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**Microfinance and Women's Empowerment: A Study of 'VDRG-Nepal'
in Jamuniya, Nepal.**

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*Master's thesis in Peace and Conflict Transformation – SVF-3901
November 2015*

Abstract

The present study has examined the impact of micro loans on women's economic activities. It has specifically highlighted how women's income generating activities through small loans help to improve their status in household and local communities. This study is based on eleven semi-structure interviews, two focus group discussions and field observation. The term 'empowerment' including its three dimensions: identity, agency and critical consciousness, has been applied as a theoretical lens to further clarify the informants' views on the role of micro loans to improve their household and community role and responsibilities.

Findings of the empirical study have shown that the access to small loans for income generating activities have positive impact on women's empowerment. Women's participation in micro credit has increased their mobility contributing to the change in the social values. Further, women's active participation in local issues mobilization has changed community perception on women's roles and responsibilities. However, in some cases, under the pressure of other family members, small loans have been used in purposes other than income generating activities making already weak women more vulnerable.

Analytically, this study underlines that microfinance programs are significant sources of financial services for women, particularly in remote areas where there is absence of banks and other financial institutions. Although the microfinance has provided financial services to poor and needy women, it has not been able to meet their expectations and necessities.

(Key Words: Women, Income Generation, Microfinance, Savings, Loans, Empowerment, Self-help group, Poverty, Impact)

Acknowledgement

This work is the result of the cooperation of many people. The most valuable contributors to this work are my informants- women involved in VDRC-Nepal's micro finance programs in Jamuniya, Nepal. My sincerest thanks go to all the women for their valuable information. I would like to extend my gratitude to my supervisor Percy Oware for his constant encouragement and constructive feedback. I would also like to express my sincere gratitude to UiT the Arctic University of Norway for providing insightful learning experience which is the result of course leaders, staffs and all my fellow students at the Center for Peace Studies.

List of Abbreviations

ADB	Asian Development Bank
CBS	Central Bureau of Statistics
GDP	Gross Domestic Products
ICNL	International Centre for Not-for-Profit Law
IFEL	International Foundation for Electoral System
ILO	International Labor Office
NFEC	Non-Formal Education Center
NGO	Non Governmental Organization
NIDS	Nepal Institute of Development Studies
SFDP	Small Farmer Development Programs
SHG	Self Help Group
UNDP	United Nations Development Programs
VCCEL	Vijaya Community Education Cooperation Limited
VDC	Village Development Committee
VDRC	Vijaya Development Resource Center
VICCOL	Vijaya Community Information and Communication Cooperative Limited
VYCCU	Vijaya Youth Club Co-operative and Credit Union

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Chapter 1: Introduction

Despite some visible progress in poverty reduction after 1990s political change¹, Nepal is one of the least developed countries in the world. With total population 26.85 million (ADB, 2014), about 25 percent population live under the poverty line. According to the Population Census of Nepal (2011), agriculture is the mainstay for national economy, providing a livelihood for more than 65 percent population and contributing to 38 percent of gross domestic product (GDP). Processing agricultural products, sugarcane, pulses, jute, grain etc. are main industrial activities. Majority of the population, about 80 percent live in rural areas where population under poverty is 35 percent. This is very high compare to 10 percent in urban areas (CBS Nepal, 2011). Unemployment is considerably high forcing a significant number of active age population to migrate to gulf and other countries for work; however, the workforce lacks skills to break out the poverty trap.

Nepal is an ethnically diverse² and landlocked country situated between China and India. Populations living in mountains, hills and southern plains are also disadvantaged due to harsh geography and extreme climate. Since the introduction of democracy in 1990, political instability is a defining feature of Nepal. In the last 25 years, Nepal has had 11 different governments. The country has gone through significant political transition following a decade long arm conflict that ended in 2006, and other subsequent conflicts in different parts of the country which have overshadowed economic issues. As more than 80 percent populations live in rural areas, they have poor access to modern infrastructures and basic facilities. Despite taking a huge jump in reducing poverty, social, economic and political inequalities in recent years, majority rural population is still suffering from lack of equitable access to education, modern health facilities, economic opportunities and from gender discrimination (ICIMOD, 2014:11).

Women empowerment is one of the increasingly emphasized topics in the political and development agendas due to the realization of women's much needed contribution to the social and economic change (Malhotra & Schuler, 2005:71). Despite the continuous efforts from the government agencies, civil societies as well as national and international aid organizations gender inequalities and violence against women is widespread, even harsher in rural areas (Bennett & Dahal, 2008:3-4). The problem of discrimination against women is

¹ Restoration of multiparty democracy

² According to the Population Census of Nepal 2011, there are 125 caste and ethnic groups in Nepal.

persistence because of the fact that its embedded in socio-cultural norms and values. Societal values create a common ideology that determines social life such as organizing families and defines relations between men and women (Khadka, 2014:1). Therefore, an individual or group choice is influenced by the normative system of society in which an individual or group belongs to. Changing such normative system is challenging.

Many studies have revealed that social, cultural, economic political and legal structures founded on patriarchy are the hindrances of women's development in marginalized communities. According to Cheston and Kuhn (2002), prosperity of a society is considerably affected where there is prevalence of discriminatory norms and values against women. The weak status of women oblige them to participate in unpaid work specifically household and farms that ultimately limits their opportunities to participate in formal economic activities that make them financially dependent to men. On the other hand, women's access to income generating activities reduces their vulnerability at home as well as in the community (Berglund, 2007:50). Further, reduction in vulnerability can be viewed as empowerment, as improved financial security makes them more assertive in household and community affairs.

In Nepal, as in other developing countries, the economic transformation of the deprived and poor rural population lies on the shift in the subsistence based rural economic activities to commercial. The saving and investment of marginalized population particularly living in the rural Nepal is low due to low earning. Despite various initiations from the government and non-governmental organizations more than 65 per cent population do not have access on formal financial institutions (Nepal Rastra Bank, 2008:3).

Nepal has more than three decades of experience in microfinance. Although several programs have been implemented targeting the rural poor, only microcredit programs are seen effective as they are pro-poor and rural based. The agriculture based cooperatives are regarded as starting point of microfinance programs in Nepal. In 1975, poverty alleviation rural development programs were started through the Small Farmers Development Programs (SFDP) by agricultural development bank (Nepal Rastra Bank, 2008:3-4). With the success of programs SFDP were transferred into Small Farmers Cooperative Limited (SFCL). Later, during 1975–1990 various microfinance development programs such as production credit and rural women, poverty sector lending program etc. were implemented. The target sectors under these programs were agriculture, cottage industry and service. In 1990s, as replication of Bangladesh Grameen Bank model, five development banks were established to deliver

microfinance services. The common features of all these banking programs were that they targeted a specific sector and people with low income, expansion of collateral free credit on group guarantee basis, and alleviation of poverty. Considering the positive impacts of microfinance program in bringing positive change on poverty reduction, the 10th periodic plan (2002-2007) has incorporated microfinance as a major financial tool to achieve the goal of poverty reduction and women empowerment.

The government institutions in Nepal are often blamed as not being effective in delivering welfare schemes to poor rural population, as leakages in government anti-poverty programs are very high (Dix, 2011: 13- 35). The legitimacy of micro finance programs serving social and economic development embed on the belief that they are more effective and transparent than the state apparatus (Fernando, 2006: 30). Microfinance programs target women as they are seen as an individual who have a greater impact on household and community development. Also, they are perceived as being easier to deal with, and they have higher repayment than men (Berglund, 2007:7). Further, the focus of microcredit activities to women is due to the rationales of targeting most poor population in the developing countries, as among total poor population in the world 70% are women. Women are destitute at home and in community due to their financial dependency on men. Access to credit increases income opportunities that improve their economic, social and psychological wellbeing, thus contributing to women's overall empowerment (Pandey, 2010: 281).

1.1 Status of Women in Nepal

The status of Nepalese women, particularly in rural areas lags far behind of men. The socio-cultural values are derived from patriarchy which is strong biased against daughter means that daughters do not have equal opportunities to achieve development (Mahat, 2003:67). Despite increasing efforts from the government of Nepal, national and international non-governmental organizations, situation of women is characterized by low level of access to economic, social and political, education and healthcare opportunities.

According to ICIMOD working Paper (2014:12), the overall situation of women in Nepal has improved over the past decades. Though, women's role as primary actor have always been invisible in the development particularly of rural areas, Nepal has made considerable improvement in the overall literacy rate for women in the last decades, however there is still huge differences between male and female literacy rate. According to the Nepal Living

Standard Survey 2010/2011, out of total adult female population only 45% is literate, compared to 76% of the national adult population. This figure is even worse in rural areas with only 39% of adult rural female population is literate, compared to 67% of male. Similarly, Nepal has made considerable progress in promoting gender equality and women's political participation. Provision of quota in Constitution of Nepal, 2015 as well as adaptation of women's right focused national and international instruments are some of the efforts indicating the positive steps³. According to Election Commission of Nepal (2015) women's representation of in legislative body, the constitution assembly elected in 2008 and 2013 was at 33% and 29% respectively. However, despite various steps, women are continuously facing barriers to equal and meaningful civic and political participation. Specifically in rural area, women's meaningful participation in community activities is still limited.

There is significant disparity on women's status across different population sub-groups based on the factors such as caste and ethnicity, geographical location, and the poverty level. Women from vulnerable social groups including poor and socially marginalized, those in western hills and mountain and some parts of Terai have been facing multiple constrains on accessing opportunities (ICIMOD, 2014:12). Young women in upper hills and mountain regions spend more hours in heavy works than males. According to UNDP Nepal Human Development Report (2009) women in the mid western and far western hill regions compare to other regions in particular face various socio-cultural challenges. The gender related development index in western, mid-western and far-western mountains is below than 0.414 which is lowest than the national average 0.499 (Tiwari et al. 2009). In addition patriarchal social structure, traditional cultural values and the remoteness of high hill mountains and hilly regions restrict the exposure of women to new system, ideas, laws and policies and attitudes.

Since 1990, women participation in labor market is gradually increasing. A long effort of government, national and international non-government organizations has contributed to making women aware, organized and skilled. Asian-Pacific Human Development Report (2012), shows that 63.3% Nepalese women are participating in labor market which was 52.4% and 59.9% in 1990 and 2000 respectively. Now rural women are more mobile and they

³ IFEC (2015): Promoting Gender Inclusion with Nepal's Election Commission, <http://www.ifes.org/news/promoting-gender-inclusion-nepals-election-commission> Retrieved on 25-9-2015

are capable of owning enterprises, earning income and holding leadership positions within cooperatives and other community interest groups than ever before (ICIMOD, 2014:14).

Therefore, such improvements to some extent have brought positive changes in the status of women particularly in the rural areas and these changes have been observed in areas such as income generation, enterprises, health, education, land ownership, as well as representation in community groups. However, agriculture is main source of livelihood for women in Nepal; about 70 per cent are employed in agriculture. Particularly in rural areas where most of the economically active age male migrate in search of employment opportunities, women have become the backbone of rural economy providing most of the labor inputs, but they get less wages compare to men (Ibid). Though, women have crucial role in agriculture, they often lack control over decisions. Land is the main source of economic livelihood of rural women in Nepal, it also shows the status and power in the community. However, according to Nepal Living Standard Survey 2010/2011 only 10 per cent women have land ownership certificate, and this average less than 0.1 hector per holding.

Gendered inclusion is well-established in the social, political and economic framework of Nepal and has been defining feature of its historical development. But, gender based violence is wide spread, particularly a serious issue in rural Nepal. A research carried out in 2008 in rural Nepal reveals that 81% women are victim of domestic violence (The Asia Foundation, 2010:1). Nepali women are vulnerable to both domestic violence and public violence⁴. Women, particularly widow and women from backward and marginalized communities are subjected to severe physical, psychological and social discrimination. In this context, the government of Nepal, and other national and international voluntary organizations have been taking different initiatives such as Domestic Violence Act, Action plan against gendered based violence, advocacy, capacity building and awareness campaigns etc. to address women's suffering and improve their livelihood. But, the cases of violence against women particularly in rural areas are reported frequently. Different studies show that women's

⁴ Domestic violence includes physical abuse for example slapping, hair pulling, burning; mental torture such as verbal abuse, threats by husband and other relative, early marriage and dowry related violence, sexual abuse, marital rape and public violence includes trafficking of women and girls, sexual abuse in the workplace, rape, and harmful traditional practices.

poverty, as 70 per cent of world poor are women and their economic dependency on men is one of the major reasons of violence against them⁵.

