
Socio-Economic Empowerment of Women Through Microfinance : A Case Study of Baijnath Rural Municipality, Banke

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Abstract

Highlighting women's socioeconomic empowerment through microfinance is the aim of this research paper. The design of the study is descriptive. Although society does a lot of developmental activities and programs, microfinance programs are particularly effective in rural areas, focusing on disadvantaged women and the underprivileged population. Microfinance is a potent and successful tool for empowering women. By increasing their income through small initiatives, women who were able to access microfinance services have been able to empower themselves both economically and socially and generate prospects for self-employment. The impact of microfinance services on the empowerment of Nepali women residing in the Baijanath Rural Municipality Banke was investigated in this thesis. The economic standing, decision-making ability, knowledge, and self-worth of women, as well as community activities and self-help group programs, are all significantly impacted by microfinance. Decision-making in the family, social and political involvement, how society views them, social awareness, health and sanitation awareness, and improved livelihood were all factors in social empowerment. The ladies of Baijanath Rural Municipality completed a standardized questionnaire that provided the primary data for this study. In addition to being described by tables and figures, data are examined using percentage analysis. Using a straightforward random sample technique, descriptive research design has been utilized to gather respondents' thoughts and learn about their behavior. This study examines how women's decision-making abilities and social participation increase following their participation in MFPs. All variables have a beneficial impact, according to the results. Of women, 58.18 percent own their own land, 53.64 percent work in retail, and 45.45 percent make up to Rs 10,000 a month. Similarly, 48.64 percent of women own a television, and 23.64 percent have access to the internet. With a 62.73 percent success rate, MFP training has a very beneficial effect. After joining MFP, 49.10 percent of women report much better family relationships. 53.64 percent of women make decisions about their children's education, and 74.45 percent make decisions about their medical care. According to the study's findings, microfinance institutions benefit women by enhancing their social well-being, access to and control over their resources, investment and consumption, self-confidence, and capacity for making decisions both within and outside of the family.

Keywords: Socio economic, Empowerment, microfinance, rural municipality, women

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Introduction

Loans, savings accounts, microinsurance, remittances, and other financial products specifically designed for the impoverished and disenfranchised are all considered forms of microfinance. It was developed for the poor's economic advantage, which reduces poverty. Through income-generating activities, microfinance enables the impoverished to build up capital and raise their level of living. Because they lack access to financing, the impoverished remain impoverished. This is accurate given that formal financial services already help a large number of impoverished women worldwide. Microfinance is currently referred to as inclusive finance, while it was formerly known as microcredit or rural finance. Microfinance is currently spread throughout the world under what have been dubbed financial inclusion policies. Following the founding of NBL as the country's first commercial bank in 1994 BS, Nepal saw the introduction of the modern banking system. The Agriculture Development Bank's Small Farmers Development Project in 2036–2037 marked the official beginning of microfinance. The Rural Bank Bangladesh program, which was founded by Professor Muhammad Yunus, serves as the blueprint for the present microloan program that was introduced in Nepal. Dr. Harihardev Pant deserves the credit for establishing microfinance in Nepal. He served as Nepal Rastra Bank's deputy governor. The NRB launched a microcredit initiative that evolved into microfinance. In 2048 BS, the private sector and NGOs began their microfinance program. Following that, in 2050 BS, NGOs such as Nirdhan, CSD, Chhimek, and others began running microfinance initiatives. Nepal has 76 microfinance firms as of mid-March 2021 (Economic Survey, 077/78). In Nepal, microfinance companies are classified as "D" class financial institutions. With 16.67 percent of the population living in absolute poverty and 28.62 percent living in multidimensional poverty, Nepal is a developing nation (Economic Survey 077/78). By the year 2030, the Sustainable Development Goals (SDGs) aim to reduce poverty worldwide. The same is true with microfinance, which raises the incomes of the impoverished and allows them to engage in economic activity. According to Nepal Rastra Bank (2008), the official microfinance industry in Nepal began in 1974 when the NRB ordered RBB and NBL to lend at least 5% of bank deposits through a program known as "Priority sector credits." The program's target industries are services, small industries, and agriculture. According to NRB (2008), Nepal's central banks have been actively involved in microfinance for about 40 years, and these agencies have a significant influence on the country's policy decisions.

