



**Poverty Alleviation or Over indebtedness:**  
POTENTIAL OF MICROFINANCE TO PROMOTE  
ECONOMIC AND SOCIAL EMPOWERMENT OF SINGLE  
WOMEN (WIDOWS) IN NEPAL

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## List of Acronyms

BoD	Board of Directors
CBS	Central Bureau Statistic
CECI	Centre for International Studies and Cooperation
CGAP	Consultative Group to assist the poor
DFID	Department for International Development
GBV	Gender Based Violence
GSEA	Gender and Social Exclusion Assessment
HASCC	Hamro Aadhar Saving and Credit Cooperative Society
HDI	Human Development Index
I/NGOs	International Government organizations
ICA	International Cooperative Alliance
Ktm	Kathmandu
MCPW	Microcredit Project for Women
MDGs	Millennium Development Goals
MFI	Microfinance Financial Institutions
NFIN	Nepal Federation of Indigenous Nationalities
NGOs	Non-Governmental organizations
NPC	Nepal Planning Commission
NRB	Nepal Rastra Bank
NRs	Nepali Rupees
PCRW	Production Credit for Rural Women
SANWED	South Asian Network for Widows' Empowerment in Development
SFDP	Small Farmer Development Project
SW	Single Women
SWG/s	Single Women Groups
SWSCGs	Single Women Saving and Credit Groups
UN	United Nation
UNDP	United Nations Development Programme
US	United States
USAID	United States Agency for International Development
VDC/s	Village Development Committees
WHR	Women for Human Rights, single women group

## **Abstract**

Single women (widows) are one of the discriminated and marginalized groups in Nepalese Hindu society. Micro-credit program adopted by Non-governmental organization and cooperative are making an attempt to empower single women economically as well as socially. This research paper assesses 'the change' bring on the status of 'non-bankable poor widows' in terms of their income, well-being, participation and decision making capabilities, having given an access to finance. It also explores the issue of social inclusiveness and over-indebtedness in this microfinance program.

## **Relevance to Development Studies**

The research paper contributes to concept of empowerment of women in microfinance sector dealing with economic and social aspects. It asses the micro-finance as a poverty alleviation tool focusing on single women (widow), in particular, which is one of the disadvantage and marginalized group in Hindu culture; whereas neglected group in western development sectors.

## **Keywords**

Socio-economic empowerment, single women (widows), microfinance, inclusion, caste hierarchy, over-indebtedness.



# Chapter 1

## 1.1 Introduction

Microfinance has increasingly been viewed by development agencies and Non –Governmental Organization (NGOs) as an important tool to provide financial services for the poor and thereby improve their incomes and livelihoods. A pioneer in this field was the Nobel peace prize winner Mohammad Yunus who viewed microfinance as particularly significant for poor women by supporting tiny informal microenterprises and employment as a “solution” to their problems (Bateman & Chang, 2012). The Millennium Development Goals (MDGs) have also stressed the value of microfinance as a medium for reaching its goal of poverty reduction by the year 2015 with significant improvement in education, gender equality, health care and overcoming hunger and environmental degradation. Under these circumstances, the government of Nepal also endorsed microfinance as one of major tools and strategies to release people from poverty (Dhakal, 2002).

Microfinance as a program was introduced in Nepal in the 1990s although the agriculture based cooperative had started in the 1950s (BK, 2013), and it has been one of the poverty reducing tools in developing nations like Nepal (NRB, 2013). The main strategy for poverty reduction through MFIs has been the ‘effective use of poor’s labor’ creating employment through increasing agricultural production and introducing self-employed programs in the informal sector (NRB, 2013). Initially, microfinance adhered to a minimalist approach, creating a conducive environment for employment creation through access to credit services at lower prices to the clients. However, the paradigm has shifted from ‘minimalist approach’ to ‘maximalist approach’ which suggested that in addition to ‘flow of finance’, non-financial services could help improve the livelihood of the poor (Shetty, 2008). The non-financial services include the services that bring improvement in the field of health, education and culture (Labie & Mees, 2005: 2)

Amongst the most poor and vulnerable of women in Nepal are single women (widows). In Nepal single women can be defined as ‘unmarried women, divorcees, separated women and whose husbands are dead or with that status’ (Uprety & Adhikary, 2009: 245). Widow, as single women, in particular is the focus of this study. The word ‘single women’ is preferred in place of ‘widow’ in Nepalese culture because of its negativity, hence, Women for Human Rights (WHR), Nepal also preferred to use ‘single women’ (WHR, 2006). Single women are a heterogeneous group of individuals ranging from child, young and elderly widows. According to one of the surveys conducted by WHR, 40% widows are below or of 20 years of age, 67% are in the 20-35 age group with 3-4 children, 29% are illiterate and only 2% have attained higher education whereas 10% are internally displaced because of armed conflict (Lanjana, as cited in Raghubanshi, 2013)

While single women may not form a homogenous group in terms of class and caste backgrounds they are disadvantaged and excluded on many scores within Nepalese society. They often undergo extreme physical, psychological

and sexual violence in the family and outside in the society because of cultural and traditional practice which restrain from one's freedom (Raghubanshi, 2013). The Nepalese patriarchal culture upholds a gender division of labor whereby women are responsible for the care of the family and subordinate to their husbands, while men are required to be bread winner (Nicholson, 1997). In this scenario, widows belonging to low caste or untouchables means being 'doubly abject or otherized' (Lohani-Chase, 2008: 34).

In recognition of these problems, there have, in the recent period, been attempts by the NGO *Women for Human Rights* (WHR), to focus on single women as clients of microfinance with initiation of saving and credit programs that were later registered as the cooperative named Hamro Aadhar Saving and Credit cooperative society (WHR, 2010). Exploring the different initiatives of the organisation basically Hamro Aadhar Saving and Credit Cooperative society and WHR, this research paper studies how microfinance programs have influenced the social and economic empowerment of single women. The particular focus will be on single women residing in Kathmandu and Kavrepalanchowk districts of Nepal.

## 1.2 Statement of Problem

In Nepalese society single women (widows), and in particular widows are humiliated, discriminated and demoralized in many ways. Widowhood in Nepal means devoid of freedom and being constricted within the rigid rules and regulation. After the death of the husband, women are bound by various ancient and traditional norms, culture and beliefs of the society and are labelled as "husband eaters" and stigmatized as "inauspicious" and "witches" (Thapa, 2010:70).

Single women are usually deprived of their husband's property left to face discrimination and stigma, forcing them into poverty (Lohani, 2010: 50). Certain religious beliefs and cultural practices also exclude single women from basic human rights. When the husband dies for example, the widows are expected to throw away their jewellery (red bangles and '*tilahari*'-the necklace married women wear), and are not allow to wear colourful dresses (red especially - red represents the symbol of married women). Single women are also excluded in the religious rituals, family celebrations and their mobility is limited within the community. Meanwhile, in this kind of adversity as well, single women have to play a role of bread winner to fulfil the sheer necessity and look after children and take care of the household responsibilities (usnepalonline, 2012). However, the majority of them do not have control over and access to physical and financial assets which would have help them achieve economical independency.

Hence, it is problematic to achieve the economic independence for widows in Nepalese context. The lack of access to land (fixed assets), finance and credit limits widow's mobility increasing dependency towards their in-laws. The lower confidence and lack of decision making power further increase the domination from in-laws family resulting in many forms of domestic violence including mental trauma. WHR believes it is important to increase the economic condition of single women to build up the 'self-confidence and status in the

society' (Sharma, 2013, personal interview). For this, they should have easy access to credit including other kind of intervention.

Very few organisations are working at ground level to improve economic conditions and uplift the social status of single women. Among these, Hamro Aadhar saving and credit cooperative (HASCC) – a wing of WHR is one such organization working to empower the single women through providing them access to formal financial resources to start up economic activities that can lead to financial independency. Besides less study has been focused on providing microfinance services to single women, hence, it is necessary to undertake study in this area.

### 1.3 Contextual Background

Nepal is a South Asian country sharing a border with India and China with total area of 147,181 square kilometres and population of approximately 27 million (Dhakal, 2013). Approximately 26% of the total population of Nepal live below poverty line with per capita income less than US\$ 650 (CBS, 2012). According to UN Human Development Report 2011, Nepal ranked 157 out of 187 countries with 0.458 Human Development Index (HDI). Majority of people (85%) in Nepal live in rural area and subsistence agriculture is their main (64%) occupation (CBS, 2012). In this context, micro-financing - the practice of providing small loans to initiate small business or enterprises has proven to be an effective tool to improve socio-economic conditions of the poor.

Women constitute slightly more than half the population of Nepal (51.5%), and widows form 6.7% as compared to 2.7% of widowers in the total ever married female population (Women for Human rights (WHR) for single women group, 2011: 2). As per the same census, single women have an average literacy rate (who can read and write) of 11.01% which is far below than the national average female literacy rate i.e. 57.45% (ibid: 10). Lack of literacy, low skill, deprivation of getting share of husband and abject poverty makes single women vulnerable to exploitation in their own family as well as in the society. According to the survey conducted by WHR, majority of single women are engaged on agriculture work, however WHR and HASCC attempt utilizing the neglected and unused skill of single women to build and create a social capital through saving and credit programs and microfinance program ('Status of Widows in Nepal', 2010:37).

#### A) Microfinance Sector

In Nepal, there is rapid growth in the microfinance program during the last decade. The first microfinance program in real sense started from 1950s, nevertheless various programs like Small Farmer Development Project (SFDP), Production Credit for Rural Women (PCRW), Microcredit Project for Women (MCPW) etc. were in operation before the establishment of Grameen Bikash Bank in 1992, which was a replication of Grameen Model and is highly under government control. However embracing liberal policy after 1991, the private sector and NGOs non-government have been actively implementing this activity in their programs (Sharma, 2007: 235).

Generally Nepalese microfinance sector can be divisible into Institutional sector and Community based sector. Commercial Banks, Development Banks, Rural Development Banks, Cooperative societies, saving and credit groups falls under institutional sector whereas the informal credit intermediaries which are traditional credit groups popularly known as *Guthi, Dharma, Bhakari* etc. are categorized under community based sector. Basically, replication of Grameen, Village banking, small farmers' cooperative model, individual lending, intermediaries NGOs are the few models of MFIs operating in Nepal (NRB & CECI, 2008). The focus of study, however, will be on the cooperative model operated by women.

## B) Cooperative

Cooperatives are defined as a community based, member owned, member managed and controlled organization (NRB & CECI, 2008). Government, donors and I/NGOs promote cooperative which are remote based whereas urban based are self-promoted. Regardless of origin, the cooperative are organized voluntarily and are member-based organization. Each member of the cooperative is an owner, shareholder, decision-maker, and client; hence it enables to better mobilize their resources among the community improving their living standard (Simkhada in Dhakal, 2013:8).

The cooperative model basically suited the single women in grass-root level. Single women in rural areas are basically poor, marginalized and found to be working in agriculture sector followed by business and service sector. Single women have limited access to financial resources and lack of resources making it difficult and in many cases impossible to access the bank facility or formal credit. Realizing the need WHR initiated saving and credit program among their SWG which later got registered as Hamro Aadhar Saving and Credit Co-operative Society.

### **Hamro Aadhar Saving and Credit Co-operative Limited (HASCC)**

Hamro Aadhar saving and credit cooperative, an initiative from Women for Human Rights (WHR) with a vision to 'improve the economic status by providing qualitative financial products and services to its members', was established in February 8, 2010 under Nepalese cooperative act and the services operated from February 14, 2010. However the cooperative was functional with saving and credit programs since 2002-2003. The cooperative believes that it provides financial support and services to the poor and marginalized single women to initiate the income generating enterprises to diminish the poverty and upgrade their economic status (HASCC, 2010)<sup>1</sup>.

#### Goals/objectives

- To establish the feeling of cooperative in its members and encourage them for saving for their better future

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<sup>1</sup> Hamro Aadhar saving and credit cooperative Limited (2010) (brochure).

- To promote the collectivism for economic and social enhancement of people
- To provide easy, immediate and quality services to the members'
- To provide access to conduct productive, skilful and income generating activities through micro-loan and credit program
- To organize the skill-oriented trainings, workshop, orientation program for the socio-economic empowerment of members
- To collect the savings and investments from the operational members and provide loans for different purposes at reasonable interests. (HASCC, 2010)<sup>2</sup>

#### Organizational structure

HASCC operates under the guidelines of seven widely accepted principles recommended by International Cooperative Alliance (ICA) that includes: voluntary and open membership; democratic membership; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives and concern for the community. HASCC is a self-managed cooperative having a working area in 73 districts of the country similar as to of WHR. The cooperative builds its capital from members' shares and savings, however, the cooperative have received fund of Rs. 1,400,000 for the microfinance program in rural areas from the Danish Embassy (HASCC, 2010)<sup>3</sup>.