1.2 Women Empowerment

Promoting gender equality and empowering women is one of the targets of millennium development goals⁶. Women's empowerment is a broad concept which can be defined as the multidimensional social process that occurs at different levels and come with the relation to others (Hur, 2006: 524). This is a relative process of enhancing the capabilities of an individual, group and community as a whole that assist people to realize and understand their own inner capabilities and exercise it for the welfare of themselves and others (Pandey, 2014 : 93). It is about the granting the voice of empowered agents which assumed to be muted before so that influence the overall wellbeing (Narayan,2006: 272).

There is a significant number of literature discussing about the women empowerment, this is one of the frequently cited goals in development intervention and it has been contextualized accordingly (Pandey, 2014: 91). The western feminists assume universal framework for women empowerment. They believe women in developing countries have similar subordination as women in western world and similar intervention approach needs to empower them. But, scholars who criticize the feminist assumption argue that women subordination differs in different context. Women's empowerment in South Asian context is understood as a process in which women challenge the existing patriarchal norms and values to enhance their overall well-being (Swain and Wallentin, 2009: 541). It is an ongoing process which is related with the women's sense of decision making on matters which are crucial in their lives and being capable to carry them out. Empowered women can organize themselves to enhance their own self-reliance to claim independent ability to make choices, and to control resources that ultimately assist to challenge and eliminate their own subordination (Kabeer, 2005: 4717).

According to Kabeer (2001) to understand empowerment one has to understand the concept of disempowerment. Disempowerment denotes lack of freedom to make choices. Therefore, one who can make choices cannot be empowered because she/he is never disempowered. This

⁵ ILO, Small Change, Big Change: Women and Microfinance
http://www.ilo.org/global/docs/WCMS_091581/lang--en/index.htm Retrieved on 10/11/2015

⁶ There are eight international development goals that were established by millennium summit of the United Nation in 2000, the UN Millennium Declaration is committed to achieve by 2015.

is a process of expansion of women's ability to make strategic life choices in a context where this was denied them before. The process of expansion of ability is composed of three parts: agency, resource and achievement (Kabeer, 2010:13).

In the context of empowerment, agency is understood as an individual's capabilities to make choices in the social setting, expanding the ability to act to the self-defined goals so that to live own life actively in a desired way (Kuosmanen,2013: 44). The stereotype conceptualizes women as a victim and men as perpetrators of social inequalities and political violence assumed universally (Mores & Clark, 2001: 4). Both men and women are treated as object rejecting the central role, agency as actor in the process. In any institution certain members have authorities to make decision by virtue of their position and the resources are the medium for to exercise agency. The distribution of resources is based on the ability to enforce claims as well as the terms and condition on which resources are made available (Kabeer, 2010: 4). In terms of empowerment, achievement refers to the realization of potential of living of people's lives. It is the exercise of agency and its consequences (Kabeer, 2010 : 4-5).

Empowerment of women primarily consist three dimensions, the enhancement of bargaining power at household and in community; providing visible foundation for income generation and meaningful participation at institutional and policy level (Zafar, 2002 Qtd. On Khadka, 2014:10). Similarly, women empowerment is all about transformation of the power relations between individuals and social groups (Batliwala, 2007:115). But it is very critical and a challenging process as it is deeply rooted in social norms and values. To shift social power relationships one has to challenge patriarchal ideology. Because it justifies gender discrimination and social inequalities, prevailing unequal pattern of access and control over resources; and the social structures which enforce unequal social relations.

1.3 Microfinance and Women Empowerment

Microfinance is the provision of financial services to traditionally excluded people with low income and lack of access to banking and other related services. Serving impoverished population suffering from multiplicity of exclusion, poverty, lack of opportunities is motto of microfinance services (Muhammad, 2010: 88). Microfinance is regarded as a powerful tool to fight against poverty and underdevelopment. Its' fundamental essence is to provide financial services to the poor population at the time of their need, at their own place and convenient condition (Kabeer, 2005: 4715).

Until 1970s state was unanimous institutional player to design and implement development programs. The rural credit programs funded by donor agencies and the government institutions were the major provision of financial services. In the field of development microfinance began in 1970s. In 1976, the well-known Gramin Bank model developed by Nobel Peace Prize Laureate Muhammad Yunus is the basis for microfinance development. Successful mobilization of small loans and savings services by Gramin Bank (Village Bank) in 1980s took the turning point in the history of Microfinance (Robinson, 2001).

From early 1990s the failure of centrally planned development intervention led to a shift in international development ideology with the understanding that the poverty could not respond by growth oriented 'trickle down' approach of development (Baruah, 2010: 980). The 'bottom-up approach' alternative to state led development intervention took place envisioning the viable representatives to expand the role of civil societies and NGOs to reduce the poverty among the poorest (Thomas and Sinha, 2009: 30). This is because they are less bureaucratic, closer to their targeted people and less conservative. The face to face interaction between NGOs and grass root people assists to promote innovative participation of the people suffering from poverty and lack of access on banks and other financial institutions (Baruah, 2010: 980).

Scholars viewing microfinance as effective tools to poverty reduction and women empowerment present several reasons why micro finance programs focus to the women. Firstly, women are the poorest of the poor. According to the Human Development report (2014) more than 1.3 billion people in the world live on less than \$1 per day, 70% are women. Women in developing countries, particularly in rural areas lack access to banks and other financial institutions. Both men and women are poor, but women are more poorer than men due to the patriarchal social structure (Mayoux, 2007). In patriarchal social structural women are denied of basic human rights, social, economic, educational opportunities that force them to live in subordination. Serving people suffering from social exclusion, poverty and lack of opportunities is the motto of microfinance programs (Muhammad, 2010: 88).. Therefore microfinance programs prioritize women's access to economic activities.

Similarly, women's spending pattern is also another reason why micro credit programs target to women. Cheston and Kuln (2002) argue that women spend a large portion of their income on their households. The increased access to income generating activities results more spending for family welfare. Specifically they tend to invest additional earning for food,

family health and nutrition, and in education of their children. Not like other financial institutions microfinance institutions offer collateral free loans which encourage them to participate. Because, due to traditional patriarchal social norms and value, women in developing countries, particularly in rural areas are restricted to ownership of property.

Efficiency and sustainability is another reason microfinance targeting to the women. Women are often proved to be good savers, cooperative and better repayment (Mayox, 2007). Moreover, women are more willing to work in group. They form groups for the purpose of credit program that decreases the delivery cost of making their group more sustainable. Similarly, women subordination in household is due to their financial dependency on male members of the family. Women's financial contribution to their families boost their agency that ultimately decreases household abuses, that make them feel sense of power within themselves (Kabeer, 1998).

1.4 Statement of the Problem

This study focuses on the role of VDRC Nepal's small loan activities on women empowerment in Jamuniya Village Development Committee, Nawalparasi, Nepal. It is about the provision of small loans to invigorate the income generating activities of rural women thereby improve their well-being and sense of self. It particularly highlights women's perception about micro credit schemes and their experiences with everyday life in post-conflict rural Nepal.

1.5 Research Questions

The objective of this study is to obtain better understanding of the relationships between women's access to small loans and change in household as well as role and responsibilities. To fulfill this objective as well as to provide right direction to the research following research questions have been formulated.

- a. What is the purpose of VDRC Nepal's micro credit in Jamuniya?
- b. Who are the women benefited from VDRC-Nepal's micro credit program?
- c. What do the women use the small loan for?
- d. What are the impacts of the loans on women's domestic roles, social responsibilities and identity?
- e. What are women's reflections on the small loans?

1.6 Structure of the study

The thesis is divided into six chapters. The second chapter is about VDRC-Nepal and its micro loan scheme. Chapter 3 discusses methodological issues of the study. Chapter 4 presents the conceptual framework and chapter 5 focuses on data presentation and analysis. Finally, in chapter 6, a summary and concluding remark are presented

Chapter 2 : Vijaya Development Resource Centre (VDRC-Nepal)

2.1 Introduction

Vijaya Development Resource Center (VDRC-Nepal) is a national level, non-profit making non-governmental organization established in 1979 as Vijaya Youth Club in Nawalparasi, Nepal. It was established as a self-help group (SHG) to enhance social cohesion through welfare activities. It was registered as a non-governmental organization at the district administration office of Nawalparasi district in 1988 under the NGO Act and affiliated with Social Welfare Council of Nepal.

VDRC-Nepal is committed to bring positive change in society through its various socio-economic welfare activities⁷. Its actions are guided by the vision of building self-reliant society. Similarly, it aims to work as a resource centre for implementation of micro-credit programs; to work for women, children and marginalized people for awareness raising, organization and empowerment; to enhance marginalized peoples access upon local resources and preserve traditional knowledge, skills and culture⁸.

Broadly, VDRC-Nepal's current programs have been categorized into three different types: 1) Fund raising programs such as renting of training centre with residential facilities; training package with experts, public communication centre; earning from community forestry; 2) Promotional program with partners in different districts and 3) Core program for human resource development, self help promotion, saving and credit programs, social services such as community schools, FM radion station, early child development centre and ambulance services⁹ Different national and international non-governmental organizations such as GTZ/FP, ILO/ISCL, LLINK, Helvetas, DANIDA, Plan Nepal etc. are main funding partners of VDRC-Nepal's programs¹⁰.

VDRC-Nepal's micro financing program started in august, 1991 with the motto "Saving is the seed of development"(Sivalingam, 2010:2). Its aim is to eradicate poverty in rural Nepal. Initially saving collected through daily savings program were distributed among the share holders to support micro enterprises that served as the foundation for establishing VYCCU

⁷ VDRC-Nepal <http://vdrc.org.np/?option=aboutus> Retrieved on 7/12/2014

⁸ Ibid

⁹ VDRC-Nepal 29th general assembly report, 2014: 30.

¹⁰ Vijaya development resource centre, <http://vdrc.org.np/?option=programmes> Retrieved on 7/12/2014

savings and credit cooperative limited. In collaboration with local government administrative bodies and national and international non-governmental organizations it provides capacity building training to the self help groups in the field of micro finance set-up and management and leadership development. At present, VDRC-Nepal as a full-fledged national NGO has been supporting to set up savings and credit cooperatives as well as savings and credit groups in 30 districts in Nepal¹¹.

2.2 Objectives of VDRC-Nepal

Vijaya Development Resource Centre (VDRC-Nepal), a non-profit member based social development organization has been working in the community development with the vision of building equitable, peaceful, affluent and independent society. Its vision is to maintain peace at local community level through skills development, employment creation, identification, mobilization and management of resources, safe guarding of human values and protection of human rights. The overall objective of VDRC-Nepal is to contribute on poverty reduction and socio-economic prosperity of rural people through microfinance services. According to VDRC-Nepal¹², the specific objectives are;

- Ensuring meaningful participation of women, children, ethnic groups, and other marginalized groups in decision making.
- Ensuring optimum mobilization of available human resources, creation of the opportunities for skills development and production of required human resources for sustainable community development.
- Strengthening and protecting economic, material, natural and human resources and traditional skills and culture at the local level.
- Working as a resource centre for the programs related to micro finance and emphasizing on the development and strengthening of skills and trade.
- Creating public awareness to ensure meaningful participation of civil society in the government sector, private sector and civil society for good governance.
- Ensuring an environment of the observance, respect and implementation of basic human rights.

¹¹ Nepal Rastra bank, 2008, p. 43 <http://www.nrb.org.np/mfd/Micro-financing%20towards%20Empowerment%20of%20Disadvantaged%20Groups%20in%20Nepal.pdf> Retrieved on 10/12/2014

¹² <http://vdrc.org.np/?option=aboutus> retrieved on 10/12/2014

- Ensuring complete rehabilitation and reintegration of the internally displaced and victims of civil war.
- Creating enough social pressure for the reconstruction of infrastructures destroyed during conflict.

2.3 VDRC-Nepal Activities Profiles

VDRC-Nepal primarily has three types of programs: 1) Fund raising 2) Partnership and 3) Promotional programs with partners in different districts¹³.

2.3.1 Fund Raising Programs

Since its establishment as Vijaya Youth Club, VDRC-Nepal has engaged in fund raising programs to strengthen its finances. Initially, it was solely dependent on individual donations and fund collected from cultural activities such as cultural dance. However, after realization of inevitability of regular income VDRC-Nepal established few units which has been contributing to generate funds to support its programs. Chetana Sadan, a training centre is a major contributor to VDRC-Nepal's fund. Currently it has two fully equipped training halls that are available to other development organizations to organize training, as well as it provides all logistic supports needed to conduct training¹⁴.

Communication and secretarial services are other sources of income for VDRC-Nepal. Telephone, fax, email internet, as well as secretarial services are provided to training participants as well as the community members. Similarly, VDRC-Nepal provides expert services on saving and credit programs, organizational development, social mobilization, self-help promotions and social entrepreneurship, various rates are charged based on organization. Similarly, the membership fees and self-help fund are other sources of VDRC-Nepal fund¹⁵.

