels. It assured women's rights to property ownership. It provided opportunities for agricultural trainings, marketing, and other income generating activities. It geared

up for development of a better health system to provide wider access to qualitatively improved facilities for safe motherhood. It continued specific enabling programs in education, technical, entrepreneurial, and management training. It increased access to institutional credit, other resources and assets for income generation. It assisted in the promotion of technological improvements in agriculture and other fields so as to reduce drudgery of women's work and to increase their productivity.

Accordingly, achievements made since 1981 include:

Table - 2.1.

1.	Ministry of Women Children and Social Welfare (MWCSW),1995
2.	Increase in women's participation in sector programs, such as farmer trainings, forestry groups and skill trainings
3.	Large national level credit programs such as Production Credit for Rural Women (PCRW) and Micro-Credit Project for Women MCPW
4.	Women's Development Program under Small Farmer Development Program
5.	Five regional banks (Regional Rural Development Banks and - educational programs such as special provisions for female teachers
6.	Extension of health facilities, health information and education to increase the access of women and children to primary health care, immunization, nutrition, iron and vitamin A supplements etc.
7.	Legal reform making women's right to property a little more secure and strengthening punitive measures against violence.

While trying to deal with the major problems related to internalization of these strategies, emphasis has been laid on mainstreaming, equality and empowerment by the Tenth Plan in sector policies and programs. The Ninth Plan identified and listed the major problems in implementation of these strategies, which are as follows:

2.3.3.1. Social Status

In the last two decades, achievements recorded in terms of social development indicators have been noteworthy, both for the women and the men. Also seen on the increase is the considerable accessibility to various social services such as schools and health posts and hospital beds. Although human development indicators have improved notably for both men and women, comparatively, only the life expectancy of women seems to show progress in the direction of gender equity. Gender disparities are decreasing only slowly in literacy and education. The enrolment of girls has not reached at par with the boys even at the primary level. The number of SLC and higher degree holders comprise of only 43 women as compared to 100 men with similar status. The number of women with graduate and higher degrees is less than 20 and men being 100. We see a dip in this ratio when analyzed with the 1991 figure. The number of female/ male ratio of full time students stands at 43 / 57. These accomplishments are not equally and evenly distributed between rural and urban areas, or among castes and various ethnic groups.

The health sector shows considerable development in MMR, fertility behavior and eventually better life expectancy. Child marriages have been put to an end and the mean age of marriage for both the girls and the boys is seen to be increasing.

But still, the belief in male supremacy, which is very prevalent in our lives, is changing at a very slow pace and is impeding advancement in all sectors of life. There is a huge dissimilarity between the Indo-Aryan and the Tibeto-Burman groups regarding social dealings prevailing gender relations. Universally, land is inherited by the son from the father and the daughter is nowhere in the scene. Women are way behind the men regarding accessing knowledge, procuring economic resources and seeking modern avenues of employment. Marriage is a must for women and it seen as a primary means of livelihood for them.

It is also seen that violence against women is prevalent in all the communities. In the patriarchy system, violence is resorted to ascertain control and command over women. In one survey, ninety five percent of women confessed of having firsthand knowledge of some kind of violence against women. The act of violence ranged from severe mental torture to mild beatings and went as far as selling them or trafficking them for commercial sex work.

The 2001 Census shows that more than five hundred fifty-five thousand women were living in

polygamous marriages. Alcohol and polygamy related violence in the domestic arena is reported high all over Nepal and across all the communities (New ERA, 1998). Although dowry related violence was reported to a lesser extent, it, nevertheless, does exist. A large group of young widows, especially, in the Indo-Aryan community, are subject to various forms of violence and face both psychological and physical brutality, and this very often is to procure her share of property.

Although woman trafficking is widely rampant, it is extremely difficult and even impossible to get data related to it. Police say that there are approximately 5000-7000 women who are being trafficked for commercial sex work annually. Previously, females from the Tibeto-Burman groups belonging to the poor rural areas were susceptible to trafficking. But now, girls from all communities are falling victim to this heinous crime and it has been spreading all over the country. Young and very young girls are being tricked into this trade, overtly or covertly (New ERA, 1998). One of the reasons for this could be poverty and lack of adequately paying jobs which is compelling the people from poor communities to sell their own girls. Because of modern consumerism and drug use among youngsters, the traffickers have found it easy to entice even the young middle class women. The patriarchal system in society highlights marriage as a decent and upright option for the girls' livelihood. This is also one of the reasons for them being entrapped in the trafficker's grip hold. On top of all these problems, the Maoist insurgency has escalated the problem of hostility towards women and children even more.

2.3.3.2. Economic Status

Between 1981 and 2001, women's participation in the officially defined labor force has increased significantly and many of the technical problems in the economic activity rates are also being taken care of gradually. As of the Census of 2001, women comprised of about 43 percent of the labor force with 48 percent in agriculture and 34 percent in the non-agriculture sector. This increase is due to three factors: increase in the actual economic participation; redefining of the activities themselves; and more detailed and specific descriptive activities in the census manual and training. From the perspective of women's empowerment, all these factors are helpful and contribute to the making of women's work visible. As the subsistence sector is being more feminized, this trend does not seem to be favorable from a gender perspective and it means that there could be further segregation of women to low paying activities.

The development of major export industries has opened up new avenues of formal employment to

women. The work force of women in the non-agricultural has increased to 34 percent, but they are still restricted to low paying and less productive, low capital intensive jobs (NLFS, 1999). Most the labor regulations are side tracked by employing women at piece rates (GDS-FES, 1997, GEFONT, 2003). Overall, the women earn about 4/5 of what the men earn in agriculture, but 3/4 outside of agriculture as daily wages (NLSS, 1995/96).

Women's access to land and other economic resources has not really been noticeable in the last 20-25 years, and even the recently introduced amendments to the law on property rights of women, has not altered their access to parental property significantly. According to the Census of 2001, only about 5 percent of the households reported some land in female ownership legally and only 0.8 percent households had homes in women's names. Despite of the multiple credit-institutions targeting and funding this activity for women, only 5.4 percent households reported female livestock ownership, whereas 0.8 percent had all three: house, land and livestock in female ownership. The households headed by the females constituting about 15 percent of the total households owned smaller properties than the ones headed by the males. The female heads were seen to be much more deprived educationally as compared to the male heads.

Despite various credit programs, women's access to institutional credit is still marginal, both at the individual and the household enterprise levels irrespective of ecological regions, urban/rural areas and ethnicity/caste (Acharya, 2002).

2.3.3.3. Political Status

Despite the constitution reserving five percent seats for women among the political parties' candidates in parliamentary elections, their access to these positions of power, political or otherwise has not really shown noticeable change in the last 10-15 years, except at the grass roots level.

The political parties have not been able to come up with more than the needed five percent of the female candidates in the parliamentary elections. Furthermore, the constituencies assigned to women candidates were those of which the concerned party considered it difficult to be victorious. Although the proportion of women candidates in the Upper House was much higher where the members get elected on the basis of party strength in the Lower House, they constituted less than 6 percent in the

outgoing House of Representatives. The cabinets formed in the last decade did not include more than two women or given them important positions, not counting one or two exceptional cases. One female member in 20-45 ministers has been the rule. Still today women constitute less than 10 percent in the Central Committees of the major politically parties (fesnepal.org).

2.3.4. Internal Problems of credit constrain in Nepal

2.3.4.1. Constitutional provisions regarding the right to property and empowerment

The Constitution of Nepal has guaranteed the right to equality as a fundamental right strengthening the perception of equal protection under the law. It contains the right against discrimination aimed at ensuring gender equality in the application of general law on any ground. In addition, it provides special rights through exclusive provision for the protection, empowerment or advancement of women. Similarly, the right to property has also been guaranteed as fundamental right, which provides every citizen the right to "acquire, enjoy, own and sell, reap professional gains, and otherwise utilize or dispose property, subject to the existing laws." The constitution has also guaranteed the right of women, inter alia, containing the right against discrimination on the basis of gender. But, there is no specific provision for women under directive Principles and Policies in the present constitution regarding land and property (The Constitution of Nepal, 2015).

2.3.4.2. Traditional and social barriers towards women

As economic and social issues are closely interwoven, we can clearly see one supporting the other. For example the key issue of access to land for women is closely linked to the socially determined inheritance rights and religiously ritualized need to give away daughters from one's own clan to some other clan. Parents prefer to spend on son's education rather than on that of a daughter because socially sons are responsible for parents' maintenance in old age while daughters are perceived as temporary guests in natal households (CERID, 1986 and 1986b; CBS, 1996). Women cannot participate in politics on equal footing with men because of both social constraints, lack of mobility and access to resources (Acharya, 1994). Because of the limited representation of women at the political decision making levels, their progress is also limited.

Taking this limitation we see the major issues related to women in the economic field and they include their limited access to prolific assets such as property and land; lack of credit and up to date

avenues of knowledge and information; employing women in low yielding agriculture labor force and increasing their work burden without reciprocal increase in access to resources; increased child labor; lack of access to training, technology and education; concentration at lower levels jobs; pitiable working conditions and insufficient child care facilities at work places; negligence of trade unions related to women's problems; grave hazards to personal security and rampant sexual harassment; limited market access; low income; and continual loss of proprietorship in the informal sector (nepaldemocracy.org).

Women entrepreneurs have to tackle problems regarding the dearth of resources, low risk taking capacity and marketing access. Information on women's employment and earning patterns, problems, grievances and aspirations in the formal sector including tourism and other services is seen lacking severely. Women's work and contributions in the economic activity seems to have gone unrecorded.

2.3.4.3. Access to Resources

Women get access to their land and property after their wedlock. If the wife remains faithful to her husband and his family, she is entitled to an equal share in the property together with their son. This severely limits women in getting her access to all productive assets.

Marriage turns out to be an important feature in shaping all options of her life and livelihood and is strengthened by the legal structures and social norms all round, and then the rest becomes less important and secondary to marriage. Land in resettlement areas is not provided to single women, even if they have many children, lest they be amongst the poorest of the poor. They do not have the right to claim any tenancy rights. Although we see a common practice of husbands keeping property in the name of their wives, such women cannot make any property transactions without the permission of the male members of the family, i.e., her husband and sons, etc. Such constraints do not affect the male members of the family. It is usually the men who get access to community resources such as forests. As long as the husband does not abandon her, she may have the derived user rights. If he brings another wife and leaves the previous one, which frequently recurs, she loses all access to community property as well. Such information and data are difficult to obtain, as no records are kept related to such polygamy incidences. Indeed, it is not legal to keep more than one spouse, but the woman gets no property on divorce and so they have no access to resources. It is important to note that lack of alternative means of livelihood drives them into commercial sex work

and parents have no choice but to get their daughters involved in dubious marriages or sell them in sex bazaars.

2.3.4.4. Access to Credit

It is popularly known that access to credit is limited to women because both credit institutions, formal and informal, are prepared to fund property owners only. For loans, tangible collateral is preferred by all formal credit institutions and women are denied institutional credit since they have little or no rights to the property inherited. Also, the money lenders of the village are more interested in charging higher interest and getting hold of the property of the debtor rather than helping the people in need.

2.3.4.5. Women and Poverty

In Nepal, 40.4% of women and 59.6% of men from over the age of 10 are considered to be active economically indicating that the economic participation of women is lower than that of the men. To a large extent this becomes pertinent because subsistence agricultural work, mostly performed by women, is not considered to be an economic activity and is not recorded and avoided in surveys. The majority of the economically active population (81.2%), in rural Nepal, is engaged in agriculture and allied industries. The number engaged in this sector is considerably higher in women (90.5%) than in men (74.9%) (CBS, 2011). In average, the women toil for 16 hours/day, the highest recorded in the world, but still their effort is considered as unproductive. More than 75% of women are involving in informal work and 90.5% of the economically active female populations involved in agriculture. As the women are devoid of education, vocational and technical training, most of them are not skilled and get lowly paid, the 'feminization of poverty' has become a common trend in Nepal. Only 10% of the total land is under the ownership of women. Although various poverty alleviation programs like micro-credit, awareness raising and skill development programs have been launched by the government; they have not turned out to be very effective and satisfactory. As the women are generally not skilled, they more exposed to the negative social effects of economic restructuring and recession.

When the poor women are looked upon as the passive beneficiaries of social welfare, measures to

fight poverty prove to become ineffective. It is of utmost importance to emphasize on the role of women as active economic agents to achieve the best results. While expanding their opportunities of employment and the income they receive from their work, it is also necessary to increase their productivity in home-based and agricultural work. The alteration of women's economic activities needs thoughtful reforms, like policies that give women access to land and assets, credit and technology; measures favoring independent work by women; and programs of training which make them competitive on the job market. As implementation of poverty reduction strategy has been widely recognized, women's involvement in planning and policy-making is seen to be vital.

2.3.4.6. Women in Power and Decision Making

As women have remained voiceless, their representation in social, economic and political life has been minimal. Problems related to women in power and decision-making have qualitative and quantitative aspects. The first aspect involves the capacity of women to claim and implement their rights. Quantitative improvements have been made with the introduction of reservations in local elections, but the overall participation of women in decision-making positions is very low and remains unsatisfactory. The statutory provisions alone do not adequately facilitate their entry into these positions. Quantitative growth has been flat and only observed at the lowest levels of representation. Higher levels are still regarded as the 'male sectors', both at the local and national politics. So far, the political parties and legislatures have failed to authenticate their pledge of ensuring women's access to powerful decision-making positions. Although the law does not discriminate with the respect to voting rights, some women were denied the rights to vote during elections. So, women have shown interest in working in various other sectors rather than in government offices. The women are more consciousness about the need of female participation at the policy level and a general trend of mainstream acceptance of women's political participation is emerging among the younger generations. Also, the number of women's organizations is increasing at various levels and in different sectors. Despite ideological differences, women have come together and organized platforms to discuss common issues related to women in decision-making. There has been a positive development and more women are being interested in and have joined national politics as 20% of the seats are secured for women at the ward level of the local self-government. Special programs related to capacity building have also been started for elected female representatives at various levels. (I)NGOs and development agencies have given priority to

women candidates in various positions and have tried to achieve gender balance within their workforce and personnel policies.

Despite all these positive indicators, there are still many hindrances that prevent political parties as they have not fully made visible their assurances to the mainstream women in the decision making level of their respective party hierarchies and have discouraged from women to come in decision making positions and stick to the household responsibilities only. Socio-political and religious factors, in conjunction with patriarchal dominance, corruption and criminalization of politics, female politicians often experience character assassination and defamation and female politicians' safety and security is often threatened due to social resistance.