The general assembly of HASCC has elected 13 Board of Directors (BoD) and three member account supervisory committee and management consists of two staff members and it has 500 members including the child savers. Generally two types of programs run by the cooperative, (a) saving and credit/loans products designed for urban based members and (b) microfinance programs and saving and credit programs to rural based single women groups.

#### **C) Women for Human Rights (WHR) for single women**

Women for Human Rights, single women group (WHR), a non-governmental organization in Nepal established with the vision of creating 'a non-discriminatory and equitable society' and to empower then socially, economically, politically and culturally. Established on 1994, WHR has following objectives:

- Raise the social and economic status of Nepalese single women and their families
- Mainstream the rights of single women in development, humanitarian and peace building initiatives.
- Meaningful participation of single women at decision making levels in the social, economic and political spheres
- To empower women to be their own "Agents of Change" (WHR, 2013).

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<sup>2</sup> Hamro Aadhar saving and credit cooperative Limited (2010) (brochure).

<sup>3</sup> Hamro Aadhar saving and credit cooperative Limited (2010) (brochure).

WHR creates a network of single women from grassroots level to regional, national and international level. Single women formed groups in Village Development Committees (VDCs) and ward level, and committee of three (chairperson, treasurer and secretary) are designated for the operation at grass-root level. These groups are trained in saving and credit activities, policy and income generating activities (IGA). In district level, committee of three, chosen from executives in various VDCs and ward level, are responsible for training and informing other women in district. In district level the committee members also works in close coordination with local bodies and the local stakeholders. The regional level committee keeps close coordination with National level and district level. WHR at National Level works in close coordination with Nepal governmental agencies and bodies along with the civil society organizations, international NGOs, and media for mainstreaming single women in development. WHR functions as the secretariat of South Asian Network for Widows' Empowerment in Development (SANWED) at the regional Level (WHR, 2013).

WHR works on the five strategic approach addressing single women's issues making them realize their capability and access to resources changing the traditional stereotype image of single women. The five programs are connoted as follows:

Pillar I –Social-Cultural Empowerment and Movement (Opportunity Fund), Pillar II –Economic Empowerment and Mobilization (Aadhar), Pillar III- Justice, Human Rights and Peace (Chhahari), Pillar III –Justice, Human Rights and Peace (Raahat); Pillar IV –Local Governance and Pillar V – Institutional and organizational Development.

The pillar II strategic approach of Economic empowerment and mobilization is supported through the 'Hamro Aadhar' meaning 'Our Support' for economic empowerment of single women through microcredit programs and skill development training on income generating activities (WHR, 2013).

## 1.4 Objectives and research questions

The aim of the study is to explore the influences of microcredit programs on single women in Nepal. The study analyses the ways in which single women entrepreneurs in Nepal have accessed and utilized microfinance loans, and the outcomes of these activities in their livelihoods.

The main research question this paper will answer is:

Has access to microfinance led to the economic and social empowerment of single women in Nepal?

The following sub questions will further help to answer the main question:

- a) In which ways have single women utilized microcredit and what have been the consequences in terms of income and indebtedness?
- b) How and to what extent has microfinance supported women's social empowerment?

## 1.5 Research Methodology

The research is qualitative in nature exploring the influence of loans provided by saving and credit/microfinance program to single women (widows) in Nepal. The research will follow the conceptual framework developed by Linda Mayoux (2005) and analysing the concept of empowerment developed by Naila Kabeer (2001).

The research was conducted in Kathmandu and Kavrepalanchowk (Kavre) districts of Nepal. The research premised on Hamro Aadhar Saving and credit cooperatives (HASCC) (referred as centre) and their counterpart single women saving and credit groups (SWSCGs) located in Kirtipur<sup>4</sup>, Kathmandu (referred as Location 1), Dharmasthali<sup>5</sup>, Kathmandu (referred as Location 2), Panchkhal<sup>6</sup>, Kavre (referred as Location 3) and Syampati<sup>7</sup>, Kavre (referred as Location 4). The data collection was done over two weeks in July and August 2013.

### 1.5.1. *Sample population and respondents:*

Data for this research was collected using purposive sampling methods, primarily relying on snowball sampling method. The Manager of WHR was a first contact person who further introduced me to the chairperson of Hamro Aadhar Saving and credit cooperative society. The chairperson then provided information about the single women saving and credit groups and possible sites for microfinance or saving and credit programs where I could get access to other key respondents.

The research is solely based on the views expressed by the twenty three respondents interviewed in the field. Individual interviews were conducted among randomly selected members (single women) out of a group from Locations 1, 2, 3 and 4. Single women from the groups were asked about the household information, their association with microfinance programs, services of cooperatives, socio and economic benefits of being associated with cooperatives, microenterprise or small business and about their increased income, assets and their well-being.

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<sup>4</sup> Kirtipur is an ancient city located 5 km south-west of the Kathmandu city, is situated on ridge with steep hillsides. The local dwellers of Kirtipur are basically builders and weavers and majority possess ancestral land for agriculture. (Field data, 2013)(Wikipedia.org (2013), accessed on 9/15/2013 <http://en.wikipedia.org/wiki/Kirtipur>)

<sup>5</sup> Dharmasthali is a village development committee of Kathmandu city situated north-west of the city. Although it is believed to be the residents of Basnyats, the site visited were the local dwellers of Janajati (maharjan) and dalits (site observation during the field visit). (Citypopulation.de (2013), accessed on 9/15/2013 < <http://www.citypopulation.de/php/nepal-kathmanduvalley.php?cid=27017>>)

<sup>6</sup> Panchkhal is a valley situated in the north east of Kathmandu city. The site recommended is near to the highway easily accessible by the local dwellers (Information from one of the respondents).

<sup>7</sup> Syampati is the village development committee located on the hillsides in the Kavrepalanchowk district. The Kavre district office of WHR is located in this village where despite accessibility of road, hard to reach due to less number of local transportation and gravel roads (observation of the site).

**Table 1.1 Interviewees**

<b>Interviewee</b>	<b>Numbers</b>
Interview to saving and credit group members	14
Chairperson of HASCC	1
Cooperative staff of HASCC	2
District (Area) coordinator for single women group together with saving and credit groups	2
Program coordinator for WHR	1
Group Committee members	3

Besides members, committee members and leaders of the groups were interviewed and discussed the issues related with single women, saving and lending and socio economic development of the members including the household information. Informal discussion with group leaders had helped ascertain their opinion on women lives. Furthermore, the chairperson of the cooperatives situated in Kathmandu along with the staff and also program coordinator of the WHR were met and discussed about their perspectives of the programs and its utilization by its members. The similarity and difference in their answers further helped to figure out the socio-economic situation of the single women on implementation of micro-credit program in the particular area.

### ***1.5.2. Source of Data and Data collection***

The research was based on the case study design using both primary and secondary data.

Primary data were based on in-depth interviews and group discussion with member, staffs of the cooperatives as well as of SWSCGs. Also due to time constraints to reach farther place, the telephonic interviews were conducted at times. Semi-structured questionnaires were especially used to get information on SWGs members, and staffs of the associated organization (Manager, group mobilizer, district coordinator), whereas informal and unstructured interviews were also conducted for the primary information on the modality and working parameters of cooperatives, SWSCGs and WHR.

The study also made use of the secondary data especially for the quantitative data analysis of the loan disbursement among centre and SWSCGs. Apart from that other background information and necessary materials were also collected from cooperative, SWSCGs and from WHR.

## **1.6 Limitations of the study**

The research limits the sample respondent to only two districts of Nepal –Kathmandu and Kavrepalanchowk, leaving third district Sindhupalchowk where HASCC also implement the microfinance program. The visit to the third could not take place due to time constraint because of late response from the district leader for single women groups. Detail data from that group could



have led to richer analysis as it was found that one of the groups is actively involved in the program and its ultimate aim is to register as cooperative. Another limitation had been the small size sample of the respondents and the sensitivity in obtaining the data regarding income and assets of the cooperative members.

## **1.7 Structure of the paper**

This paper is organized into six chapters. The first chapter introduces the background of the study along with statement of the problem, objective, main research question and the research methodology. The second chapter relates the conceptual framework and theoretical links between Microfinance and Women's Empowerment. The third chapter focuses on the microfinance pattern of HASCC and its inclusiveness. The fourth chapter and fifth chapter respectively explore the economic and social influence of microfinance program in single women.

## Chapter 2

# A Review of Necessary concepts and the Analytical Framework

### 2.1 Single women

Nepalese women constitute of diverse groups with different class, ethnic, linguistic, religious and ideological modes of production representing it not as a monolithic one (Lohani-Chase, 2008: 23). Despite the abolition of the tradition *Sati Pratha* (burn oneself on husband's funeral pyre) widows in particular, regardless of class, caste and ethnic groups, are forbidden from 'sleeping on a comfortable mattress, remarrying, wearing bright colours especially red and appearing on auspicious occasions like weddings and other festivities, for widows are considered as bad luck and blamed them for the death of husbands' (Lohani-Chase, 2008: 31). Not necessarily all widow undergo same suffering, however there is always psychological pain and trauma in the society for being born as women, which make single women more lack of confidence, depressed, discriminated, afraid and immobilized throughout their lives (WHR & Action Aid Nepal, 2006).

Low literacy rate of single women, especially residing in rural areas and customary traditions barred single women to inherit the property from their in-law after the death of the husband. Lack of access to assets and financial resources limits their mobility and dependence on their in-laws, which consequently leave them to depend on their daily wages for their income. (Sharma, 2010: 64). Realizing the significance of economic independence, WHR initiated the saving & credit and microfinance programs in single women groups. The single women activist claimed that the microenterprise creations through the cooperatives have been a medium to empower single women who are in need (ibid: 65).

### 2.2 Empowerment

The word 'Empowerment' possesses different meaning to various scholars. Empowerment for Sen (1993) can be defined in terms of ones 'capability', the ability to fulfil own skill which varies from 'personal characteristics and social arrangements'. Moreover Sen (1990) further emphasizes on the fundamentals of survival for instance 'proper nourishment, good health and shelter. For Molyneux (2009) however empowerment is the acquisition of capabilities which have the potential to assist women in achieving autonomy (legal and material), equality (social and personal) and voice and influence (over decisions that affect their lives).

Kabeer on the other hand, describes empowerment as 'ability' of people to make 'choices' under previously 'denial' condition (Kabeer, 2001: 19). Kabeer further argued that these abilities to make changes depend upon the 'three inter-related dimensions – Resources, Agency and Achievement'.

By resources, not only it defines the land, building, finance etc. but also the skills, quality, creativity etc. together with anticipation, claims that one has in 'relationships, networks and connections' presents in their daily life, basically material, human and social claims. Not only empowerment is related with the 'acquired resources but also the increase in access to resources' (ibid: 20). Agency on the other hand is 'the ability to define one's goals and act upon them' referring to the ability of 'power within' and 'power to' capability of an individual. An achievement hence is defined by the combination of resources and agency to come up with outcomes, the capability of 'being and doing' as opined by Sen (1985).

Kabeer further defines the empowerment can be defined on the three levels of development namely 'deeper, Intermediate and Immediate levels. The deeper level relates to 'Structural relations of class/caste/gender'; intermediate to 'institutional rules and resources' and 'individual resources, agency and achievements' defines the immediate level of the individual capabilities (Kabeer, 2001: 25).

For women usual work accounts to the Bourdieu's idea of 'doxa', the aspects of tradition and culture which are so taken-for granted that they have become naturalized. Doxa refers to traditions and beliefs which exist beyond discourse and argumentation, 'un-discussed, unnamed, admitted without argument or scrutiny' (Bourdieu, 1977). Kabeer further argues 'Bourdieu suggested that as long as the subjective assessments of social actors are largely congruent with objectively organized possibilities available to them, the world of doxa remains intact (Kabeer, 2001: 25)

## **2.3 Linkage between Empowerment and Microfinance**

The literature on microfinance was to a large extent focused on the economic aspects with respect to MFIs and the ways in which they facilitated access of finance to women clients. Although there were a few articles related with women in microfinance and empowerment, they mainly defined empowerment as capability of women to speak in the public sphere which was basically came out of the impact assessment of MFIs or donor funded projects. A report prepared by Sharma and Thapa (reflection on *Sabakarya* project) states that rural women and disadvantaged groups are empowered through micro-credit services with greater access to micro-finance services in rural areas. The report further provides the glimpse that there was rise in the loan disbursement to women entrepreneurs promoting their economic development and empowerment with exposure to 'outside environment, education and technology'. The report focused on the quantitative data in regards to loan disbursement and no instances on 'how' women are being empowered.

According to Shakya and Rankin, both Grameen model and village bank models are predominant in Nepal, one focuses on 'peer lending groups' while latter focus on fundamental of 'saving mobilizations'. The writer further claims that both the models works to improve the socio-economic condition, with women empowerment as one of the parameters, where empowerment meant the increased capability of women to speak out in public forum coming out of household chores (Shakya & Rankin, 2008:1217).Hence, majority of MFIs

concentrate on outreach and institutional sustainability considering women empowerment as “extras” or “luxuries” than important part of the program (Cheston & Kuhn, 2002:16).