2.3.2 Partnership Programs:

VDRC-Nepal collaborates with different donor agencies to foster capacity building in community development and in provision of sources for marginalized groups. For example, in partnership with UNICEF, VDRC-Nepal has been implementing child friendly local governance programs in 12 VDC of Nawalparasi district. It aims to strengthening the capacity

¹³ Vijaya Development Resource Centre <http://vdr.org.np/?option=programmes> Retrieved on 14/02/2015

¹⁴ Field Note, 2014

¹⁵ Field Note, 2014

of individuals, families and communities for basic quality education, child health and nutrition, psycho-social development activities etc. Similarly, school library program, literacy instruction program in partnership with Room to Read, rural drinking water and sanitation program with the support of Rural Drinking Water Supply and Sanitation Fund Development Board (RWSSFDB) in Gorkha and Tahanu districts etc. are other examples of VDRC-Nepal's partnership programs¹⁶.

2.3.3 Promotional Programs

VDRC-Nepal's promotional programs are basically focused on educational activities, communication and micro credit. VDRC-Nepal has set up Vijaya Information and Communication Cooperative unite (known as Vijaya FM 101.6 MHZ) with the slogan "information and communication, the basis of people's empowerment". Initially, it was established as Vijaya Community Information and Communication Cooperative Limited (VICCOL), in 2000 it was promoted as Vijaya FM 101.6 megahertz, which has been in operation since 2004. The programs broadcasting from this community radio aim to provide easier access to information and communication to the rural community primarily focused to excluded people having less or no access over it. This community radio has been promoted to disseminate useful information on various issues to the local community on social, educational, cultural, income generating as well as healthy entertainment focused to the voiceless especially women and children¹⁷.

Cooperative in education¹⁸ is another innovative approach of VDRC-Nepal. Vijaya Community Education Cooperative Limited is an organization promoted by VDRC-Nepal to contribute in the field of education by guiding principle of cooperative. VCECL has been running Vijaya Samudayik Sikshya Sadan, a higher secondary school which was established in 2001. Currently, more than 1200 students are studying from play group to grade 12. Out of total students 200 students representing marginalized and conflict victims are studying in full scholarship¹⁹. Further, Vijaya Samudayik Sikshya Sadan conducts various intra and extra curricula overall development activities such as children club, junior Red Cross etc. to make

¹⁶ <http://vdrc.org.np/?option=programmes>

¹⁷ Ibid

¹⁸ Vijaya Samudayik Sikshya Sadan is only one community school first ever run by a cooperative in Nawaliparasi, Nepal

¹⁹ Field Note, 2014

students responsible members of the society. The aim of this community based cooperative school is to provide quality education in nominal expenses.

Similarly, VYCCU is an independent national level savings and credit cooperative organization promoted by VDRC-Nepal which was established in 1991. Now it has expanded its working area into 26 village development committees in Nawalparasi district. Till December 2014 there were more than 15,000 share members. It has collected saving and deposit and the amount has been mobilized within the members as loans. In total 53 per cent share members are women. Basically it provides loan for small business, agriculture, husbandry etc. Moreover, VDRC-Nepal has introduced technical support program with a view to enhance the organizational capacity of local community based organizations basically to promote saving and credit organization, local NGOs and local groups on its own efforts and resources.

2.4 VYCCU Savings and Credit Cooperative Limited

VYCCU is a NGO promoted micro finance institution licensed as a national level "D "class financial institution from Nepal Rastra Bank, the central bank of Nepal. Under the initiative of the Vijaya Development Resource Centre, with the sole principles of cooperative, VYCCU Savings and Credit Cooperative Limited was established in August 1991²⁰. After registration under cooperative act of Nepal, 1991 and cooperative regulations of Nepal 1992 in district cooperative office Nawalparasi VYCCU evolved as full-fledged saving and cooperative in 1992. VYCCU began as a small saving mobilization with the active participation of 26 members to support micro enterprises in the form of loans to members of Gaidakot VDC. Currently, VYCCU is one of the largest primary level saving and credit cooperative in Nepal serving more than 15 thousand clients in 26 VDCs in Nawalparasi. It has collected more than 94000000 saving and other deposits from its share holders. The amount has been mobilized among its share holders as loans²¹. VDRC-Nepal has promoted more than 500 self-help groups and 250 community based micro-finance institutions, namely Savings and Credit Cooperatives (SCCs) over 30 districts in Nepal²².

²⁰ Vijaya Laghubitta Bittiya Sanstha, <http://www.vlbs.com.np/page.php?page=background> retrieved on 9/12/2014

²¹ Field Note, 2014

²² Bijaya laghubitta Bittiya Santha Ltd. <http://www.vlbs.com.np/page.php?page=background> Retrieved on 7/12/2014

2.4.1 Savings

VYCCU offers different saving schemes to its shareholders. Though VYCCU has obtained loan from Nepal Rastra Bank (NRB) to mobilize loans to its shareholders, a large part of the lending capital has been derived from saving from its members. Monthly Savings option is a scheme for VYCCU share members in which all members are required to deposit minimum Rs. 50 into the clients saving account in monthly basis²³.

Similarly, considering the need for daily earning clients either from micro enterprises or cottage industries VYCCU offers a Daily Saving Account. The motives to offer daily saving option is to encourage small business owners to save surplus income on a daily basis and discourage unnecessary expenses. In this saving option clients can deposit minimum Rs.10 and can only withdraw at the end of six month period of saving²⁴.

Piggy Bank Savings is another option uniquely designed as a method for turning surplus money into savings. VYCCU fixes Piggy Bank at interested clients home into which they can place any excess fund. In certain duration, a VYCCU employees visit home of clients to collect funds for deposit into the clients' savings account. Similarly, Optional Savings, Fixed Account Savings, Provident Fund Savings and Life Security Savings are other saving options offered by VYCCU²⁵.

2.4.2 Credit

VYCCU offers mainly five different loans products to its members²⁶. The first is Inter-Lending Loan which is design to provide loan to other institutions that is offered in 9% annual interest rate. The major requirement for this loan product is membership. Likewise, Emergency Loan is another loan product in which members borrow credit in 8% interest rate from VYCCU to support unexpected expenses in emergency situations such as natural calamity, death/injury in family. Before loan sanction a member of executive committee verifies the situation. VYCCU provides hire/ purchase loans to its members to support those member seeking to purchase home, land or vehicle. The interest rate for this loan product is 13%. Moreover, social loans are designed to cater common expenses of members such as

²³ Nepal Rastra bank, 2008, p. 43 <http://www.nrb.org.np/mfd/Micro-financing%20towards%20Empowerment%20of%20Disadvantaged%20Groups%20in%20Nepal.pdf> Retrieved on 10/12/2015

²⁴ Field Note, 2014

²⁵ Ibid

²⁶ Ibid

education, marriage, health and other cultural ceremonies. The interest rate for this loan product is 12.5%.

The most important loan product that VYCCU offers is income generating loan, in which member take loan with an interest rate ranging from 10% to 12%²⁷. VYCCU offers the loan product for income generating activities recognizing borrower to use the loan to start-up of any micro enterprise or to buy agriculture inputs and livestock. This is primarily designed to promote the economic activities of clients and thereby their wellbeing. It provides up to Rs. 50,000 without without collateral at 18% interest rate. But if loan amount is more than Rs. 50,000, then the borrower has to show collateral that can be in the form of fixed assets such as land and productive properties²⁸. Before the loan is approved, VYCCU reviews the income generating plan of prospective client. If there is no proper plan, it assists the client in developing one. An application is approved only on the basis of the plan's feasibility to generate a clear profit and its sustainability.

2.4.3 Non-Financial and Other Services and Product

VYCCU provides numerous non-financial services and products to its members. To encourage education and further studies, it provides literacy programs to its illiterate members. Each year, it provides VICEC scholarships for more than 20 students from marginalized members' children. VYCCU allocates funds for family planning and maternal support to its members with up to 2 children. It has set up Member Relief Fund to support the funeral rites for member families. It provides up to Rs.5000 in case of death of any member of the family²⁹.

Further, in order to contribute to growth of local economy VYCCU has designed certain products. It charges certain fee to serve as intermediary between clients and money transfer companies. Likewise, VYCCU has set up contracts with local consumer goods merchants to participate in a discount card scheme, whereby members who are clients of participating outlets who present the discount card at checkout will receive merchandise at reduced prices. Such activities have established business partnership and local market linkages, enhancing economic growth on a small scale.

²⁷ Ibid

²⁸ Ibid

²⁹ Ibid

2.5 Challenges of VDRC-Nepal's Micro Finance Programs

During my interaction with VDRC-Nepal officials, a government officer and informal discussion with local people they articulated some of the challenges of NGO promoted microfinance programs in Nepal. Below are some of the challenges that VDRC-Nepal has been facing in order to reach, particularly women in Jamuniya.

NGO working for political parties and religious organizations is one of the major challenges that VDRC-Nepal micro loan schemes have been facing in Nawalparasi. NGOs promoted by political parties as well as religious organization motivated with their own hidden agendas have created confusions among the people as well as ruin the image of NGOs devoted for prosperity of people having no access or least access upon state apparatus. Duplication of programs³⁰ is another challenge of NGOs micro loan scheme. In Nepal, state's flexible policy has promoted mushrooming of NGOs³¹. Instead of developing new and innovative programs many of them copy other NGOs strategies that ultimately does not derive sustainable changes in rural communities; rather, it has promoted irregularities and corruption³².

Begging mentality is another challenge that VDRC-Nepal's micro credit programs have been facing. As discussed above after series of intervention from different NGOs in the same locality local knowledge have been disappearing gradually that has transferred local community from creative participants into passive recipient (Hughes,2009:6). Different NGOs short term programs motivated with hidden agendas have ruined the image of NGOs truly dedicated to wellbeing of local community. Local communities are skeptical towards VDRC-Nepal's programs. Gaining trust of local community is another challenge of VDRC-Nepal.

2.6 Summary

This chapter is about Vijaya Development Resource Center (VDRC-Nepal). Firstly, in order to provide introduction of VDRC-Nepal, a national level non-governmental organization, I presented the background information. VDRC-Nepal is a non-profit member based social development organization situated in Nawalparasi, Nepal. With the vision of Equitable,

³⁰ According to NGO Federation of Nepal, in Nepal there are more than 30,000 NGOs working for human right, social justice and pro-poor development mostly focus in rural areas.

³¹ ICNL, <http://www.icnl.org/research/monitor/nepal.html> retrieved on 15/12/2014

³² BBC News report <http://www.bbc.com/news/world-asia-32817748> retrieved on 13/11/2015

peaceful and self-reliant society VDRC-Nepal has been working in community development for more than three decades. Following introduction, I presented the objectives and activities profiles which have been targeting to empowerment of marginalized groups in rural areas. Finally, to understand the VDRC-Nepal's income generating activities, I also presented the VDRC-Nepal's micro financing schemes as well as their challenges to reach marginalized and most needy population segment.

Chapter 3: Methodology

This chapter focuses on methodological outline for the study. It starts with the background of the study area and the methods applied to gain data and selection of the informants. Then, it presents the process of data collection. Finally, it focuses on my own role as a fieldworker and how ethical standards were maintained.

3.1 Selection of the Study Area

Jamuniya village Development Committee was selected for this study. It lies in Nowalparasi district, south-western part of Nepal. Total population of Jamuniya is 9225, in which total number of female population is 4812 and male is 4413 and majority of inhabitants are ethnic and indigenous Tharu and Madhesis³³. Majority of them are suffering from multiplicity of exclusion (Bennett & Dahal, 2008:1).

Nepal is a country of multiple caste and ethnic groups. More than 125 castes and ethnic groups live in Nepal (CBS Nepal, 2012). In Jamuniya Majority of the inhabitants are Tharu and Madhesis, however it resembles the national character of diversity³⁴. The reason for the choice for this study was village's suitability for NGOs research considering the concentration of multiple international and national non-governmental organizations supporting women in different ways. It was assumed that "VDRC-Nepal" a non-governmental organization working in this VDC could give a clear picture of how NGOs work in rural community. Further, Jamuniya is one of the bordering VDC with India, where a large number of the inhabitants are poor and illiterate³⁵; the HDI of this VDC is below than the national average³⁶. Similarly, Jamuniya was heavily affected in decade long civil war and subsequent arm outfit in Terai after Comprehensive Peace Accord (CPA) in 2006. Considering the social, economic and cultural dimensions of the study area and importance to understand NGOs micro finance services to empower women in rural areas, Jamuniya VDC was selected for the study.

³³ According to the population census, CBS Nepal, 2011, in Jamuniya Tharu and Madhesi population comprises 41.05% and 32.44% of the total population respectively.

³⁴ According to the Central Bureau of Statistics, Population Census 2001, there are 47 caste and ethnic groups in Jamuniya.