The rights of women are not being upheld. Women must deal with societal discrimination, social hurdles, lack of education, delayed loan approval, lack of funds when needed, lack of confidence, and more. Because men are being given more attention than women, women are having trouble starting new projects. While insuring a change in lifestyle through the economy, there is a significant disparity between male and female entrepreneurs. Female counterparts have a good impact on society, whereas their male counterparts have an

influence on the business sector. because empowering women can result in the formation of self-sufficient social groups. Microfinance has the potential to improve society. Therefore, microfinance must be introduced to ensure that women's living standards are raised. This study focuses on the role of microfinance on the Socio-economic empowerment of women in Baijanath Rural Municipality, Banke. It concerns women's socioeconomic empowerment following their involvement in microfinance institutions. As a result, the purpose of this study is to investigate some findings about the function of microfinance programs in the study area.

Literature Review

Ranabhat & Dhungana (2021), asserted that there is a positive relationship between microcredit and initial investment, revenue, employment, business expansion, and profit. Additionally, the study reveals that microcredit has prompted customers to participate in enterprise development and microbusiness initiatives. In order to ensure the sustainability of microfinance institutions and to improve the living standards of their clients, the study suggests that microenterprises, microbusinesses, and microcredit institutions adopt an efficient policy for microcredit utilization.

Jain (2020), investigated the extent to which microfinance services contribute to the empowerment of Nepali women residing in the country's east. The findings show that women's empowerment is aided by the utilization of microfinance services (loan and savings). The improvement of women's empowerment is unaffected by the ease of access to financial services or the length of the loan payment period. Women's household decision-making, major domestic decision-making, and the availability of basic household necessities are all strongly correlated with saving service. Microfinance services support the education of women's children as well as their socioeconomic empowerment. Wagle (2019) came to the conclusion that microcredit, a financial tool used to give impoverished people modest amounts of credit, had raised the standing of impoverished women in both the household and society at large. The conclusions of this article are based on a comparison of women's roles before and after participating in microfinance programs in a number of family-related areas, including access to financing, control over income and expenses, children's education, and involvement in social gatherings. According to the findings, the majority of women who obtained microcredit reported feeling more empowered socioeconomically as a result of having access to capital, resource control, decision-making authority, etc. Although the results differed for Dalit, Janajati, and Brahmin/Chhetri women, microfinance programs continue to exclude women from households with no land and those living in extreme poverty. In order for the cumulative effect to also improve several macro-economic indices of the economy, those who are involved in income-earning activities with microfinance must receive both financial and technical support to upgrade their firm. They now play a bigger part in social involvement, meetings, and home decision-making. According to Gnawali (2018), microfinance contributes to economic activity and has a

significant role in enhancing decision-making. Women's empowerment is microfinance's primary goal. Economic engagement, saving mobilization, training development, and other indicators are used to quantify women's empowerment. The study looks into how different microfinance functions can help women become more economically empowered. According to the study, women who invest in microfinance institutions benefit from increased well-being, access to and control over their resources, the elimination of female illiteracy, participation in economic decision-making, and, lastly, an increase in women's self-esteem. According to the article's conclusion, respondents are satisfied with the services that microfinance organizations offer.

Methodology

The microfinance program at Baijanath Rural Municipality Banke is essentially the main topic of this study. Its goal is to ascertain the impact of the microfinance program in the particular field of research. The quantitative and qualitative data gathered from the relevant field are analyzed and interpreted using a casual comparative and descriptive study design technique. The major data used in this study was gathered through the observation method and a field survey employing a structured questionnaire. The sample study's entire population consists of 1200 members who are enrolled in the Baijanath Branch's microfinance program through 2023. This includes two microfinance institutions, Mirmire Laghubitta and NIC Asia Laghubitta, which have 800 and 400 members, respectively. Out of the population of Mirmire Laghubitta Sanstha and NIC Asia Laghubitta Sanstha, respectively, 70 and 40 samples were chosen for this investigation. Various techniques are used to process and show the collected data in an appropriate format. Consequently, both descriptive and basic quantitative statistical tools have been used to examine the data. The characteristics of the respondents as well as the independent and dependent variables were described using descriptive techniques such as frequency counts, percentages, and means. Tables and figures are used to display results-oriented information. Descriptive tools like tables, pie charts, and bar diagrams are used to describe the results. The foundation of qualitative data is observation and perception, which researchers then analyze and interpret. Additionally, to make inferences and conclusions, quantitative data is combined with qualitative information gathered from focus groups and individual interviews.