2.3.4.7. Women Entrepreneurs and Their Problems

In Nepal the social environment restricts the women's role within the household, so they are mostly involved and busy in home base industries such as, food processing, garments, hosiery and crafts. Due to competition from imported products, these industries are progressing and thriving well. The displacement of traditional crafts by light industries is causing the replacement of female workers by male laborers (Rana and Shah, 1989). Women are also being converted into wage laborers in specialized sectors such as the carpet industry. Women have been functioning as managers, supervisors, entrepreneurs, and even skilled workers in home-based craft enterprises, but as industrial activities become increasingly externalized, both the male and female workers lose control over the production process and become transformed into wage labors. In this process, women are affected more since the newly emerging organized industries need not only more capital but also lay stress on more educated and mobile laborers.

Women who are proprietors also face several problems, such as: insufficient funds or capital and not having easy access to institutional credit; needing to have access to marketing network and marketing information; and the lack of proper business training and education. Other hindrances include limited access to modern management techniques and technology, and high production cost leading to uncompetitive pricing. Being self-confident and being capable of taking risks are of utmost importance to them because they have access to very little capital and could face many family problems in their enterprise.

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Chapter 3

Credit policies for women and women financing empowerment in Nepal

3.1. Overview of microfinance

Microfinance world history began in 1846 propounded by the theorist Lysander Spooner, activist and entrepreneur. The theory pointed out that, in America, microfinance benefited the farmers and the poor people and helped them overcome their poverty through small credits and funds. However, the modern concept of microfinance started with Dr. Muhammad Yunus from Bangladesh in the 1970s. In 1976, Dr. Yunus took a giant step and a leap by loaning US\$ 27, from his own pocket, with zero percent interest to 42 people of Jobra - a tiny village in Bangladesh. The traditional system was to help the poor people from bank loan through the collateral deposit. These poor people were neglected by commercial bankers as they thought the poor were less capable of paying back the loan on time due to the low breakeven point needed by banks to generate positive revenue on the transaction they make.

Later, he found it difficult to self-finance an expansion of his mission and decided to look for government assistance and established the Grameen Bank. The Grameen Bank which literally means 'Village Bank', when translated, takes the banks to the people looking for financial assistance. It provided loans without collateral deposits. The maximum loan takers at the Grameen Bank were and are poor rural landless women who used these loans in different non-agricultural activities. The bank regularly makes weekly and monthly visits to the borrowers' houses to make sure the loans are being utilized properly and that they repay the loans on time. The loan is based on group borrowers of five who guarantee each other's loan and it is obligatory to join a group (Hossain & Rahman, 2001). The success of the Grameen Bank can be measured with the increasing number of new microfinance institutions in the 1970s and 80s started with the help of grants and subsidies from public and private source commenced by NGOs (Non-Governmental Organization) (MicroWorld.org, 2016).

The World Bank estimates that 160 million people in the developing countries are getting benefited by the micro funding (Kiva, 2016). In the 1990s, the microfinance institutes could not rely on the grants they were receiving only, so they involved commercial investors and applied formal business practices to sustain and improve the working conditions. Between 1997 and 2002, the number of MFIs increased from 618 to 2,572 claiming to have 65 million clients that shot up from 13.5 million in 1997.

In Latin America commercial financing grew fast, getting 54% of micro borrowers and providing 74% of the region's loan. In 2005, the MFIs lending soared from US\$ 513 million to US\$ 981 million (Kristina, 2016). It is calculated that there are over 10,000 MFIs existing today, which include credit unions, NGOs, cooperatives, private and commercial banks, and governmental agencies.

In a call for the financial land building sector to fuel the strong entrepreneurial spirit of the poor people around the world, the year 2005 was proclaimed as the International Year of Microcredit by the Economic and Social Council of the United Nations.

The International Year of Microcredit consists of five goals as given below:

1. Assess and promote the contribution of microfinance to the MFIs,
2. Make microfinance more visible for public awareness and understanding as a very important part of the development situation.
3. Make the promotion inclusive of the financial sector
4. Make a supporting system for sustainable access to financial services
5. Support strategic partnerships by encouraging new partnerships and innovations to build and expand the outreach and success of microfinance for all.

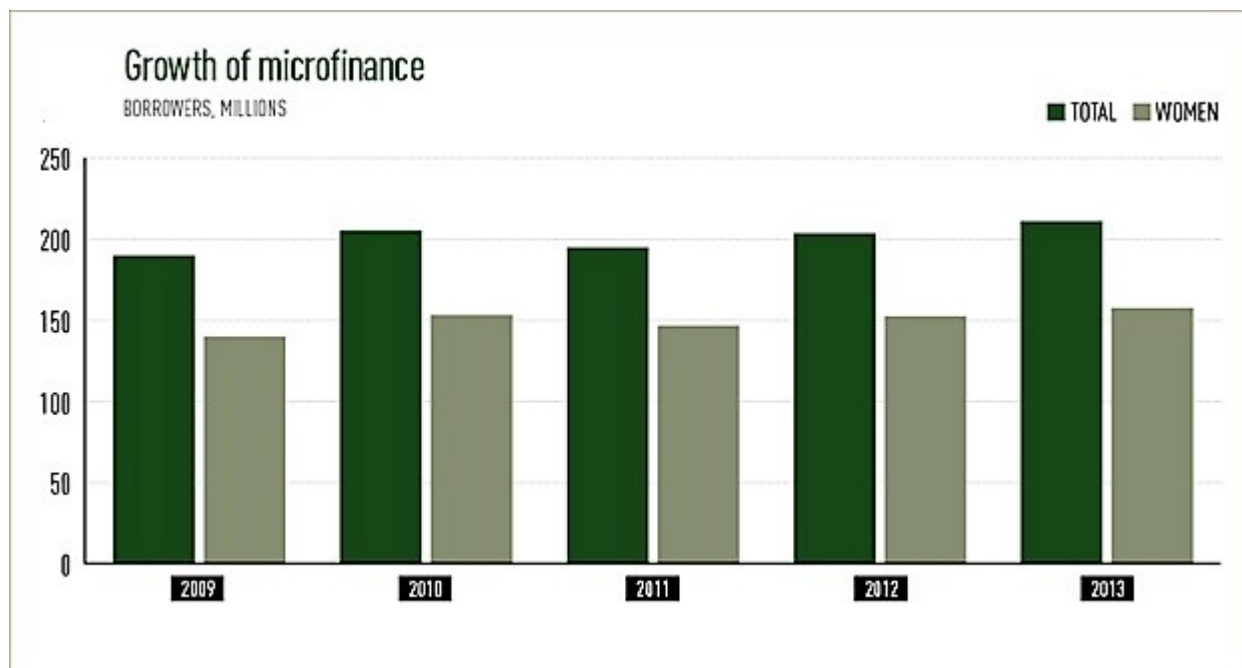
3.2. Asian women

After the long term move to foster women economic development, opportunities emerged increasing women rights and credit access towards the women empowerment in the Asian women. According to The Asia Foundation, they have transformed thousands of lives through evidence-based programs such as advancing women's political participation, recognizing gender equality and providing equal distribution of state resources. The outcome of the goal is in the scene in the society as follows: increased participation of women in elections, public leadership and decision-making; expanded opportunities for women's entrepreneurship, education and employment; and improved rights and security for women. Most of the women are under-represented in the establishment and the growth of small business and cross-border trade as well as in policy making. The Asia Foundation's accelerated growth program has a goal of supporting one million women entrepreneurs in Asia by the year 2022, with a focus on rural women and those who have migrated to urban areas.

The instruments such as facilitating access to buyers, markets, financial and technology training, leadership support, peer exchanges, and multi-level forums, current and emerging women entrepreneurs who run micro, small and medium-sized enterprises will help achieve greater success as business women and serve as change makers in their respective communities and countries. It is the one more milestone to the Asian women to go forward one more step for their empowerment goal.

The report of microcredit summit campaign between 1990 and 2008 microfinance lifted 10 million people out of poverty in Bangladesh. The number of people who have borrowed from microfinance institutions reached 211 million by December 2013, more than half of them were women. (See Figure 3.1)

Figure 3.1



Source: Microfinance Summit Campaign, 2009

In the developing world, the most empowering thing for women is having their own income which is not controlled by their husbands. When women use their resources and funds with their own will, then, suddenly, the women is seen as an important and vital contributor by their family. The whole outlook of the family changes and parallel status among the all family members is achieved. Education is the super pillar to nullify the hunger and poverty, so the more education girls receive, the more women there will be in leadership roles in all aspects of society. The cumulative effect

increases further as the children of these women have greater access to education, healthier care and employment opportunities; meaning they can create even better lives for themselves and their own families,

3.3. Credit Model of the Grameen Bank

Mr. Yunus initially started the Grameen Bank in Bangladesh by personally issuing loans to poor women of Jobra village, which is adjacent to the Chittagong University, and some of the neighboring villages during 1976-1979. The project then extended to Tangail district (a district north of Dhaka) with the sponsorship of the Central Bank of Bangladesh and the support of the nationalized commercial banks. Seeing the success in Tangail, the project was extended to a number of other districts in the country. The Grameen Bank Project was later converted into an independent bank in October 1983 by a Government Ordinance and named it the Grameen Bank. A share capital of 10% was provided to the Bank by the Government while 90% remained with the borrowers of the Bank.

Credit was viewed as a powerful weapon by the founder of the Bank. He emphasized on credit as a fundamental human right. By receiving more credit one can command more resources, thus becoming more powerful. Credit generates opportunities to resources and is the basis for the economic liberation of the common poor, especially the poor women. The collateral based conventional system does not grant the right to credit for the poor people thereby depriving them in their fight against the economic and other related opportunities around them. The approach taken by the Grameen Bank stresses in the formation of possible conditions in which every human being may have the prospect to shape out their own satisfying ways of living. The Grameen Bank looks at its loans as a way to grasp command over the resources. Using it properly and effectively, the poor can convert their latent skills in generating better income and create self-employment without being constrained by the restrictions of employment dependent on wages.

The bank credit model is focused on grassroots institutions. A bank unit covering around 15 to 22 villages is set up with a field manager and a number of bank workers. The manager and workers initiates the process by spot visits to the respective target villages to acquaint themselves with the local people and make them clear about the purpose, functions, and method of operation of the bank. In the first phase, groupings of five prospective borrowers are selected in which only two of them who are eligible for a loan, and receive it. The group is under scrutiny for a month to verify whether the members comply with the rules of the bank or not. It is only then that, if the first two borrowers comply with the rules and regulations of the bank and repay the principal with the full interest

within fifty weeks, the other members of the group also become entitled for the loan. Because of these regulations, the group has considerable pressure on them to maintain keep the records of the individuals transparent. In a way, this joint responsibility of the group, one for all and all for one, works as a collateral on the loan.

In the recent years, the Grameen Bank, has not only extended its credit operations targeting the poor in rural Bangladesh, but has also quickly branched out its activities. The Grameen Bank is now a successful model of a global network involving institutions and individuals alike providing microcredit to ward off poverty. The Grameen Bank has undertaken major investment initiatives within Bangladesh in sectors where the poor have significant benefit in terms of their skills, activity and productive ability. Many companies oriented in social development have been formed under the Companies' Law to increase economic growth of important economic regions such as agriculture, fisheries and rural industries. After all the trust, continue follow up, weekly repayment, well understanding among the peer group, understanding the actual investment of member's business is major credit model of the Grameen bank which took their goal in the last.

3.4. Developments of Institutional Microcredit Activities in Nepal

In the initial stage of microcredit in Nepal, we need to observe the banking system of the country. In 1937, the Nepal Bank Limited was established and it was limited to accepting deposits and providing loans to the commercial sectors in Kathmandu and a few other selected urban areas in the country only. After 19 years, the Nepal Rastra Bank Limited (NRB), Nepal's national bank, was established in 1956. In the early years, the bank had concentrated on monetization of the economy by circulating Nepalese currency all over the nation. After gaining some progress, it stepped ahead targeting at institutional advancement. As a result, important institutions emerged in the country: the Nepal Industrial Development Corporation (NIDC), the Agricultural Development Bank (ADB/N) and the Rastra Banijya Bank (RBB).

The founding of the ADB/N was a milestone in the progress of rural financial market in Nepal. Actually, the institutionalization of rural credit began in 1956, when cooperatives were established in Chitwan with a view to providing credit support to the settlers (Rapti Dun settlement). In the year 1974, the NRB introduced the idea of directed lending so that a said proportion of the commercial bank's sources could be utilized for the development of rural and agricultural sectors. The concept

of directed lending was also considered to be an important idea in the development of small sector comprising agriculture, cottage industry and services.

To support the national goal of poverty alleviation, the Nepal Rastra Bank has been carrying out numerous developmental tasks along with its core function of central banking. For the development of rural financial system in particular, the NRB has started institutional development programs as well as various rural financing programs aimed at raising the standard of living of the people living in miserable poverty and reduce the regional disparities. At the same time, it also encourages private sectors to take part in the rural financial system.

Despite being a small and low-income country, Nepal has a fairly diverse financial system. Besides the country's central Nepal Rastra Bank, there are 30 commercial banks, 84 development banks, 53 finance companies and 37 microfinance banks operating now in Nepal. There are also semi-formal financial institutions that are licensed by the Central Bank to operate limited banking transactions, and these include 16 savings and credit cooperatives and 30 NGOs which implement microfinance programs. In addition, there are about 14,000 community-based organizations, village banks and postal banks which mostly serve poor people - and particularly women - in remote and hilly rural areas.

3.5. Micro-credit Policies in Nepal

The Nepal Rastra Bank Act, 2002 has empowered the Nepal Rastra Bank to inspect and supervise all financial institutions including Rural Micro-Financial Institutions and issue directives. So, the NRB has played a key role in policy formation and execution to the financial institutions. The major policies issued for the Micro-Financial institutions are as follows:

1. Commercial banks are required to extend 12 percent of their outstanding loans and advances as priority sector credit, of which 0.25 to 3.00 percent should be extended to deprived sector.
2. The central bank provides refinance facilities to commercial banks against the credit documents of the priority sector credit.
3. In order to open an urban branch, commercial banks need to open one branch in semi-urban and one in rural area compulsory.

4. Micro credit is normally based on group guarantee and it is actually collateral less lending.
5. Financial Intermediary Act, 1998 has been enacted to enhance the Financial Intermediaries (FINGOs) for wholesale lending.
6. "Poverty Alleviation Fund" has been created for the growth of rural financial markets. The fund will be utilized for conducting training programs and extending micro-financing services.
7. Rural Micro-Finance Development Centre (RMDC) Ltd. has been established for wholesale lending to Micro Financial Institutions to enhance rural micro-credit.
8. Single borrower limit of micro credit (deprived sector) has been fixed up to Rs. 30, 000.
9. Commercial bank can also provide credit to the ADB/N, RDBs, SACCOs, and FINGOs as priority sector credit.
10. The Nepal Rastra Bank is executing the "Restructuring Program" in Grameen Bikash Banks due to the heavy losses.
11. Priority Sector Credit Program extended by the commercial banks will be phased out within the next five years, but the deprived sector lending will still remain valid.