³⁵ According to Population Census, 2001, 39.12 % is illiteracy in Jamuniya and only 34.59% households are operating small scale non-agricultural economic activities.

³⁶ According to UNDP, Human development Report, 2014, HDI of Western Terai is 0.468 which is below than National HDI Value 0.541 of Nepal.

3.2 Gaining Access to Informants

In social science research gaining access is one of the essential tasks as it affects overall data collection procedures as well as the quality of research. Many scholars underline the importance of personal relation for quality research. A researcher's access is accepted by informants if she/he is introduced by someone already inside the community, basically in potentially sensitive research (Aitamurto et.al, 2010: 34-35).

Women in Nepal, considering patriarchal socio-cultural structure, are culturally sensitive subject. Because, in rural areas women have to face social exclusion if any of them talk to outsider, basically males (Luitel, 2000: 101-1040). So, gaining access to these women involves ensuring no harm to them and assuring that they are not likely to be used without their genuine agreement (Hugman, et.al.; 2011: 658). While selecting my informants I applied non-probability sampling method which is considered as most effective when someone studies to a certain social phenomena with "knowledge experts within"(Tongo, 2007:147). So, for the purpose of studying women involved in microcredit programs I applied simple selection criteria to select the informants. The selection criterion of primary informants was women involved in VDRC-Nepal's small loans scheme in Jamuniya.

As Rubin & Rubin puts (2005:59), in order to find and gain access researchers use their social network. I applied the same strategy that was quite advantageous. A different background of the informants is assumed as vital to discern real picture of subject matter. However, due to the limited time and specific objectives I decided that the most favorable way to make the first contact with women in Jamuniya through my personal network. Firstly, I contacted to my friend who was working in the same VDC. He introduced me with the staffs of VDRC-Nepal, who knew informants well. In addition to that I applied snowball sampling method where informants assist researcher to reach other potential subjects. Snowball sampling is a technique in which researcher establish initial contact with a "small group of people who are relevant to the research topic and then uses these to establish contacts with others" (Bryman, 2012: 202). Therefore, this technique helped me to recruit eleven women in Jamuniya. It is worth to mention here that my previous work experience in the same place and my personal network contributed to find informants. Thus, in the beginning of my fieldwork I established contact with eleven women involved in micro loans scheme. But, it was challenging to fix interviews date and time because most of the informants were housewives. Women in Nepal, basically in rural areas have multiple responsibilities. They are entirely

responsible for household chores as well as they have to work in farm and support male members in their daily business. They are busy from early morning to late evening and rarely have time to talk. Moreover, considering the cultural practices women in Jamuniya are restricted to talk with outsider at night, particularly with male.

Further, it was difficult when I came to know that people in Jamuniya were not willing to talk to me. Because they thought that I was working for NGO and get their information for my personal benefit. But, after series of household visits and informal discussions as well as regular support from my network I was able to convince them this study was for academic purpose. My knowledge of local language also greatly helped for this purpose. During interviews, initially informants hesitated to share their feeling regarding their personal and family issues, but the more we discussed the more they were open, motivated and eager to share their experiences.

3.3 Informants, Size and Selection

3.3.1 Informants selection

This study primarily highlights the role of VDRC-Nepal's micro credit activities among women in post conflict rural Nepal. Further, it also endeavors to find out rural women's changing role and status due to participation on income generating activities. Thus, for the purpose of this study I applied non-purposive sampling method for selection of the informants. Since informants "should be experienced and knowledgeable in the research area" (Rubin & Rubin, 2005: 64-65). This study focuses on empowerment of women through micro credit, all the 11 informants were women. Other than the primary field interviews and focus group discussion with the women in Jamuniya, I have had opportunity to speak with 4 VDRC-Nepal's officials and one government officer in Kathmandu.

3.3.2 Size of Informants

For the purpose of this study I didn't go for the huge size of informants, as I have applied qualitative research method. I interviewed eleven women engaged in VDRC-Nepal's micro credit program in Jamuniya. Obviously, considering the subject matter, the number of informants is small. Although some scholars argue that small number does not produce statistically representative samples (Kuosman, 2013: 26). By contrast, quality research is usually has limited number of informants that ultimately guarantees the quality and not lost in generalization (Onwuegbuzie & Leech, 2007: 242). Moreover, small number of informants

allows researcher to focus on particularities, diversity and richness of the data (Kuosmane, 2013: 26). In this regard, the number of informants I interviewed in this study, I believe, is appropriate to fulfill the aim of the study and conceptualize the relationship between access to loans and change on women's roles and responsibilities at household and in their community.

3.4 Data Collection

In the process of data collection, qualitative method had been applied with the practicability it understand and explains different phenomenon in their natural setting (Nabyinada, 2014:26). It provides the picture of social world where people live and how things go around from their own eyes. Further, qualitative research can explore and understand the meaning of social phenomenon. Objective of this study was to obtain better understanding between rural women's access to loans and change their household and community role, responsibilities and status. Therefore, qualitative interviews, focus group discussions, field observation and document review were used as main data collection tools.

3.4.1 Qualitative Interview

Qualitative interview is defined as systematic way of face to face conversation between individuals which seeks to understand the experience, feelings, opinions of an individuals and particular phenomenon (Nabayinda, 2014:26). Despite the fact that, qualitative interview has been criticized as time consuming, it is "probably the most widely employed method in qualitative research (Bryman, 2001:321). Further, qualitative interviewing gives insight into what the respondent see a relevant and important and the researchers want to understand social phenomenon from the respondent point of view (Bryman, 2008; Qtd. On Nabayinda, 2014:26).

This study is about understanding of the impacts of women's access to micro credit and change in their household and community role and responsibilities. In order to understand the real picture of of micro credit schemes and their impacts on women's household and community role and responsibilities I conducted 11 semi-structured interviews with women involved in VDRC-Nepal's loan schemes in Jamuniya. I found qualitative interviewing as an appropriate method to this study. Since, face to face discussions with women helped to grasp their experience, perception and meaning about the particular phenomenon from their own perspectives. Further, the flexibility in interviews also provided an opportunity to probe for more information in the case when respondents give short answers.

3.4.2 Focus Group Discussion

Focus group discussion is a form of interview with several people that involves more than one usually at least four interviewees emphasizes on fairly defined topics and allows participants perspectives on research (Bryman, 2008: 474). The group are focused because members in the group presumably have some common experience or share some common views (Yin, 2011:141). Focus group is generally based on unstructured interview conferring exploration of wide varieties of views in relation to particular issue. Where participants are able to bring significant issues related to a topic and other participants can ask each other, support and challenge each others' views and can ask for further clarification (Bryman, 2001: 342). Such spontaneous discussion in free environment can help to a researcher to bring more realistic account of what people think, why and how they think in that particular scenario (Nabayinda, 2014:27).

To acquire detail information about the relationship between women's access to loan and change in their gender responsibilities and social status, two focus group discussions involving 4 women in each group were conducted in Jamuniya. The participants were women who had benefited from VDRC-Nepal's macro loans. Considering the inclusion of diverse views women were selected based on their age, experience, social role and status. Wide range of issues regarding their participation in income generating activities, their household roles, decision making process, participation on local affairs, ownership of assets, etc. were discussed. The objectives of spontaneous group discussions in free environment were to get the perspectives of those being studied (Bryman, 2008:480). Such intensive discussions helped for better understanding into many challenges women facing in accessing and utilizing loans, changing responsibilities as well as household and community status.

3.4.3 Observation

In social science research observation is one of the prevalent method to study socio-economically sensitive group (Mulhall, 2003: 8). The essence of observation is using 'our eyes as well as our ears' so that a researcher can collect information about how people dress, make interaction, use social spaces, their household, community role and responsibilities. Similarly, decision making process and access upon natural resources as well as other day to day activities and particular social construction can be also considered in specific social setting (Mulhall, 2003: 307-308). Observation can be an invaluable method of primary data collection because "what you see with your eyes and perceive with your own sense is not

filtered by what other might have reported to you or the author of some documents might have seen” (Yin, 2011:143).

In order to study VDRC-Nepal’s micro credit program in Jamuniya, I observed group meeting and the interaction between members, women’s income generating activities such as cottage industries, agriculture farm, poultry farm, petty business etc. Similarly, formal and informal interaction with women and their daily activities like shopping and other everyday life activities gave further details about their changing livelihood. I observed and snap some pictures of participant meeting for saving and credit purposes. The field observation helped to understand, further clarify and interpret findings from interviews.

3.4.4 Document Review

Bryman (2001) writes that document analysis is a method of qualitative research which examines the wide range of documents including personal documents, official documents, press items, visual outputs etc. to gain in-depth understanding about particular social phenomena. It builds foundation for primary data collection. Since, a researcher can extract the past activities, their relations with the state and other institutions, their preferences, perception, folks, customs, norms, social values. Knowledge about history and surrounding environment that social and physical context has immense on success of a research. A careful analysis of documents such as diaries, letters, autobiographies, visual objects like photographs, official documents produced by government agencies, non-profit organizations and private sectors, mass media outputs like newspapers, magazines, television programs, films, virtual out puts that are found on internet also provided insight as potential source of information (Ewards & Skinner, 2009). For the purpose of this study, before and after conducting fieldwork in Jamuniya, I examined the heterogeneous source of information. Basically, I examined VDRC-Nepal’s publications, reports published from government and non-governmental organizations, newspapers, magazines, audio and visual outputs etc. produced from different local and national institutions.

3.5 Ethical Issues and Study Limitations

In social science research, the core essence of ethics pertains doing good and avoiding harm. It is a set of moral values and professional behavior that includes appropriateness of research design, methodology, funding sources as well as behavior in reporting data (Orb et.al,2001: 93). Collecting genuine information for meaningful analysis and publishing as well as

respecting the dignity of research subject is motto of ethical implications in social research. Research ethics is also a moral conduct of researcher that curtails the unlimited power and its possible misuse, consequently decreases the risk of research disaster (David & Resnik, 2013:2-9).

Possible betrayal and exploitation are endemic to field work³⁷. Being a male researcher although coming from same country but with different socio-cultural background it raised the question of whether or not it was appropriate to conduct research outside of own culture and issue of women. Since field work for this study was conducted in a community indulges in traditional patriarchal cultural practices, low literacy, poverty and omnipresent gender inequalities.

In this research, women were the target groups, however it was very difficult to gain access to women, partly because in rural Nepal women are extremely busy in their household chores and in farming from early morning to evening. In this busy settings fixing interviews date and time becomes fairly difficult during the day and it is socially prohibited at evening. Similarly, Jamuniya is a patriarchal society where women's freedom in public domain is restricted, thus they less likely to attend public meeting and discussions. Even if they attend many of them reluctant to express themselves in front of an outsider male researcher due to low self esteem. Further, women are rarely given freedom to speak in public which often makes it difficult for outsider to interact with them. Moreover, the fieldwork becomes more sensitive when one focuses women's issues, gender relations and other social inequalities, since, in patriarchal society it is presume to be against culturally practiced social values.

Considering the above mentioned ethical issues, I had designed the project in a way that could address the ethical issues. This involves emphasis on informed consent, maintaining confidentiality and privacy of the research subject. I provided the information sheets translated in local language about the objective of this study to all informants which helped themselves to understand what this study is all about. During the fieldwork I didn't disguise myself and purpose of my study. Adequate carefulness was required to respect research subject and transcribe the valid as well as relevant information gained from them. In addition to my awareness regarding how my background influenced the way how respondents

³⁷ National Committee for Research Ethics in Norway (NESH)
<https://graduateschool.nd.edu/assets/21765/guidelinesresearchethicsinthesocialscienceslawhumanities.pdf> P. 8-23

articulated their stories and put their positions, I attempted to be self-reflexive how my experience and opinion influenced to my perception, assumptions and hypothesis during the interviews with women involved in small credit programs.

3.6 Summary

This chapter presented the methodological issues of the study. The fieldwork was conducted in Jamuniya VDC, Nepal. In order to highlight the micro perspectives of women empowerment qualitative method was applied. The fieldwork was carried out in the period of October – November 2014. The total number of eleven women involved in VDRC-Nepal micro credit programs were interviewed. Focus group discussions and field observation were also applied as method of data collection. This chapter also presented the ethical issues and study limitations, particularly how researcher's background has had affected the overall research.

Chapter 4: Conceptual Framework

4.1 Introduction

This chapter attempts to present the conceptual framework for the analysis of VDRC-Nepal's small loans activities to rural women in post conflict Nepal. It specifically looks at the concept of gender as a social construction of patriarchy. In order to understand women's identity the notions of patriarchy is central and how it is manifested, how women make choices and exercise agency. To highlight the informants' views and explain the role of micro credit in post conflict rural Nepal, this study looks upon the concept of empowerment through the lenses of three interrelated dimensions: agency, critical consciousness and identity.

