

# Women Empowerment in Self Help Groups through Microfinance: A Case Study of Rautahat District

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## ABSTRACT

Microfinance institutions have assumed responsibility for promoting women's empowerment through economic and social development in developing nations. The primary objective of this study is to analyze the impact of microfinance on women's empowerment in Rautahat district. Women empowerment are measured by income & savings, ownership of assets, decision making, and mobility. This study is based on primary data through administered questionnaire to 209 women those who are involved in microfinance program in Rautahat District using convenience sampling method on a five-point Likert scale. The research employed descriptive, correlational, and regression techniques using the Statistical Package for Social Science (SPSS). From the study, it is found that microcredit is helpful in empowering women on social and economic dimensions. The provision of various services such as micro saving, microcredit, training and other awareness program through microfinance institutions contributes to the holistic development of women who participate in microfinance. The findings indicate that the women involved in microfinance programs experience a noticeable increase in their income levels and savings. Moreover, they exhibit higher ownership of assets, active involvement in household financial decision-making, and enhanced confidence in their mobility, compared to non-participants. The research has found that the microfinance has brought significant impact on empowerment of women. Based on these findings, microfinance emerges as a vital tool for poverty reduction and driving social change, which are key factors in promoting women's empowerment. The study highlight the significant role of self-help group microfinance empowering women.

**Keywords:** self help group, women, empowerment, analytical, social change

## Introduction

Nepal is a landlocked country located in the Himalayas, with a rich cultural heritage and stunning natural beauty. However, Nepal is classified as a least developed country and faces unique challenges on its path to development.

Limited access to quality education, healthcare, and infrastructure are some of the hurdles that hinder progress, with women suffering more from these problems than men (ADB, 2010). Financial inclusion is crucial for sustainable development and equitable growth, but women and the poor face significant barriers to accessing formal financial

services. Despite the presence of Class-A bank branches in 752 out of 753 local levels, rural municipalities still struggle with low financial inclusion rates (Dahal et al, 2021; Mishra et al, 2021). This disparity leaves rural communities, which are predominantly inhabited by the poor, with limited access to formal financial services, hindering their economic opportunities and social progress. According to a study, the female financial literacy score was 7.5% lower than that of men. Insufficient financial knowledge and skills impede women's ability to make informed financial decisions, manage resources effectively, and access formal financial services. Bridging this gender gap in financial literacy is essential for empowering women and enhancing their financial inclusion. As a result, around 42% of women had borrowed from informal lenders to meet their everyday financial needs (Shrestha, 2023; Simba, 2013).

Microfinance institutions serve as a means to address the social and economic disparities faced by women. They provide various resources such as savings opportunities, accessible credit, skill-oriented training, and even access to healthcare (Al-Shami, 2016). The primary objective of microfinance is to combat poverty and empower individuals, with a particular focus on women, through the provision of financial services such as microcredit, savings accounts, insurance, and training programs. Microfinance has become a notable instrument in offering a range of financial and non-financial services to unserved populations in developing countries, and it plays an important role in combating poverty and disparity. This innovative approach of financing and banking specifically caters to the needs of the underprivileged portion of nations. It facilitates self-employment prospects for the unemployed poor, entrepreneurs, and farmers who face difficulties in securing traditional credit due to limited collateral and low income levels (Raphael & Mrema, 2017).

Development agencies and governments widely endorse microfinance as an effective intervention

to combat poverty (Agarwal, 2016). Marginalized women, in particular, face significant challenges in accessing sufficient financial opportunities to sustain small businesses and improve their financial stability. Limited income-generating programs further restrict their options for economic advancement. Additionally, these women encounter obstacles in accessing suitable and convenient financial services. Microfinance has gained substantial recognition as a means to alleviate poverty and empower the poor, especially women (Basu, 2006).

Rautahat district, located in the lower part of Nepal, encompasses a total population of 813,573 individuals, with females accounting for 49.8% of the population. However, the district faces significant challenges in terms of female literacy, with a rate of only 49.5% compared to the national average of 69.4%. This disparity highlights the need for focused efforts to improve educational opportunities for women in Rautahat. Additionally, the district grapples with multi-dimensional poverty, with the poverty line in Nepal set at 17.4%, while in the Madesh Pradesh region, which includes Rautahat (CBS, 2021), it stands at 24.2% (NPC, 2021). Addressing poverty and its various dimensions is essential to uplift the living conditions and well-being of the district's residents, particularly focusing on the empowerment and inclusion of women as its one component of smart development also (Pokharel et al., 2021).