Results and Discussion

Age Structure

Age is a personal characteristic that has a direct impact on women's socioeconomic standing. It is one of the important elements to measure the empowerment of women. One important component influencing respondents' perceptions is their age. 110 respondents participated in a field survey that yielded the data. Table 1 below displays the opinions of respondents of various ages regarding the program from the field survey:

Table: 1

Age Structure of the Respondents

Age Group	No. of Respondents	Percentage
20-30	20	18.18%
30-40	40	36.36%
40-50	27	24.55%
50-60	17	15.46%
60-70	6	5.45%
Total	110	100.00%

Source: Field Survey, 2023

The age range of the female respondents is displayed in Table 1. It demonstrates that the majority of respondents, who are between the ages of 30 and 40, are more active in microfinance programs. 18.18 percent of the women who responded were in the 20-30 age group, 36.36 percent were in the 30–40 age group, 24.55 percent were in the 40-50 age group, 15.46 percent were in the 50–60 age group, and 5.45 percent were in the 60–70 age group. Women in the 60–70 age range are less active. Of these age groups, the 30- to 40- and 40- to 50-year-olds make up the largest percentage of microfinance participants (36.36 and 24.55 percent, respectively). Other age groups, however, are less prevalent in that process. This reveals that more young women are involved in microfinance than old women. The younger women want to participate in MFP for training, social interaction, and lifestyle enhancement.

Family Structure

A family can consist of a married or unmarried couple and their kids or a single parent family, which consists of an individual without a spouse and their kids. With urbanization and modernity, family structures are evolving. Nonetheless, family members typically try to live as close to one another as feasible. Every family has its own set of norms and expectations, and they all appear and behave very differently. These expectations could stem from religious views, family cultures, or the upbringing of family members.

Table: 2

Family Structure of Respondents

Family Structure	No. of Respondents	Percentage
Nuclear	67	60.91%
Joint	43	39.09%
Total	110	100.00%

Source: Field Survey, 2023

According to Table 2, 39.09 percent of respondents have a combined family structure and 60.91 percent have a nuclear family structure. This indicates that those with nuclear families are more involved in MFP than those with joint families.

Assets and Livelihood

Table: 3

Land Holding Status of Respondents

Particulars	No. of respondents	Percentage
Having Land	98	89.09%
Having not Land	12	10.91%
Total	110	100.00%

Source: Field Survey, 2023

Table 3, above, indicates that 89.09 percent of consumers possess their own agricultural land. Only 10.91 percent of consumers lack land. The selected area is an ancient and local settlement, and as a result, they possess a portion of the land that is used to provide food grains for their sustenance and to support their animal husbandry. It is seen that most of the consumers have land as they are engaged in agriculture. The program is focused on local people who have been doing their activities traditionally and the microfinance program has focused to enhance their skills and professions.

Land Ownership

Table 4

Land Ownership of the Respondents

Particular	No. of respondents (Before)	Percentage	No. of respondents (After)	Percentage
Self	16	14.55%	64	58.18%
Husband	76	69.09%	38	34.55%
Others	18	16.36%	8	7.27%
Total	110	100%	110	100%

Source: Field Survey, 2023

The preceding table 4 illustrates the land ownership of the respondents before and after involving MFP. Before Involving MFP, 14.55 percent women have their own land ownership. Similarly, 69.09 percent have their land ownership to their husband and 16.36 percent to others. After involving MFP, the no. of respondents who have own ownership on land are growing i.e 58.18 percent. Similarly, the land ownership to their husband name are diminishing i.e 34.55 percent and Land ownership to others is 7.27 percent.