3.6. Women's Access to Credit and Decision Making over Resources

Women in Nepal are more likely to be excluded from important roles in decision making regarding household and community issues (Acharya & Acharya, 1997). In order to understand women empowerment, it is important to look into the women's access to income and their ability to decision making on household and community issues.

As we know, having the access to an independent income is an important base of negotiation and building of self-esteem. When women have independent incomes, they can contribute to family welfare, which consequently increases their role over decision making on important household issues. However, only access to resource or income does not articulate much about agency (Kabeer, 2005). Rather, it has to be understood how resources are used and who makes the important decisions, because, the ability of decision making is considered to be an achievement. If the credit policies are

positive to the women for accessing the finances, then empowerment of the women will soar up and expand, and poverty alleviation will speed up minimizing the poor from the world.

3.7. Women not having own income

In Nepal, the status of women is determined by the status of their husbands and their families. If the women have subordinate roles in the household, it is likely that they will be participating in the credit scheme not for their own purposes, but rather be pushed by their husbands and other family members to take the loans (Berglund, 2007). Although they are involved in the credit schemes, they are not free to make or take important decisions. Their husbands and other male family members are always there to make important decision about their loans. They are responsible for official repayment, but they have no means of paying because they do not use the loans with their own decision. This means that the women are used for only showing them as borrowers, but actually they don't have any central decision making powers. Credit policies should be clearly needed to establish with the right of their decisions.

3.8. Deep rooted ancient gender bias customs practices of Hindu religion:

The ancient Hindu law, Manu Smriti (9.1-3), explains that the female should be controlled and kept under watch because they are not to be trusted. The family head should be male and female only play the subordinate role in social matters. Women should avoid the outside activities to prevent the family to disrepute but in contrary there is no any barriers to man. In Hinduism, the patrimonial system is deep rooted, so from the ancient period women don't have first priority on the property and credit. There is also a very strong parental interference in marriage and career matters of the women.

The Hindu caste system has been wrongly understood and implemented in the new ages. When it originated, there were Varnas, every one's caste was destined according to Varnas, or individual's duty. But in these modern times, it is taken as heredity without knowing that it could make the society very vulnerable and miserable. Actually Hindu society was divided into four sections: Brahmin, Kshatri, Vaishya and Sudra. In Mahabharata (Anusasna Parva, Chapter 163) it is said that even if a Sudra is engaged in the occupation and has a pure behavior of the Brahmin, he becomes a Brahmin. Moreover, a Vaishya can become a Kshatri as well. All Varnas were defined and linked with their karmas. Therefore, neither the source of one's birth, nor his reformation, nor his

education predefined the criterion of a caste. The stage of mind or occupation is the real standard by which one is known as the caste which revolves along the life span every time. The changing cycle of karma depends on their castes. The deep rooted superstitions of caste and women discrimination making women unable to come in the front line and grab the first hand opportunities though the modern society need to find out to link the join poor with equal basis. The disparities of ill mentality and biases on women reflects the society backwardness the women in the Nepalese society.

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Chapter 4

Lumanti, one of the leading non-government organizations supporting women micro-finance in Nepal

4.1. Case Study of Lumanti (NGO) Supporting Women Microfinance in Nepal.

The Lumanti Support Group for Shelter is a non-government organization striving on alleviating urban poverty in Nepal through the improvement of shelter and empowerment of economic conditions in the poor communities. Lumanti envisions secured housing and economic empowerment to urban and rural poor people through the enhancement of socio-economic conditions and increased dignity and capacities to lead the way forward.

The Lumanti Support Group for Shelter, together with the concerned government and non-government agencies as well as with local stakeholders and funding partners, has been working with 13 districts covering 25 urban and rural centers in Nepal. Along with the many programs in their undertaking, community finance promotion is one of them. As security of housing for the poor people is one of the main concerns of Lumanti, it has chosen microfinance as one of the priority areas in order to reach the target of providing secured housing to the urban poor communities. The aim of the microfinance program has been to empower especially the women of the slum and squatter communities, by improving their economic conditions and making them self-reliant. Lumanti then implemented an approach to support microfinance so that the poor people could have increased access and control over financial resources. This would also increase access to women and grant them chances and opportunities to manage their financial resources, eventually leading to the promotion and strengthening of community-based financial institutions. Lumanti strongly upholds the belief that savings, being the primary means, can be very influential and powerful in the empowerment of women as well as the development of the poor urban communities.

In 1996, Lumanti associated itself with the microfinance program. It has been facilitating the knowhow, trainings, support and networking the women micro-finance for the empowerment of women and the poor in urban and rural area of Nepal. In the first year of introducing the program, 8 women's saving and credit groups were formed in communities from the slums and informal

settlements of Kathmandu and Lalitpur. With its increasing popularity, by 2007, the number of saving groups increased to 259 with a total of 5117 members. Now, the number of saving groups has increased to 1,126 with 29,816 members. At present, a total of 32 women saving and credit cooperatives have been established and are registered throughout Nepal.

4.1.2. Functions of Lumanti

Lumanti functions as a non-government organization motivating and facilitating the poor communities in the society. It supports women microfinance institutions in the urban and the rural areas motivating, conducting trainings, networking and counseling the poor people for their empowerment.

The names of women micro-finance which are supported by Lumanti are as follows:

1. Pragati Mahila Utthan SCC, Balaju, Kathmandu.
2. Gyan Jyoti Mahila Utthan SCC, New Baneshwor, Kathmandu.
3. Nawadeep Jyoti Mahila Utthan SCC, Chabahil, Kathmandu.
4. Nawa Astha Mahila Utthan SCC
5. Patan Prerana Mahila Utthan SCC, Inaya Tole, Kathmandu.
6. Thankot Mahila Jagaran SCC, Thankot, Kathmandu (TMJSCC)
7. Khokana Mahila SCC, Khokana, Lalitpur
8. Panga Mahila SCC, Kirtipur, Kathmandu.
9. Bishnu Devi Mahila SCC, Machagaon, Kathmandu.
10. Shree Mahila Krishi SCC, Kalimati, Kathmandu.
11. Ichumati SCC, Tukucha, Kathmandu.
12. Naudhara SCC, Lalitpur
13. Thecho Mahila Jagaran SCC, Lalitpur
14. Didi Bahini SCC, Sanugaon, Lalitpur
15. Bashobas Mahila SCC, Nepalgunj, Banke
16. Eakata Mahila SCC, Birgunj
17. Dibya Jyoti Mahila SCC, Dharan
18. Amardeep Mahila Utthan SCC, Bharatpur
19. Sambridhi SCC, Biratnagar
20. Shamajana SCC, Biratnagar

21. Sangeni Mahila SCC, Itahari
22. Deepshika Mahila SCC, Kalaiya
23. Samuhika Mahila SCC, Nepalgunj
24. Aakriti Mahila SCC, Rantanagar
25. Juneli Mahila SCC
26. Samyukta Safajagana Saccos, Teku
27. Shree Ganesh SCC, Thabo
28. Helichu SCC, Setogumba
29. Prastabit Ganestha SCC, Gokarna
30. Prastip Janakhushi SCC, Baneswor
31. Panga Mahila SCC, Kirtipur, Kathmandu.
32. Kalikasthan Mahila SCC, Rasuwa

4.2. General Introduction

According to the World Bank reports, as many as 2.5 billion adults lack access to basic financial services (The World Bank, 2016). Seen as a group with little collateral and virtually no formal credit history, financial institutions have intentionally ignored this group from essential investments. It has been the task and duty of microcredit to reverse this adverse trend and empower these communities with the basic needs thereby enabling them to be prosperous and wealthy.

4.3. Low Income Women's Savings Groups in Nepal

From the very beginning, women with low-income have been the key focus and interest of the microfinance institutions. It was the philosophy of micro financing that brought forth the necessity of assisting the poor women as their inherent desires were to promote and have a better life for their families and communities. Many of the families living in poverty are single-mother households or are households where a supporting husband is regularly absent from the family. In such cases, women have to take the role of the head of the household and the main contributor to the family's livelihood. Through lending directly to women and providing services to females only, it is hoped that this marginalized segment would then be able to invest accordingly and persevere through their economic hardships and support their families.

Currently, Lumanti is supervising and is involved with a numerous women's savings and loan cooperatives throughout Nepal, providing a support network for groups and resources for communities interested in the practice. Lumanti has thirty two groups, in total, under its umbrella and is capable to support more start-ups in the future. Lumanti views microfinancing as a constructive means of alleviating poverty, promoting community development and empowering female recipients.

4.4. Employment Trends in Communities Participating in Microfinance

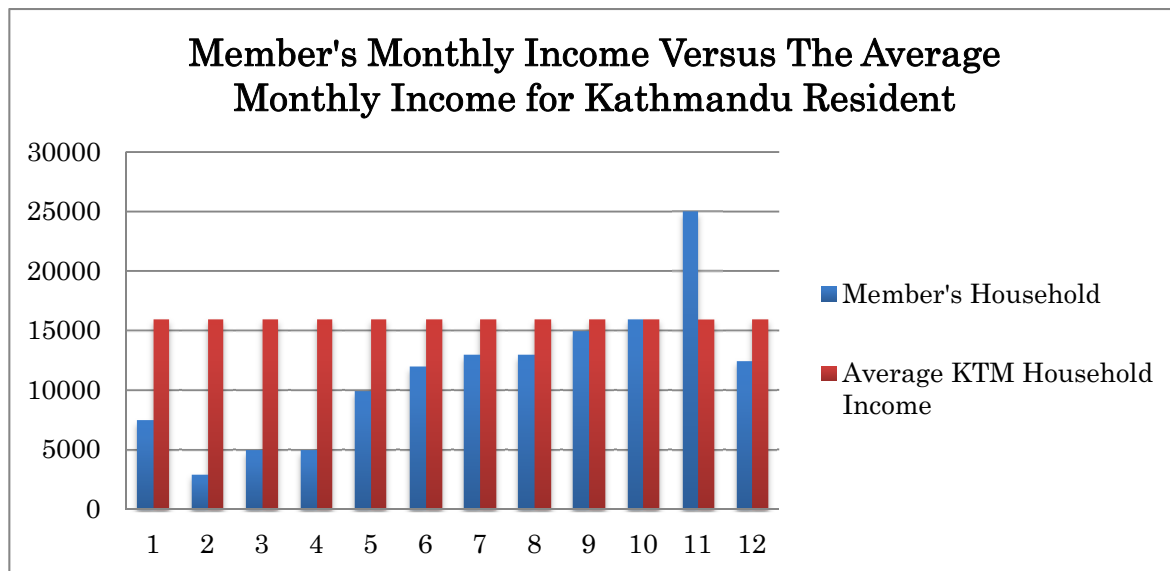
According to the World Bank, women in Nepal make up 40% of the country's total workforce which places Nepal in the lower third of all countries in terms of female economic activity. Furthermore, the growth in female economic activity is at 1% of all economic activity within the nation's border (Trading Economics, "Labour Force in Nepal"). Such financial misrepresentation shows the huge disparity of employment and economic empowerment within the country. Women participating in microfinancing schemes uphold the agenda of becoming economically sufficient. Females receiving microcredit assistance have seen an overwhelming surge in organized employment as 63.8% of the female members are employed on a full-time basis. Compared to the national average of 40%, women participating in microfinancing methods are more likely to find employment in contrast with those who don't have membership with a women's cooperative. This explains the correlation between microfinancing and female employment and proves that female economic empowerment increases when women have access to modern financial tools such as credit and saving.

4.5. Income Data of Group Members

The topic of household income within Nepal is a vague subject matter as the country's polarized range of living conditions makes it difficult for an accurate consensus to be made. While the per capita GDP of Nepal for the year of 2012 was US\$ 742, the median figure looks to be far twisted as wealth disparity and distribution is extremely high (Ministry of Finance, Nepal, Economic Survey Fiscal Year 2011/2012). Households that participate in Lumanti's network of microfinancing groups see a number that falls well within this threshold as a members income ranges from US\$ 750 - US\$ 810 per capita GDP.

By using the measurement of an average Kathmandu household's income per month, data retrieved from the surveyed groups can be compared to a specific demographic that outperforms the average Nepali household. Such comparison will expose just how strong income levels are in investigated communities. The average income of such households in the nation's capital is around Rs. 16,000 (US\$ 160) per month (Nepal. National Bureau of Statistics. Nepal Living Standards Survey, 2011). The mean household income for microcredit recipients stands at Rs. 11,334 (US\$ 113) per month. (See figure 4.1)

Figure-4.1



Source: Lumanti non-government organization, 2016

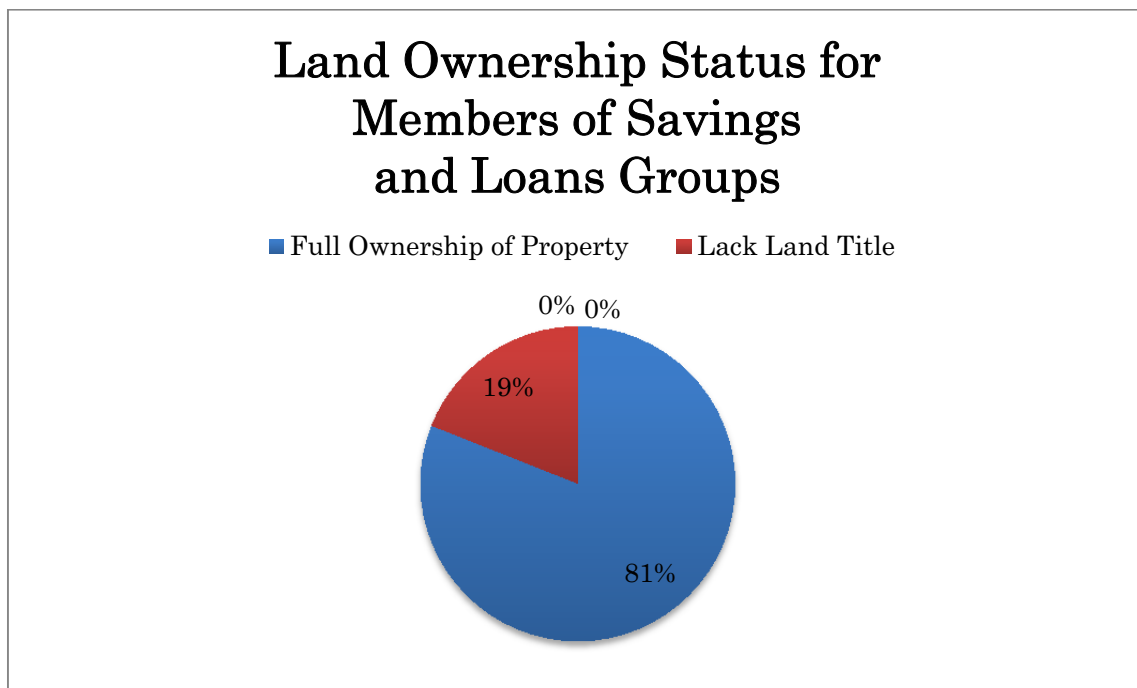
While this figure is considerably lower than the average Kathmandu household, such numbers show momentum in income generation as surveyed localities are among the most economically insufficient in the city or are located in underperforming municipalities. Such numbers are an encouraging sign that member communities are performing reasonably well in comparison to the average Kathmandu household which has a higher income threshold than the average Nepali household.