Some recent reports suggest that Nepal is doing better in financial inclusion and has narrowed the gender gap in access to formal financial services. However, there is still a long way to go in terms of improving access to finance for women, particularly in rural areas. Only 26% of women have access to property rights, and women entrepreneurs generally find it challenging to raise capital or obtain a bank loan. Therefore, identifying the actual needs and studying international practices is crucial. Empowering women through microfinance is anticipated to have a ripple effect, bringing about broader societal changes and fostering greater gender equality (Adhikari & Shrestha, 2013).

## Problem Statement

Microfinance has emerged as a potential tool for empowering women, offering financial and non-financial services to marginalized women and promoting their socio-economic development. However, limited research has been conducted on the role of microfinance in women empowerment specifically in Rautahat District, Nepal. This study aims to address this research gap by examining the impact and benefits of microfinance in empowering women in Rautahat District.

Understanding the role of microfinance in women empowerment is crucial for formulating effective policies and interventions that foster gender equality, economic independence, and social mobility. The findings contribute to the existing literature on microfinance and women empowerment, while also providing region-specific knowledge that has not been previously investigated in this district. These insights can bring some positive changes in the MFIs for the improved products and services (Arora, 2011; Arora & Arora 2012; & Alshebami, 2015 ).

There are still persistent challenges in accessing microfinance products for low-income earners. The existing studies have failed to identify specific mechanisms that can effectively expand access to microfinance products.

This research provides a comprehensive understanding of the experiences and sheds light on the effectiveness of microfinance in promoting women's socio-economic empowerment in Rautahat District, contributing to both academic knowledge and practical implications for policymakers, development practitioners, and microfinance institutions operating in the region. The outcomes of this study inform the design and implementation of future interventions that effectively harness the potential of microfinance to empower women and foster inclusive development in the district.

## Research Objective

The study aims to achieve a comprehensive understanding of the experiences and effectiveness of microfinance in promoting women's socio-economic empowerment in Rautahat District, contributing to both academic knowledge and practical implications for policymakers, development practitioners, and microfinance institutions operating in the region.

## Literature Review

The research section aims to provide review of literature. Alshebami (2015) conducted a study on "The role of microfinance for the empowerment of poor women in Yemen." The study highlighted that approximately 60 percent of microfinance institution clients worldwide are women. The author presented three arguments for prioritizing women's access to microfinance services: poverty alleviation, increased efficiency and sustainability, and equality in empowerment. The study concluded that microcredit schemes facilitate the empowerment of poor women, leading to enhancements in their ability to influence family affairs, decision-making, self-confidence, and overall well-being. Similar to studies conducted by Cheston, S., & Kuhn, L. (2002) and Chaudhary, M. K. (2022).

Njogu (2016) explored the role of microfinance institutions in empowering women economically. The study found that microfinance institutions play a crucial role in economically empowering women by granting them access to savings and credit. Women's control over financial decisions positively impacts their welfare and household well-being. The research emphasized the importance of providing training and guidance to women to enhance their economic decision-making skills. Many similar studies such as Chokhal, K. (2012), Claassens, S. (1993), Dhungana, R. B. (2017), Chokhal, K. (2012) and Gupta, R., & Aggarwal, S. (2017)

Kamau (2012) conducted research on "The impact of microfinance services on women's empowerment: A case study of Kikuyu division." The study aimed to examine how microfinance services impact women's empowerment indicators, such as influence over household decisions, conflict resolution abilities, and involvement in social campaigns. The research found a strong correlation between income, enhanced family relationships, and leadership potential, indicating the positive impact of microfinance on women's social and economic well-being.

Shakya (2016) conducted a study on "Microfinance and Women Empowerment" which investigated the role of microcredit and its effect on its borrowers in Nepal. The study found that microfinance initiatives commonly prioritize lending to women, as they exhibit higher repayment rates. This emphasis on women borrowers is connected to women's empowerment and economic development, as it fosters self-confidence. Women are considered valuable borrowers due to their ability to utilize small loans for wise investments rather than spending on luxury items. Women affirmed that the microcredit program had a positive impact on their self-confidence, and women residing in villages were encouraged to assume leadership positions within their families. The program facilitated decision-making opportunities for women in household matters, and women initiated businesses by obtaining microloans from microfinance institutions (MFIs).