Loan Status:

In finance, a loan is the lending of money by one or more persons, organizations or other entities to other individuals, organizations etc. Women are inherently risk avoider and are afraid to bear danger. But MFP aids them in taking risk. Risk is the primary ingredient to rectify or improve people's efficiency in each and any business, financial or investment sector likewise. According to MFP firstly ladies were afraid to obtain loan from MFI. After taking training they were inspired to take loan and raise their earning level.

Table 5

Loan Status of Respondents

Loan Purpose	No. of Respondents	Percentage
Yes	105	95.45%
No	5	4.55%
Total	110	100.00%

Source: Field Survey, 2023

Table 6

Purpose of Loan taking by Respondent

Loan purpose	No. of respondents	Percentage
Not taking loan	5	4.55%
Agriculture	20	18.18%
Animal Husbandry	28	25.46%
Business	51	46.36%
Personal Households	6	5.45%
Total	110	100.00%

Source: Field Survey, 2023

According to Tables 5 and 6, 95.45% of the women are using microloans for a variety of purposes, mostly business, animal husbandry, and agricultural modernization. The remaining 4.55% of the women who responded are unable to obtain loans at this time. According to this table, women were taking out loans to fund their income-generating endeavors. The majority of women (46.36 percent) use their loans for commercial purposes, while 18.18 percent of respondents use them for agriculture, 25.46 percent for animal husbandry, and 5.45 percent for personal home costs.

Effect of MFP Training

Training is a program that assists staff members in gaining specialized knowledge or abilities to enhance their performance in their existing positions. One type of training is to increase individuals's awareness of their own objectives and biases, as well as their sensitivity to other people and group dynamics. While training concentrates on a specific role, development emphasizes creating a prosperous professional career.

Table 7

Effects of MFP Training to the Respondents

Helpfulness of Training	No. of Respondents	Percentage
Very Helpful	69	62.73%
Helpful	23	20.91%
No Trained	18	16.36%
Total	110	100.00%

Source: Field Survey, 2023

Although 20.91 percent of respondents stated that the training was useful in the sense that the package was poorly constructed and 16.36 percent of respondents had not yet received training, Table 7 reveals that 62.73 percent of respondents felt that the training they received was extremely helpful in running the project. The statistic makes it abundantly evident that training is helpful in managing the project; however, training should be demand-driven rather than supply-fed. The majority of women have received skillful instruction from MFI, as the above table demonstrates, which is quite beneficial. It is an essential instrument for raising the social and economic standing of women.

Purpose of Joining MFP

In the 21st century, women enjoy greater independence and authority than ever before. Nonetheless, they continue to face disadvantages in almost every sphere of life when compared to men. Women benefit from equal access to capital, healthcare, education, and decision-making authority in the social, political, and commercial spheres. Women who participate in microfinance programs contribute to a good family background and high levels of education.

Table 8

Purpose of Joining MFP

Purpose	No. of respondents	Percentage
To empower social status	20	18.18%
To empower economic status	48	43.64%
Self dependent	35	31.82%
Others	7	6.36%
Total	110	100.00%

Source: Field Survey, 2023

According to the preceding table, 43.64 percent of respondents said they wanted to join MFP in order to improve their family's financial situation. As women no longer need to ask their husbands for help with everyday domestic chores, 31.82 percent of respondents desire to join MFP in order to become self-sufficient. Similarly, 6.36 percent of respondents stated a variety of reasons for joining the MFP, and 18.18 percent of respondents seek to improve their social standing.