4.6. Home Ownership in Participating Communities

Land and housing insecurity remains a pressing issue in Nepal as over 7% of the population lives in substandard, vulnerable housing conditions. Many cooperative groups within Lumanti's network come from such backgrounds where residents face problems with housing conditions, basic sanitation necessities and home ownership. Home ownership is a significant issue in the Nepali society as the basic rights and documentation information are forfeited for residents living in such informal settlements. As many residents desire to change this tendency and one means of reversing this trend is through the use of loans to finance land purchases and/or building construction. Recipients use a sizeable portion of credit capital retrieved to finance housing projects of their own aimed at enhancing living standards and ensuring heightened equality through homeownership.

For participating communities, over 81% of residents stated that they had full ownership of their own property and out of the 19% that fell outside of this group; a growing contingency is using microcredit to financially support related projects that are currently unfolding. (See figure-4.2)

Figure-4.2



Source: Lumanti non-government organization, 2016

The accessibility of adequate shelter is important in allowing populations to relieve themselves out of destitution and into the position where residents can engage in formal employment or full-time work.

4.7. Savings and Credit Statistics for Each Surveyed Community

In a span of eleven years of organizing savings and credit practices, thirteen groups have accounted for Rs. 20,0962,560 (US\$ 2,009,625) with three groups not having reported as yet. Furthermore, the monetary figure of loans withdrawn totals to Rs. 461,378,370 (US\$ 4,613,783) with data not available for two of the member groups. This statistics highlights the tremendous strength of microfinancing and the continued explosion of fiscal lending to those in low-income situations. With figures only demonstrating a fraction of microfinancing projects throughout Nepal, the increase of lending and saving programs in vulnerable communities has potential to expand and affect more segments in dire need of financial security.

Table 4.1

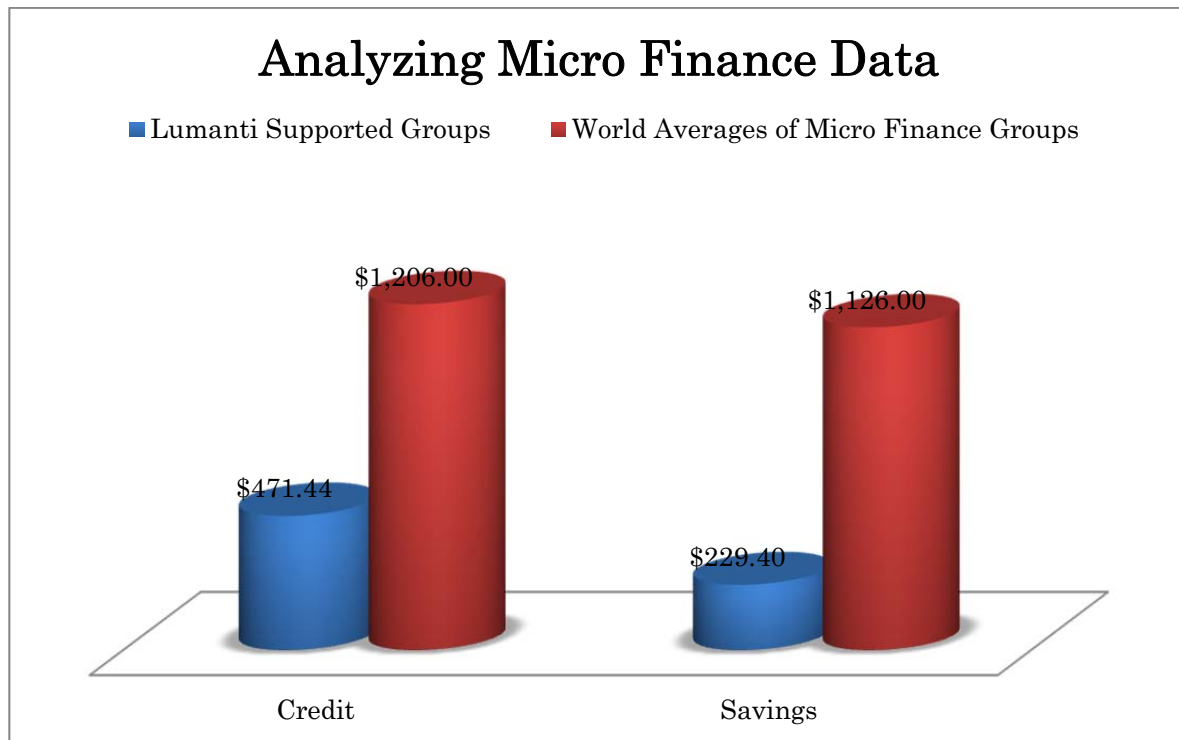
Group #	Cooperative	\$ Savings	\$ Share	\$ Credit
Group 1	Teku	Rs.9,377,266	Rs. 1,492,900	Rs. 41,168,000
Group 2	Thankot	Rs. 18,113,542	Rs. 3,069,900	Rs. 59,847,000
Group 3	Kalimati Vegetable Market	N/A	Rs. 36,59,000	N/A
Group 4	Macchagau	Rs. 8,490,319	Rs. 668,000	Rs. 1,805,000
Group 5	Nawa Astha	Rs. 9,648,524	Rs. 988,300	Rs. 21,783,146
Group 6	Prerena	Rs. 1,0278,362	Rs. 746,500	N/A
Group 7	Khokana	N/A	Rs. 669,500	Rs. 17,617,674
Group 8	Ratnanagar	N/A	Rs.220,000	Rs. 1,310,000
Group 9	Dharan	Rs. 113,018,017	N/A	Rs. 62,312,379
Group 10	Sangbuddhi Biratnagar	Rs. 2,782,093	Rs. 617,300	Rs. 17,220,610
Group 11	Sambrana Biratnagar	Rs. 1,774,639	Rs. 485,600	Rs. 15,338,300

Group 12	Sangini, Itahari	Rs. 1,775,491	Rs. 481,800	Rs. 4,571,468
Group 13	Balaju	Rs. 16,180,252	Rs. 3,931,600	Rs. 129,141,945
Group 14	Paiga	Rs. 7,756,323	Rs. 1,004,700	Rs. 37,710,884
Group 15	Deepshika	Rs. 807,446	N/A	Rs.221,500
Group 16	Eakata	Rs. 9,399,826	Rs. 2,106,600	Rs. 105,192,764
	Total:	Rs. 200,962,560	Rs. 18,035,100	Rs. 461,378,370

Source: Lumanti non-government organization, 2016

The average microloan size globally totals to US\$ 1,206 or Rs. 120,600 in comparison to the average loan for Lumanti’s participating groups which amounts to US\$ 471.44 or Rs. 47,144. Moreover, the average savings account for global microfinance members is US\$ 1,126 or Rs. 112,600 contrasted with the average savings account of surveyed participants which comes to US\$ 229.40 or Rs. 22,914 (Global Microfinance, 2007).

Figure 4.3



Source: Lumanti non-government organization, 2016

Both averages are considerably lower than the global mean, which is most likely due to the substantially smaller purchasing power that Nepali members possess. The disparity between the loan capital and the savings capital suggests that the members are fairly homogenized in their use of microfinance relying heavily on credit while sparingly investing in savings practices. In order to reverse this trend, the group members must be encouraged to diversify their investments before withdrawing a sizable loan as this would establish a safety net for the members that face hardships in repayment of credit. While this verification is not a big issue as the members are currently able to pay back outstanding loans, it's certainly something to note as a group increases in size and capacity.

4.8. Importance of Engaging in Newly Constructed Savings and Loans Groups

With the implementation of savings and credit practices in their respected communities, the group members have strongly felt an overall increase in female empowerment, passion for life and self-confidence. Prior to such practices, women saw themselves as second-class citizens; completely marginalized from the monetary world and fully dependent on their spouses or providers. The lack of financial independence meant that the women were forbidden from progressing fiscal ideas and forced to be under employment or take up unyielding occupations. The influx of financial security has spurred female empowerment and confidence to the levels unimaginable for most. Women cite a tremendous growth in respect from community members (especially men) and feel a new sense of equality in their respected networks. Economic self-sufficiency has provided an overall sentiment of empowerment and happiness to the participating females. Such confidence enables them to move forward to further economic development and progress within the community along with the transcendence of social barriers and gender prejudices.

4.9. Repayment of Outstanding Loans

An overwhelming majority of the members specify that they are able to repay outstanding loans although the act of repayment may be difficult at times. All, but one group, have stated that the members are paying back loans along with their respected interest. But some members state that the payment period or levels of interest are too abruptly administered while making payments.

Additionally, members have expressed frustration with payment installments and the necessary fluidity of such payments. This problem is minor and should subside once the members gain a firmer knowledge of credit practices and constructive ways to meet the credit requirements. Repayment seems to remain at a high level and residents have adapted to loan imbursement standards.

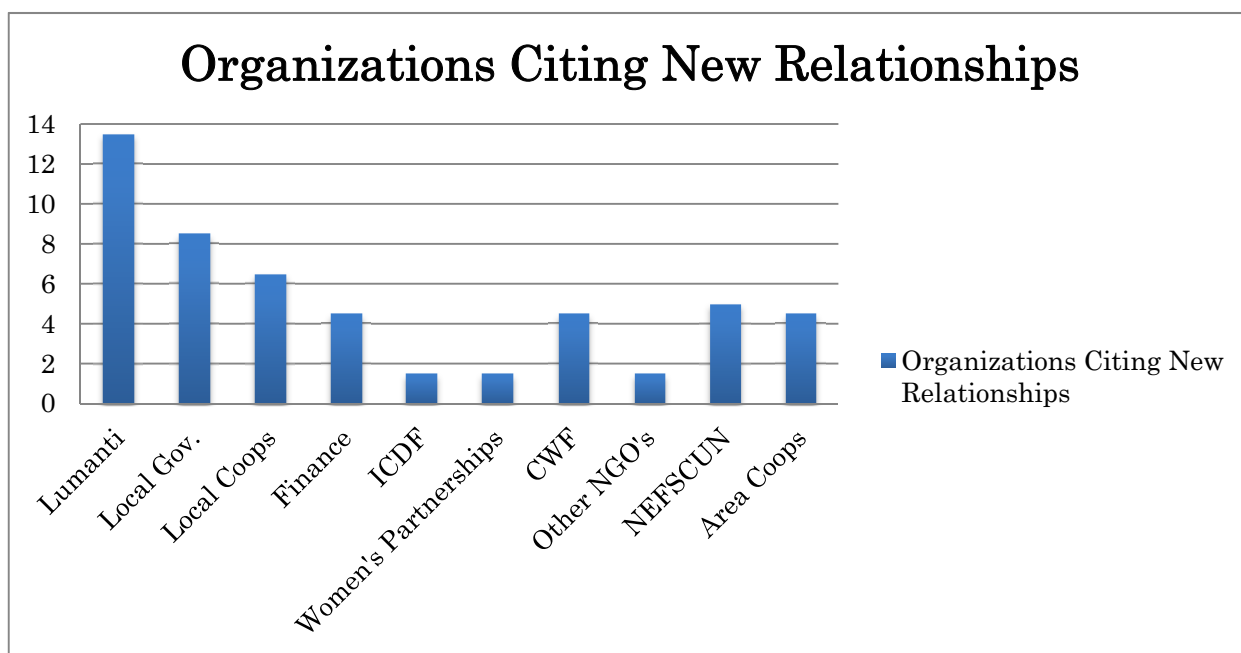
4.2.1 Newly Created Relationships

Lumanti's activities have been centered on and around its endeavor to link women's organizations to other elaborate networks comprising of agencies of the government, various financial institutions and other sister organizations. Women's microcredit savings groups were and are made with the primary target of enabling them to become fully self-sufficient and autonomous. With the establishment of the credit and savings cooperatives, Lumanti intends to facilitate the organization to detach itself from the NGOs and to link and find relationships with the local offices which could and would be providing the support needed them to flourish on its own. Linking themselves with various groups like the municipality governments, the umbrella microcredit savings organizations and the neighboring women's groups, there is a great probability that the savings and credit group will do extremely well when they bring their organization into existence.

When asked to discuss newly bounded relationships that the women microcredit cooperative has created in the wake of its inception, the groups cite associations with Lumanti, the local governments, the local cooperatives, financial institutions and the umbrella savings networks as their most important relationships. While Lumanti may ease its hold on a newly created organization, it is significant to note that the NGO remains involved as a means of support and guidance nurturing the women microcredit group when needed. Furthermore, this loose yet vital relationship is cited as the most important connection that women's microcredit groups have made in the period of their practice. Lumanti has been continuously been engaged in this kind of healthy and supportive women empowerment network for more than 20 years in Nepal, which make them play a catalyst role.

The importance of obtaining working relationships with both private and public institutions significantly increases the legitimacy of an organization and supplies necessary support systems should a problem arise.(See figure 4.4)

Figure 4.4



Source: Lumanti non-government organization, 2016

The Municipality support can encourage public investment in the targeted areas and promote further integration of the community into the greater locality. Through government relationships, women’s cooperatives can further acquire improvements to the group in their associated areas.

Financial institutions provide cooperatives with a reliable network of credit and financial expertise. Through lending to the women’s groups or simply through being approachable and open to the group members, the organization can profit of having been a reputable institution as an anchor to their credit and savings scheme. Creating workable relationships with established, notable institutions allow newly formed cooperatives to systematically grow and thrive.

4.2.2. Empowerment of Leadership in Local Government

For more than 20 years Lumanti has been giving trainings in the urban and the rural areas to the 32 women microfinance institutions in various fields such as microfinance, health, education, income generation, and motivation in the social community. This effective training and motivation has proved to be very fruitful to the women members of the microfinance institutions as projected in the results of the 2017 local election in Nepal. A surprising 80 members of the 32 women microfinance institutions have been elected at various posts in the municipality and rural villages committees as Ward councilors, with one of them being elected to a very high post of Deputy Mayor. This clearly shows that focusing on women through credit and effective trainings they could and can be empowered in different fields, even in the harsh and difficult political sectors. It enables them to further understand and make policy more creative to formulate an innovative authentic sustainable society and provide overall knowledge of empowerment in the nation.