Arora and Arora (2012) contributed to the field with a study on "Role of Micro-Financing in Women Empowerment: An Empirical Study of Urban Punjab" The research focused on the perceived impact of microcredit on women's empowerment in urban India, specifically Punjab. The study revealed significant benefits for women clients in terms of their socio-economic status, personal growth, financial independence, improved family relationships, and child development. Empowering women with financial resources can have a positive ripple effect on their families and society as a whole, helping them escape the cycle of poverty.

Chokhal (2012) conducted a study on "Socio-Economic Empowerment of Women through the Microcredit Program in Nepal: A Case Study of Ghatan VDC of Myagdi District" aimed to evaluate the impact of microcredit programs in generating income and employment, as well as their effects on socioeconomic empowerment and living standards. The study found that microcredit played a significant role in reducing poverty and empowering women. Women gained the ability to manage, handle, and operate such organizations, enhancing their societal status politically, socially, and economically in line with many others such as Guvaju, S., & Sherpa, D. K. (2020), Huque, M. (2017) and Kabutiei, G. (2013) .

Adhikari and Shrestha (2013) studied "Economic Impact of Microfinance in Nepal: A Case Study of the Manamaiju Village Development Committee, Kathmandu" The research emphasized the effectiveness of microfinance as a tool for bringing about a positive economic impact on the respondents and their families. The study involved a sample size of 186 individuals, including 121 borrowers and 65 non-borrowers. The results indicated that women's economic status improved as a result of income-generating activities facilitated by microfinance. Additionally, they experienced social empowerment through the creation of group solidarity fostered by the microfinance program.

Simba (2013) contributed to the field with a study on "The Role of Microfinance Institutions in Enhancing Women Entrepreneurship: The Case Study of FINCA Tanzania, Kinondoni Municipality" aimed to examine the extent to which small loans contribute to the economic empowerment of women, considering their current socio-economic activities. The study found that the loans provided by microfinance institutions had a significant impact on the well-being of women by promoting social and economic empowerment. To enhance the effectiveness of these loans, the study recommended providing seminars and training to women entrepreneurs on effective loan management and maximizing the financial

opportunities offered to them. Alshebami (2015) conducted a study on "The role of microfinance for empowerment of poor women in Yemen" The study highlighted the importance of prioritizing women's access to microfinance services based on poverty reduction, increased efficiency and sustainability, and equality in empowerment. The study found that microcredit schemes facilitated the empowerment of poor women by enhancing their ability to influence family affairs, decision-making, self-confidence, and gender relations at home.

Swain and Wallentin (2009) conducted a study on "Does microfinance empower women? Evidence from self-help groups in India" The study concluded that participation in microfinance programs, particularly self-help groups, empowered women by enabling them to resist gender norms and cultural constraints. The study also found that women's involvement in microfinance programs led to improvements in access to drinking water and toilet facilities, increased social participation, and greater self-reliance.

Noreen (2011) highlighted the positive impact of microfinance programs on women's economic growth by enhancing their income-generating activities. The study found that factors such as age, education level of the husband, marital status, and loan amount significantly influenced women's empowerment and decision-making within the household.

Sarumathi (2011) emphasized the psychological, social, and economic dimensions of women's empowerment through microfinance. The study found that microfinance instilled courage and self-confidence in women, improved their literacy levels, and contributed to economic development and happiness within their families.

Njogu (2016) highlighted the role of microfinance institutions in granting women access to savings and credit, which in turn enhanced their economic decision-making and welfare. The study emphasized the importance of providing training

and guidance to women to maximize the benefits of microfinance programs and Kamau (2012) examined the impact of microfinance services on women's empowerment in the Kikuyu division. The study found a strong correlation between income, enhanced family relationships, and leadership potential. The study recommended scaling up efforts to empower women socio-economically and provide adequate support to ensure their success Bansal, C., & Aggarwal, S., (2017).

Nguyen, (2018) has contributed on "Microfinance and Women's Empowerment: An Empirical Evidence in Vietnam". The aim of this study is to investigate whether individuals who participate in microfinance programs experience higher levels of empowerment compared to non-members, and to explore whether the duration of membership enhances the degree of empowerment among the clients. A sample of 44 women was selected for the study, and data analysis was conducted using a logistic regression model. The findings reveal that higher scores on empowerment indices are partially influenced by the presence of multiple household members earning regular income. Additionally, married women appear to be less likely to experience empowerment compared to non-married borrowers across all dimensions examined (Bansal & Aggarwal, 2017).