On the other hand, it is been argued that donor agencies and national government’s gender, poverty alleviation and community development forms the integral part of their program adopting the holistic approach (ibid: 59). The concept of credit-plus approach (financial along with the non-financial services) has been prominently used by MFIs which correlates the socio-economic development of women, referring it as one of the medium for women empowerment (ibid: 41)

Despite women get access to financial services; there is still the debate on improving their economic capability as there is no drastic change in terms of productivity, neither has more access to larger individual loans for women (ibid: 50). Critics further argue that ‘microfinance can reinforce social inequalities as well as income differentiation and fail to promote women’s empowerment or autonomy (Howson, 2013). Moreover ‘new household economics’ and human capital theory relates that majority of women spend their time and energy on household chores and child rearing; which leaves no time for women to improve the business skills and their illiteracy consequently creating a hindrance to their empowerment (Stichter & Parpart, 1990 :27). Nevertheless it is assumed that increasing women’s access to microfinance would ‘initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wiser social and political empowerment’ (Mayoux, 1999)

## **2.4 Mayoux’s theoretical Frameworks**

Linda Mayoux’s (2001) empowerment theory focuses on three paradigm i) Financial self-sustainability paradigm, ii) poverty alleviation paradigm and iii) feminist empowerment paradigm. All paradigms revolve around the concept of ‘power within (individual internal change), power to (increasing capacities), power with (collective mobilization) and power over (challenge and change gender subordination)’.

### ***2.4.1) Financial Self-sustainability paradigm***

The financial sustainability paradigm is regarded as the fundamental basis of donor agencies particularly ‘USAID, World Bank, UNDP and CGAP’ which promotes sustainability of the microfinance institutions. The ‘bankable poor’, small entrepreneurs and farmers’ are considered as the main target group which will encompass the significant number of poor people to compensate the declining donor fund and ‘redistribution in macro-economic policy’ (Mayoux 2005: 7).

Under this paradigm, financial technicality is given importance with particular focus on interest rate settings, separate accounting system for separate intervention and depth, height & breadth of the outreach. Considering, higher repayment rate from women clients, this paradigm targeted the female groups indicating utilization of unused capital for economic growth. It is also assumed

that women economic empowerment is possible with access to saving and credit facilities and microfinance programs. Access to resources will lead to development of their individual decision making power in the use of loans and self-control over the money, creating an environment to establish microenterprise. This however will foster increased well-being of women and hence empowerment (ibid).

#### ***2.4.2) Poverty reduction paradigm.***

Poverty reduction paradigm is inspired by 'NGO integrated poverty-targeted community program' where the particular interest is reaching the poorest of poor. The strategy adopted is to foster sustainable development of community given the availability of social services to alleviate poverty and vulnerability of clients. Women are considered as the main clients having being association with the well-being of the household (Mayoux, 2005: 6).

Under this paradigm, particular emphasis is given on the 'saving and credit programs for consumption as well as production, group formation' and possibility of subsidy programs based on particular area. Therefore, empowerment here is defined as 'increased well-being', 'community development' and 'self-sufficiency' with access of finance to the poorest of the poor i.e. female householder having a direct linkage to the increased household well-being (ibid).

#### ***2.4.3) Feminist empowerment paradigm.***

The feminist empowerment paradigm underlies on gender equality and women human rights aspects in an organization. It suggests, women empowerment is linked with the empowerment of the wider social transformation concerned with issues such as 'property rights, changes in intra-household relations and transformation of macro-economic context' (ibid: 6).

The microfinance is regarded as the entry point model for women's economic and socio-political empowerment. Empowerment as per this paradigm is transformation of power relation throughout the society. Hence poor women representing as a role model to the society are the main target group (ibid).

## **2.5 Social Inclusion**

According to World Bank, social inclusion is defined as the access of certain groups to 'development opportunities' with elimination of obstacles exists in the society. It is believed these access to resources will provide opportunity for the marginalized and neglected groups to 'exercise their agency' for their 'secure livelihood' (Lynn, 2006:10). Nepal adopted social inclusion as one of the pillar of poverty reduction tool because of the existence of discriminatory caste system.

The caste system identifies the Nepalese culture and social status (Gellner, 2001: 1823). It is assumed the Caste system existed in Nepalese society several years back. However it becomes the determinant of identity after the promulgation of National Legal code or *Muluki Ain* in 1854. According to classical Hindu system, caste system was classified into four *varnas* namely *Brahman*

(priest), *Kshatriya* (Kings and warriors), *Vaisya* (traders and businessmen) and *Sudra* (peasants and laborers) with additional ‘outsider’ named them as “untouchable” (Bennett 2008:1).

At the top most rank were the Priest *Bahun* (*Brahmans*) with *Chetris* & *Thakuris* (*Kshatriya*) beneath them with social and political power. These caste were classified as *tagadhari* (wearer of the sacred thread) as per the Hindu culture. Just beneath them were *Matawali* (alcohol drinker), which was further disaggregated into touchable and untouchables (Gellner, 200:1 823). *Matawali* in the contemporary Nepal, refers to the indigenous ethnic group referred as *Janajatis* and *Adivasi* (Bennett 2008:2) whereas ‘*Dalits*’ refers the ‘untouchables’

*Adivasi/Janajati* were the new category included in the National Legal code (*Muluki Ain*) after new census in 2001 along with other 103 new category including *Muslim* and others. The *Adivasi/Janajati* are the indigenous groups having their own language, culture and religion different from Nepali and are excluded from the mainstream due to its minority position in the society. According to Nepal Federation of Indigenous Nationalities (NFIN), there are altogether 59 different *Janajati* groups (Lynn, 2006:34).

Beneath *Adivadi/Janajati* are the *Dalits* or so called the “untouchables” in the caste system. Being at the bottom of caste hierarchy, *Dalits* are often referred as ‘backward classes’, “marginalized” and “disadvantaged groups” (Lynn, 2006: 6).

According to GSEA report published by DFID, members of *Bahun /chetris* were on the top most rank scoring the highest points in terms of ‘livelihood empowerment and social inclusion’ followed by *Janajatis* and most excluded and not empowered groups were the *Dalits* at the bottom (Lynn, 2006:34).

Although the Constitution and Civil Rights Act 1995 prohibit discrimination and un-touchability under the grounds of “religion, race, sex, caste, tribe, ideological conviction or any of these”, it lack the enforcement. Traditional practices still bare the *Dalit* from religious rituals and face caste discrimination. Despite *Janajtis* lies above the *Dalits* in hierarchical caste system, it also faces discriminatory provisions in terms of ‘linguistic rights and access to property/resources’. Caste discrimination is more in the less developed areas of the country (ibid).

This caste discrimination brings disparities in the access to resources; rights and status in the society. Exclusion thus becomes hurdle to achieve development. The report ‘*Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal*’, explains that with caste discrimination, women representing these castes have to deal with dual domination within the households as well as in the community (Lynn, 2006: 13). It becomes more problematic when the woman is widowed.

## 2.6 Over-indebtedness

Microfinance had become more ‘commercial’ as Labie & Mees (2005:2) puts it. While Non-governmental organization (NGOs) turning them into financial intermediaries to provide access to rural areas, the commercial banks and financial companies, not to mention credit unions are investing in the mi-

crofinance programs considering it as a potential market for profit maximization. As a result, the microfinance sector has been saturated which has increased the probability of multiple borrowers. Bateman et al (2012:5) argues, the 'microfinance meltdowns' can be observed in the history of microfinance around the world. According to Bateman and Chang, the 'meltdown' started to hit in Morocco, Nicaragua and Pakistan from 2008. There were 'huge client over-indebtedness, rapidly growing client defaults, massive client withdrawal, and the key MFIs plunging into loss or forced to close or merge (Bateman & Chang, 2012: 6). Similar cases observed in other parts of the world including the neighbouring country of Nepal in Andhra Pradesh, India where farmer suicide case were optimum due to inability to repay microfinance loans.

Over-indebtedness is considered one of severe risk in the field of microfinance which threatens clients or members' well-being leading more towards poverty, and questions the sustainability of this sector; putting donors and investors associated with this sector on stake (Schicks, 2010:1). According to Schicks, definition of indebtedness varies having various implications with qualitative and quantitative connotation. This study however tried to explore taking in the qualitative definition of indebtedness which according Schicks (2010:6) is clients' inability to repay loans on time and for which they have to make 'unduly high sacrifices' time and gain leading them towards impoverishment.

Less scholarship regarding over indebtedness issues in particular focus on women in Nepal were available. However, the issue of over-indebtedness became important due to probability of market saturation due to increasing numbers of MFIs and also the suicidal case of farmer in neighbouring country, India. The implementation of social performance tools developed by Smart Campaign (by CGAP) is now considered as a prominent tool to avoid such cases protecting the clients and members of the MFIs (Nepal, 2013, personal interview)<sup>8</sup>.

## 2.7 Analytical Framework

This research will try to analyse the effects of microfinance or saving & credit program on single women (widows) implemented by Hamro Aadhar saving and credit cooperative, a part of Women for Human Rights for single women. The effects will be analysed through the lens of empowerment concept with particular attention on economic and social factor. The special focus will be in Naila Kabeer's empowerment concept and Linda Mayoux paradigm of poverty alleviation and feminist empowerment which would respectively exploring on to increase income, assets, and well-being; likewise capability to exercise rights and decision making role. It will also explore the inclusiveness and indebtedness of the program.

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<sup>8</sup> Personal interview with Naresh Nepal, Deputy CEO for CMF at Kathmandu, Nepal, 3 August 2013)

# Chapter 3

## Hamro Aadhar Saving and Credit Cooperative on Micro-credit and its inclusiveness

### 3.1 Introduction

‘Depth of outreach relates the poverty level or the degree to which individuals are excluded from the formal financial system’ (Paxton, 2002: 69).

There are several key indicators to measure the effectiveness of micro-finance programs, among which depth of outreach is the one that focuses on how effectively the services are targeted to the poor to reduce the poverty (Sharma, 2007: 237). Schreiner argued that it is always difficult to have direct measurement of depth through income or wealth. Alternatives for depth measurement are ‘sex (women are preferred), location (rural is preferred), education (less is preferred), ethnicity (minorities are preferred), housing (small, flimsy houses are preferred), an access to public services (lack of access is preferred)’ (Schreiner, 2002: 594). Hence based on the field data, this chapter will explore the ability of the HASCC or its SCGs/microfinance program to include the targeted groups as poor and marginalized single women as an inclusiveness strategy of their program.

### 3.2 HASCC on Micro-credit

The micro-credit program has been run by Hamro Aadhar saving and credit cooperative since 2002-2003 well before its registration as a cooperative. The objective of this program is ‘to empower single women’s socio-economic status by providing access to income generating activities’ (Hamro Aadhar saving and credit cooperative, 2010)<sup>9</sup>. The needy, poor and marginalized single women residing on various districts, especially in connection with the single women groups (formed by WHR) are the potential members of this micro-credit programs. Although WHR has its operation in 73 districts of Nepal and also running its saving and credit programs, currently the microcredit programs is concentrated only in Kirtipur, Kavre and Sindhupalchowk districts. The cooperative provides low interest loans without collateral based on group guarantee to single women who want to initiate small scale business of their own. It is claimed that about 468 single women (WHR, 2013) have been benefited from this program and the microcredit loans have assisted them to become economically independent. Further the profit has helped single women to cater for their children’s education and promote their agribusiness. The cooperative provides fund for micro-finance program to group members in which there is

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<sup>9</sup> Hamro Aadhar saving and credit cooperative Limited, (2010) (brochure).



a contribution of Rs 1,400,000 from Danish embassy as a revolving fund for this program (Sharma 2013, personal interview)<sup>10</sup>.

Considering the implementation of program in the above mentioned location, the data on membership were collected from SCGs of SWGs in Kirtipur (Location 1- L1), Dharmasthali (Location 2- L2), Pachkhal (Location 3-L3) and Syampati (Location 4 –L4) (location 3 & 4 represents Kavre districts) including the information of central office i.e. centrally located in Kathmandu.

**Table 2.1 Outreach of SWSCGs**

Particulars	Average loan amount in Rs.	Loanee	Total members
Central office	137,215	113	211
Location 1 (near Ktm)	24,100	5	31
Location 2 (Ktm-vdc)	1,870	12	98
Location 3 (Near highway)	4,857	35	200
Location 4 ( hilly region-road not accessible)	no information available		

*Source: Membership and Loan information from all the visited sites, 2013*

The table above showed that higher number of single women members were found in the main office (capital city) as compared to any other place with an exception in Location 3 (200 members). Considering the aim of HASCC, one would expect having larger number of needy, poor and marginalized single women in rural and outskirts of capital, whilst the data contradicted the fact. Sharma, chairperson of HASCC claimed that there are larger numbers of single women in the capital itself. Because of long Maoist conflict situation, many single women migrated to the city due to security reasons as well as exploitation from their household members (Sharma, 2013, personal interview)<sup>11</sup>. However one could not deny the fact that there are more destitute and marginalized single women in rural areas, the reason for WHR or HASCC to spread its outreach in 73 districts of the country. It was observed that SWSCGs seemed unable to capture the very objective.