Income status

Table: 9

Monthly Income of the Respondents

S.N	Income Before Joining MFP	No. of respondents	Percentage	Income After Joining MFP	No. of respondents	Percentage
1	Less than 5000	57	51.82%	Less than 5000	7	6.36%
2	5000-10,000	34	30.91%	5000-10,000	50	45.45%
3	10,000-15,000	13	11.82%	10,000-15,000	37	33.64%
4	Above 15,000	6	5.45%	Above 15,000	16	14.55%
	Total	110	100.00%	Total	110	100.00%

Source: Field Survey, 2023

According to the above table, 51.82 percent of respondents made less than NRS 5,000 per month prior to enrolling in the microfinance program, 30.91 percent made between NRS 5,000 and 10,000 per month, 11.82 percent made between NRS 10,000 and 15,000 per month, and only 5.45 percent made more than NRS 15,000 per month. Similarly, 6.36 percent of respondents earn less than NRS 5,000 per month after participating in a microfinance program, 45.45 percent earn between NRS 5,000 and 10,000 per month, 33.64 percent earn between NRS 10,000 and 15,000 per month, and 14.55 percent earn more than NRS 15,000 per month. This indicates that their income has significantly increased as a result of participating in a microfinance program.

Modifications in Self-Belief One of the most important and intricate concepts pertaining to women's perceptions of their own abilities as well as their real skill and capability levels is self-confidence. It has been shown that women members who assume leadership positions as center or group leaders report feeling more confident and valuable. The degree of confidence women felt before and after taking part in the MFI is used to measure the change in their self-assurance. At the center sessions, the respondents were questioned about their ability to voice their opinions in family and in group conversations.

Table: 10

Change in Self-Confidence

S.N	Level of confidence	No. of Respondents (Before Joining MFP)	Percentage	No. of Respondents (After Joining MFP)	Percentage
1.	Ability to put own interest to family.	27	24.55	45	40.90
2.	Ability to put own say in family discuss.	23	20.91	35	31.82
3.	Ability to put own say in the centre meeting.	10	9.09	25	22.73
4.	No response	50	45.45	5	4.55
	Total	110	100.00	110	100.00

Sources: Field Survey, 2023

Following the program, the percentage of female respondents who felt they could prioritize their families rose from 24.55 percent to 40.90 percent, as shown in the table. Prior to entering the MFP, 20.91 percent of the respondents said they could voice their own opinions during family discussions; this number rises to 31.82 percent after joining the MFP. Prior to entering MFP, 9.09 percent of respondents said they could have their own voice in center meetings; following the program, that number rose to 22.73 percent. However, compared to the after scenario, many respondents chose not to answer to the before scenario. The aforementioned table demonstrates that women's self-confidence significantly changed following their participation in the program.

Conclusion

Women's socioeconomic empowerment has been greatly aided by microfinance programs. Women have benefited from this initiative in both social and economic ways. Additionally, they are contributing financially to their family, society, and country. Despite their success as a result of their participation in MFP, it has been determined that these MFPs should offer them with various essential and skilled trainings, and that MF clients should be granted loans at favorable interest rates. In addition, loans ought to be given when requested. Employment alternatives that generate revenue should be made available to women customers so they can improve their economic standing and standard of living. Additionally, in order to raise knowledge among women clients, various awareness-related initiatives ought to be regularly organized.

The study concludes that microfinance brought social and economic empowerment than others. Microfinance has a noticeable impact on empowerment, skill development, bravery, and confidence. The nation's development program reflects the social empowerment of women. This section of the thesis attempts to examine how Baijanath Rural Municipality Bank's microfinance contributes to the socioeconomic empowerment of women. The financial situation after enrolling in the program has a big impact. A few of the ladies have also launched their own small enterprises. Additionally, they are able to use their funds to invest in small businesses and cover their children's medical and educational costs. After working with MFPs, the majority of respondents reported improved economic condition. This variable's overall result is positive, as indicated by a variety of findings. Thus, it may be said that MFPs have a good impact on women's socioeconomic empowerment. Following MFI's involvement, social status has a big impact. The decision-making component of empowerment is another characteristic that produces favorable outcomes. As a result, rural women are growing more aware and participating in both household and societal decision-making. The study revealed favorable outcomes for women's perceptions, experiences, and sentiments, as well as their degree of dependency following their participation in MFPs. Members have been assisted in moving from traditional agriculture to income-generating crop cultivation and animal husbandry, which generate higher returns, through trainings and a variety of credit products that encourage the improvement of farming techniques and microbusinesses. Thus, it can be said that MFP has a positive and useful function in empowering women in the field of studies.

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