Biswokarma (2018) on his study "Performance of Microcredit towards Empowerment of Women: A case study of saving and credit cooperatives in Bardiya Distict of Nepal". The research was conducted in the Mid-Western Development Region of Nepal to assess the impact of microcredit on women's empowerment. A sample of 32 women borrowers from eight cooperatives was randomly selected for the study. The findings reveal varying levels of impact regarding the role of microcredit in women's empowerment. In terms of women's decision-making power and changes in men's attitudes towards domestic violence, there was no significant improvement in women's status even after joining cooperatives and obtaining microcredit. However, over two-thirds of the

respondents indicated a significant improvement in the level of respect they received within their families. Regarding participation in community activities, 60% of the respondents reported an improvement after borrowing microcredit. Additionally, approximately 53% stated that their communication skills had improved compared to before. Furthermore, 94% of the respondents reported an increased sense of confidence in their work or business endeavors (Basu, J. P., 2006).

Akter, Nayeem, and Didar (2021) carried out the study "Correlating women empowerment with micro finance in a small village in Bangladesh by using statistical methodology". This study aimed to examine the relationship between women's empowerment and microfinance in a small village in Bangladesh using statistical methodology. The research involved a total of 220 respondents, with 100 having previous experience with microcredit programs and 120 having no prior experience. Data was collected through face-to-face interviews and personal meetings using a comprehensive approach. The study evaluated women's empowerment based on five indicators: financial decision-making, household dynamics, freedom of movement, property ownership, and political and social awareness. The findings indicated that microcredit programs had a positive impact on women's empowerment across various dimensions. The analysis revealed a significant correlation between microfinance and women's empowerment (Kabeer, N., 2003).

Chaudhary (2022) conducted a study on "A Contribution of Microfinance in Women Empowerment: A Case of Janakpur Municipality, Nepal". The study revealed that microfinance has emerged as a significant source of financial support for underprivileged communities in rural areas of Nepal. This study focused on examining the significance and impact of microfinance on women's empowerment in Janakpur, a rural region of Nepal. The findings indicated that there is increased awareness regarding the importance of microfinance. However, decision-making authority

continues to be predominantly held by elder male members within households. The research concluded that women's ownership rights over family properties have increased to some extent following their participation in microfinance programs. However, it was observed that control over major properties still predominantly rests with males. Additionally, the study revealed that microfinance has contributed to raising awareness about the importance of saving money or level of financial literacy among member women. As a result, microfinance facilitated economic mobility through income-generating training programs, consequently fostering greater independence among women. Microfinance has made commendable strides in promoting women's empowerment in Janakpur. However, there are still opportunities for improvements in the policies and operations of microfinance initiatives.

Ilavbarhe and Izekor (2022) have contributed on "Determining the Role of Microcredit in Women Empowerment and Poverty Alleviation in Edo State, Nigeria in Edo State, Nigeria". The study aimed to investigate the role of microcredit in empowering women and alleviating poverty. Women, who constitute a significant portion of the impoverished population, often face adversity due to socioeconomic inequality and gender disparities. They have limited access to income-generating assets such as property and financial resources. Microcredit is regarded as a crucial tool for empowering women and reducing poverty. The study specifically focuses on the importance of microcredit in enabling women's empowerment and examines its impact on various aspects. These include identifying the sources of microcredit for women, evaluating its influence on women's income, savings, and investments, and identifying the barriers that hinder women's access to microcredit. The findings indicate that women's income and savings increase following their receipt of microcredit. To ensure the effectiveness of microcredit programs, it is recommended that the government promote awareness of microcredit

institutions and their services through mass media channels such as radio, television, and print media. Additionally, allocating more resources to microcredit organizations would allow a greater number of women to benefit from these programs.

Masha (2021) has contributed on "Role of Microfinance and self-help group in Women Empowerment in Rural India". This paper aims to examine the various factors contributing to women's empowerment through microfinance programs. Microfinance, particularly microcredit, is recognized as a valuable tool for economic development. The microfinance sector is predominantly managed by Self-Help Groups (SHGs), which provide financial assistance to marginalized individuals in rural areas through an efficient mechanism. These groups enable people to develop their collective self-help capabilities, leading to empowerment. The paper focuses on analyzing the impact of microfinance in reducing poverty and promoting socio-economic empowerment among women in rural India. It highlights the significant influence of microfinance in fostering certainty, confidence, motivation, skill enhancement, and empowerment among women. The role of SHG members is evident in guiding and encouraging women to participate in various social welfare activities with strong cooperation. The study concludes that group affiliation and access to financial services bring about positive changes in group members, leading to socio-economic and psychological empowerment.