As per observation, the number of membership seemed to be high in the early years of the saving and credit groups' formation in L1 & L2, which gradually decreased to this present numbers because majority of the single women opted to go to municipality to collect the allowance provided by government. Earlier the allowances were given from the SWGs centre (Shrestha, 2013, per-

<sup>10</sup> Personal interview with K. Sharma, Chairperson of HASCC at Baluwatar, Kathmandu, Nepal, 18 July 2013

<sup>11</sup> Personal interview with K. Sharma, Chairperson of HASCC at Baluwatar, Kathmandu, Nepal, 18 July 2013

sonal interview)<sup>12</sup>. This connotes that saving and credit programs are limited to smaller number of SWs and the importance of saving and then credit program among is questionable for large number of SWGs.

“Initially single women joined the program thinking they will get credit for free from this program. Once they knew they have to save, many left the program, since very few could save and pay the credit at the same time working as labour in daily wages”(Respondent, 10 August 2013)

From the respondent’s statement and outreach data, it emerged considerably less number of loanee were benefiting from this program. In monthly meeting, it was observed that same member happened to take the loan and their participation during the meeting was also very low (Field observation, 2013). Although Mayoux (2001:249) argued that the indicators for example ‘women’s program membership’ and having access to microfinance services connotes women are empowered. Analysing the point, here in this case, neither the memberships were high, nor many member were benefited from the loan rather it appeared the same member to take loan multiple times. In spite of that, repayment was not even met on time. Therefore, it is necessary to go deeper into where these loans goes in real, as it proves despite of smaller group, not necessarily all the members got access to loan or utilized in productive means.

### **3.2.1 Single Women Saving and Credit Groups (SWSCGs)**

Hamro Aadhar runs its micro-credit programs in close co-ordination with the SWGs in the grass-root level. The micro-credit programs are focused on saving and credit groups which are formed out of SWGs. Saving and credit groups consists of 15-50 members from VDCs (grass-root level) and various wards in a group (possibly 9 wards in one group or separate groups in a single ward). A committee, consists of Chairperson, Treasurer and Secretary, looks after the operation of SCGs from saving and loan disbursement to other activities of the groups including providing information on the programs conducted by WHR. The committee members at VDCs level are social mobilizers who operate all the administrative as well as other social activities of SWGs. A committee of three members is chosen from the executive committee of VDC or Ward level to form the executive single women district committee. District level executive committee is responsible for informing other committee members in the district and also works in close coordination with local bodies and local stakeholders. The district chairperson is responsible for reporting all financial as well as other programs to the microfinance coordinator of the cooperative. Hence small groups of members range varied from 35 to 250 members in each group are found spread in 73 districts of Nepal (Sharma 2013, personal interview)<sup>13</sup>(interview with group committee members and district coordinators at different places and instances, 2013).

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<sup>12</sup> Personal interview with S. Shrestha, Chairperson of Single Women Saving and Credit Group at Kirtipur, Kathmandu, Nepal, 10 August 2013

<sup>13</sup> Personal interview with K. Sharma, Chairperson of HASCC at Baluwatar, Kathmandu, Nepal, 18 July 2013

The WHR and HSCC seemed to acquire the “inclusiveness” strategy while forming a committee member as in case of one of VDC (Location 2).

Among the three members in the committee, two (Chairperson and treasurer) belonged to representing *Janajati*<sup>14</sup> and one person belonged to higher caste (*Bahun*) assigned as secretary of the group. ‘*Bahun Chettri*’<sup>15</sup> the so called high caste communities are considered clever and forward compared to minority groups. Chairperson claimed that neglecting the other committee members, the secretary neither asked them, nor consulted with them regarding opportunities, for instance for participation in training programs or excursion to other neighbouring country. They always came to know the information from others after the programs/excursion had already been concluded. Also, since majority of the members or staffs of WHR belongs to “*Bahun Chettri*” groups they always felt neglected and discriminated both in terms of facilities and obtaining other information. Furthermore, they found being neglected and given a false hope for a long time. The treasurer of the committee said they had voluntarily provided the first floor of the house to use it as office. WHR consoled them of providing land to build office in that area. Despite the regular follow up, neither the land nor even the rent facility had been provided to them whilst in some cases some office were provided with rent facility even it was a small amount. The members complained that since they belong to the minority groups, their request had been neglected even though they approached them for several times. If it had the majority of other high caste groups as their, all the things would have been provided to them. Since majority of the members in that group belongs to *Janajati*, WHR were unable to move the office to another location. (Communication with respondent, 2013)<sup>16</sup>

This represents the typical case of being neglected and excluded among own groups. Belonging to another caste, other than that have majority in the workplace of HSCC or WHR, had created inferiority among them. Despite their belonging to the group for so long and confirmed that their increased ability to advocate for single women issue in the community, was all because of single women groups; the case contradicted while exploring the intersectionality within. The negligence and exclusion had affected the decision making role even in an “empowered” single women. Despite holding the powerful position of Chairperson, neither could she voice up her view among their counterparts, nor able to convince the staff in central office, but they blame themselves for being the minority group. Apart from that, the different caste structure have created disharmony among the group members which also affects the smooth running and sustainability of SWGs. The committee members do not feel trustworthy to each other. Furthermore, lack of literacy and inferiority of be-

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<sup>14</sup> *Janajati Madhesi* and other *indigenous* groups are categories as minority groups who are not originally Hindu nor speak Nepali language (Hachhethu, 2003:219).

<sup>15</sup> *Bahun* (48.61%) & *Chetri* (80.6%) caste represent the majority and dominant group in Nepal due to their power structure in the country. They hold the top and below rank in the caste system. They are identified with Nepali language and Hindu religion (Hachhethu, 2003 :218).

<sup>16</sup> Personal communication with one of the respondent on Location 2, 10 August 2013

longingness to other caste, make them vulnerable in their own space on exercising their agency.

This raises the question of whether the single women is “empowered” as Kabeer (2001:19) argued women are called ‘empowered’ only if they are able to make choices under the condition of ‘denial to make choices’. Kabeer (1999: 21) further resonated “empowerment” has a changing nature. Empowerment in one sphere cannot necessary means change of the ability to voice in other circumstances. The case showed that single women as a chairperson of SWGs are able to make an impact in their own community however she fails to retain the same power and exercise their ‘agency’ while dealing in another sphere i.e. with the central office and also with the colleague of different caste. Likewise it is questionable on the success of WHR policy on implementation of inclusiveness in their program. It is observed that NGOs includes minority class/caste in the committee member to reflect the ‘inclusiveness’ but as the case above depicted, ‘empowerment’ seemed limited within certain sphere.

### **3.2.2 Services provided by Saving and Credit Groups**

Basically, saving and credit groups within SWGs operate saving and credit or microfinance programs. The committee organizes meeting every first week of the month where the saving are collected from members and collected amount are immediately disbursed as loans on the same day. Minimum of Rs. 25 to maximum of Rs. 500 (per member) are collected as saving from the group members and interest are paid at the end of the fiscal year. The disbursement of loan are based on group guarantee, however in some circumstances, the loan are disbursed on the basis of saving amount while in few cases trustworthiness among the staff and members become the basis of loan disbursement (Sharma 2013, personal interview)<sup>17</sup>.

### **3.2.3 Financial services**

#### **3.2.3.1 Saving and credit products**

The products available in the group level or grass-root level varied from the centre level. At centre level, HASCC provides various saving products namely General Saving, periodic saving, *Hamro Aadhar Bisesb* (special) saving, Child saving, Peggy bank saving, Conflict victim saving and Senior citizen saving the interest rates of which varies from 8.5% to 9.5% and fixed saving varies from 9% -13% (Hamro Aadhar saving and credit cooperative, 2010)<sup>18</sup>. At the group level however, the saving product limited to general monthly saving with interest varies from 6%-8% the saving amount per month varies from Rs. 20 –Rs 100 (Field data, 2013). It was observed that despite there is a rule of compulsory monthly saving, flexibility was observed on saving collection as priority was given to interest repayment considering the vulnerability of the members (Field data, 2013).

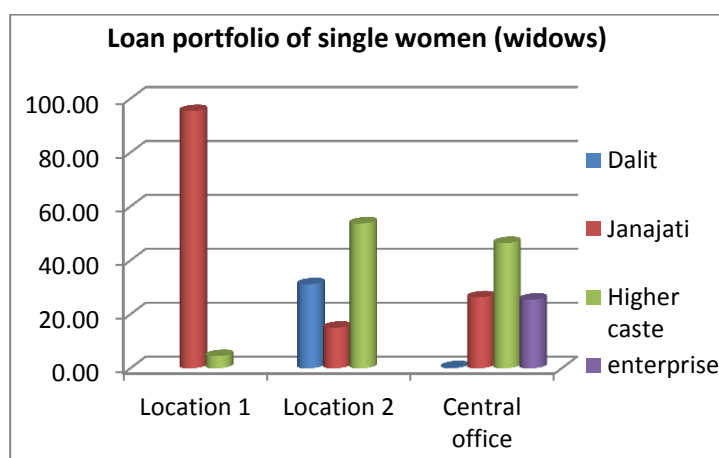
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<sup>17</sup> Personal Interview with K. Sharma, Chairperson of HASCC at Kathmandu, Nepal, 18 July 2013

<sup>18</sup> Hamro Aadhar saving and credit cooperative Limited (2010) (brochure).

Likewise, at centre level the loan product varied depending upon the various purpose for instance business, agriculture, share purchase, education, home/land, hire/purchase, social works and foreign employment loan, the interest rate of which varied from 14% to 17%. The loans were dispersed on the basis of the saving amount, shares, group guarantee and on collateral as well (Hamro Aadhar saving and credit cooperative, 2010)<sup>19</sup>. Whereas the loan product on grass root level i.e. on SWSCGs were dispersed on group guarantee and few cases on the basis of their saving account. The dispersed loan amount ranged from Rs. 2000 to Rs. 50,000, whereas in centre level the loan dispersed to individual varies from Rs. 5,000 to Rs. 10,000,000. The interest rate of loan product at grass root level varied from 10% to 12% depending upon the groups. In grass root level, the interest was paid monthly with annual lump sum payment having a maturity period of six month (Field data, 2013).

Based on the information provided by the HASCC at the centre level it was found that centre level served marginally higher percentage of educated and comparatively higher income members than the rural inhabitants, except for the few loans under microfinance category. According to the name-list and information provided by the cooperative staffs, the loans were disbursed highly among higher caste (47%); followed by *Janajati* (27%) with negligible amount (0.42%) to *Dalit*. The loans were also found disbursed to enterprise (26%) on the collateral basis (Loan information from HASCC, 2013).



**Figure 3.1: Loan disbursement to single women (widows)**

**Source: Information from the visited sites, 2013**

Unlike centre level, the needy and poor single women were found to be the target group at the grass-root level. In terms of ethnic diversity also, the Location 2 were found to capture destitute and poor single women, particularly the *Dalits* (31.18%) and *Janajati* (15.05%)(Loan information from field, 2013)<sup>20</sup>

<sup>19</sup> Hamro Aadhar saving and credit cooperative Limited (2010) (brochure).

<sup>20</sup> Central office provided the information from their data bank whereas manual information was collected in L1 and L2 from the loan ledger. Information could not access from other location due to no formal loan accounting system /bookkeeping.

However the remarkable point to be noted here was - *Dalit* and *Janajati* were the most populous caste residing in that working area which means it cannot be said that the group followed 'inclusiveness' pattern. Nepotism seemed to exist in almost every site visited as far as disbursing the loan was concerned. As far as transparency of data was concerned, the committee members lacked even the basic knowledge on bookkeeping system and were found unable to prepare financial statements. In fact, they were relying on only one person for all the transaction, where the possibility of faulty entry was higher.

It can be referred here that although the program also targets the poor not only 'bankable poor', as per Mayoux (2005: 7) quotes, implementation of micro-finance program in rural area without measuring its consequences; questions the sustainability of these groups in a long run in absence of donor support which were available to them in the form of small 'revolving fund'. In addition to that the status of single women in the society will also remain in edge in lack of proper dissemination of information. As Mayoux argued, it can remain as the mere "strategy" of any NGO or right based organization like WHR to adopt microfinance as an entry point to make single women economically and socially active. Adopting the microfinance programs, it seemed that WHR is using a platform to empower single women for a wider social and cultural transformation (Mayoux, 2005:6). However, lack of proper program implementation, the consequences might be unfavourable for their status in the society.