4.2.3. A Case Study of Ganga Devi Sauda

Lumanti frequently gives vocational trainings to the members of its supported cooperatives. Among the various women micro-finance institutions supported by Lumanti, the TMJSCC is one of them. Ganga Devi is the members of the TMJSCC getting trainings and updates from Lumanti related to her own small business.

Ganga Devi Sauda, a wife and a dedicated mother of two, had to struggle in her life. Her husband was prone to drinking and started to harass her. For him a wife's sole purpose in life was to produce children. Not being able to tolerate this mental torture, her life became a life of misery. But this did not continue long. Some of her friends suggested her to take some loan from a microfinance company and start a small venture of her own. This advice has changed her life. She sought for financial assistance from the Thankot Mahila Jagaran Saving and Credit Cooperative (TMJSCC). For this, she became a member of the institution attending meetings regularly. At this time her son started to develop ear problems and treatment was urgent. As a part of health loan, she was provided Rs. 10,000 for the treatment loan. She cleared this loan within a year by paying back Rs. 833.00 per month. Later on she received Rs. 50,000 without any collateral to buy 2 goats and one

cow. This loan was to be cleared within 3 years. Her neighbor had entrusted her to look after a piece of land next to her place, roughly 3,500 sq. m. She used this land to graze her livestock. She used to leave them in the land in the morning and then go to work in a paper factory earning Rs. 2,300 per month. Then, in the evening she would take them back home. She had bought 2 pregnant she-goats which gave birth to 2 little ones each in 6 months. She sold the kids for Rs. 15,000 each. The goats reproduced 2 times a year. So in three years she made a total of Rs. 360,000 from the sale.

From the milk of the cow, she earned Rs. 5,000 per month. So in a year, the amount she earned was Rs. 60,000 making it Rs. 180,000 in three years. So the total income from the goats and the cow amounted to Rs. 540,000.

As for the expenses, fodder cost was Rs. 108,000 for 3 years and keeping the salary based on the earning made from her working at the paper factory came to Rs. 23,000.

In the paper factory, her salary was Rs. 2,300 per month. Calculating this in terms of working hours, it comes to Rs. 13 per hour.

She looked after the livestock from the first light of the day at 5 am till 7. Then after coming back from work, she attended the animal from 4 pm till 8 pm, after the darkness encompasses the open field. So, to look after her livestock, she spent 6 hours per day. Taking this into account, her salary for looking after the livestock at Rs. 13 per hour comes to be Rs. 78 per day, making it into Rs. 2,340 per month. So in 3 years it amounted to Rs. 84,240.

The total expenditure came to Rs. 192,240. The amount she paid to the bank to clear her loan with interest was Rs. 65,000. The total outgoing cash amounted to Rs. 257,240. Deducting this amount from her gross income of Rs. 540,000, her net profit was Rs. 282,760 in three years. Calculating this amount we see her generating Rs. 7,854 per month.

To add up all the incomes, we have Rs. 2,300 from her regular work, Rs. 2,340 from looking after her livestock, and Rs. 7,854, totaling to a sum of Rs. 12494 per month. This earning started from the year 2005 till 2008, a total of three years.

With this income generation, she was confidently taking care of her household needs. She allocated Rs. 800 for the rent, Rs. 1,800 for food, Rs. 600 as school fees for her son's education, and Rs. 300 for miscellaneous expenses. The total expenses then came to Rs. 3,500 per month.

So, deducting her total expense of Rs. 3,500 from her total income of Rs. 12,494, she is left over with a big amount of Rs. 8,994 per month. This supersedes all her earnings. This outcome is seen from her personal efforts and assistance given to her as being a member of the TMJSCC.

With the analysis of her work style, we see her income to have increased by about 400%. This has enabled her to live a better life and send her children to better schools. After the period of clearing her 3 year loan; she has ventured to do more.

Table 4.2

S.N	Expenditure per Month	Amount Rs.	Income Rs.	Amount Rs.
1	Land Rent 2,634 sq. Per Month	10,000	Per Month sale	270,000
2.	Three staff salary	30,000		
3.	CEO (Ms. Saud) Salary	20,000		
4.	Loan Repayment	15,000		
5.	Feed	100,000		
6.	Administration and Miscellaneous	30,000		
7.	Per Month profit of Ms. Saud	65,000		
	Total	270,000	Total	270,000

Source: Lumanti non-government organization, 2017

The table on Rs. 500,000 loan and its per month expenditure and income feature.

She took trainings related to poultry farming in the year 2009 allowing her to move forward in becoming an entrepreneur. With a loan of Rs. 500,000 from the TMJSCC, she procured 2,634 sq m. of land on rent for Rs. 10,000 per month to start her new venture. She has three staff in her payroll to help her in her endeavor. They are paid Rs. 10,000 per month each. Her poultry consists of 1,000 hens which produce 750 eggs per day making it an earning of Rs. 9,000. With the estimated gross

income of Rs. 270,000 per month, her expenses come to Rs. 30,000 as staff salary, Rs. 20,000 as salary for herself as the CEO, Rs. 15,000 as payback of the loan, Rs. 10,000 as rent, Rs. 100,000 for the feed and Rs. 30,000 as administrative and miscellaneous expenses, making the total expenditure to be Rs. 205,000. The present venture has enabled her to make a clean saving of Rs. 65,000 per month.

To come to the reality of her present life, she is investing in her younger son's education by sending him to a good college after completing his schooling. He has completed his bachelor's level and is working as an accountant. He is also assisting his mother in her accounting system. The eldest son quit studying and is helping his mother in her business looking after the administration.

4.2.4. Conclusion

The sudden increase of microfinancing practices has shown affirmative results throughout Nepal and the developing world. As more and more communities handle on to this prospective empowering tool, there is a great certainty that microcredit schemes will see a wider spread both within Nepal and in emerging communities around the world. Today, the World Bank estimates that about 160 million people in the developing countries are being served by the microfinance institutions. These numbers would certainly expand once the neighboring communities witness the surplus of improvements that micro financing could bring to a targeted area.

As a fairly new development, microfinancing in Nepal seems ready for the great increases in its membership and investment capacities. Totalling to a surprising 11,911 members from only sixteen credit groups, communities that already possess microfinancing groups are seeing a vast growth in their membership and participation. While experts may be doubtful on the prospective of an unchecked increase of membership, strong communities should be able to control against irresponsible spending while realizing the capabilities of ensuring full payments of outstanding loans. A larger organization also leads to a higher potential spending power, which will also grant remarkable sums of capital used for credit. If organizations are able to balance security practices, such as savings facilities, enterprise development and even insurance payments, there is considerable hope that micro finance will remain successful and that payments will come in on time.

To conclude, Lumanti's association of microfinance and women's groups has been a catalyst for social and financial empowerment while notably improving the environment in all participating communities. Furthermore, the continuous success in loan repayment and the further increase of employment levels display how members are able to precisely use microfinance to restrain from social ills. With the increasing success and popularity of the programs, Lumanti and fellow organizations will be able to add more women's microcredit groups to their networks and continue to provide assistance when and where necessary. More than 7,000 members of the women microfinance institutions, including the TMJSCC, have been trained by Lumanti in various workshops on different small cottage businesses for their empowerment. It also shows that effective training, support and networking has the potential of transforming normal human beings into social leaders, business women capable of creating a sustainable society and reduce poverty and contribute to world peace and prosperity.

Reference:

1. Frost, Nicole, "Microfinance and Financial Inclusion", the World Bank, 2016
2. Global Microfinance, 2007, 2007 MIX Global 100: Rankings of Microfinance Institutions

Chapter 5

Financing Women Empowerment through Microfinance Institutes

A case study of Thankot Mahila Jagaran Saving and Credit Cooperative, Nepal

5.1. Introduction

Microfinance provides a viable access to financial services to the poor, especially the poor women. The Government of Nepal has attempted to promote microfinance services since the Sixth Five-Year Development Plan (1980-1984) as an effective poverty alleviation tool. After the restoration of democracy in 1991, various microfinance development programs were introduced and implemented with diversified modality by various agencies supported by various development assistance funds (NRB and CECI, 2008)¹. As a result, Nepal has a wide variety of microfinance institutions, a situation that is not desirable (NPC and UNDP, 2014)². The very basics of operational rules, such as individual or group based operational rules, of these microfinance institutions are regulated by the Act Relating to Institutions Acting as Financial Intermediary (1999). In addition to this, for those established as the cooperative are further regulated by the Cooperative Act (1992) as well as the Bank and Financial Institution Ordinance (2004).

In this study, we examine a case of Thankot Mahila Jagaran Saving and Credit Cooperative (TMJSCC). It was established in 1997 by a small group of poor women in a Grameen-style microfinance cooperative in the suburbs of Kathmandu. The study investigates:

- 1) How the poor illiterate women empower themselves by accessing the TMJSCC's financial service,
- 2) Why the TMJSCC has recorded good performance even though its interest rate spread is narrower than the other MFIs, and
- 3) What the new challenges are the TMJSCC is facing with in the competitive microfinance market.

5.2. Research Sites and Data Collection

The TMJSCC, located at Thankot, Kathmandu, was visited and notes taken down to study its historical development, operational achievements, current management policies and practices, and adopted directions. To collect the quantitative as well as the qualitative information and data, the TMJSCC was visited 3 times: November 20-28, 2015; April 11-20, 2016; and September 1-10, 2016. The qualitative information was collected from semi-structured interview surveys with 2 representing the TMJSCC members, founders and staff. The quantitative management data were collected for the analysis of operational analysis in the first visit.

In the second field visit, 50 respondents were interviewed. They were selected by stratified random sampling based on the amount and the duration of savings. The combination of open-ended and close-ended questions was used in the data collecting techniques. Semi-structured interviews were also taken in the investigation. The secondary data were also collected to support the findings of the primary data including various regulations on the TMJSCC and the annual report of the TMJSCC. The research was conducted with the TMJSCC and other microfinance simultaneously, as there are many types of microfinance institutions in Nepal.

These chapters deal with the TMJSCC and the other types of microfinance institutions are dealt with in Chapter 6 of this dissertation.

5.2. The TMJSCC

5.2.1. Its objectives

It has been implementing and exploring for measures to provide the least cost micro credit to reduce women poverty, empower women. An autobiography of the TMJSCC founder, Ms. Bindhu Shrestha, reveals her empowerment experiences, particularly in a path that started by participating to a training program offered by a saving and credit cooperative that operates for poor women;

She was born to a poor family, grownup without receiving any academic or skill trainings, hence spending days by doing only chore works for the family. She was encouraged by one of her relatives to participate to a training program for poor women. After having her father's permission, attended

a program held by the National Central Saving and Credit Cooperative Federation in Kathmandu. She learned craft making skills, enough knowledge to start and operate her craft shop and financing her project by accessing to microfinance.

After the training, she started a small community service business established the small microfinance group 1997. After 10 years of operation the number of members was expanded to 364 when the TMJSCC was officially registered in 2007.

5.2.2. Disseminating Microfinance to Poor Women

Like the other MFIs in Nepal, the TMJSCC recruits its new members from its training programs participants, carefully screening individuals through the “group peers”. The very core function of her credit cooperative is "financial and social intermediation” that is apparently taken from the Grameen model. Program participants learn a wide range of useful subjects, such as 1) the importance of “empowerment” of women for improving their standard of living, 2) entrepreneurship development to run small-business, 3) intensive training to familiarize the TMJSCC’s financial services, and 4) development of business-run skills. Those are the substances what Bindhu found as the indispensable elements that led her to success, and are implemented as are prescribed in the “Act Relating to Institutions Acting as Financial Intermediary”. In addition, the TMJSCC set some rules as cooperative institute.

It was found from the interview survey that the members received the peer group's support with their experiences with 2 members of the TMJSCC. For them, what they had learned at the group meeting as well as from the training programs produced very positive results.

Ms. Jaishi is an illiterate housewife. Her income is not enough to fulfill her needs. In 2006, she started to deposit Rs 100 every month and attend the group meetings. She was able to obtain a loan of Rs. 24,000 on January, 2007 for financing her goat raising project. With it she was able to earn annual profit of Rs 36,000, when she had fully repaid the loan including the one year interest payment of Rs 3840. She raises 20 goats, earning Rs 65,000. Like other member of TMJSC she has established a close friendship, mutual trust with her group members. They routinely exchange all of their experiences in raising goat.

The TMJSCC even extended micro-business consulting support to its members. In the case of Ms. Ali, the TMJSCC monitored the progress of the loaned micro-projects and provided certain problem remedy actions when necessary.

Ms. Ali was lived with her son and husband. However, husband`s salary as an Army soldier was too low to keep living in Katmandu as rapidly increasing cost of living. They were forced to move to a low-priced room in the Thankot village. A few months after their move, followed to an advice from her neighbor, she participated to the group meetings, learned the basic knowledge needed to run a small business and the procedures to have micro financing from TMJSC. She opened a small tea shop near her room, with borrowing Rs 24,000, 12 monthly Rs 2000 installments with interest payment of Rs 118. Her husband was named as the loan guarantor. During the first month of tea-shop operation, it was not going well. She got trainings from TMJSC staffs on shop management and operation. In 3 months, her business started to yield monthly profit of Rs 3,000.

5.2.3. Establishment of Thankot Mahila Jagaran Saving and Credit Cooperatives

The TMJSCC's pure asset was increased by 25% and profit was rose by 41% annually growth from 2007 to 2015 period. The loan demand of the cooperative is increasing by 34% annually since 2007, financing nearly 360 loans annually. With the finance from the loan, the members ventured into small businesses such as tailoring, grocery store, and animal husbandry. The saving balance at the end of year exceeded to Rs 30 million in 2015.

5.2.4. Support Fund and Number of Members

From the start, financing resource of the TMJSCC largely relied on the support funds, which were extended by the NGOs, Association of Asian Confederation of Credit Unions (ACCU), and the Government. At the time of registration, it received a support fund of Rs 188,500 and 10 million loan in 2013 from an INGO, Lumanti.

To make the TMJSCC accessible to the supporting funds via NFSCU, in 2011, the TMJSCC joined Nepal Federation of Savings and Credit Union (NFSCU), which is a member organization of ACCU.

Table –5.1 Development history of TMJSC

Year	Particular	Number of TMJSC members	Grant/Loan In thousand Rs.	Interest rate/ period	Office staffs and space
1997	Started the TMJSC business informally	41			Operated by volunteer members
2007	Registered In Nepal Government /Establishment Grant form LUMANTI INGO	364	188.5 (G)		1 staff/ one room
2010	Enlarged business area to two village territories	751			3 staff/ two rooms
2011	-Obtained membership of NFSCU(ACCU) -Support fund from Thankot Village District Office, Nepal Government for stone paving.	866	100 (G)		
2012	Nepal Youth and Small Entrepreneur Self-employment fund (NYSESF)	929	5000 (L)	5%/3 years	
2013	-Started to permit larger amount of loans -LUMANTI-subsidy loan	1006	10,000 (L)	6%/3 years	4 staff/ 3 rooms
2014	Parliament Member Fund for local drinking water plant development	1152	200 (G)		
2015	-Enlarged business to 6 area territory of villages -LUMANTI donates grant for support to earthquake victims of 2015 of Nepal	1560	3,000 (G)		7 staff/ 4 rooms

Source: Collected data from the TMJSCC in 2016

The TMJSCC received support fund of 50,000 thousand from Thankot village district office. In 2012, the TMJSCC had received a subsidy loan 500,000 thousand from Nepal Youth and Small Entrepreneur Self-employment Fund⁵, which is an establishment of Government as an outlet of national supporting fund to its member MFIs. In 2014 the Parliament Member Fund also supported the TMJSCC with an amount of 200,000 thousand for local drinking water plant development

project.