Masood and Javaria (2020) have studied on "Impact of micro-credit financing on women's empowerment and poverty eradication: An empirical evidence from Pakistan". This study examines the implications of microcredit financing policies in Pakistan. Given the existing gaps in the literature, there is a need to investigate the impact of microcredit financing on poverty eradication and women's empowerment in the country. The data for this study was collected from micro-credit financing participants and a control group of non-participants, through cluster sampling

technique. The findings indicate that participation in microcredit financing programs contributes to women's empowerment in Pakistan by helping to alleviate poverty. However, the study reveals that these programs tend to exclude the poorest individuals. Moreover, the microcredit financing program fosters greater social acceptance, awareness, and involvement of women in decision-making processes, as well as increasing their control over money and assets in Pakistan.

Akhter and Cheng (2020) have contributed on "Sustainable Empowerment Initiatives among Rural Women through Microcredit Borrowings in Bangladesh". This study aims to utilize microcredit as a tool to address the gap in access to microcredit among impoverished rural women and promote sustainable socio-economic development, introducing a novel concept of "sustainability of empowerment". Furthermore, the study focuses on poor rural women to assess the effectiveness of microcredit borrowers compared to non-borrowers in the same socio-economic context, specifically in rural Bangladesh. The empirical findings not only consider the participation in microcredit programs but also explore the qualitative aspects of women's empowerment. The results indicate that sustainability is closely linked to the prosperity of many microcredit borrowers, as evidenced by their empowerment. The empirical analysis reveals a significant positive impact of microcredit on various aspects of women's empowerment, including increased participation in decision-making processes, legal awareness, independent movements, mobility, and improved living standards, thereby promoting sustainable women's empowerment.

Wagle (2019) conducted a research on "Microcredit and Women's Empowerment". This objective of study is to assess whether the microcredit program, which provides small amounts of credit to the impoverished, has positively impacted the empowerment of women. The research is based on a primary survey conducted in Bandipur Municipality in Tanahun District. The results

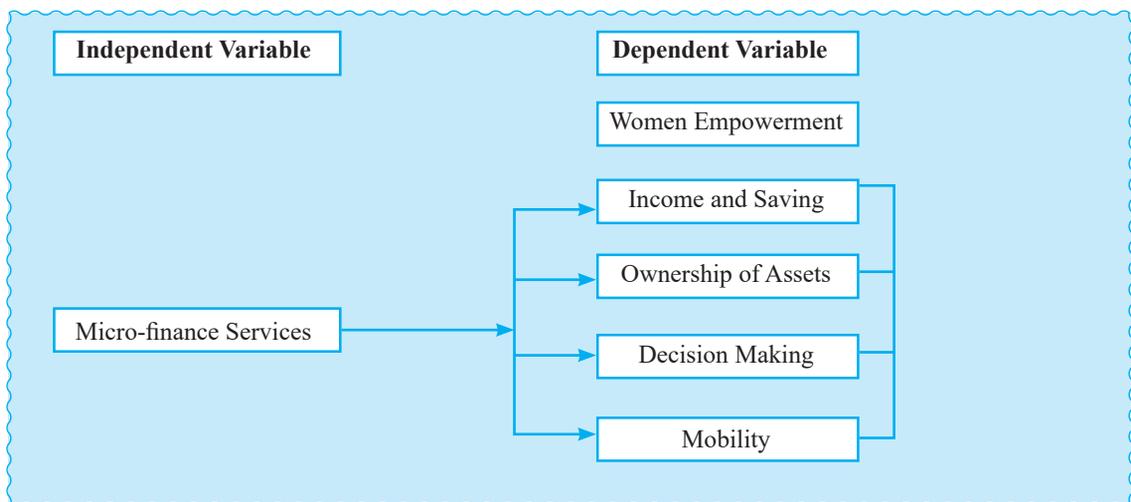
indicate that a majority of women who received microcredit reported experiencing socioeconomic empowerment, including improved access to capital, control over resources, and decision-making power. However, the findings varied among different groups, such as Dalit, Janajati, and Brahmin/Chhetri women. It was also observed that women in extreme poverty and landless families still face challenges in accessing microcredit programs. To further enhance the impact of microcredit, it is necessary to provide financial and technical support to women engaged in income-generating activities (Samant, Singh, Misra, & Dwivedi, 2019; Sarumathi, 2011 & Sharma, Dua & Hatwal, 2012).