According to Mayoux's financial self-sustainability paradigm, it is difficult to achieve 'women's empowerment' under the realm of fully 'self-sufficient' microfinance institutions, one of the ways to be self-sufficient is to have range of various saving and credit products (Mayoux, as cited in (Kulkarni, 2010:13)<sup>21</sup>. As mentioned above, it appeared that HASCC have various products available for members both in regards to saving and credit. Meanwhile SCGs on VDC (grass-root) level focused only on one saving and credit product. In rural area, the members are getting loans in cheaper interest rate with declining balance and in group guarantee. Even in such conducive environment for poor and marginalized SW, it emerged from the field data that (a) members of SWGs did not seem to have regular habit of saving; (b) the loans were only distributed after savings and interest collection the very day and (c) membership seemed to be declining as loan amount was very low and it was found that mainly the same person had benefitted the program for long. Since there was no proper financial statement intact, the sustainability of SWGs is questionable. Nor it could seem to empower majority of single women economically as their investment are limited on unproductive returns. Nevertheless the program seemed to serve not only target group i.e. 'bankable poor' as coined by Mayoux (2005: 7), but the 'needy and marginalized' single women are also the part of the program.

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<sup>21</sup> Kulkarni, V. (2010) 'Women's Empowerment and Microfinance: An Asian Perspective Study'.

### 3.2.4 Non-financial products

Introduction of credit plus approach to cooperative improved their concern towards society and community. The cooperative in close collaboration with WHR organizes various non-financial products for the cooperative members; especially the program is based on the SWGs and SWSCGs. Social intermediation programs like skill development programs, health awareness programs, single women right based campaign, capacity building program for the SWSCG members etc. are few of the programs that HASCC organizes. The five day capacity building program package was yearly organized depending upon its needs. The package on awareness on rights issues of single women and violence against along with introduction to saving and credit programs which the respondents found very short period.

Skill development programs like pickle making, candle making etc. were also provided to SWSCGs as an income generating activities which were usually donor funded and sometimes have little implication in their life although there were few respondents who said it had been useful and productive (field observation, 2013). One of the respondents took ‘jam making’ training along with the ‘candle making’ training. In some circumstances, WHR mobilized these trained members to conduct the same training which was not only limited to single women program (Personal communication and field observation, 2013).

Getting an equal chance to participate in training provided by HASCC or WHR seemed to be another problematic issue. It appeared that same groups of people were taking various training restricting the chances to be limited among certain individuals. It was observed that out 3 in every 5 respondents during field visit had taken more than one training (Interviews with respondents, 2013)<sup>22</sup>. It is commendable that SW in groups has increased their ability to make choices and can exercise their power to groom themselves up. However it would be interesting to know the actual number of people- really “empowered” benefitting both the financial as well as non- financial services provided by HASCC as well as WHR.

## 3.3 Conclusion

This chapter thus explored the working parameters of HASCC along with the services provided to SWGs. Various cases and evidence showed the considerable changes in the poor and marginalized single women. Adopting the poverty reduction paradigm by HASCC, its intervention tried to increase the capabilities and choice decreasing the vulnerabilities of single women (Mayoux, 2005: 6) which however was found to be limited within some numbers of SW. Likewise, the limited information were available on outreach of the program for instance age, education, access to public services etc. due to their lack of record keeping. The program implemented in various groups in different district, hence, requires proper guidance on financial technicality re-

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<sup>22</sup> Personal interview with various respondents during three visited sites, 2013

garding SWSCGs' operation which further should be assisted by monitoring the sites at times. Also the research showed that it still requires additional intervention to make program more inclusiveness. The un-uniformity in its operation modality of program, leads to Dhakal's (as cited in Sharma 2007: 237) argument that microfinance program in Nepal is conceived as a tool for social service as one of the component in wider program limiting its effect on certain beneficiaries. Moreover, adopting microfinance as entry point by WHR do not necessarily can guarantee socio-economic empowerment of SW which will be discussed on the subsequent chapters ahead.



## Chapter 4

### *Economic empowerment of single women through micro-enterprise loan*

#### 4.1 Introduction

‘Women’s role in development is obviously not a simple one; it relates to a complete range of socio-economic activities. Women are not only users of basic services, bearers and socializers of children, and keepers of the home; where they are underemployed or inefficient and overworked, they also represent a productive potential which is not being tapped. Women form half the population and development of a country cannot be realized if half the people lag behind’ (Nelson, 1979:5)

The small excerpt provides the importance of women’s role in development of a country. Having represents half the population; women are encouraged to be in the market, to be out in the open space out of their household in the labor market to be economically empowered. HASCC in association with WHR has implemented saving & credit program and microfinance program to make single women access to financial resources, creating conducive environment to involve in income generating business so that they become economically sound with increased income and assets. This chapter hence explores whether single women are economically empowered by utilizing the loans provided for income generating activities or productive means.

#### 4.2 Access to financial resources

Adopting the holistic approach, WHR introduced microfinance and saving and credit program as one of the component to empower single women economically. Lack of access to resources and also control over resources make single more vulnerable in the family, and cultural barriers further deteriorate their condition and status in the society, hence HASCC was established to further strengthen the program (Thapa, 2007). Chairperson of HASCC, Sharma recalled that SWGs showed hesitation to take loans initially for any purpose, as taking loans is considered as social stigma. However, after SWS-CGs/microfinance program initiative by providing training on use of savings and credit to SWGs, the members realized the importance of use of saving as well as credits for their income generation in addition to their involvement in agriculture sector. As a consequence there were instances of members initiating the small business acquired from the loans from the saving and credit groups,

the profit earned was then invested on assets like livestock, small petty things in house and also for the children fees (Sharma, 2013, personal interview).<sup>23</sup>

To capture the benefits from the cooperatives and saving and credit groups, the research focused on the benefits to SWGs on economic aspects. The economic aspects basically focused on statements like access to cheaper credit, additional sources of income, improved/expand business operations, increased capacity of self-help, better business knowledge, and increased income and so on (model questionnaires in Appendix A). It was however observed that majority of respondents (61.54%) claimed that affiliation with groups had made easy access to cheaper credit and had been an additional source of income for the family. 15.39% respondents had agreed that it helped in improving or expand their business, increased their knowledge on business skills and also increased capability of self-help. Also other economic benefits the respondent provided were their increased capacity to send their children to school (23.08%) (Field data, 2013)

It was found from the research (from 14 respondents), the main objective of taking loan was for cattle farming particularly goat rearing (4 respondents) (initiated by microfinance program), chicken breeding (1), fish farming (1), vegetable farming (1), small shops (1) and other categories(5). Whereas except for few cases like goat rearing (2), vegetable farming (1), chicken breeding (1) and hotel business (2), all the loans were used up for household consumptions (8) for instance in daily living expenses, to pay for children fees etc. Majority of respondents responded that the major source of their income however was not the small business or the resource where the loan had been invested in (Research data, 2013).

Majority (5 out of 14) of them were either involved in low paid daily labor work or temporary services which backed-up or fulfilled the money sources for that particular period. The loan amount as low as Nrs. 5,000 up to Nrs. 25,000 were provided to SWGs, which some respondent expressed were not enough to initiate even a small business. The respondent aged above 40 said, she took the loans for fish breeding along with her group (group lending) by taking a pond in lease. Nonetheless the situation did not turn out favourable to her as the tenant dismantled the pond to cultivate vegetables without previous notification, so the loan itself was insufficient to initiate the fish farming; rather the money was used for schooling as well as in daily expenses. Although loan from SWSCGs had been helpful, she further added that without daily wages labor in a private company, it would be difficult to survive (personal communication with respondent, 2013).

Majority of women (with few exceptional now) in rural areas are married early and solely depends upon husband for living. The single women respondents (9 out of 14) for this research were also married early and found to be engaged in agriculture sector helping the family for cultivation or cattle rearing as well as spend their time in household chores before and after their marriage. The responsibility of single women further rose when there was no support

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<sup>23</sup> Personal interview with K. Sharma, Chairperson of Hamro Aadhar saving and credit cooperative at Baluwatar, Kathmandu, Nepal, 18 July 2013.

from husband or death of husband and they became the sole breadwinner for the family. This made single women find little time to initiate or establish their own small business as a consequence of which majority of them land up on labour services or daily wages work which is limited to a particular timeslot rather than initiating their own business. Founder president of WHR also claimed, '*majority of single women have to rely on daily wages because of lack of skill, illiteracy or poor education and importantly lack of resources*' (usnepalonline, 2012)<sup>24</sup>. In case of literate women, they would rather choose a stable job or service rather than initiating a new income generating business due to time, money and risk associated with it.

Moreover, according to social structure and construction beliefs, women should be responsible looking after their children, household chores regardless of her involvement in labor market for survival. As far as single women are concerned, in absence of access to resources, not even the husband's property, there remain no other choices for SWs than choosing a business which helps earn money instantly for survival like as mentioned above, the daily labor work. In addition to that as Stichter & Parpart (1990:39) argued, reproductive work, productive work, household structure and income and resources and decision-making and power relations among the members also have an impact on women choosing the right kind of employment or business to start. In addition to that involvement of women is often temporary due to lack of particular skill, motivation and lack of enthusiasm for that matter. An area in-charge said:

*"Once they established a canteen in a school and asked two of their members to operate it. They were given personal guidelines in timely manner to operate the canteen so that it would be easy for them to handle the business later on. But because of lack of skill and confidence they could not continue the canteen operation and faced a loss and within few months, the members were asking for other job leaving the previous one. The same work, now however are being carried out by other married women and they are earning very well from it."* (Shrestha, 2013, personal interview)<sup>25</sup>

This showed the lack of confidence of single women (widow) to deal with sudden exposure to outside environment apart from household chores. The rural and illiterate women are usually involved in agriculture apart from their household chores under their husbands' or fathers' guidance. Never exposed to outer space made them difficult to deal in the outer sphere and the lack of entrepreneurship skill further hindered the attempt to involve and continue the small business like canteen business. So in spite of access to resources to initiate a business, lack of their ability to decide and use their 'agency' to overcome the hurdle, makes single women more vulnerable in the society. Hence it is necessary to provide an in-depth training or skill development training, to establish them as 'real entrepreneur', which is also again related to time and their risk taking ability (exercise their 'agency'). Nevertheless, it also appeared that the hiring preferences are provided to young women depending upon the type

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<sup>24</sup> Interview with founder president of WHR

<sup>25</sup> Personal interview with S. Shrestha, Chairperson of Single Women Saving and Credit Group at Kirtipur, Kathmandu, Nepal, 10 August 2013.

of jobs/works for as it is observed that the women health deteriorates early due to poor working condition.

For instance, one woman said *‘I have become so old now and cannot continue the hard work involve in rearing goat/pig that have been provided by the SWCGs, so I sold them. Now I use the allowances and few daily works here and there to survive.’* (Field respondent, 2013)<sup>26</sup>

It was observed that majority of respondent (8 respondents) were involved in working farm or rearing cattle along with the household chores. Since they are the sole bread winner, working whole day from dusk to dawn, leave them little time for themselves to relax. Lack of resources for health check-ups and consistent struggle to survive further weaken their health condition which also become the main reason for SW not to continue the previous agriculture business or initiate a new business by themselves.

### 4.3 Increased income

In many of other project reports evaluation (CECI, 2007; CMF, 2010), it is being reported that there is increased income of the cooperative members since they joined them. Groups and cooperative also claimed that they participated on various financial and non-financial activities actively that had helped them increased the income. However the research data showed that the loan had only added as the additional source of “income” (61.54%) to their daily source as service or daily wages. Respondents hardly could say that they generate income as majority of the respondents (8) utilized the loans provided for other purposes like school fees for their children, to pay for health/medicine and few respondents (3) even confirmed their use to pay debts taken from other groups/family members/cooperatives sometimes. It was observed that these loans were like advance money they can spend in items for daily consumption well ahead of receiving their wages/salary. These earned wages repaid the loan amount afterwards. Likewise in some cases the loans were utilized for their son’s foreign employment procedure or family members business hence it can be argued that high repayment levels by women do not necessarily means women had used the loans by themselves (Mayoux, 2005: 8) and it had been repaid through the income generating activities/business which they either established or extended.