In order to study NGOs small loan activities on rural women empowerment it is imperative to include gender perspectives. Because, the concept of gender with relevance of patriarchal social system discerns how men's and women's role, responsibilities and identities are shaped and manifested in different social setting. The concept of patriarchy and empowerment both are related to issues of social change. Empowerment entails transformation by definition. It refers to the freedom of choice and liberation from the condition of disempowerment (Kabeer, 2010, 13; Revees & Badel, 2000: 35).

The choice of empowerment concepts including its three interrelated dimensions is based on the findings from the field work. As mentioned by Rubin & Rubin (2005:210) "more important than borrowing concepts and themes from the literature is finding those that emerge from the interviews". In this study, instead of chasing pre-determined fix conceptual framework as its starting point empirical data from field study has allowed guiding the selection of additional related concepts. This analysis appropriately emphasis to obtain better understanding of the relationship between access to loans and change in women's household and community role and responsibility.

4.2 Gender and patriarchy

Gender and patriarchy are interlinked concepts. Literally the term 'gender' refers to the social and cultural construction of biological sexes (Connell, 2002:10). It refers to the combination of socially constructed roles and responsibilities based on social norms and values, power and influence that is socially assigned to the two sexes on a differential basis (Esplen and Jolly,

2006:3). Further, sex is biological attribute determined by genetic characteristics, “gender is an acquired identity that is learned, changes over times and varies widely within and across culture” (Ibid). It is a relational concept which does not only refer to men and women but to the relationship between them.

Some scholars believe gender lines are universally made (Fant, 2008:28). But recent thinking has denied universality of gender concept. This thought argues the detailed historical and cultural analysis is needed to understand gender based oppression (Reeve and Baden, 2000:28). Because women are not homogenous group and gender inequalities are crosscut by other social inequalities such as class, caste, and ethnicity which have own priorities on their specific context.

Moreover, this study concerns itself more precisely with gender as construction of patriarchy. Patriarchy is a system of social structures and practices in which men dominate, oppress and exploit women, where every individual man is in dominant position and every women in a subordinate one (Johansdottir, 2009:1). Feminist argue that patriarchy systematizes male physical, social and economic power over women is behind women’s subordination (Reeves and Baden, 2000: 28). Gender values define men’s and women’s role and responsibilities that ultimately influences access to and control over resources and participation in decision making (Reeves and Baden, 2000:4).

4.3 Empowerment

Promoting gender equality and empowering women is one of the target of millennium development goal (United Nation, 2010, 5). Empowerment is a broad concept which can be defined as multidimensional social process that occurs at different levels and come with the relation to others (Hur, 2006: 524). This is a relative process to enhance the capabilities of an individual, group and community as a whole that assists people to realize and understand their own inner capabilities and exercise for the welfare of themselves and others (Pandey, 2014:19). It is about granting the voice of people who are assumed to be muted so that their overall wellbeing is influenced (Narayan, 2006:272).

While analyzing the relationship between women’s access to loans and change in their household and community role and responsibilities in post conflict societies, conceptualizing the term empowerment based on different perspectives is imperatives. Because this study

focuses on socio-economically disadvantaged women in post conflict rural Nepal. Here, the concept of empowerment is relevant in highlighting the interviewee's gender.

Many scholars define empowerment as a process of social transformation. The perspectives advocated by feminist scholars present women's empowerment as a basis for social transformation and give primary focus to women's demand for political change (Abdullah & Fofana-Ibrahim, 2010:260). This perspective argues cultural practices based on patriarchal ideology perpetuate gender discrimination and social inequalities that are assumed as barrier for economic, social and political development of women. Similarly, this perspective advocates increased access and opportunities for empowerment. They argue that social norms and values play crucial role in the management of resources as well as division of household chores (Sarumathi and Mohan, 2011:3). Moreover, gender is central structuring component in social norms and values, but social norms and values are greatly distinct between geographical locations (Haile et. al, 2012:258).

According to transformation perspective, women's empowerment does not denote taking the control of power previously controlled by men, rather the transformation of the nature of power relations which may be understood as 'power within' that refers to capacity to organize for common purpose, and 'power to' involves capacity to decision making (Revees & Badel, 2000: 35). As argued by feminist, women's access on financial activities confer them freedom over saving, household expenditure, ownership of assets that ultimately reduce the domestic violence against women because they become less dependent on male members of family (Sarumathi and Mohan, 2011:3). However, it is very hard to realize gender transformation and social equality due to many institutional constrains. Specifically, because of strong gender norms the division of household chores may remain intact though women take up new responsibilities that ultimately increase the burden of responsibility (Berglund, 2007:37).

According to the development perspectives empowerment is people's participation in development and its benefit distribution (UNDP, 1995: 1). Further, UNDP (1995) presents five points agenda on how women can be empowered which include "legal reform; better employment opportunities for women; a minimum 30 percent of women in politics and public decision making spaces, universal female education, improved reproductive health care and increase credit facilities; and increased international and national support for programs that will create more economic and political opportunities for women" (Abdullah & Fofana-Ibrahim, 2010: 260-261). Women's empowerment as identified by World Bank is one of the

fundamental constituent elements of poverty reduction; and gender mainstreaming is one of the most prioritized development assistance. Women's empowerment as development goal is based on the ideology that "social justice is an important aspects of human welfare and is intrinsically worth pursuing; and that women' empowerment is a means to other ends" (Malhotra et.al. 2002:3). However, in the absence of rigorous method for measuring the levels of empowerment it is hard for international development committee to be confident that their effort to achieve one of the millennium development goals, women's empowerment is succeeding (Malhotra et.al, 2002 : 2).

According to Robert Chamber (2004), participation and social inclusion of institutions is a key to empowerment of individuals. Similarly, capitalism, top-down model of development and poverty itself are the root of disempowerment which must be challenged by participating grass-root poor from policy making, its implementations and benefit sharing; participatory development intervention as well as the growth of civil society at macro and micro level.

Likewise, right based development approach of empowerment views equality, rights and development as fundamental elements to achieving empowerment ((Porter, 2013: 2). Human security is the context in which empowered individuals can oppose persisting vulnerability, inequalities and discrimination and this is based on the ideology that every individuals have universal and inseparable rights which are achieved by obligations to protect and respect those rights (Ibid). Further, this approach demands structural and political change to overcome subordination, oppression; and coercive power relations and also for social transformation with positive development outcomes. Similarly, International development agencies such as USAID, UKaid and DFID has emphasis an girls' education, maternal and child health and micro-credit loans, security and justice, education and livelihood as a necessary apparatus for gender equality and women empowerment (Porter, 2013: 3). They argue that gender equality and women's empowerment as center of economic prosperity and human development which can be realized through improving economic opportunities, equal participation in decision making spaces and improved educational and health services.

Scholars from different lines of thoughts have their own distinct focus about the processes how empowerment can occur. The processes can have many different ways, here in this study, in order to discern the nuanced model of empowerment as suggested by Carr (2003: 12-13) focuses has given on three dimensions: critical consciousness, agency and identity.

4.3.1 Agency

Agency refers to “the ability to define one’s goals and act upon them” (Kabeer, 2001:21). It entails the ability to make choices and transfer these choices according to desired actions. Social agents operate in a constant relations with social structures such as social norms and values, beliefs, laws and rules. In the context of empowerment agency is understood as an individual’s capabilities to make choices in the social setting, expanding the ability to act to the self-defined goals so that to live own life actively in a desired way (Kuosmanen, 2013: 44). Gender stereotype casts women as victim and men as perpetrators of social inequalities (Mores & Clark, 2001: 4). Both men and women are treated as objects rejecting the central role, agency and association as actors in the process (Mores & Clark, 2001 : 4). To overcome structural barriers, agency must involve to work towards the realization of certain self-defined goals (Kuosmanen, 2013: 44–45).

The significance of human agency is in the core of paradigm that recognizes the role of social actors (Mores & Clark, 2001: 4). Giddens (1994) in his theory of structuration suitably illustrates that “the notion of agency attributes to the individual actor the capacity to process social experience and to devise ways of coping with life, even under the most extreme forms of coercion. Within the limits of information, uncertainty and other constrains that exist, social actors are knowledgeable and capable” (Long, 1992: 23 Qtd. on Mores and Clark, 2001: 4-5).

Actors are not merely individuals rather socially constructed in the relations with each other. Every individuals have own choices. Choices that merely reflect others expectations do not enhance individuals’ ability to control and shape her/his own life ultimately disempower (Narayan, 2006:4). Likewise, agency cannot be defined universally; its construction is based on geographical, religious and social context. True exercise of agency means that the choices made are individual’s own not conferred from the outside (Freir, 1974:4).

4.3.2 Critical consciousness

The term critical consciousness is defined as ‘awakening’ (World Bank, 2002:10). Many scholars see the emergence of critical consciousness as central to the empowerment. Critical consciousness represents “how oppressed individuals critically read and act to change their social conditions, and consists of critical reflections and critical action component (Diemer & Li, 2011: 1815). It refers to the critical analysis of structural oppression based on social,

economic and political conditions that ultimately limits individual's access to opportunities and perpetuate injustice. Similarly, critical action refers to the socio-political control, the perceived ability to change social and political conditions and participation in individual or collective social action to effect social change (Ibid).

According to Kabeer (2001:25), "the process by which people move from a position of unquestioning acceptance of social order to a critical perspective on it" is critical consciousness. It is about intensive reflection of individual in relation to society to engage in social change (Carr, 2003:9). It is about to take an active role in relation to the world rather being passive receiver (Freire, 1974: 3-4). It is believed critical consciousness make one reflective participant aware about own context (Kuusmanen, 2013: 45). Further, A person instead of being an object becomes subject, an agent for social transformation who become capable to adopt the reality in a reflexive way, acquire critical ability to make choices and transform into reality (Freire, 1974: 3-4). Similarly, critical consciousness is needed to help marginalized group overcome structural constraints on human agency (Diemer & Li, 2011: 1815). It plays vital role especially during transition and social change, because it makes people aware of what is happening in their context and act as change agent despite unpredictability of the times (Freire, 1974: 15-16).

4.3.3 Identity

Identity refers to the sense of self worth which tells us who we are and what we do. (O'Hagan, 2009:28). The concept of gender is closely linked with that of identity. Gender, as social construction of being man and women is one of the major factors that shape our identities (Kuusmanen, 2013: 40). In other words, our sense of self is based on our interpretations of being women or men in our specific social context (Goddard, 2002:4).

Identity, one of the three dimensions in this paper through which empowerment is approached is closely connected with agency and critical consciousness. Further, identity is the foundation of agency (Staples, 1990:38). Because, one can make strategic and conscious life choices when s/he knows who is s/he or what s/he wants. Similarly, the emergence of critical consciousness is closely connected with the processes of identity construction (Kuusmanen, 2013:46). Developing critical consciousness does not mean that people see the world around them differently, rather finding new ways of defining who they are and what is their position in the society (Diemer & Li, 2011: 1815).

Gender identity is closely related to empowerment and disempowerment. In other words, gender identity can be either empowering or disempowering depending on available social context whether that encourage or discourage individuals to make independent life choices (Kuosmanen, 2013: 46-46). Moreover, “gender often operates through the unquestioning of power (kabeer, 2005: 14). In other words, an individuals’ acceptance of idea about masculinity and femininity not only constructs gender identity rather internalization of their own position on that social structure, even inequality and subordination (Kabeer, 2005: 14).

4.4 Challenges of Measuring Women’s Empowerment

Measuring women’s empowerment is one of the complex issues. Different scholars as well as international organizations have developed their own framework. The frameworks measuring women’s empowerment are somehow similar to each other, basically focusing on economic, socio-cultural, legal, political, psychological dimensions based on their own context. Approaches based on international human rights argue that empowerment measures must include standards accepted universal elements of genders inequalities (Nussabaum; 2000:224). However, another argument is that “the concept of empowerment only has meaning within this specific context” (Malhotra et.al 2002: 10). Context can have important role in order to determine the extent of individual as well as household level empowerment. The characteristics that indicate women’s empowerment in one space and time often have different meaning in other context. For example, in rural Bangladesh women’s ability to visit health care centre without permission of male household members may be signify empowerment but not in urban Peru (Malhotra et.al, 2002 : 17). According to this view point the gender’s role in development interventions cannot be understood without deeper understanding of existing socio-cultural, economic, political contexts within which intervention takes place. Further, differences in nature and implication of empowerment in different socio-economic, cultural and political context creates a challenge in consistency and comparability in measurement schemes (Nussabaum; 2000:228-229).