Samant, Singh, Misra, and Dwivedi (2019) carried out the research that explores the effects of microcredit on indicators of women's empowerment, including decision-making, awareness, and psychological aspects, specifically among member beneficiaries in the Haridwar area of Uttarakhand, India. The research aims to investigate the impact of microcredit on these empowerment indicators. However, the findings reveal that microcredit

has no discernible effect on these metrics and does not lead to improvements in the lives of its recipients. The report recommends several actions to address this issue, including conducting regular and ongoing impact assessments by credit institutions, involving state and local governments in the process, analyzing socio-cultural factors, and promoting the formation of self-administered systems by women themselves Ramajeyam, T., Sooriyakumaran, L., & Vannarajah, T. L. (2016).

**Conceptual Framework of the Study**

The study uses microfinance services including Credit, Saving, insurance & Training as the independent variable and women empowerment as the dependent variable where the women empowerment is measured through Saving & Expenditure, Ownership of Assets, Decision-making, & Mobility. The following framework guides the research (Sharma, R., Mishra, S., & Rai, S. (2021): Swain, R. B., & Wallentin, F. Y. (2009) Singh, U. (2016): Wagle, S. (2019).



*Figure 1: Conceptual Framework of the Study*

Several references were deeply considered such Alshebami, A. (2015): Swain, R. B., & Wallentin, F. Y. (2009):Noreen, S. (2011): Njogu, M. (2016) for developing conceptual framework as shown in figure 1 and all variables are standard that is why variables are not expressed as literature.

## Methodology

The findings of this research is based on the primary data collection from survey whether microfinance services impact on the income & saving, ownership of assets, decision making, and mobility of SHGs women of Rautahat district. The information was gathered by creating a questionnaire that was then distributed and collected in Rautahat district. The findings are entirely based on the information and facts provided by the respondents in the convenient sampling survey.

The study is based on a number of statistical tests and analysis. The quantitative data was analyzed and interpreted using the Statistical Package for Social Science (SPSS) software and Microsoft Excel. The mean and standard deviation were calculated using descriptive statistics based on the respondent profile. In order to conduct this study, correlation analysis, regression analysis, and hypothesis testing were used along with Cronbach's alpha consistency reliability.

## Research Implementation

This study has been conducted under primary survey among 209 SHGs women serving microfinance institutions of Rautahat district including married, unmarried, widowed and divorced from all backgrounds for making data reliable and valid through structured questionnaire. The questionnaire for the study was developed

based on the literature review. The major purpose of the questionnaire was to identify the impact of microfinance on empowering SHGs women in Rautahat. A 5-Point Likert scale was used Value of 1 means Strongly Disagree, 2 for Disagree, 3 for Neutral, 4 for Agree and 5 for Strongly Agree.

The respondents were provided instruction on the questionnaire itself. The questionnaire had both numerical and non-numerical question. Questionnaire was mainly divided into two sections. The first part contained demographic profile of a respondent. It contains general information about respondent address, age, marital status, education, family size, husband occupation, monthly income level and purpose of taking microfinance. The second part contains descriptive statistics about income & savings, ownership of assets, decision making, and mobility of women after having microfinance services.

The mode of administration chosen was a paper-based survey. The researcher personally distributed the questionnaires to the individuals involved. Additionally, the questionnaire was translated into Nepali to ensure that respondents faced no difficulties while completing it. The data collection process posed challenges as many respondents were engaged in their daily tasks and felt uncomfortable sharing personal information. Explaining the purpose of the research to the respondents also proved to be difficult.

Pilot testing was conducted on 15 data sample on convenience sampling method in order to identify reliability and validity of the constructs used for the overall research purpose where all values greater than 0.60 conformed the reliability as shown in table 1.

**Table 1: Reliability Test for 15 Respondents**

Variables	No. of Items	Cronbach's Alpha
Income & Saving	4	0.682
Ownership of Assets	5	0.775
Decision Making	4	0.785
Mobility	4	0.683
Microfinance Services	5	0.859

**Table 2: Reliability Test for 209 Respondents**

Variables	No. of Items	Cronbach's Alpha
Income & Saving	4	0.625
Ownership of Assets	5	0.613
Decision Making	4	0.744
Mobility	4	0.712
Microfinance Services	5	0.681

After 209 respondents data collection, validity and reliability conforms more than 0.60 Cronbach's Alpha as shown in table 2.