Beside from the field information it can be inferred that loans were particularly utilized for household consumption rather than initiating small business or microenterprise development. Although the respondent (61.5%) conferred that they have taken loan for enterprise like goat rearing, hotel/small shops like petty traders, cattle rearing, fish farming, vegetable farming and egg hatching/chicken breeding, it emerged that in majority of the cases (76.92% respondents) these business did not do well or could not be started instead the loan was utilized for consumption (Research data, 2013). However there were few cases where the group members did use their loan to establish small business for instance petty shop (*nanglo* (a flat round tray woven from bamboo)

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<sup>26</sup> Personal communication with respondent, July 18, 2103

*pasal* – shop to sell petty stuffs like cigarette, chocolates, biscuits and others on the streets), goat farming, vegetable farming and one respondent have a small hotel business. But the fact is nobody kept the accounts intact. When asked about how much they have earned daily or monthly, they expressed their lack of knowledge about actual amount earned. Although few replied with certain earned amount, they were unaware about all the expenses associated with it. They roughly said it's enough for living. As long as they can continue their small business and do not have to rely on other family members, they considered that it had helped in their economic development (Field data, 2013). For some women earning income has become a way of living their daily life instead of hard work in agriculture labor. Although earning is just enough for living, the profession granted them a social status as 'earning' or 'working' single women

#### 4.4 Improved well being

Many cooperative claimed that the non-financial activities performed through cooperatives bring improved well –being in their members. Programmes for instance sanitation (clean drinking water, toilet facilities), preventive health education, social awareness and income generation have helped to improve members health and well-being (Simkhada, 2013: 151). The cooperative located in capital and saving and credit groups situated in rural areas usually receives trainings from WHR office. For the research purpose, increased well-being is measured in terms of the members access to health check-up/doctors/medicine; able to pay for school fees and supplies for children; able to buy new technology (household appliances/furniture), ability to pay for entertainment and higher consumption. Among the 14 respondents, majority of members responded that they were able to pay for school fees (61.54%), followed by access to health check-up/doctors/medicine (38.46%) and again some were able to utilize the loan for daily consumption (23.08%).

Basically it was observed that children education become the priority for the single women after their expenses for daily consumption. The wages or salary earned from the works or labours were usually expensed in daily necessities. Being the sole bread winner, the loans provided (in group guarantees) by SWSCGs become another source to pay fees or necessary supplies for their children. Likewise, health problem become another issues for single women due to multiple works at house and services, particularly for the one who earned their living from long hours of labour and relied on daily wages. Hence these loans became an appropriate means to cover the medicine cost.

*Malati Sai a single women living with her brothers' family used to do petty traders for her living along with the pig farming (a pig given to single women of her community as a microfinance program). Being engaged in many activities, she suffered from various diseases because of which she left the petty shops and rather focused on raising pigs in the current situation. Since the income is seasonal, she uses loan money to buy medi-*

*cine as it cost a lot which cannot be covered from pig rearing* (Sai, 2013, personal interview)<sup>27</sup>.

Apart from this, there were many cases of women being either engaged in labour work -especially those who had hailed from another place/region due to their husband been killed in the Maoist conflict and had to rely on daily wages working in private firms as cleaners, in horticulture farms for their living or in cattle rearing and agriculture sector which are laborious work. These loans from SWSCGs and cooperative become the sole source for other necessities besides their daily expense. There were few cases of loan being utilized for the foreign employment of their sons and daughters, the remittance then had also helped to improve their well-being and to increase their status in the society

One cannot deny that there were many success stories (reported as case studies in articles and also pointed out by chairperson of HASCC) of single women utilizing the loans on income generating work for instance running *thel-la gadda* (street vendor selling food in the street in moving vehicle). However, still the cases of loans being utilized more in the consumption were revealed in the research data. Despite single women were being benefitted from the loan obtained, it emerged from various cases that well-being of single women was not directly for and from the income generating activities or small businesses as the cooperatives or saving and credit groups always claim for.

## 4.5 Increased assets

Various scholars argue that economic empowerment or development also connotes to the increased assets of members (Mayoux, 2005; Kulkarni 2010) Majority of respondents (12 respondents) hardly agreed to the fact that joining and taking loans from cooperative have increased their assets. Assets for research purpose were categorized in terms of modest value (watch, radio, bed with/out mattress, chairs), moderate value (table, bicycle, stove small animals) and high value (gold jewellery, sofa set, refrigerator, television, land building). Single women claimed that it was sufficient enough to survive through the loans and the incentives they got from government for single women<sup>28</sup>. Nobody responded that they had managed to accumulate the assets of their own through the loan received except for exception for modest value and moderate value (only 2 respondents for each section responded they bought some assets). According to respondents, they were able to acquire assets like watch, radio, chairs, stove and small animals. The field data also showed that single women possessed land and live in their own houses (7 respondents). Either they had already possessed ancestral belonging or it was possible through the income earned from their sons/daughters/other family members. The possession of small animals (moderate value) in the many instances (sites visited) was

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<sup>27</sup> Personal interview with Malati Sai (name changed), member of SWGs at Kathmandu, Nepal, 26 July 2013.

<sup>28</sup> Windows receive monthly allowance of Rs. 500 even though they are below the age of 60. (WHR, 2010)

due to the cattle rearing program under the microfinance program, which many respondents claimed that they no longer possess now, either they had sold it or given it to another members as per the criteria of the program (Field data, 2013).

Hence, I argue that ‘although it has been hypothesized that within the context of a traditional milieu women’s involvement in a group would help safeguard their access to income ...each group membership does not necessarily guarantee such access’(Stichter & Parpart, 1990: 225). The respondents mentioned above can be perfect examples that all women within the group cannot essentially possess assets although they can access the resources. This can further imply that although single women are able to utilize the loan remaining in the groups, but lack the control on the income. Some invest their loan in children fee, some in household expenses and cases of money being utilized for other business prove the fact that ‘access to income’ does not particularly mean ‘economic’ empowerment.

#### **4.6 Empowerment or over-indebtedness: An access to financial resources through MFIs**

The issue of over-indebtedness is the most talked about topic in contemporary microfinance sector. Having its adverse effect in other countries like Bangladesh, Morocco, Mexico and the neighboring case in India, one cannot deny that it may not have an adverse effect on Nepal questioning whether the clients are rather over-indebted or empowered (Nepal, 2013, personal interview)<sup>29</sup>. As mentioned in the Chapter 2, the definition of over-indebtedness varies, however this study tries to explore the qualitative definition regarding meeting repayment deadlines or sacrifices to make the payment together with multiple affiliation of women to other MFIs.

The field data showed that six out of 14 respondents had single or multiple memberships in other MFIs like Development banks (3), women groups (3), cooperative (2) and family members/money lender (1) however majority of respondents (9) were having saving deposits (Field data, 2013). Majority of respondents were associated with at least one organization in addition to this single women saving and credit groups. It was found that the frequent borrowers of SWSCGs had taken a membership in other MFIS as well and they were very much aware of the interest rate charged on loan products but not of saving products. This showed that even in the small sample of 14, the poorest and marginalized groups, as WHR quotes, seemed to have membership in multiple numbers of microfinance organization at a time.

Despite the existence of large numbers of MFIs around the locality, the respondent chose SWSCGs to take loans because of easy access to loan, no lengthy procedure as compared to other big or small MFIs and most importantly closeness and trustworthiness towards the staff of the organization.

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<sup>29</sup> Personal Interview with Naresh Nepal, Deputy CEO of CMF at Bhatbhateni, Nepal, 3 August 2013)

The members took loan to repay the monthly installments to other well-known MFIs in some cases money lenders/relatives in their locality. Also other benefits/schemes like pension savings, double the amount of saving in 4 years etc. had attracted them to take the membership in other MFIs. However despite the easy access and trustworthiness in SWSCG, the cases of default loans also exist even in the small group of women that consists of 30-35 members. The causes for default they defined were (a) took loan for sons' foreign employment procedure and he did not send back yet (b) took loan to start a business with other partner but he/she no longer wants to start the same business and (c) sometimes members did not pay back as they think it's a government money and no need to pay back. Since the single women were involved in low income area like vegetable farming, pig rearing and small pawn shops (*thella gadda* in Nepali), it put them in vulnerable situation not able to repay loan as small as Rs. 2000-Rs 5000 (Personal interview with chairperson & coordinator of the SWGs, 2013).

There were at least one defaulter in every groups visited, the interesting fact was even small groups having members of 30-35 and the maturity period of only a year, had the default loans. It was known from the field visit, district office of SWSCG was paying only the interest and not the principle of revolving fund provided by the central office. This showed that although women take loans, most often other members of the household get benefitted (Kabeer 1998; Goetz and Gupta 1996). Mayoux (2006:10) also argued that women generally invest their loans in 'low profit and insecure' means and lack of concrete means to repay; lead them more into indebtedness than empowerment.

It was observed that HASCC particularly the SWSCGs located in different districts in VDC level were unaware of the issue related to over-indebtedness, prevention/protection measure for clients and the measures/qualification requirements in respects to their staff members. One cannot deny that sometimes staffs members could be responsible for the default loans as well since it is in their hands to disburse the loans to members who are illiterate, marginalized, ignorant and blind believer of their leader. Sharma argued, women empowerment reciprocate the ways for the better opportunities and improve the decision making capabilities, but sometimes their own cleverness or empowerment becomes the cause of many default loans, particularly these cases are predominant in specific places. The monitoring and evaluation in a timely manner can be a measure to avoid such cases, however, it was found that SWSCGs neither have formal accounting system to measure whether the groups are surviving or plunging into loss; nor there exist any monitoring of such programs or of loans disbursed as revolving fund. Sharma (2013, personal interview)<sup>30</sup> briefed that it was not possible since (a) these programs run in small scales with many groups of 30-50 members spread in 73 districts and (b) it entail cost to navigate on individual level.

Despite microfinance or saving and credit program is considered as an alternative to empower single women economically, the sustainability of these

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<sup>30</sup> Personal Interview with K. Sharma, Chairperson of Hamto Aadhar Saving and Credit Cooperative at Baluwatar, Kathamandu, Nepal, 25 July, 2013



groups as saving and credit groups are still questionable. Moreover, HASCC and WHR require considering the borrowers' situation in different locality before providing loans as the necessity/demands varies, and thereby they need to act accordingly for the sustainability and try avoiding the single women more into poverty via such programs. As Cheston & Kuhn argued,

Although women's personal empowerment may not be effective without collective empowerment, but treating women as a homogenous category may be an equally naive approach. Listening to clients and carefully evaluating their resource bases, strengths and vulnerability is important if microfinance programmes are to realize the goal of women's empowerment' (Cheston and Kuhn, as cited in (Kulkarni, 2010: 14)

## **4.7 Conclusion**

This chapter dealt having access to finance to SW, does not signify their economic empowerment. Despite the success stories of economic growth articulated in journals or article, the research found that the loans disbursed were utilized on unproductive means (consumption) other than income generating business. Even though few cases were emerged to have been used in microenterprise, it was associated with other family member. It was also observed that health reasons, lack of proper skills and their necessity to earn quick money being a sole bread winner, avoid their interest to invest in productive businesses. However, SW seemed satisfied with the status earned as 'working' or 'earning' single women having being affiliated with the organization. This section of social empowerment will be dealt on the next chapter.

# Chapter 5

## Social Empowerment of Single Women through Microfinance Loans.

### 5.1 Introduction

The WHR established HASCC as ‘Economic empowerment and mobilization’ pillar for empowering single women like every other organizational development strategies. As claimed by Sharma, the microfinance and saving and credit programs are launched because of active participation of single women in other programs organized by WHR. WHR being a NGO works on the legal and rights issues of single women, aims to raise the economic as well as the social status of the SW (widows) through awareness campaigns, advocacy that would help build up the confidence, self-esteem and capabilities of single women (WHR, 2010). Since SWSCGs is also a part of WHR, HASCC’s program go in parallel with WHR programs. This chapter, therefore, will venture the change experience by the SWGs upon being affiliated with the SWSCGs in terms of movements in the community, organizational skill, decision making power and developing networks as contact as a measure of social empowerment. .

### 5.2 Movements in the community (exercising rights in the community)

The programs implemented by WHR in SCGs have leveraged their creativity and their own knowledge had not only suited to their own situation but was equally beneficial for the single women in the community. It raised awareness regarding issue of ‘widowhood’ and human rights of widows. The red movement<sup>31</sup> campaign sensitized community people and household members. Furthermore intervention had brought about group solidarity among the single women and has increased their confidence to advocate against the social evils. The single women in the groups became more vocal about their issues. Community development activities conducted in coordination with other stakeholders seem further assisted in developing and improving the life and status of single women group members. It has enhanced the dignity and social status of the members in the community. WHR changed the lives of women which is

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<sup>31</sup> Red color has a big significance in the life of Hindu women. Especially after the marriage, red sarees, red powder (*sindoor*), red *tika* on forehead and red bangles along with the ornaments becomes the symbol of married women. Widows are barred from all the symbols associated even with the red. The noticeable physical appearance wearing a plain white dress (*saree*) symbolized the widowhood. WHR hence initiated the red movement, aiming to sensitize the community and family members to educate people about equal birth right of single women to choose using and playing with colors (WHR, 2013).

possible through education, increase decision making capabilities, increased self-confidence and knowledge on information on single women rights and associated laws (Thapa, 2007).

The research tried to capture the social benefits to SW after being registered as a member in the SWGs, cooperatives or saving & credit groups. The respondent provided various answers for instance ability as well as ease to work with others in a group, increased interest in saving and credit programs, improved self-confidence/self-esteem, feeling control of one's life/destiny. However the majority of respondent (10) felt loyalty towards the group and 9 respondents correspond that they were able to voice out one's opinions/sentiments on various issues (issues relating with single women rights/citizenship) due to the SWGs and its various programs. Although it was low, 2 respondents were confident enough to share that their leadership qualities had been enhanced (field data from respondents, 2013). In addition to that the district coordinator, and leaders as well as the committee members met had shared the same thoughts.