In different literatures empowerment has been described as a process. However, basically for social scientist it is hard to develop standard empirical tools to measure empowerment as a moving target. The process of empowerment itself is qualitative in nature; numerous qualitative studies of empowerment have attempted to measure the proxies of empowerment such as health, employment, education level, women’s participation in political power structure etc. but it cannot be measured directly (Narayan, 2005: 3). Likewise, the behavioral

and normative parts of empowerment that identify suitable indicators for measuring empowerment are continually evolving that is why the meaning of particular behavior within specific socio-cultural context is likely to change over time (Moghadam & Senftova, 2005: 389-412).

4.5 Summary

This chapter attempted to outline the conceptual framework of the thesis. Firstly, in order to understand why women in rural Nepal are subordinated, I introduced the concept of patriarchy. Patriarchy refers to a system of social structures and practices, in which men dominate, oppress and exploit women, where every individual man is in dominant position and every woman is in subordination. Further, I also presented the concept of empowerment as an analytical lens to illuminate the rural women's prospective about their role, responsibilities, household and community status. Empowerment here is understood as people's ability to exercise freedom of choice. For further explanation, I also approached empowerment through three interrelated dimensions: agency, critical consciousness and identity. Finally, I outlined the fundamental challenges of measuring women's empowerment.

Chapter 5 : Data Presentation and Analysis

This chapter focuses on data presentation and analysis. The chapter, firstly presents informants background, emphasizing age; marital status; level of education, occupation and access to productive resources. Moreover, with the perception that women’s access to credit has potential to change gender relationships, this chapter also attempts to tap into the informants’ reflections on how micro loans has impacted on the well-being of their households.

5.1 Background of the informants

Since the study focuses on empowerment of women through microcredit, all 11 informants were women. Other than primary field interviews and focus group discussion with the women in Jamuniya, I have had opportunities to speak with 4 VDRC-Nepal official including a managing director at head office and three field supervisors, one government officer in Kathmandu.

5.1.1 Age Distribution

Age is an individual character that directly affects the socio-economic status of women. It is one of the key factors to measure the empowerment of women. In Nepal, particularly in rural areas, an individual’s household and community roles, responsibilities and status are often determined based on their age (Luitel, 2000: 101-114). Table 1 shows the age distribution of informants.

Table 1: Age distribution of informants

Age Category	Frequency	Percentage
20 – 30	2	18.18
31 – 40	4	36.36
41 – 50	3	27.27
50+	2	18.18
Total	11	100

Source: Fieldwork, 2014

The table 1 above presents the age category of informant women. Among these categories, the aged groups 31- 40 and 41-50 occupy the higher proportion in participating in loan scheme

that is 36.36% and 27.27% respectively due to their responsibility towards dependent children while other aged groups are found less in that process since they are unmarried or they have adult children or no children. The data indicate that women’s responsibilities toward their children encourage them to participate in income generating activities.

5.1.2 Marital Status of Informants

Marital status has crucial role on the socio-economic status of women. In patriarchal societies, women’s access to resources is often determined by their marital status (Mahat, 2003: 67). In order to study the impact of micro loans on women’s income generating activities and household welfare, it is imperative to see their marital status. The table below presents the marital status of informants.

Table 2: Marital status of Informants

Marital Status	Frequency	Percentage
Unmarried	2	18.18
Married	4	36.36
Divorced	3	27.27
Widow	2	18.18
Total	11	100

Source: Fieldwork, 2014

The table 2 above shows that out of total 11 informants 9 are married either their current situation is divorced or widow. In Nepal patriarchal norms and values determine women’s household roles and responsibilities, as married women are more responsible towards their families. The data indicates that the increasing responsibilities encourage women to participate in income generating activities.

5.1.3 Informants Level of Education

All the respondents are literate though majority of them have only basic education (can only write their names as they were enrolled in adult literacy program). The table below presents the educational status of informants.

Table 3: Informants Level of Education

Educational Status	Frequency	Percentage
Basic Education	7	63.63
Secondary	3	27.27
Tertiary	1	9.9
Total	11	100

Source: Fieldwork, 2014

The table 3 above shows that all informants are literate, as government of Nepal has been implementing non-formal educational programs³⁸. However, out of total informants only one has higher education. The discriminating tendency of patriarchy bars girl children to access of education so that illiterate women are not aware of small loan scheme. Similarly, women with higher education get more opportunities in service sectors that decrease their participation in loan schemes.

5.1.4 Occupational Status of Informants

Jamuniya lies in the southern Terai. Majority of the families in Jamuniya are directly or indirectly involved in agriculture³⁹. The table below shows the occupational status of informants.

³⁸ NFEC under the Ministry of Education, the government of Nepal has implemented various educational programs targeting children, adult women and men deprived from access to formal education due to various socio-economic reasons. Basic literacy, alternative schooling and livelihood skills training programs targeting income generating activities aiming at improving livelihood of socio-economically backward groups are major initiatives of NFEC.

³⁹ According to the CBS Nepal (2001), out of total 1474 households only 510 (34.59%) households operating small scale non-agricultural income generating activities

Table 4: Occupational Status of Informants

Occupation	Frequency	Percentage
Agriculture and Animal Husbandry	4	36.36
Petty Business	3	27.27
Cottage Industry	2	18.18
Service	2	18.18
Total	11	100

Source: Fieldwork, 2014

The table 4 above shows that about 36% informants are involved in agriculture and animal husbandry. About 27% informants have petty business basically started with the help of micro loans. They have small grocery shop, tailoring machine, spice grinding mills etc. Likewise, 18% informants are involved in cottage industry and 18% informants' primary occupation is service. This study reveals that women's access to income generating activities has increased households participation in economic activities other than agriculture.

5.1.5 Access to productive Resources

Access to productive resources especially land is very relevant to study women's economic activities in rural Nepal. As Nepal being patriarchal society, culturally women are restricted to ownership of land (Luitel, 2000: 101). Daughters do not have equal legal rights to their parental properties until at age of 35 year, even married women do not have legal rights to claim their family's property, but they have legal right to husband's property in case of divorce (Khadka, 2014: 36). In rural Nepal, there are very few women who have lands in their names⁴⁰. The table below presents informants ownership on productive resources.

⁴⁰ According to Nepal Living Standard Survey 2010/11, in Nepal only 10 per cent women have land ownership certificate, and this average less than 0.1 hectore per holding.

Table 5: Sources of Productive Resources

Source of Productive Resources		Frequency	Percentage
Personal	Land	2	18.18
	Productive Assets	7	63.64
	Cash Saving	2	18.18
Husband	Land	3	27.27
	Productive Assets	2	18.18
	Cash Saving	5	45.45
Family	Land	6	54.55
	Productive Assets	2	18.18
	Cash Saving	4	36.36
Total		11	100

Source: Fieldwork, 2014

The table 5 above shows that only 18.18% informant women have some land in their own names but this is higher than national average which is only 10 per cent. Further, 27.27% women have land in their husband's name and 54.54% women have land owned by other family members. However, majority of the respondents about 64% own the productive assets such as tailoring machine, spice grinding machine this is the result of their access upon credit and income generating activities. But, only about 18% respondents have cash saving this is because higher poverty rate as well as inadequate access to banking services. . The above presented facts articulate that women's participation in income generating activities has increased their ownership of productive assets.

5.2 Involvement in VDRC-Nepal's Loan Scheme

This section deals with the discussion in relation with women's participation in VDRC Nepal's micro credit schemes and impact on their economic activities and ability to meet the welfare needs of their households.

The underlying assumption of this study is that microfinance is an entry point for women's economic, social and political empowerment. Women are suffering from higher level of

poverty. World's 70 per cent poor are women⁴¹. According to Mayoux (2005), access on income generating activities makes women independent, aware them and transfer power relations throughout the society and increase overall wellbeing, community development. However, providing access to financial resources merely does not empower women automatically (Kabeer, 2005:4718), rather they should have capabilities to use available resources for the purposes they choose.

Views advocating microfinance as a tool for women empowerment argue that women having access to income generation have influence over decision making on household economic dimension (Kulkarni, 2011:15), that ultimately increases the wellbeing of women themselves, their families as well as community as a whole (Jain & Jain, 2012:77). Although microfinance has ability to empower women, it is evident that process of empowerment through microfinance is not straightforward or easy to make (Kulkarni, 2011: 17). In the context of this study, Jamuniya VDC lies in the south western part of Nepal, which is suffering from severe poverty, ingrained in traditional conservative norms, values, and illiteracy⁴². From field work it is evident, in Jamuniya empowering women through microfinance is challenging. In the following sub-sections I present women's reflection on how women use loans, the impacts and the challenges they have to face.

5.2.1 Purposes of Loans

One of the themes that I discussed during my field work in Jamuniya was the uses of loans women borrowed from microfinance. The status of women, particularly in rural Nepal lags far behind of men (Mahat, 2003:67). There is strong socio-cultural bias in favor of son. Therefore, the status of women is characterized by lack of access to education, healthcare, social, political and economic opportunities. Nepal is a preindustrial country. Women's role is always emphasized to take care of dependent family members, cooking for family and performing other household chores (Luitel, 2000: 101-114). Women comprise half of the labor force but their contribution is not always counted. Women's access to credit is limited because all banks and other formal lending institutions seek reliable collateral for loan, but very few women own assets (Mahat, 2003: 70).

⁴¹ ILO, Small Change, Big Change: Women and Microfinance
http://www.ilo.org/global/docs/WCMS_091581/lang--en/index.htm Retrieved on 10/11/2015

⁴² According to CBS Nepal, Population Census 2001, literacy rate of Jamuniya is 39.12%, agriculture is the mainstay of livelihood of 75.49% population.

Studies reveal that women's access to income generating activities has positively impacted upon household decision making and community affairs. If women get access to credit they spend large amount for family welfare such as on children's education, healthcare, clothing and other family needs compared to men they invest for physical assets (Kulkarni, 2011:15). However, this is only possible if women have full control over their income. But, in patriarchal society women rarely have full control on household decision making. They are restricted from taking important decision either financial or other household affairs. It was therefore revealing to listen to women in Jamuniya, a remote VDC of Nepal, where the fieldwork was conducted. The responses from different informants articulated several different reasons why they borrow loan from VDRC-Nepal. I therefore present some of the common views raised by all informants.

5.2.1.1 To pay School Fees

One of the most frequently raised views why women borrow credit from VDRC-Nepal is to pay school fee for their children. In Nepal, there are two type of school: government Nepali medium schools and private English medium schools (Baral, 2015: 2). Though, education is free up to secondary level in government schools, it is still challenging for some poor children to go to schools in remote Nepal. Because, there are quite a numbers of hidden costs such as stationary, books, examination fee, uniform etc. About 25 per cent population in Nepal is under poverty line and it is about 40 per cent in remote areas (CBS Nepal, 2011). Although a large proportion of population in rural Nepal is struggling for their daily food, parents are attracted to send their children to English medium private schools. Because, Nepal is influenced by western culture. Working age population does not have employment opportunities at home, they fly overseas⁴³. It is believed that lack of fluency in English can be hindrance for overall development and career opportunities in future.

A research conducted (Teng, et.al., 2011: 112) in Prek Norin Commune in Peru to investigate the impact of micro-credit on household economics found that micro-credit empower the level of education through borrowing to pay children's education and earning income for sending their children to school. In order to ensure quality education to their children women decide to borrow and send their children to private schools.

⁴³ According to Nepal Migration Year book 2010 (2), On an average about 1100 working aged Nepalese fly overseas for employment which has contributed about 25 per cent of gross national income.

In Jamuniya, along other why women motivated to borrow, paying for children's school fee and other materials is one of the common reasons. One informant who views English language as pre-condition to be sellable into the competitive market says,

In this century of science and technology fluency in English is imperative and only English medium schools can meet the need of the time. For better job opportunities one should have good knowledge of computer, and language of computer is English. Someone having fluency in English is easily sellable in the market, at least can secure job in English medium schools as a teacher. Before I used to send my children to Nepali medium government schools, the teachers wouldn't give any assignment and children were not focused on their studies and I was never called to know their progress. I was so much worried about their future. But when I transferred them to English medium private school they get assignments regularly and school frequently calls me to inform their progress. Moreover, children are so much focused on their studies and gradually improving. As a single mother, now, I am quite satisfied with my children's academic progress and confident that they will have good career opportunities⁴⁴.