The TMJSCC plays a role of contact office of subsidized or targeted microfinancing projects. In some cases, selection of eligible women is made on the basis of socio-economic conditions of the targeted beneficiaries. After the household survey, target group of women are identified and then the qualified women are selected. The criteria of selection are as follows; women from very poor or low income family, women of socially backward, women who are uneducated, women who work as a laborer for livelihood and economically very weak women.

When the TMJSCC was established, 41 founding members gathered to discuss on measures to empower women and they agreed to adopt the group-peers member support, fortified by among the member-linkage with mutual trust and friendship. In 2007, the TMJSCC was formally registered and was licensed to operate in two village areas in 2010. It further expanded in 2015 to 6 village-development-committee areas, covering 54 wards, with 1,590 members.

With the enhanced its financing capacity, number of members increased at an accelerating rate in 2014 and 2015. The numbers of members grew at 7 % per year till 2013, at about 15% per year in 2014, 38% per year in 2015.

5.2.5. Competitiveness-Interest Rate

Table 5.2 shows that the TMJSCC operated with the smallest size of interest rate spread than the others, that is, its average loan rate was set at the lowest level among the regional MFIs. The calculated interest rate spread is 5%, which is slightly bigger than the WB compiled nationally measured spread of 4.375% for 2010. Adding to this, the interest is calculated with the declining balance method, making the least amount of interest payment compared to the other IMFS.

Table -5.2 Interest rate differences to other microfinance institutions

Name of IMFS	Deposit (in %)	Loan (in %)
TMJSCC	6	11
Nepal Bank Limited	6	18
Nepal Agriculture Bank	6	17
Sanima Bank	6	18

Source: Nepal Bank 2015, the TMJSCC 2015

5.2.5.1. Deposits

Figure 5.1 shows the annual saving accounts balance. The balance of total savings recorded the growth of 48 % per year (35% in real term) for 2007-2015, in value terms, 3.56 million Rs. in 2014, and 18.49 million Rs. in 2015. There are four types of saving accounts: normal, child, volunteer and time deposit. A sum of the 4 saving accounts balance is increased by 38% in real terms, of kids has been increased by 35 % per year. The volunteer saving has increased by 21% and the time deposit 31%.

Figure 5.1

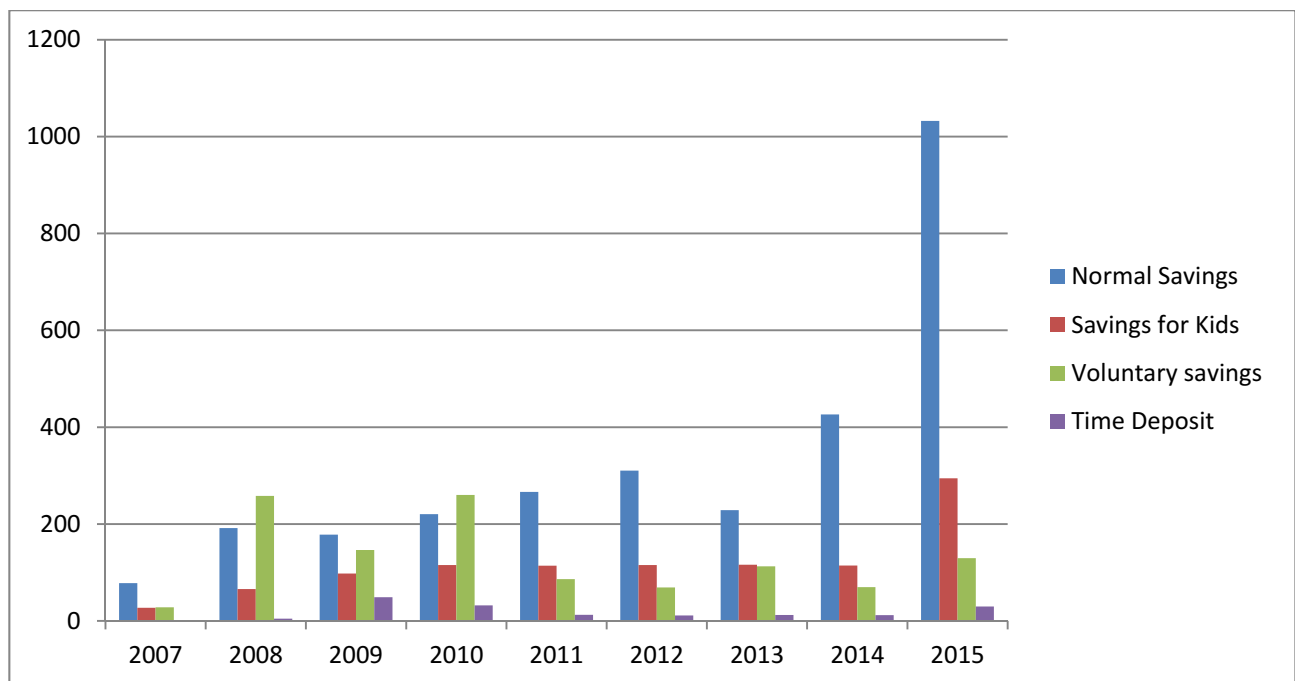
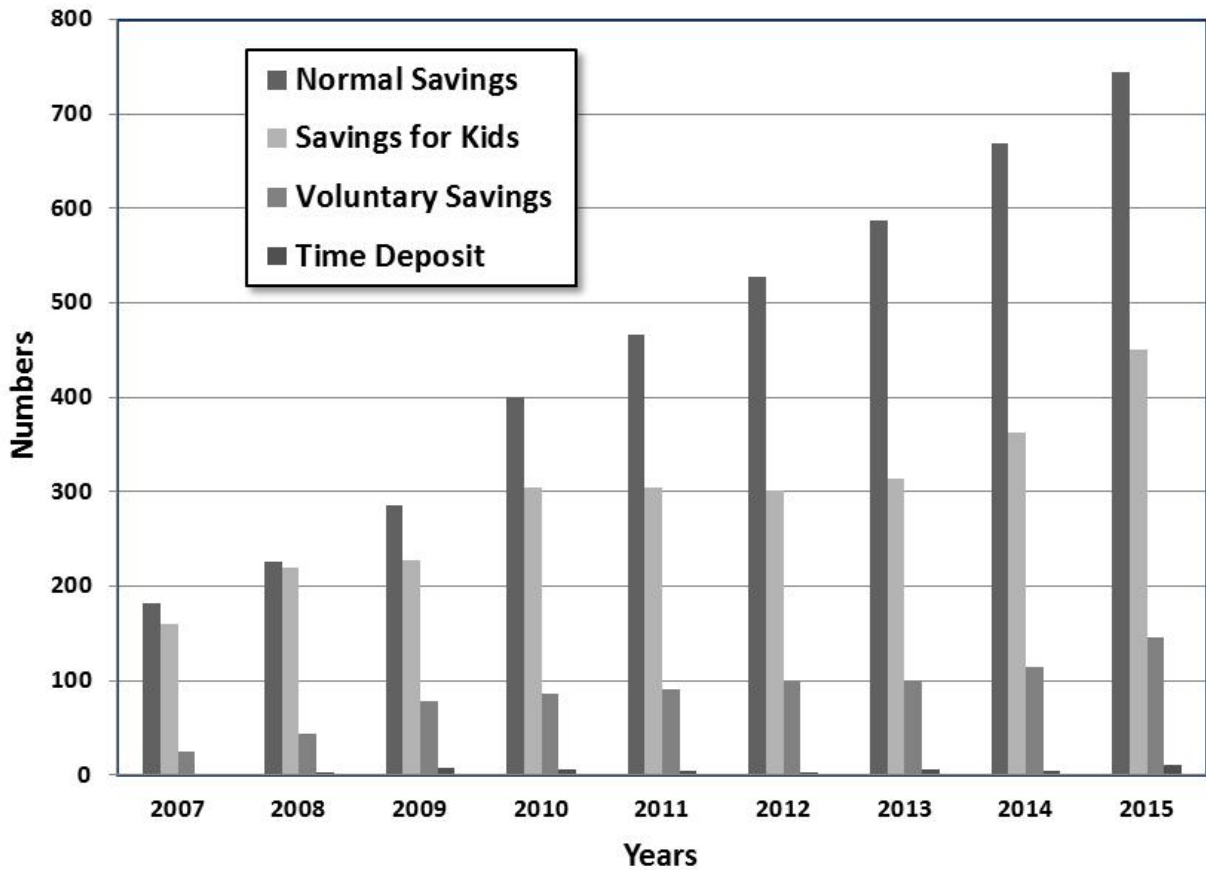


Figure - 5.1 Saving and Deposits in 2007 constant value-Rupees

Inflation Index deflator, Base year is 2007. Source: TMJSC data collection 2016

Figure 5.2 shows that, in 2007, the total number of saving account was 366 and the members increased to 1350 in 2015.

Figure –5.2



Source: TMJSC data collection 2016

Figure - 5. 2 Number of members in different saving categories 2007 to 2015

5.2.5.2. Loans

All the members are taught by senior member and experts the importance of loan repayment, creation of small business, access to financing. As it was mentioned above, the TMJSCC finances its loan with an interest rate of 11%, plus 2% of service charges. The total credit recorded the growth of 36% per year over the 2007 to 2015 periods. The interest payment is calculated by applying the declining balance method of interest that is computed on the loan balance to yield a more realistic and fair interest payment amount to the borrowers.

Figure –5.3

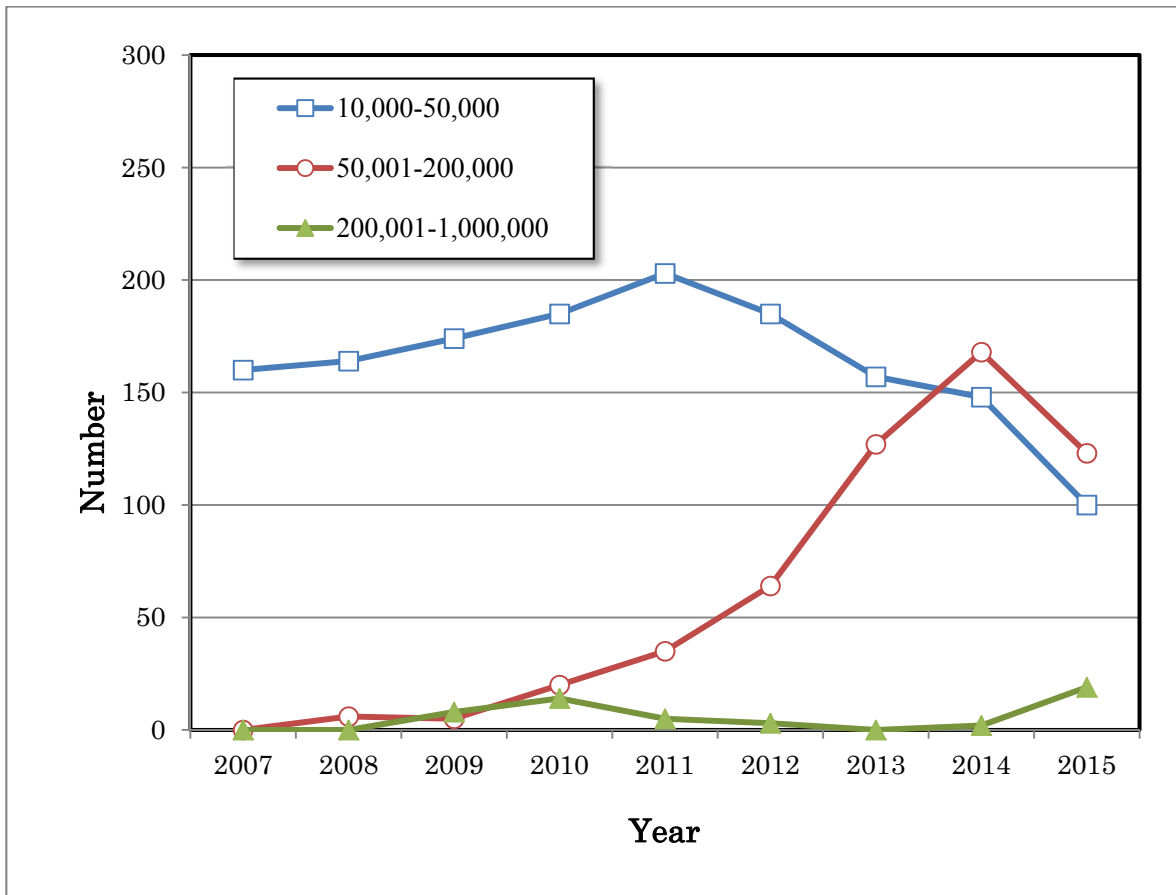


Figure –5.3 Distribution of loans by size

Source: Calculated with sampled data obtained from TMJSC 2016

Figure 5.3 shows the size distribution of loans extended to the TMJSCC members. Loans are grouped into 3 categories; small (less than Rs 50 thousand), medium (over Rs 50 thousand and below Rs 200 thousands) and large (over Rs 200 thousands). In 2007, only the small size loans were extended to 160 members. Then, number of small-size loans increased and peaked in 2011. Medium size loans was increased slowly in 2007-2009, than grew fast over the 2010-2014 period, surpassing the number of small size in 2014 before declined to a low level in 2015. Larger number of loans increased over the years, except for 2015. The effects of the earthquake of April 2015 have to be

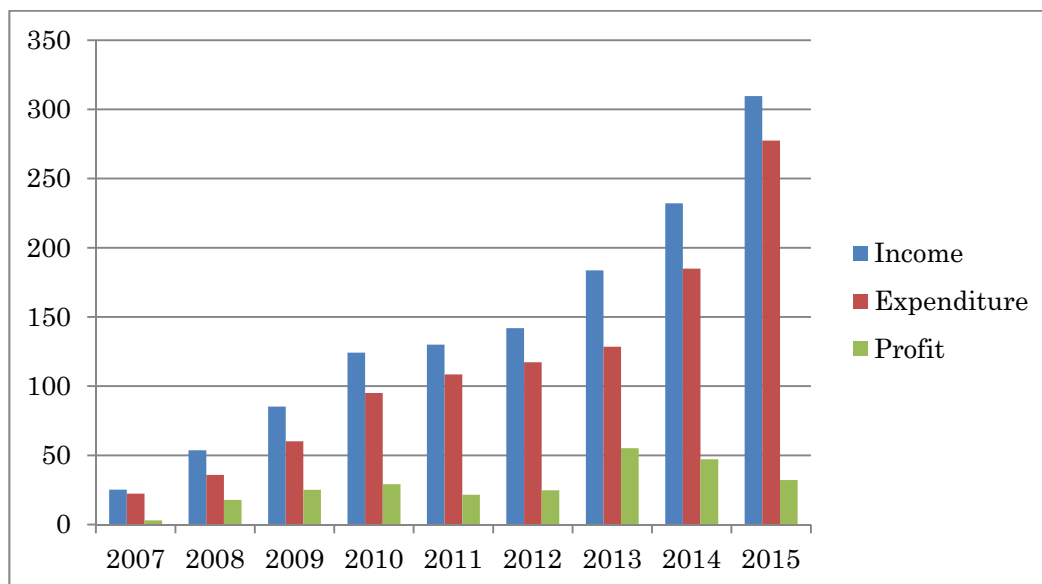
taken in to account in observing the strongly peculiar data obtained in 2015. The total number of loans declined by 24% in 2015 as compared to 2014. The numbers of small and medium-sized loans declined by 32% and 27%, respectively. A share of the sum of the number of small and medium-sized loans declined from 99% in 2014 to 92%, due to receiving a large amount of grants (as is mentioned in 2.4).