It is argued that microfinance programs support improvement of women status in the community by their active participation in their programs (CMF, 2010; CECI, 2007). WHR and HASCCs envisioned economic empowerment will further improve the status and livelihood of single women (WHR, 2010). While interviewing for the research, every respondents - from grass-root level to chairperson of SWGs and cooperative - confirmed earning respects and recognition from the family members, community in particular. One of the committee member explained '*aykal mahila bata bhanyoo vane police nai samjhincha*' - people considered them as police since they are associated with single women groups (because of fear in confronting with them in the society). In every occasion she had been able to gather single women from her VDC and participated on rallies/awareness campaigns on discrimination against single women, joined procession for petition to advocate new law on discrimination against single women. Being actively involved in the group had raised their social status; they are known and respected by others (Maharjan, 2013, personal interview)<sup>32</sup>. This showed that single women are managed to establish their status in the society. Instead of remaining within the four walls and facing allegation, the groups' participation mobilized SW free movement in the society without being discriminated. Their affiliation enhanced the capability of 'power within' and 'power to' and able to exercise their rights to improve their condition the society. Thus, joining and been associated with SWGs, it had fostered women's capability to undertake collective action and facilitated their collective empowerment.

The committee members shared a recent case on helping single women getting hers as well as his son's citizenship from the district court. The in-laws of the single women were against providing citizenship from the mother side. The committee member threaten district lawyer making him clear on conse-

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<sup>32</sup> Personal Interview with Bharati Maharjan in Kathmandu, Nepal, 26 July 2013.

quences of keeping one devoid of citizenship<sup>33</sup>. Realizing the situation, the citizenship were provided to both on the basis of their mothers' citizenship, within a day or two (Maharjan, 2013, personal interview)<sup>34</sup>.

This demonstrates single women are practicing their agency of using their ability of 'power to' with quality and skill they developed, by joining the groups. The practical situation and learning further enhanced their ability to deal with institutional rules utilizing optimum available resources. It motivated other people in the society (even by bribing a lawyer to finish the case in short time) to provide justice without saying ill about SW, hence creating a conducive environment for them in the community. It was also observed, the committee and groups leader have been an inspirational source to married women as well and were found being consulted by them in other household issues apart from single women. This supports Cheston and Kuhn (2002) argument that programs significantly 'trained and mobilized' women to fight against the social norms supporting the women's right (Cheston and Kuhn, as cited in Kulkarni 2010: 17).

This was not only the lone case, there were multiple cases on how this group had helped them as well as community to accept as and develop a status in the community.

Ram Devi Tamang, (district coordinator of Kavrepalanchowk district) lost her husband 10 years back and hence joined this group. She then joined the group and had actively participated in the red movement which was organized by WHR (supported by UNDP) by initiating to wear a 'red badge'<sup>35</sup> (widows wearing a red colour means going against the culture/tradition) in the program. She actively involved in trainings programs like skill development, legal issues and rights of single women, leadership training etc. supported by various NGO/INGOs. She struggled vigorously to obtain a land as well as funds from district office for the single women groups. Started with tailoring, she currently gained status of District coordinator of single women group of Kavrepalanchowk district and is respected by all, particularly by district officer in the Village Development Committee (VDC) whenever she goes there to discuss about the issues or funds related to single women groups. Earlier the VDC officer used to ignore her views (Tamang, 2013, personal interview)<sup>36</sup>.

Being associated with the group, SW hence also anticipates learning issues outside of their household chores. In spite taking tailoring as her profession, she managed herself to move to the position of district coordinator in SWGs which is a highly respected position in the area. Dealing with District officer of VDC (a male) to bid for projects pertaining to community development showed improving bargaining ability of the women. Hence the exposure, I ar-

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<sup>33</sup> In Nepal, law suggested that women can get a citizenship from a father or husband side. WHR movement, however, amended the law. Now single women or their children can apply for citizenship also from the mother side.

<sup>34</sup> Personal Interview with Bharati Maharjan, in Kathmandu, Nepal, 26 July 2013

<sup>35</sup> Red signifies the color of married women – red tika on forehead, red bangles and a red saree.

<sup>36</sup> Personal Interview with Ram Devi Tamang, District coordinator of SWGs at Syampati Kavrepalanchowk, Nepal, 13 Aug 2013)

gue, has increased their capability to ‘form social networks and social capital and ability to sanction, influence and change social norms’ (Kulkarni, 2010:17).

The group activity and involvement in various training programs assisted single women to use their agency to explore the choices available to transform them into their desired outcomes. Leadership qualities developed have helped them build networks and connections that are useful and beneficial for organization and for individual as well. The district coordinators of SWGs are now well aware of usefulness of these connections. Much in coordination with the district and municipality officers; and some support from the center level, both Kavre and Kirtipur branch of SWGs now owns land and building for their office. In addition to that Kavre branch is utilizing SWGs’ skill to cultivate the land for vegetable farming and are seeking projects that can fund them for orange farming. Besides the groups were able to conduct abundant numbers of training like candle making, jam making, tailoring etc. in coordination with donor agencies at various branches.

Being involvement in groups like single women or saving & credit groups, we can find several reports of increasing their self-confidence and fight for their rights in the community (WHR, 2010). The single group members of the Tamang<sup>37</sup> community in Syampati Kavrenhanjyag claimed that they are now capable of fighting for their rights (although they feel some people still discriminate single women). Single women are actively involved from irrigating land (land owned by single women group office in that area) to household activities and do not hesitate to participate in any procession if required to stand for the single women’s right. Earlier the single women were hardly seen gathered at a place wearing red saree and ornaments and chat, but because of this group they are able to come out and voice up their opinion.

Tamang further recalled whenever donor agency used to visit the groups to know their how-about, SGGs members only spoke about food necessity to survive as they felt that is only the requirement to survive in the community. Having obtained the capacity building training on the usefulness and importance of education; they were able to express their need for schools in the community, as a result they had a school in their area (Tamang, 2013, personal interview) and from majority of the members response<sup>38</sup>. This expressed that group activities had empowered women to step out of the private domain and accept the challenges increasing their openness to new ideas which can be beneficial for the society and the community (Kay, as cited in Kulkarni, 2007: 16).

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<sup>37</sup> Tamangs are one of the largest and highly marginalized ethnic groups of Nepal concentrated around the hill region of Kathmandu valley. They are concentrated in the high hills of east, west, north and south of Kathmandu valley. (Bista, 1967). Tamangs are concentrated in seven districts Sindhuli, Makawanpur, Kavrepalanchowk, Sindhupalchok, Nuwakot, Dhading and Rasuwa ([http://www.tamangsamajuk.com/history\\_info/why-do-tamangs-stay-marginalized-in-nepal.html](http://www.tamangsamajuk.com/history_info/why-do-tamangs-stay-marginalized-in-nepal.html)); Bista, D. B. 1967. *People of Nepal*, HMG/N, KTM. Nepal.

<sup>38</sup> Personal Interview with Ram Devi Tamang, District coordinator of SWGs at Syampati Kavrepalanchowk, Nepal, 13 Aug 2013)

### 5.3 Decision Making Capabilities

Decision making capabilities is termed as the ‘ability of women to influence’ (Cheston & Kuhn, 2002:18) and the Kabeer’s (1999) concept of use of ‘power with’ and ‘power over’ that have an impact on the lives of single women. Regarding decision making capabilities on SW through microenterprise, the respondents were basically asked about their capability to decide on selling livestock products (one of the important business among many other in most of the visited site) (23.08%) and farm products (15.38), crops to be grown on the farm (7.69%), choice of school for children (23.08%) and most importantly taking loan and investment (46.15%). Majority of them belonged to nuclear family (83.33%) (with some living with their already grown up son and grandchildren), who can decide for themselves, however, when asked them about control over the money in households, the response were fifty-fifty on female and both. The nuclear families of SW living with their children (particularly school goers) (5 respondents) were found to have control over the money and indicated developed decision making capabilities. Moreover, it emerged that male members of their family (sons) or community relatives) were often consulted or sometimes decisive on the purpose and initiation of the business of the loan taken from the women groups (field data, 2013).

*‘I have taken loan from SWSCGs to run a small business of egg hatching and my brother looks after it. He searches for eggs available in the market; also takes it to the Incubation Centre and looks after everything from buy and sell of egg & chicks to the market. Thus the loan has helped me to invest in the business and I can use money to buy my medicine. Earlier I used to sell petty thing as street vendor but because of health conditions I switched to this business. (Respondent from field, 2013)*

Although it was evident that the loan was taken to help her brother in the business, she said that the money had fully been utilized by her. She claimed she uses the profit out of the business to buy her medicine and does not have to fully rely on brothers for everything<sup>39</sup>. The poor health sometimes becomes hindrance despite their increased ability to choose their business for living, as discussed in chapter 4 regarding the well-being of the single women. It is also argued that

‘women’s choice of activity and the ability to increase their incomes are seriously constrained by gender inequalities in access to other, supplementary resources for investment; responsibility for household subsistence expenditure; lack of time due to unpaid domestic work; low levels of mobility; and vulnerability – all of which limit women’s access to profitable markets in many cultures’ (Mayoux & Hartl, 2009:12).

Nevertheless, single women are able to decide on the use of money from the profit earned increasing their bargaining capabilities in the household. The life that could have spent on their family members’ dominance has changed due to her capability to access the resources and single women can decide for her, however the control on the resources differs in different household.

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<sup>39</sup> The respondent is living with brother’s family.

The SWSCGs become a platform for women leader as a peace builder. Nepal has recently undergone conflict due to Maoist revolution which had left many women widowed in the society. Unable to bear the hardship within the household and scared of Maoist/police, many migrated to urban area in search means to survive. However, SWGs acted as a peace builder after the post conflict situation. Trained single women are mobilized in different VDC and district level to council both in-laws (daughter and mother) to create a good harmony within the household. The respondent even told about re-marriage of widows performed by in-laws which is regarded as taboo in the Nepalese context. This demonstrated the improvement in 'capability' of some single women to transform the cultural stigma attached with single women, which according to Kabeer (2001:19) is an empowerment of the women as it means development in single women's 'ability' to make choices in the 'denial circumstances'

A Manita Maharjan aged above 50, a single women living with a son and daughter in law, always looked after household expense. She even used her saving to build the house despite her mature son's ability to earn money and run the house. She explained her son always waste his time at home doing nothing. The son quite often asked her for expenses promising to return but she rarely got her money back. She complained that she hardly got gratitude from her son in any household matters; neither in spending for household expense nor her decision had any effects (Maharjan, 2013, personal interview)<sup>40</sup>.

Nevertheless joining SWSCGs had given her a platform to acquire self-esteem and knowledge sharing her thoughts, experience and at the same time she got to meet and hear from other. Moreover it had enhanced her capability to decide things for herself without relying on other family members for her own betterment to survive against the societal norms which might have bonded her within the four walls of the house. Access to financial resources thus, gave a force to women to exercise the power hidden within and decide things appropriate for her. However, despite men appear powerless in lack of resources in the public domain; there is always an advantage of patriarchal structure over men within a family (Kabeer, 1998: 20).

## 5.4 Conclusion

This chapter, thus, demonstrated that the saving and credit or cooperative for that matter had significantly helped empower women in terms of social benefits; and they had made significant contribution in the decision making position and control over assets. The situation however varied in different people depending upon the environment and cultural upbringings. As Schreiner argued that 'the social costs and benefits of microfinance will never be measured perfectly, so most public-policy choices will turn on judgmental, because, they cannot be proven, must be argued' (Schreiner, 2002: 591). So I argue that although the research proved the positive responses, it is to be noted that the single women still face the lack of appreciation in their own house (in-laws, sons, daughters), presumably, because of lack of skill sellable in market and the

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<sup>40</sup> Personal interview with Manita Maharjan (name changed) at Kirtipur, Nepal, 17 July 2013

vulnerable situation in the society, and it is likely less recognition in the society. At the same time, in some cases, single women are accepted by their in-laws (one of another sphere where SW get discriminated) able to make choices which is a result of counselling household members by trained SW. Evidently, it is necessary to analyse condition of single women in household level and community (defined as public sphere), in addition to meeting organizational goals, to measure the social empowerment from microfinance.



## Chapter 6

### Conclusion

The research analysed the ways in which microfinance influenced in the socio-economic empowerment of single women (widow) in Nepal focusing on improvement relating to income, well-being, participating in the community and decision making capability. The research also studied concerns relating to caste-based inclusion and exclusion in the outreach program as well as the extent of indebtedness experienced by these women.