### Data Analysis

This study looked into the impact of microfinance on women's empowerment, particularly among SHGs women in Rautahat. Based on the above objectives following hypotheses has been drawn:

- H1: Microfinance has significant impact on income and savings of SHGs women in Rautahat.
- H2: Microfinance has significant impact on ownership of assets of SHGs women in Rautahat.
- H3: Microfinance has significant impact on decision making of SHGs women in Rautahat.
- H4: Microfinance has significant impact on mobility of SHGs women in Rautahat.

The replies of 209 distinct respondents were coded in SPSS after the instruments' reliability

was established through pilot testing. Following the completion of the data entry, frequencies were utilized to determine the characteristics of the respondent's profile.

Simple descriptive statistics such as frequency count, percentage, mean and standard deviation, etc. were used. Mean and standard deviation have been used for the descriptive study of variables. Correlation analysis can be carried out to see the degree and nature of relationship among and between dependent and independent variables. The regression analysis can be carried to measure the impact and see the cause and effect relationship between the independent and dependent variables using SPSS.

### Income & Savings

The change on saving of respondents after participation in microfinance institution is analyzed based on two items. The mean and standard deviation of above variable is shown in Table 3.

**Table 3: Descriptive Statistics of Income & Savings**

Statement	N	Mean	SD " $\sigma$ "
Participation in Microfinance has increased my income level	209	3.6220	0.7177
Participation in Microfinance has increased my saving	209	4.2440	0.8394
Participation in Microfinance has reduced dependency on private money lenders	209	4.1962	0.8348
Participation in microfinance has helped me to tackle my urgent financial needs	209	4.3062	0.6665

Table 3 shows that the items have mean value from minimum of 3.6220 to maximum 4.3060. The highest mean value 4.3060 indicates that it is the most empowering statements, stating that Participation in microfinance has helped them to tackle my urgent financial needs. Lowest mean value of 3.6220 shows that respondent's

Participation in Microfinance has increased my income level.

### Ownership of Assets

The level of empowerment of respondents in ownership of assets is analyzed based on five items. The mean and standard deviation of above variable is shown in Table 4

**Table 4: Descriptive Statistics of Ownership of Assets**

Statement	N	Mean	SD " $\sigma$ "
Microfinance helps to have ownerships of Appliances and electronics	209	3.6794	0.8591
Microfinance helps to have ownerships of livestock	209	3.1531	1.1625
Microfinance helps to have ownership of transportation-related assets	209	3.1005	1.2802
Microfinance helps to have ownership of land	209	2.8565	1.3187
Microfinance helps to have ownership of agriculture equipment	209	2.8995	1.0767

Table 4 shows that the highest mean value 3.6794 indicates that it is the most empowering statements, stating that Microfinance helps to have ownerships of Appliances and electronics. Lowest mean value of 2.8565 shows that respondents have less empowering, stating Microfinance helps to have ownership of land.

#### Decision Making

The level of empowerment of respondents in decision making is analyzed based on four items. The mean and standard deviation of above variable is shown in Table 5

**Table 5: Descriptive Statistics of Decision Making**

Statement	N	Mean	SD " $\sigma$ "
Microfinance has encouraged me to have the sole right to decide about daily expenses	209	3.8134	0.6993
Microfinance improved my status as a family member involved in borrowing and investing decisions	209	4.0909	0.6978
Microfinance has encouraged me to participate in making decisions about their children's education, marriage, and careers	209	4.0000	0.9041
Microfinance enabled me in overcoming my fear of making the right decisions for my family	209	3.7703	0.7875

Table 5 shows that statement second has the highest mean and statement fourth has the lowest. The highest mean value of 4.090 indicates that it is the most empowering statements, stating that microfinance improved their status as a family member involved in borrowing and investing decisions. The Lowest mean value of 3.7703 shows that respondents have low empowering, stating

that microfinance enabled them in overcoming their fear of making the right decisions for family.

#### Mobility

The level of empowerment of respondents in mobility is analyzed based on four items. The mean and standard deviation of above variable is shown in Table 6.