It is assumed that after accessing the initial loan experience customers have got confidence to access to the larger-sized loan which makes them higher profit. The observed change is seen as a resulted empowerment of women, that is, by accessed to financing, through the TMJSCC, they could developed their entrepreneurship through the group meetings, trainings, and informal exchanges of business-tips or know-hows, creating them source of income as well as the confidences of doing the challenging project.

5.2.6. Income and Expenditure

The TMJSCC recorded financially sound development over the examined 2007-2015 period.

Figure – 5. 4



Source: Based on the data collected from TMJSC management in 2016

Figure - 5. 4 Income expenditure and profit of the TMJSCC, in thousand Rupees - 2007 constant value

The recorded profit was peaked in 2013, showing that it's on a declining trend because of the rapid increase in expenses such as miscellaneous expense (see Table 3). The calculated ratio of profit to loan was 1.6% in 2015 suggesting that operational performance of the TMJSCC was just moderate. It's not too bad, but it's not so good given recorded high level of support fund. Over the 2011-2015 periods, the average of annual rate of changes of real income, expenditure and net revenue are 23.3%, 25.1% and 24.6% respectively, however, these calculations overlooked the highly volatile year-to-year swings. The calculated operational expense ratio (OER) ranged between 9.7-13% over the 2010-2015 periods. Itemized income-expenditure figures even suggest a possibility of structural changes in its financial operation. To investigate the background of yielded profit, expenditures and revenues were examined in detail in 3 periods-2007, 2011 and 2015.

Table-5.3

Description	Year		
	2007	2011	2015
	Rs. (in 2007 constant value)		
Income			
Interest from members	133,873 (4.4)	1,150,305 (14.8)	2,674,996 (17.0)
Interest from bank	2,962 (0.1)	35,003 (0.5)	62,077 (0.4)
Service charge	57,320 (1.9)	97,291 (1.3)	326,992 (2.1)
Membership fee	36,700 (1.2)	4,801 (0.1)	9,538 (0.1)
Fine and demurrage charge	2,841 (0.1)	4,986 (0.1)	7,490 (0.0)
Service activity	14,000 (0.5)	2,043 (0.0)	4,322 (0.0)
Miscellaneous	5,000 (0.2)	5,364 (0.1)	10,739 (0.1)
Total income	252,696 (8.4)	1,299,793 (16.7)	3,096,152 (19.6)
Expenditure			
Staff salary	42,000 (1.4)	170,439 (2.2)	279,449 (1.8)
Office operation cost	19,002 (0.6)	109,383 (1.4)	442,525 (2.8)
House rent	5,882 (0.2)	16,461 (0.2)	33,923 (0.2)
Interest to account	48,715 (1.6)	561,547 (7.2)	1,253,946 (8.0)
Transportation	8,683 (0.3)	91,549 (1.2)	263,232 (1.7)
Stationary	45,080 (1.5)	36,939 (0.5)	84,375 (0.5)

Donation	15,000 (0.5)	1,029 (0.0)	14,749 (0.1)
Audit	2,500 (0.1)	6,859 (0.1)	12,291 (0.1)
Depreciation	6,800 (0.2)	17,067 (0.2)	13,582 (0.1)
Insurance	5,000 (0.2)	41,058 (0.5)	58,997 (0.4)
General assembly	15,000 (0.5)	17,147 (0.2)	24,582 (0.2)
Miscellaneous extra expense	9,189 (0.3)	15,501 (0.2)	292,730 (1.9)
Total expenditures	222,851 (7.4)	1,084,977 (14.0)	2,774,382 (17.6)
Profit	29,845 (1.0)	214,816 (2.8)	321,770 (2.0)

Source: Tabulated with information collected from TMJSC management in 2016

Figures in parenthesis a ratio to total amount of extended loan

Table -5.3 Income, expenditure and profit during 3 operation years

The large portion of income was explained by the received interest payments and service charges, lending with the lowest level of interest. Using the reported profit-loss figures, the ratios for each of the income and expenditure item can be calculated to the loaned amount to have a rough image of financial operation for 2015. Its income amounted to 19.6% of the total loan.

The total expense amounted to about 17.6% of loans, while leaving 2% as a ratio of net revenue to the loan. Comparing the ratio of 2.8% in 2011, the net revenue to loan ratio declined. Thus, it can be concluded that the TMJSCC provided low cost micro-credit to the poor. However, there was an unexpected finding that operational efficiency of the TMJSCC lowered with increased credits sourcing from the lowered cost of money. Although there was well acceptable level of net profit, the fact that TMJSCC had been receiving the subsidized support funds raised concerns.

For the extended micro credits the TMJSCC earned interest revenue of a ratio of 17% of total credit, and 2.1% as service charge. The TMJSCC charged 15% loan interest and 1.5% service charge from creditors plus an additional charge of 0.5% for future office building construction and land acquisition. The TMJSCC is still highly volatile in cash-flow operations. In the expenditure side, for the mini-deposits, it paid 8% as interest, 2.8% for office operation. 1.8% as salary, and 1.7% for

transportation.

The relatively fast growing expenditure was explained by the increased spending on “miscellaneous extra expenditure” that closely related to the increasing active subsidized Lumanti-funded operation since 2011. “Donation”, “office operation” and “transportation “each had grown at the higher rates than of the rate of credit growth,, while the growth rate of other expenditure items such as “staff salary” or house rent“ were low. Only “depreciations” grew lower than the growth rate of loan. From the presented information, it is not clear how there was a decrease in the “staff salary as compared to loan ratio” because was an increased number of staff members whereas there was a sizable in the “office operation costs and transportation to loan ratios.”It seemed better to prepare for the increases in salary and house rent expenditures in near future. Also the allocation of profit should be re-examined more carefully.

Table –5.4

Particular	Distribution %
Share Bonus Fund	70
Employment Bonus Fund	5
Micro-Credit Education Fund	5
TMJSC Development Fund	5
Loss Recover Fund	5
Disaster Fund	5
Protected Capital Repayment Fund	5
Total Fund	100

Source: Collected from TMJSC management in 2016

Table – 5.4 Allocation of profit in 2015

At the time of 2016 field survey, it was told that the TMJSCC was exempted from the cooperative tax for 2015. After 2016, because of the reclassification of the current office location from “village” to “municipality”, it needed to pay 20% cooperative profit tax to the government of Nepal.

The TMJSCC allocates 70% of profits to share bonus fund, allocating 5% each to the following 6 funds:

- 1) Staff bonus, it was divided to all staff with the ratios of their salary,
- 2) micro-credit education fund - training the micro credit practices and theories to the staff and members by senior staff, experts and specialists,
- 3) ACCU technical assistance and training,
- 4) Loss recover fund: to recover the failed or defaulted loans,
- 5) Disaster fund: it is to help victims of natural disasters, and
- 6) Protected capital repay: it is help to cover critical weakened position members who cannot make repayment.

5.2.7. Measured Operational Performance

Based on the measured size of operational indicators, it concluded that the TMJSCC's overall financial performance was positive, although the deteriorated operational efficiency was measured. It shows that the TMJSCC can be able to support the customers to reduce their poverty through the facilitation of loan accesses.

5.3. Challenges and Conclusion

There are still a large number of poor women in rural as well as in urban parts of Nepal. This study found that microfinance is alleviating poverty in a highly cost effective manner. Many poor women started their small business by having the microcredit. From business planning to day-to-day operation, they are receiving supports of the group peers. Their incomes are very much likely to increase, once they are accepted as members of group. A system of group peers works well as long as someone in the group has come up to an adequate measure. It is very difficult to evaluate the sustainability of their business with information reported.

An analogical situation was observed in the operational practices of the TMJSCC. As discussed above, the TMJSCC, with its outstanding debit balance filled by "subsidy loan" or "supporting fund". This is a source of concern as it is not clear whether the management of the TMJSCC

adequately controls its operation or not. The estimated loan to deposit ratio in 2015, shows that about 35% of loan was financed by using the supporting fund. Under the observed financial situation, it seems the TMJSCC was not allocating of its profit for raising its pure asset. There is big question mark as to what will happen in its operation if the external funds stop.

The TMJSCC management is facing with the need to empower its management as well as of its operational capacities to cope with the emerging developments such as the shifts in member's demands for financial service or the enlarged operational area coverage. Furthermore, microfinance is expected to keep playing the major role in implementing the targeted poverty alleviation programs of government and the development agencies, hence it is expected that a larger proportion of its credits are financed by the development fund resources. Operational capacity of staffs needs to be strengthened and developed immediately, as an acute problem in the quality of operational and management data has been observed. The collected data from the field surveys are not enough to understand its operation in detail.

Existence of the wide-variety of microfinance institutes indicates the increasingly competitive loan market. The TMJSCC is operating by claiming its lowest effective loan rate as its selling point. While no significant incentives are made to member savings.

Given its uniqueness as being established and developed as a village based credit and saving cooperative, attention should be directed to the substance of its member support programs so that its current source of strength, "the group", is maintained and strengthened.

Footnotes

- 1) NRB and CECI 2008, *Micro-financing towards Empowerment of Disadvantaged Groups in Nepal: Innovations and Practices*, Kathmandu, Centre for International Studies and Cooperation (CECI)
- 2) UNDP describes the resulted situation as "weak governance institutions and ineffective implementation of programs and policies".
- 3) ACCU is a regional member based organization of credit unions and cooperatives in Asia. It works to make credit unions more relevant community-based financial institutions. <http://www.aaccu.coop/>

- 4) LUMANTI- Support Group for Shelter is a NGO. Lumanti promotes activities through community led finance mechanisms by strengthening of saving and credit programs and cooperatives. <http://lumanti.org.np/cms/?q=node/28>
- 5) YSEF was established by the Government of Nepal to facilitate the improvement of livelihood of the economically disadvantaged groups, providing the collateral-free periodic loans of up to NRs. 200,000 for an individual and up to NRs. 5,000,000 for a group (maximum 25 persons).
- 6) <http://ysef.gov.np/site/index.php/about-us>
- 7) World Bank 2016, World Data Bank “FR.INR.LNDP; Interest rate spread”, World Bank <http://databank.worldbank.org/data/>

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[1] M-CRIL 2013, *Nepal Microfinance Review 2012*, Gurgaon, India, Micro Credit Ratings International Limited (M-CRIL)

[2] Nepal Law Commission 1999, *Act Relating to Institutions Acting as Financial Intermediary, 2055 (1999)*, www.lawcommission.gov.np

[3] NRB and CECI 2008, *Micro-financing towards Empowerment of Disadvantaged Groups in Nepal: Innovations and Practices*, Kathmandu, NRB and Centre for International Studies and Cooperation (CECI)

[4] NPC and UNDP, 2014 *Nepal Human Development Report 2014*, Kathmandu, Nepal National Planning Commission and UNDP

[5] The World Bank 2016, World Data Bank “FR.INR.LNDP; Interest rate spread”, <http://databank.worldbank.org/data/>

Chapter 6

General conclusion and policy implications

6.1. General conclusion

Chapter 1 discusses and analyses women empowerment and microfinance. Women empowerment is a vital issue in the developing as well as the developed countries. More than half the population is covered by women in this world, but they are not able to parallel, empower and sustain themselves independently. They are isolated from their inheritance rights as well. In this male dominated society although there is a good saying "Man and woman are the two wheels of this society for the preservation of the human cycle." In developing countries we can find that the men are the rulers and the women are the ruled in the society. This means that physically they are different but there are too many differences-between man and women although they need to live together, work together and run the society by both of them. We cannot think of a world without women power as the world can exist only with the combination of the opposites, the "Ying Yang", man and woman.

People define women empowerment from different views and perspectives. From the previous study, it is seen that women who don't have access education, credit and are poor need to empower themselves with the best and easy access of education, credit and health. From the beginning of human society, women were not allowed to go alone out of the house or the society, whereas the man could go wherever he wanted and do whatever he wanted. The starting of a woman's life begins from isolation and dependency of others. When she is born, she is taken care of by her parents; after getting older, she is under the care of her brothers and father; after getting marriage, she is taken care of by her husband; and in old age, she depends on her sons and the heirs. Most of the household work is unpaid work so that's where sisters, wife, mother and daughters come in. But is similar work is done outside the house, they could get paid, but are not allowed to do so. These kinds of unscientific practices need to be done away with and changes should be brought in and support women empowerment. Gender discrimination sends the women backwards. We are in the 21st century and we need to honor the equal rights of man and woman. Giving them equal rights and

educating them and uplifting them in the finance sector could indeed help them to gain self-esteem and progress.

To remove this discrimination and to uplift women, one of the major tools is microfinance. Microfinance involves the poor women to form peer groups and have meetings and get involved and gain the trust and confidence among themselves. This makes them proceed one step further to venture out for small business which, in turn, assists them to be able to decide independently to increase their income and manage the expenses themselves. The goal of women finance is to make women able to sustain themselves and erase the vulnerability of the society through the self-sustainability method.

Nepal faces severe poverty problems. Its annual per capita income was US\$1,040 in 2017 according to the World Bank report. In Asia, out of 31 countries, Nepal ranks the 31st one in the poverty line, and so there is an urgent need for Nepal to change and assist the women to incorporate themselves in finance to uplift the GDP. The findings of Chapter One concludes that women are vulnerable and need to empower themselves through microcredit. Money, small or big, makes the women independent in their business which in turn helps and supports the male counterpart and moreover becomes a big support in relaxing the economic burden of their household. This increase in the household budget makes every family confident in their everyday life. As we know, financial upliftment and support makes the family, the society, the country and eventually the world a happy and prosperous place to live in.