Microfinance is conceived by development agencies and NGOs as a tool for poverty reduction. WHR adopted the saving and credit/ microfinance program as a pillar to promote economic empowerment of single women. Single women, termed in place of 'widows', because of negativity linked to it, are disadvantaged and shunned groups on many scores within Hindu culture of Nepalese society. Recognizing the vulnerability of SW and lack of access to financial resources, WHR initiated saving and credit programs which later established as Hamro Aadhar saving and credit cooperative. This study demonstrated that these programmes have empowered SW economically and socially.

Microfinance and saving and credit program of HASCC were able to reach poor and marginalized group of single women (widows), but it was found that the numbers were limited and the same members were the beneficiaries of the program as fewer numbers joined the program due inadequate savings amount. It was surprising that there were more beneficiaries in urban area than in rural areas, but the chairperson of the HASCC claimed that numbers of poor and marginalized were considerably high in a capital city like Kathmandu as many SWs had migrated to the city due to conflict in rural areas in recent past. While the program was limited to fewer numbers of women, nevertheless there was considerable attempt on the part of HASCC and WHR to serve the 'non-bankable poor' and vulnerable single women on the sites visited, yet the inclusiveness in the program policy is questionable.

A key finding was that in place of using loans to invest in income generating activities, the single women largely spent their money on consumption needs, children school fees and other household expenses. Handling the household chores and being the sole bread winner in the household put the single women in difficult situation to establish/run even a small business. They tend to gain their income through undertaking daily wage labor and often suffered poor health. Under these circumstances it was difficult for these women to develop a business, and in addition they lacked the necessary skill, motivation and enthusiasm to get involved in new ventures. The insecurity and low levels of their incomes meant that these women also borrowed from other cooperative societies, leading to over-indebtedness. WHR initiative as HASCC appeared merely as a microfinance component to reach the poor and destitute leaving doubt on the sustainability of these programs in long run.

At the same time, an important result of the programs by the WHR or HASCC was that more women were empowered to undertake the collective action, which further facilitated social empowerment of other members within

the group as well as outside of the sphere. The programs helped mobilized single women to fight against the social stigma and discrimination that exists within the traditional and cultural norms. Nevertheless despite their ability to fight against the negativity, still they lack the decision making capability which makes them vulnerable and barred of appreciation within the households.

This somehow explains both the sides of ‘women experiencing an agency’ by which it means single women with affiliation to SWCCGs had been able to make significant changes in their lives as in the case of Ram Devi Tamang and other as SW leaders depicted in chapter 5. At mean time, the research also showcased ‘women acting as agents’ of microfinance – showing the failure of women to practice their agency, with multiple case analysis depicted in Chapter 3, 4 and 5.

On the basis of these findings analysis, the following recommendations can be made to WHR and HASCC so that microfinance or other development programs act as poverty reducing tool:

- Require further guidance from the central office for effective saving and credit and microfinance program implemented at grass-roots level. The illiteracy becomes the main obstacles for these single women to intact their financial calculation well, both in case of bookkeeping in SWCCGs and in terms of calculating household expenses or any petty business SW are involved in. hence it is necessary to take the important step for women empowerment which otherwise would left women in over-indebtedness rather than empowerment.
- Monitor and evaluate the disbursed fund/program for its appropriate utilization by targeted beneficiaries. Single women are the key actors of their program. Hence given their vulnerability, without proper monitoring at times, the scenario can drift into ‘women as a agents’ of microfinance through exploitation of resources by their own members restricting to fewer beneficiaries of the program
- Mobilize widows in awareness campaign to sensitize the community at grass-root, national and international level. The various awareness campaign raised awareness regarding cultural taboos related with single women’s status as ‘widow’. However, there should be more intense and close intervention in terms of intra-household and inter-households matter. Also the inclusiveness in the program further will enhance or empower women’s ability which could have been possibly repressed due to existing caste hierarchy system in Hindu culture
- Facilitate demand driven training program, both financial as well as non-financial, for optimum usage of social capital. The appropriate way to reach the poorest of the poor definitely is by means of holistic approach integrating both financial as well as social resources in the program.

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## Appendices

### Appendix A: Model Questionnaires for the Respondents

#### *a) Individual Questionnaire for research*

1. Background information of individual
2. Name/address/age/education/literacy
3. Household information:
4. What kind of structure does your family have? Joint ( ), nuclear ( )
5. Family according to age structure
6. Source of income/occupation
7. If agriculture is occupation  
Farm Size: (Total in katha/ropani)
8. Are you member of saving groups or any kind of micro-finance?
9. How long have you been involved in cooperative? Or
10. How long have you been doing microfinance?
11. Motivation for joining (reasons)
12. Access to services  
Saving products/interest rate
13. Has your saving habits changed after joining microfinance? If yes, how and why
14. Are you willing to save more in MFIs? ( ) yes ( ) No  
16.1 If no, what conditions must the MFIs have for you to save more
15. Loan products
16. Loan typed/purpose/interest rate/utilized purpose
17. Membership in any other MFIs: Yes No
18. If yes  
MFIs types/association/interest rate
19. Perception/Evaluation of the MFIs services  Good  Satisfactory  Bad
20. If yes, what are problems do you encounter:
21. Have they been able to deal with them and how if applicable
22. Any improvement suggestions
23. Other Non- financial services  
23.1 Training programs/objectives/number of days/usefulness/reasons for participation  
23.2 Do being in groups and trainings improved groups' capacity?
24. Who decided on the following tasks (male and female before joining and after?) -  
Choice of school for children/Selling of farm products/Selling livestock products/  
Crops to be grown on farm/ Agriculture & forestry items/ Taking loan and investment
25. Who controls over the money in households? -Male/female (Before / Now)
26. By joining the group, do you feel that you have become more empowered and confident (such as facing mass, talking with the outsiders, have say in decision making process)?
27. Benefits from membership  
A) Economic B) Social benefits
28. Microenterprise or small business  
29.1 Name of microenterprise/ purpose/establishment/objectives
29. Increased income

- 30.1 Source of income
- 30.2 Expenditure
- 30. Own/Household consumption/Education/Rent
- 31. Expenditure for micro-enterprise
- 32. Rent/Daily wages/Raw material cost
- 33. Increased Assets
- 34. List of items to indicate if the respondent owns any of these items:
- 35. Modest Value/Moderate value/High value (Before and after)
- 36. Increase well-being: health/school-fees/new technology/entertainment
- 37. Thoughts on Sustainability of the micro-enterprise?
- 38. Any obstacles:
- 39. Suggestions/improvements

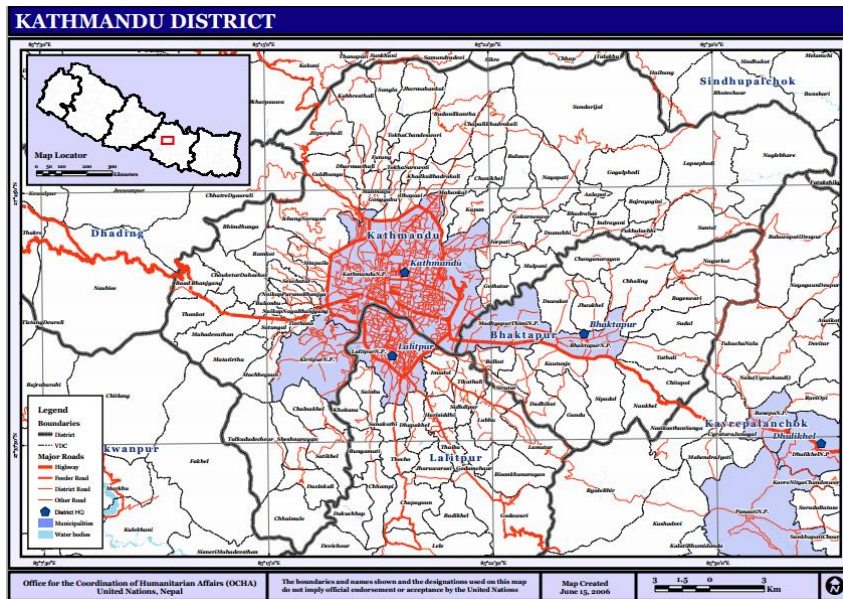
***b) Questions addressed to HASCC chairperson, group coordinators***

- 1. Vision, Mission and objectives
- 2. Targeted group and why?
- 3. Main goal of empowering and in which way
- 4. Products and services offered/loan requirement criteria/interest/default loans
- 5. Measures taken for default loans
- 6. Obstacles/improvements



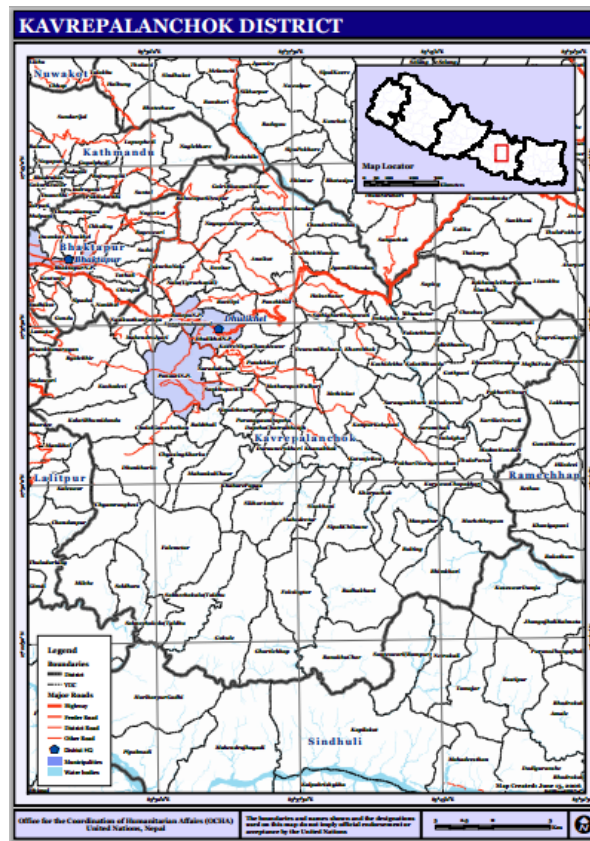
## Appendix B: Maps of Site visited

Map 1: Map of Kathmandu District



Source: [http://www.un.org.np/sites/default/files/maps/district\\_maps/Kathmandu.pdf](http://www.un.org.np/sites/default/files/maps/district_maps/Kathmandu.pdf)

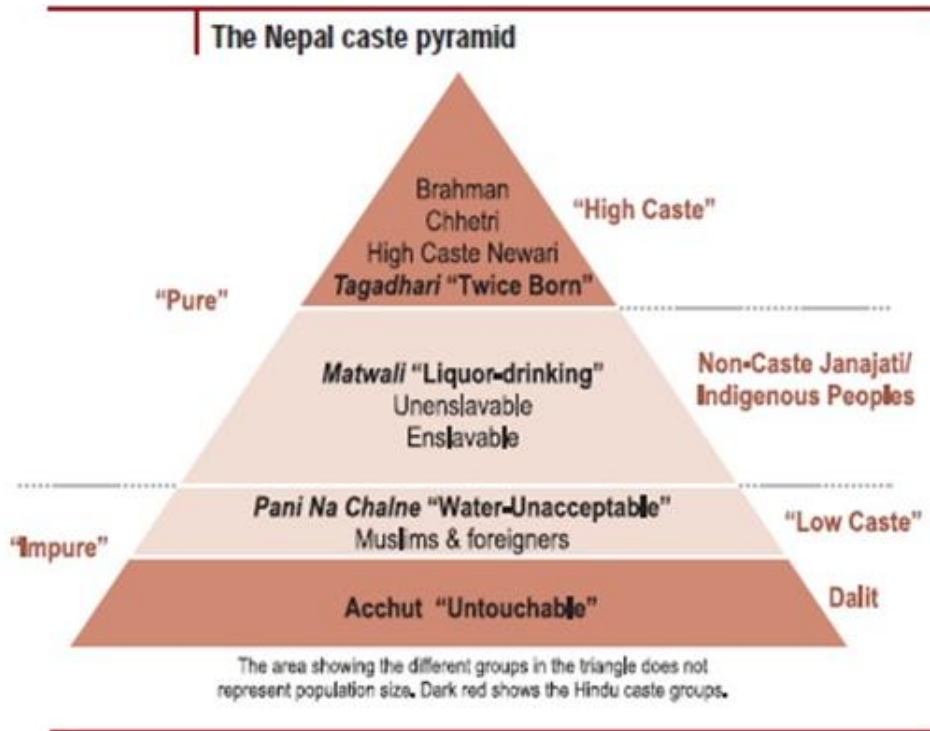
Map 2: Map of Kavrepalanchowk District



Source: [http://www.un.org.np/sites/default/files/maps/district\\_maps/Kavrepalanchok.pdf](http://www.un.org.np/sites/default/files/maps/district_maps/Kavrepalanchok.pdf)

## Appendix C: The Nepal Caste Pyramid

Figure 1: The Nepal Caste Pyramid



Source: Citizens, U. (2006) 'Gender, Caste and Ethnic Exclusion in Nepal'.