During the focus group discussions, the informants viewed that sense of self-worth and social dignity is one of the reasons why they borrow. They borrow from microfinance to send their children to private schools. Further, they said that parents who send their children to private schools have good influence in community. They are viewed as better status family in their community. Supporting this opinion one of the informants shares her experience as:

Here in Jamuniya sending children to private schools is viewed as sense of social dignity. There is untold common perception that well-off families send their children to English medium private schools. It reflects kind of social status and has direct or indirect influence over community affairs. Before, I and My husband used to run petty business in nearby town. We were struggling hard to fulfill our household necessities. Our only one daughter used to go to Nepali medium government school. We didn't have good influence over community affairs. But, after getting loan from VDRC-Nepal, we have been able to send our daughter to English medium school of nearby town. Now, we are satisfied, feel sense of self respect and social dignity. People have

⁴⁴ Informant 9

started hearing me while I put opinion regarding community welfare. Further, I have good influence on household decision making. My husband seeks my opinion before any decision making regarding our business and household⁴⁵.

Empowerment is realization of self-worth (Pandey, 2014:19). It is insightful to mention that an informant above is able to feel sense of self-worth due to her participation on micro credit. Her participation in income generating activities have enlarged her influence over household decision making as well as in the community. Although she didn't reveal who controls the loans taken from micro credit, after participation in credit schemes she is more conscious about her household and community position.

5.2.1.2 Support in Household Necessities

The idea of spending for household necessities is another reason why women borrow from micro credit. Jamuniya is ingrained in traditional norms as values that limit women to the domestic sphere. The patriarchal social structure prevails everywhere. Traditionally role and responsibilities have been divided men as bread winner for the family and women as responsible for household chores (Mahat, 2003: 67). However, influence of western culture; and responsibilities to feed family, women gradually coming out and participating in the formal labor market, though they are in limited numbers. During my interactions with women in Jamuniya most of the informants articulated that it has been compulsion to participate in self-help group to fulfill basic needs of their families because only men's earning is not sufficient to run their family. One informant had this to say,

I am benefited from VDRC-Nepal's micro-credit scheme. Now I have been able to pay for food, clothes, medication and other needs. Before participating in the credit scheme my husband was the only one breadwinner of our 6 member family. It used to be hard to pay all the expenses; many times we had gone through financial crises while we had to borrow from local money lenders and payback with high interest⁴⁶.

However, during focus group discussions some respondents articulated that women's participation in micro credit increases their responsibilities. As women spend more in household necessities men become more irresponsible to household necessities, especially when they realize that women has income. As a informant says;

⁴⁵ Informant 10

⁴⁶ Informant 1

Sometime I get too tired when my husband doesn't pay any attention towards household necessities and children's responsibilities. If I try to remind him the responsibility to family concerns, he backs at me. He is focused to his business and physical assets not for family welfare⁴⁷.

In some cases earning from micro-credit becomes women's burden that forces them to take more loans to fulfill family needs. A study conducted (Khadka 2014: 48-49) in Nepal reveals that women do not fully invest loan for the purpose it was borrowed. For example, women primarily borrow loan under the category of livestock, bought two goats and rest of the money was spent to fulfill other family needs such as 16% respondents used their loan to buy land to build house, 25% respondents spend their loan to send their husband abroad to work as labor, 16% respondents used their loans on buying and renovating fixed assets. It discerns that women's access to income comes with increased budget for household expenditure.

5.2.1.3 To start and expand businesses

Throughout the interviews and focus group discussion, one of the reasons why women borrow loans is to start new business and to expand old ones. Traditional division of labor restricts women from engaging in business or working in the public sphere. Since patriarchal value pre-suppose women are responsible for household chores such as production of food, cooking, taking care of children and other dependent family members, while men are responsible for income generation⁴⁸. But, during the discussions informants articulated that limiting themselves to household chores is seen as backwardness. Further they viewed, with influence of modernization life has been so complex, everything is expensive, it's like survival of the fittest. The informants opine that now society's perception about the roles and responsibilities of women have been changed. More and more women coming out from four walls of household chores, and men do not prefer to get married with those girls who sit at home, as they have to take all the responsibilities on their shoulders. One of the informants said the following about this issue;

After VDRC-Nepal's micro credit scheme, the number of women participating in income generating activities has gradually increased, as the number of independent

⁴⁷ Informant 5

⁴⁸ Across the Lines: The Impact of Nepal's conflict on Women. Advocacy Forum and International Centre for Transitional Justice, Kathmandu Nepal, December, 2010. P.19

*women increasing violence against them has gone down. People treat differently with someone if they see her with business*⁴⁹.

During my fieldwork I observed women involved in small businesses such as tailoring, running grocery shops, operating spice grinding machines, retailing vegetable and food. Some of them started their business themselves and other invested to expand their old business in their own name or owned by their husband and other family members. However, during the interaction informants revealed that, although these businesses were started in the name of informant women they are not running their business independently. Rather, most of the businesses which the informants started with the help of micro loans are jointly run, and husband or other male member of the family takes the crucial responsibility of large purchasing and overall management.

5.3 Impact of Microcredit on Women Empowerment

In order to understand the impact of micro credit on women empowerment, in this section, I present the experiences of informants and how they compare their current position with their past. For further discussion this section has been divided into four different thematic headings.

5.3.1 Women's Access to Income and Decision Making over Resources

Women in Nepal are more likely to be excluded from the important roles in decision making regarding household and community issues (Acharya & Acharya, 1997:38). 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 Berglund (2007:40) argues "having access to an independent income is an important base of negotiation and building of self-esteem". Because women having independent income can contribute to family welfare, that 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, 2005:4718). Rather, it has to be understood how resources are used and who makes the important decisions. Because, ability of decision making is considered to be an achievement.

⁴⁹ Informant 4

From the analysis of interviews it is found that the understanding of socio-economic context of the informants is imperative to understand the women empowerment. For this purpose three different analytical categories have been established:

5.3.1.1 Women not having own income

It has been told elsewhere that the status of women in Nepal is determined by the status of their husband and their families. If women have subordinated role in the household, it is likely that they are participating in the credit scheme not for their own purposes; rather they are pushed by their husbands and other family members to take the loans (Berglund, 2007:41-43). The informants in this category, though they are involved in credit schemes they are not free to take important decisions, husband and other family male members are always there to make important decision about their loans. Their link to resources is severely limited, that restricts their ability to decision making. They are responsible for official repayment, but they have no means of paying because they do not use loans in their own decision. The story of an informant gives insight into how she was compelled to borrow.

My husband had a small grocery shop in the village. About two years ago, the shop was destroyed by fire. After that accident our family went through financial crisis. My husband asked me to take loans from VDRC-Nepal. I handover all the borrowed money to him. He started a new business in a nearby town, but he invested money without any input from me. I have been helping him in his business since he started, but, I don't have any role in the business decision making. Now, I am stuck with the loans repayment as I have to pay monthly loan installment. But, I have no means of repaying the loan since I am not making any income my own. I have to rely on the goodwill of my husband to pay monthly installments⁵⁰.

As (Kabeer, 2003:37), sometime women's participation in micro loans programs become the source of their subjugation. In this case also, women's participation in micro credit is counterproductive. Since, informant's agency is subjugated. Her husband has a strong influence over the decisions which she takes. Her rely on husband to pay loans installments articulates that micro credit instead of empowering oppressed women becomes the tools of disempowerment.

⁵⁰ Informant 5

5.3.1.2 Women sharing business and Income with Husband and other members

Women sharing business and income with their husband and other family members are more capable to exercise agency in comparison with the women without their own income. In Nepal, basically in rural parts, women's freedom in public domain is restricted (ICIMOD,2014:12) . They are less likely to attend public meetings and discussions. Even if they attend they are reluctant to express in front of public, because, the traditional patriarchal norms and values restrict women to the domestic areas (Luitel, 2001:101-114). In this study women involved in credit schemes and contributing for family welfare are comparatively independent than women without income. They are able to make decision to small purchase for household necessities. An example of female agency found in the case of one informant, she says that:

VDRC-Nepal's micro credit has made me feel respected at home and in the community domain. After joining the credit scheme, I have been able to contribute to my family welfare. Now, my husband considers my views before taking any important decisions about the household or the business. I can buy household necessities independently and free to travel independently with or without any friends and family members⁵¹.

Kabeer (1998:1) has argued, bringing financial resources to household domain gives agency and sense of power. In addition to providing respect within the household domain, micro finance institutions have also empowered women in their communities. For example, in Nepal, significant numbers of women working for Center for Self-help Development (CSD) Communities are viewed as respected and accepted without any discrimination in their communities (Shrestha, 1998:28).

In the above mentioned narrative also informant's ability to make independent decision to buy household necessities is clear sign of empowerment. Since, empowerment means enlarging the capacity of individuals or groups to make effective life choices and the transformation of these choices into desired action and outcomes (Kabeer, 2010:23)

Similarly, women's participation in income generating activities is viewed as their enhanced influence not only in their household but also in community domain. For instance, in southern

⁵¹ Informant 4

Thailand, SHGs were formed to manufactured products such as embroidered articles. The project fostered the participation of all members that ultimately enhanced the status of women in household and also in community. Some of them were engaged in community management committee too (Kay, 2003: 76).

5.3.1.3 Women with other Marital Status

In order to understand women empowerment it is imperative to see the impact of micro finance on women with other marital status (Widow and divorced). Considering the socio-cultural aspects of the rural communities in Nepal, ingrained in traditional norms, some studies have shown that women in this group are curtailed to take independent decision that could limit their social and economic status, because they are not free to carry out income generating activities as cultural values restricts them within household chores (Luitel, 2001: 103-105). However, this study presents the fact that women in this group have clear sign of empowerment as they use available resources in order to improve their own situation. Since, in the absence of husband they have to face new hardships, the role changes from dependent to breadwinner for the family that encourage them to face new challenges. One respondent says that;

My husband, a police officer was only a breadwinner of our five member nuclear family. When he was killed by Maoist combatants during civil war, all the responsibilities for our three children fell upon me. Initially it was hard, because I had never participated in domestic decision making. Though I had borrowed from microfinance, he used to take all financial decisions; my role was to assist in his business. But, now I take all decisions. It has boosted my confidence. When I participate in community meetings and public discussions seniors listen to me. It gives me a sense of self worth⁵².

Women freedom to make decisions not only in private domain, but also in community sphere gives them sense of self-worth and power (Revees & Badel, 2000: 35). The above narrative also clearly shows that women's access to resources and participation in decision making has increased the potentials of empowerment. Her participation in micro credit programs has enhanced her capacity to make choices, and act on choices in a desired way. She has gained

⁵² Informant 6

sense of self –worth which has ultimately changed her household status and community identity.

5.3.2 Exchange of Ideas and Market Information through Self-help Group

Access to market information and ideas are means of changing and improving economic behavior of women (Berglund, 2007:51). In order to understand women’s agency in a local economy, this section looks at the role of microfinance institutions in developing entrepreneurship among the members of self-help groups. Further, it also looks at the potentials of self-help groups to encourage women to think, discuss and share market information for the benefit of their economic activities.

During the interviews and the focus group discussions the informants expressed mixed opinions. Some informants answered that the self-help groups have not influenced on their work. Those informants who articulate such opinion claim that it is their husband, other family members or themselves who have come up with the new and innovative ideas how to run their business. One of the informants says that; *my father-in-law advised me to start producing hand woven clothes that was when I realized the market potentialities of handmade clothes. Though, I had borrowed before as well, spent all the money on household necessities*⁵³. She further opines; *if the self-help groups have influenced, it is through the financial means that they offer, by providing information about loans, teaching the importance of deposits, saving, investment, and attendance in the meeting*⁵⁴.

Further, the informants convey that the discussions do not go deeper than sharing the available loans, and there is not any concrete agenda to discuss about cooperation other than financial issues. However, the self-help group members are indirectly influenced by each other from their informal interaction. One of the informants supports this view as she says; *during self-help group meeting we do not formally discuss about new business plans, rather focused on loan sanctions, deposits and savings*⁵⁵. About the influence of other members on her business she claims that; *all the ideas are mine but self help group has helped with loans and investment*⁵⁶.

⁵³ Informant 9

⁵⁴ Ibid

⁵⁵ Informant 11

⁵⁶ Ibid

On the other hand, some respondents believe self-help group as a catalyst in their income generating activities. Because, they believe the group has enlighten their business mind through discussing about the importance of savings and deposits, loan and repayments, and meeting attendance. The experience and success stories of other members have worked as a motivation factor to invest and save for the future. One respondent says;

I believe my present status is all because of VDRC-Nepal. The group has enlightened me on business issues as we discussed the relevance of investment, savings and deposits, loans and repayments, the importance of meeting attendance. Colleague's success stories motivate to be more focused. Now, I own a tailoring shop and train other women in order to provide them alternative source of income⁵⁷.

The field interviews and group discussions reveal that the activities of microfinance institutions can provide information about lending and saving and opportunities of group cooperation. In some cases, group formation is not working directly as base for the flow of new market information, particularly to the starting of income generating activities and investment strategies. However, there are signs of increasing information regarding advice on investment, loans, savings, and implementation of new techniques. But, the spread of information didn't influence all the members equally. Because, some informants claim that the idea and information about the business is created within the boundaries of families.