Chapter 2 discusses and analyzes the credit constraint in Nepal. In the eyes of the law, man and woman are equal; but as the Nepalese society is deep rooted in patrimonial system, focuses on only the paternal inheritance property system. It stipulates that women don't have equal rights on immovable property. Even after the promulgation of the equal property rights law, women are not able to have such kinds of rights because of the embedded cultural norms of societal institutions. Institutional sources explain that 15 percent of capital is obtained by women, but 85 percent capital is obtained by the men in Nepal. More than 81 percent comes from the family and friends, but only 19 percent comes from their own savings. Most of the banks and financial authorities are very reluctant to provide loans to women because of their lack of collateral and guarantors. The paternal society enforces the women to be inside the home only and discourages and stops them from going

outside and doing business. Banks are directed to provide the micro loan, at least 3 percent in mega banks, 2 percent in development banks and 1.5 percent in finance companies; but banks and financial companies are not very serious because the rules are not mandatory and the punishment system does not prevail. Banks and finance companies charge the high interest rates even though they are deprived loans, and the taxes are similar for the normal business and the women micro business. To provide the microfinance service, urban and rural micro finance institutes (MFIs) need to build their capacity, need to hear the voice of the poor women, and need to sustain and be viable with the long term plans. The problems of the dowry system encourage the unequal treatment of the women in the society. The women work in their houses for a very long time and are only counted as domestic work not the paid work. Gender discrimination is one of the major issues to credit constrain. Most of the developing countries are now voicing the move against women discrimination which causes vital disparities which makes them unable to access the loan and do good business.

In Nepal, the government established the Ministry of Women, Children and Social Welfare focusing on women's welfare and granted access of credit from 1995. This increased women's participation in sector programs concentrating on farmer trainings, forestry groups and skill trainings. Under the small farmer development program, big national level credit programs also began which included Production Credit for Rural Women (PCRW), Micro Credit Project for Women (MCPW), and Women's Development Program. With the introduction of regional rural development banks and putting into practice educational programs like making special provisions for female teachers, extending of health facilities to women and children, and improving legal reforms making women's right to property a little more secure, all add up to the strengthening up of corrective measures against violence and the need to upgrade the social, economic and political status. In the Nepali society, women's access to land is closely knitted to the inheritance rights determined by the society and the rituals requiring to give away daughters from one's clan to some other clan. Parents are willing to spend more on the son's education rather than on the daughter's because socially the sons are accountable for the parents welfare in old age while the daughter are only temporary. The women are very limited access of credit formally and informally because deep Hindu beliefs also discourage to women to be a house leaders and front line of society and business. Most of women business do not have good environment to access the capital, market, information network, appropriate trainings and education and tend to divert towards numerous family problems. This

show that women of Nepal as well the developing countries have many hurdles to cross before being able to access the credit so the constrain of credit make women inaccessible their empowerment.

Chapter 3 analyses the credit policies for women and financing empowerment in Nepal. The International Year of Micro Credit came up with five goals:

- 1) To assess and promote the contribution of microfinance to microfinance,
- 2) To make it more visible for public awareness and understanding as a very important part the development,
- 3) To make the promotion inclusive in the financial sector,
- 4) To make a supporting system for sustainable access to financial services, and
- 5) To support strategic partnerships by encouraging new partnerships and innovations to build and expand the outreach and success of microfinance to all. In the global prospective, 160 million women in the developing countries are benefitting from microfinance.

The microcredit summit campaign between 1990 and 2008 lifted 10 million people out of poverty in Bangladesh. The Asian Foundation's accelerated growth program has a goal of supporting 1 million women entrepreneurs in Asia by 2022. The deed of Grameen Bank from 1976 uplifted millions of poor women throughout the world and made the possibility of a sustainable society. Likewise, Nepal has also been focusing on the policies of micro credit from 1956. The cooperative was first established for resettlement of Chitwan in 1974 in which the Nepal Rastra Bank introduced the concept of direct lending for the development of rural and agricultural sectors. Gradually the mega banks, development banks, finance companies began implementing the microfinance program in Nepal and it is getting known by the poor people step by step, slowly but surely. In 2002, the Nepal Rastra Bank Act had empowered banks to supervise all financial institutions including rural microfinance institutions to issue directives. That is why the Nepal Rastra Bank has played a key role in the policy formation and execution of the financial institutions. Commercial banks are required to extend 12 percent of their outstanding loans and advances as priority sector credit of which 0.25 to 3.00 percent should be extended to the deprived sector. The Central Bank provides the refinance facilities to mega banks against the credit. In order to open the urban branch of megabanks, the need to open the semi-urban and one in rural area is compulsory. The theory of micro credit is collateral less lending. The Financial Intermediary Act 1998 has been

enacted, and the poverty alleviation fund has been created. The rural microfinance development center has been established where a single borrower limit credit has been fixed, and the commercial banks can provide credit to priority sector credit. Restructuring programs of the development banks to provide deprived sectors lending is continuing.

There are times and chances where women have to decide and make major decision. It means that they get to play the major role in the decision as well as the credit policy making in the local level to the central level. But this reality is marred and women feel and become backward because their status becomes dominated and determined by their husband status. Although it was a haven because of the very ancient gender bias customs practices in Nepal, the analysis shows that the major role of women also depends on their empowerment policies; so when it is made accessible to make the policy of women by women, there will be better environment on the side of women empowerment.

Chapter 4 shows the empirical analysis of case study of Lumanti, anon-government organization supporting in women microfinance in Nepal. Lumanti is supporting 32 women microfinance institutions in the urban and the rural area throughout the country. It is seen that the poor women were left behind and felt destitute when alone and not involved in any support groups or programs. But after joining and associating themselves with microfinance institutions, they got to be members of support groups, attending trainings and self-improving programs. Slowly, their income started to grow in a positive trend. The additional support they got was through trainings on leaderships, health, income generating programs and education. In 20 years, 80 members have become Ward Councilors and one of them became a Deputy Mayor in 2017 local election. Lay women who became peer members first and getting training with their peer groups, got confidence and trust among the groups. Then they started small businesses to empower themselves financially; and, after 15 to 20 years, they became local councilors. This strengthens and proves the vital point that small supports, trainings and trust evolve not only in household improvement financially; but also in the formation, development and transformation of social, cultural, and political empowerment.

The analysis of Chapter 5 deals with the case study of the Thankot Mahila Jagaran Saving and Credit Cooperative (TMJSCC), which highlights a lay women who after having trainings, coordinating with the poor women and started to do social work. Later, after getting the trust of the members, they started the TMJSCC in the suburb area. It show how the illiterate women are able to

empower themselves by accessing the finance service from the TMJSCC. After the carefully screening of the individual through the group peers, the members learn about the importance of empowerment of women, entrepreneurship, development of small business, and intensive trainings and development of business. The experiences of Ms. Suniti Jaishi, Ms. Ali and Ms. Bindu show that they were boosted up and uplifted through the supportive role of the TMJSCC by empowering the women. The data from 2007 to 2015 showed that assets of TMJSCC increased by 25% and profits rose by 41% annually. The average loan issuance remains at 360 every year.

It was found that the TMJSCC was effective in empowering women economy. The interest rate is almost 6% to 7% less than the other MFIs and simultaneously management cost is very low. The microfinance cooperative has been run with a social capital perspective. Members meet in their respective group meetings in a regular interval that helped them to develop mutual trust, unity, and interdependency and also helped to develop good leadership of their society.

This study indicates that women are getting economic empowerment through microfinance cooperatives and to achieve better performance, improvements can still be made. The TMJSCC needs to expand their territory and inform as many poor women as possible with adequate information. It could improve in its functioning of loan disbursements systems, and provide innovative trainings in awareness in operation of business. It could provide information and have easy access to each and every women related to more modern know how of micro management of small business.

There are so many similarities and difference among the microfinance institutions in the study. The TMJSCC is quite uniquely different from other microfinance institutions for it is located in the suburb area of the Kathmandu city. Almost all the members are women. They don't have credit access and collateral for their business. They don't have any credit and property support from their male members. They were very poor women. At first, no one believed in their women microfinance move; so they started social work in their local periphery to clean temples, provide food to senior citizens, and take hospital seniors for treatments. These kinds of social self-help work gained the social trust and their members expanded. They started to collect a small fee as membership money. After a short period of over a year, they started to provide loan with the money they had to the members one by one to run their business successfully. The Thankot Mahila

Jagaran Saving and Credit Cooperative is performing well and has a unique reputation among the different cooperative in Nepal.

Women in poverty relates to those women who are deprived from basic living necessities like food, clothing, housing and health. As poverty reduction is a priority agenda of Nepal, various poverty reducing programs have sprung up. Providing microcredit has been found to be working well in helping such poor people. For women empowerment, they need to have access to credit through finance, such as microcredit, which will eventually lift up their economic, cultural and social development. But most of the microfinance institutes are located in the city, whereas most of the country's poor population is found in suburb areas.

As the society is deep rooted in the Hinduism which practices the patrimonial system embedded with discrimination, constraints and complications are seen in the source of credit and the policies. Most of the times, land is needed as collateral to get a loan and, in the past, the paternal inheritance system to property law did not grant women to own any property. Daughters are only very rarely given a deed to own family land, and after marriage they are, in most cases, not considered to be eligible to have any ownership at all. However, from 2007, the laws stipulated equal rights for both daughters and sons to inherit family property from birth. But still, the inability to furnish collateral, due to cultural tradition, severely limits their capacity and thereby hinders in the empowerment of women. They start their own businesses being self-reliant. Women with claims to property have problems getting loans due to mistrust and lack of recognition of women entrepreneurs.

A case study was conducted on the Thankot Mahila Jagaran Saving and Credit Cooperative, situated in the suburb area of Kathmandu. This research studies how the poor illiterate women empowered themselves by accessing the TMJSCC financial service, why the TMJSCC has recorded good performance even though its interest rate spread is narrower than the other microfinance institutions, and what the new challenges are the TMJSCC is facing with the competitive microfinance market. In 1999, some motivated poor women of the urban community in Kathmandu came forth to unite together and established the TMJSCC with 41 members. In 2015, the TMJSCC had 1,590 members linked in 56 groups. Over the periods, an increase of 25% has been noted in the membership of the cooperative along with the rise in the profits as well. Since 2011, the loan demand of the cooperative has been increasing annually. The cooperative performs

nearly 360 loan transactions every year. The members, by taking the loan, engage themselves in some small businesses such as tailoring, grocery, and animal husbandry. In 2014, the amount deposited in the cooperative by the members reached to US\$ 471,698 in 2014 exchange rate basis.

From the study it was found that the TMJSCC was effective in empowering the economy of the women. The TMJSCC made financially sound development despite charging the lowest rate of interest that has been made possible due to several factors, and it is also cited that they adopted the group peer member support system as well due to the low interest rate. This was also made possible by the expanded financial resources inflow from the NGOs and the government which provided subsidized loans. Reflecting on the developments of the cooperative, the members diversifying operational scope has been expanding. Hence, empowerment of its own organizational structure, such as, enhancement of financial network and enlargement of handling capacity in the office, has emerged as the urgent target yet to be achieved.

As the issuance of loan through the microfinance cooperative has been expanding, the women are getting economic empowerment. The microfinance cooperative has been run with a social capital perspective basis. Every member is responsible and loyal to their group. Their regular meetings with their respective groups have boosted them to develop mutual trust, unity, and interdependency, and also assisted them to develop good leadership within their society.

The new findings of the research show that after receiving direct access of credit, poor women have become empowered and they have increased their self-esteem which, in turn, has encouraged them to be uplifted and to start their own businesses. It has initiated them to create their own entrepreneurship groups and peer groups. The meetings and exchanges of their move have created trustworthy network of the women`s society which works as a bottom-up development tool and eradicates the severe poverty from the vulnerable society. The tiny support with trust among the people evolves the social, cultural, economic and political revolution to poor which makes the world sustainable without discrimination of the haves or the have-nots.

The new challenges seen are: to exempt on taxes on women's businesses, to support larger amounts of loan for more profitable businesses, to support effective managements and to create multiple innovative objectives for women, resources, programs and benefits should be open and there

should be free access without gender discrimination and religious basis, the need to form national women development networks and link them with the international women societies, and the need to institutionalize private and national organizations instead of giving the sole authority to the individuals in power. Institutionalization evolves equality and be accessible to the national agenda making it fruitful to all, wherever they are, in the urban, rural, mountain or the Terai regions;

6.2. Policy implications:

There are many barriers deeply rooted and embedded in the patrimonial culture is still prevalent in the Nepal society. Some of them are: inequality between man and woman regarding property distribution; misinterpretation of caste system; gender discrimination; corruption; unequal access and distribution of sources job and benefits.

In Nepal, most of the women are unable to access not only to credit, but also education, health, work and politics. For the development of the nation, it is very important that the bottom-up development tools are recommended to the vulnerable sectors as well. In the analysis it is seen that illiterate poor women are empowered after getting the small access to credit with the effective trainings and support network. It means that we can drive the bottom level development tools in the developing countries to succeed and reach to the level of zero poverty for the betterment of sustainable of economic, cultural and political empowerment, as well equal opportunity to all the people.

In the global prospective, developing countries as well as Nepal, need to have good institutions which focus properly on the private and national resources related to manufactured products, industry and technology comprising of physical, financial empowerment, information and human resources. The innovative and planned institutions can maintain the system of good governance with transparent, free and fair manner, which would be able to deliver sustainable service to unprivileged people, poor women and men included.

The civil conflict in Nepal concluded in 2006, but the enormous earthquake in 2015 shook the country so violently that it devastated and shattered the infrastructures causing more damages to the people. Regarding the damages and casualties, more women and children suffered and were

injured because they were not aware and did not have sufficient knowledge, education and trainings about earthquakes. This clearly shows that when women are empowered in the financial perspective, they are able to educate the children, consequently have a positive impact on the social phenomena such as civil society agenda, protection of house, culture, family and themselves. This means that if the women become financial sound the family, the society and the nation all will be paving towards the path of prosperity.

So the country needs more investments and credit access to women to develop and build innovative structures. For rapid development, people`s inclusive method system as well as focus on women is in great need in which everyone is included from the local to the national level comprising of the minorities, the indigenou, the backward, and the marginalized, wherever they be, in the mountain, the hill or the Terai regions.

Women empowerment networks and women inclusive system have to begin from the bottom level of empowerment and the local level giving opportunities for collaborating with the deprived people too. With the access to education, finance, work empowerment and equality, all the people, the society, and the nation will be able to see and experience prosperity and justifiable world.