5.3.3 The perception of men's work and women's work

The status of Nepalese women, particularly in rural parts lags far behind that of men. Gender based inequalities in access to education, ownership of assets, healthcare are still profound. Their situation is characterized by lack of equal access to education, social, economic and political opportunities, and strong cultural bias against daughters (Luitel, 2001:107-109). Physical and labor exploitation of young girls is often reported. Gender based violence is widespread in domestic as well as in public arenas that is attributed to derogatory attitude towards women (Ibid).

The perception of men's work and women's work particularly in rural Nepal is determined by patriarchal values that limits women in household work and the role of men presents as breadwinner for the family. To understand the concept of women empowerment there is need

⁵⁷ Informant 10

to understand the changes in values that determine what activities are proper for women and men. Therefore, in-depth understanding of the social context in which decisions are made is important to understand the basis of change.

Various studies have shown that micro finance as a tool of women empowerment. Further they have articulated that women's participation in economic activities changes the perception of women themselves and the society that what kind of work is appropriate for women as determined within the natural male and female boundary of action (Kulkarni, 2011: 15-17)

But some studies have revealed that women's participation in income generating activities has not changed the way households are organized concerning productive relations (Kabeer, 2003:41) Women are still doing all household works. It has increased their workload as they start new business due to the access to credit. Though they earn and spend for household welfare they are not as free as men to engage in income generating activities. For example, a woman involved in a petty business shared her experience as;

Though my husband and I have our own business, I also run small grocery shop in the village. I am responsible for all the household chores such as looking after family members, cooking and cleaning. He can always attend to his business and public gathering, but I have to think twice⁵⁸.

In the context of Nepalese society the socio-cultural factors have contributed to confine women to soft stuff of work⁵⁹. One informant says that; *when it comes heavy and dangerous work such as digging canal, electrical work they always prefer men⁶⁰*. Because religious scripts have portrayed the stories presenting that heavy and brave work is for men and they are responsible for family protection⁶¹. Women spend hours for household works but they are not paid, even more household work is not perceived as quality work. In comparison to women in cities, women in rural areas do not have access on modern facilities so they spend huge amount of time for their household.

Though overall scenario of the current situation of women has not been changed or they are over burden due to new opportunities gained through access to credit, there are several

⁵⁸ Informant 2

⁵⁹ Across the lines: the impacts of Nepal's conflict on women. Advocacy Forum & International Centre for Transitional Justice, 2010. P. 19

⁶⁰ Informant 1

⁶¹ Supra note 59 p. 19-20

examples that show some changes in women's status. During interviews and focus group discussions most of the respondents opined that they are more eager to take part in household and community decision making. Their confidence level has gone up because they feel more secure and independent due to the income opportunities. One informant says, *credit has boost my confidence, before I used to accept whatever family would decide, but now I am able to question whenever I feel something wrong*⁶². This example shows that, due to the access to credit women are more capable to negotiate in those issues that directly affect their livelihood.

Similarly, due to participation in credit scheme women have understood the importance of money. They have knowledge about how much money they need to run their family. One respondent says; *before joining credit scheme I never knew how much my husband would earn, even he never told me that*⁶³. It apparently is helping them not to be cheated by their husbands, who earlier could keep money for their personal gain. It has helped them to demand certain amount for the welfare of the family. Moreover, participation in earning activities has enhanced women's ability to spend for individual consumption. In the lack of income sources they had to depend on their husband and other male family members that helped to mute their voice. During interview one respondent who owns poultry form remembers;

*Spending money for individual consumption to some extend is my personal decision now. Before joining VDRC-Nepal's self-help group, I had to depend solely on male members of the family for my individual expenses. Mostly I had to accept whatever they decide that had made me voiceless*⁶⁴.

Above mentioned views reveal that women involved in credit scheme are gradually being able to take more decisions about the purchase of their personal consumption, and household goods. Further they are involving in the decisions about the purchase of small pieces of homestead land; livestock that mostly registered in their own name. The ownership on property and earning activities shows the decreasing demarcation on women's work and men's works as well as positive status on works the women perform, and that ultimately indicates the improving status of women in general.

⁶² Informant 11

⁶³ Informant 2

⁶⁴ Informant 6

5.3.4 Mobilization on Local (Social) Issues

The purpose of this section is to discern the potential impacts of self-help groups to address the community and social justice issues related to the effects of the gender inequalities. During interviews and focus group discussions almost all respondents agreed that their participation in self-help is a counter to gender inequalities. In rural Nepal, issues within the household are traditionally viewed as private affairs; even any discrimination against them is not a public matter (Luitel, 2001:101-114). Thus, turning traditionally practiced family matters into public is one of the achievements of women's participation in self-help group.

Primarily women's groups are engaged in the social justice issues and community issues⁶⁵. Women's groups organize various activities such as rallies, writing petition, community gathering, approaching the village head and mobilizing youths. Jamuniya is one of the least developed VDC in Nawalparasi district. During field work most of the informants revealed that domestic violence against women is common. Therefore, the women's groups are more active to prevent violence against women.

However, not all the actions carried out by women's group bring just result in the community. There are some cases in which the action of self-help group have been counterproductive. During a focus group discussion the informants revealed the case of a girl who is nineteen years old rape victim. In which women's group forced the perpetrator to get married with the raped girl. In accordance with Hindu tradition a girl having physical relation though that is rape is regarded as unsocial and prohibited to get married with another man. Therefore, the above mentioned example indicates that the activities carried out by women's groups do not always give the justice to the victims.

However, the activities of women's self-help groups can have significant impacts for the entire community in which they are active. In the context of this study as well there are several evidences of women's group initiating actions which concern the entire village. In order to improve local infra-structures such as drinking water, irrigation canal etc. members of the self-help group conducts the awareness campaign, petition as well as if necessary they

⁶⁵ Social justice issues refers to the campaigning on women's issues, marital issues, dowry violence, demanding better working condition, conducting informal literacy programs etc. and community issues such as protecting women from physical assaults of drunken husband, assisting in the marriage of orphan girls, prevention of child marriage, campaigns to prevent sexual harassment and rape cases and to awaring crisis situation like endemic.

form pressure group to force local government offices and other stakeholders. During the interviews one informant who is also local activist shares her experience as;

Fetching water was the main problem for housewives in this village, because there was only one tube well. We formed a pressure group in the initiation of VDRC-Nepal self-help group. After repeated delegation to the local political leaders, local government bodies and other stakeholders our village get budget for more tube wells. Housewives are being able to send their children schools in time. More and more women, now, are engaging in income generating activities, as they have more spare time⁶⁶.

Similarly, self-help group has played active role in crisis situation. When there is endemic of Kalajhar, dengue and other seasonal diseases in the village, the group members with the coordination of other voluntary organizations play the vital role to protect villager's lives. They basically disseminate information about the cause, syndromes, and impacts of the disease to the grass root people and carry out disease preventive work to tackle the spread of disease.

Moreover, during the interviews and focus group discussions the respondents articulated that due to the activities of self-help groups incidents of sexual harassment and domestic violence have noticeably gone down. Because, activities of self-help group have altered the boundary which can be considered as private matters into the issue which can be dealt with public. A member of self-help group shares her experience as;

Before joining the women's group domestic violence was part of my daily life, as my parents offered little dowry. But, now our self-help group is more active to prevent unwanted situation against women. The domestic violence what I considered private affair is no more private. The group has established strong social norms that those who violate is liable to punishment, fine and sometime public humiliation⁶⁷.

5.4 Summary

This chapter focused on presenting and analyzing the data collected from fieldwork. Beginning with informants' background, the chapter offered the data that were categorized

⁶⁶ Informant 10

⁶⁷ Informant 8

into different themes as per the objectives of the study. The chapter firstly presented uses of loans borrowed from microfinance and the following section presented the women's reflection about impacts and challenges of their participation in micro credit programs. The data input mostly came from interviews, focus group discussion and field observation. Discussion with VDRC-Nepal officials and a government officer in Kathmandu also substituted the data collected in Jamuniya.

Chapter 6: Summary and Conclusion

The present study has examined the impact of micro loans on women's economic activities. It has specifically highlighted how women's income generating activities, which have had access to small loans help to improve their status in household and local communities. This study is based on eleven semi-structure interviews, two focus group discussions and field observations. The term empowerment, including its three dimensions: identity, agency and critical consciousness, has been applied as a theoretical lens to further clarify the informants' views on the role of micro loans to improve their household and community role and responsibilities.

This study began with descriptive analysis of women's situation particularly focusing their socio-economic condition, so as to provide contextual framework for the study. The chapter two offered general introduction of VDRC-Nepal and its activities profile, showing how national level NGO operating micro credit activities impact women empowerment in rural Nepal. Subsequently, the next chapter outlined a methodological framework in terms of tools, techniques, opportunities and challenges of the study. Chapter four outlined the theoretical grounding for the study to highlight how micro-credit is intricately linked to the issues of rural women empowerment. On the background of chapter one to four, chapter five presented the data, its analysis and major discoveries.

6.1 Summary of the Findings

Findings of the empirical study have shown that the access to small loans for income generating activities have had a positive impact on women empowerment. This study reveals that generating and controlling income is the starting point for other forms of empowerment. Women in Jamuniya have become economically active and more independent. One important aspect of empowerment is that they have understood the value of money and savings, and how to use that. Women's financial autonomy has positively contributed for their dignity and participation in decision making on family economic matters. Women's participation in community decision making has increased their knowledge and capacity to influence and take decisions that ultimately strengthened their self-confidence at home as well as in the community.

In some cases access to loans have worsened the situation of women. Some women shared their experience as they were the ones who had formally taken loans, but did not have freedom to make important decisions about how to use it. Rather their husbands and in-laws were the ones making the important financial decisions. Women were responsible for loans repayment, but had limited means of making the payment. This finding reveals the fact that women's access to micro loans sometime becomes counterproductive. Women who already have weak positions in households have now become indebted because of family pressure to take loans. In this situation, micro loans instead of empowering women has disempowered them.

Findings about women access to income and decision making over resources reveals that, in comparison to women without own income and women sharing business and income with husband and other family members, divorced and widow have clear sign of empowerment. The new hardships what they have to face in the absence of their husbands gave them freedom to make decisions not only in household matters, but also in community sphere. Their freedom to make choices and act in a desired way has tranforded them from dependent to independept member of the family which has changed their household and community status.

The data analysis also indicates that agency of women was curtailed due to the existing patriarchal values regarding division of labor, where women were socio-culturally confined to household chores. However, women's involvement in income generating activities has changed the social values concerning what constituted proper work for women. Many women have started to come out of the domestic sphere. Their mobility and regular interaction with people have boosted their confidence. They are more eager to take part in household and community activities which have changed the community's perception about women's roles and responsibilities.

Finding about the exchange of ideas and market information through self-help groups is mixed. There were some cases, where a flow of market information have positive impact on women empowerment. Informants who believe self-help group as a catalyst in their income generating activities articulated that the group has enlighten their business mind through discussing about the importance of savings and deposits, loan and repayments, and meeting attendance. The experience and success stories of fellow members has also worked as a motivating factor to participate in the self-help groups. Whereas, informants who claimed self-help groups have not influenced their work pointed to their husbands and other family

members as ones behind the ideas for starting and expanding their income generating activities.

Finding about the mobilization on local issues indicates that participation of women's group on local issues has brought significant impacts for the entire community. They have played vital role in crises situation. Their regular campaign against social malpractices has decreased the incidents of violence against women. However, there are some cases where actions carried out by the self help group have not brought fairness and harmony in the community. For example, in the case of a nineteen years old rape victim, women's group forced the perpetrator to marry the victim. This indicates that activities carried out by women's group does not always bring justice to the victims.

6.2 Analytical Contribution of the Study

Analytically, this study has attempted to generate a better understanding of the relationship between women's access to small loans and change in their gender perceptions. Microfinance programmes are significant sources of financial services for women, particularly in remote areas where there is absence of bank and other financial institutions. It argues that increasing access to and use of micro-credit as a means of improving their livelihoods, as it deals with the gender dimension of poverty and discrimination against women. Since, microfinance programmes are often combined with other services, including entrepreneurial skills development, health and education that improve user's competence and facilitate for their empowerment.

This study reveals that microfinance offers an effective means for achieving transformation in the social lives of rural women. Similarly, the success of self-help group activities in building up organizational capabilities of poor women is also preparation for their social mobilization that other intervention strategies have not been able to achieve. Though micro finance schemes have made important contributions to the economic and social well-being of poor women and their households, they have not been able to fulfill expectation of promoting social justice, equitable socio-economic development and women's participation in decision making as expectation of women living under social, cultural and economic discrimination.

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