**Table 6: Descriptive Statistics of Mobility**

Statement	N	Mean	SD " $\sigma$ "
Microfinance has enhanced my confidence to travel outside alone.	209	3.8325	0.7440
Microfinance has enhanced my confidence to go for personal and family shopping	209	3.9378	0.6658
Microfinance has enhanced me to participate in social, political and others events.	209	3.8373	1.1233
Microfinance has made me able to visit for medical facilities alone after getting microfinance services	209	3.6938	0.8447
Microfinance helps to have ownership of agriculture equipment	209	2.8995	1.0767

Table 6 shows that second statement has the highest mean and fourth statement has the lowest. The highest mean value 3.9378 indicates that it is empowering statements, stating microfinance has enhanced their confidence to go for personal and family shopping. Lowest mean value of 3.6938 shows that respondents have somewhat

empowering, stating microfinance has made them able to visit for medical facilities alone after getting microfinance services.

**Microfinance Services**

The mean and standard deviation of above independent variable is shown in Table 7.

**Table 7: Descriptive Statistics of Microfinance Services**

Statement	N	Mean	SD "σ"
MFIs easily provide loans to members.	209	3.8660	0.8328
The lending rate of microfinance is reasonable than private money lenders	209	4.1196	0.7206
I am satisfied with the various loan products and repayment mechanism of Microfinance	209	3.8756	1.0980
I am satisfied with the micro insurance provided by Microfinance	209	3.5502	0.8980
MFIs provide advisory service and trainings.	209	3.4785	1.4008

Table 7 shows that second statement has the highest mean and fifth statement has the lowest. The highest mean value 4.1196 indicates that it is the most effective to women empowerment, stating that the lending rate of microfinance is reasonable than private money lenders. Lowest mean value of 3.4785 shows that respondents have less effective

for women empowerment stating that Microfinance Institutions provide advisory service and trainings for members.

**Correlation Analysis**

Pearson Correlation analysis is conducted to test the bivariate relationship as shown in table 8.

**Table 8: Correlation Analysis**

Variables	Decision	
Income & Savings	Pearson Correlation	.439
	Sig. (2-tailed)	.000
	N	209
Ownership of Assets	Pearson Correlation	.231
	Sig. (2-tailed)	.001
	N	209
Decision Making	Pearson Correlation	.401
	Sig. (2-tailed)	.000
	N	209
Mobilty	Pearson Correlation	.467
	Sig. (2-tailed)	.000
	N	209
Microfinance Services	Pearson Correlation	1
	Sig. (2-tailed)	
	N	209

*\*\*Correlation is significant at the 0.01 level (2-tailed)*

Table 8 shows the correlation of dependent variables i.e. income & savings, ownership of assets, decision making and mobility with independent variable i.e. Microfinance are 0.439, 0.231, 0.401, and 0.467 respectively. It shows

that dependent variables have moderate positive relationship with independent variable.

### Regression Analysis

The regression analysis is used to see the effect of independent variable over dependent variable.

#### Microfinance and Income & Savings

**Table 9: Microfinance and Income & Saving Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.439	0.193	0.189	0.4746

Table 9 shows the correlation coefficient between income & saving and microfinance services is 0.439 that implies microfinance services and income & saving have positive correlation and microfinance leads to empowering women.

the microfinance after adjusting the value of coefficient of determination. In addition, out of all other factor, microfinance solely contributes 19.3% in empowering the saving of women.

Here, coefficient of determination (R<sup>2</sup>) in the model is 0.193. R<sup>2</sup> of 0.193 means that 19.3% variation in income & saving is explained by

The next table 10 is ANOVA, which reports how well the regression equation fits the data (i.e. predicts the dependent variable) and is shown below:

**Table 10: Microfinance and Income & Saving ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.156	1	11.156	49.520	.000
Residual	46.634	207	0.225		
<b>Total</b>	<b>57.789</b>	<b>208</b>			

Table 10 shows that microfinance is best at measuring income & saving and microfinance has

positive impact on income & saving of women of Rautahat district.

**Table 11: Regression Coefficient of Microfinance and Income & Saving**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta			VIF
Constant	2.796	0.87		14.949	.000	
MS	0.343	0.049	0.439	7.037	.000	1.000

Table 11 shows the microfinance has beta value of 0.439 for income & saving. Higher beta value indicates higher dominant influence of independent variable on dependent variable.

Where, S-Income & Saving (Estimated)  
Dependent variable

From Table 11, the regression equation based on the coefficients of variables can be written as:

The constant score indicates that the saving due to the factors other than microfinance service. Table 11 shows the microfinance has beta value of 0.439 for income & saving. Higher beta value indicates higher dominant influence of independent variable on dependent variable.

$$IS \text{ (est.)} = 2.796 + 0.343 * MS$$

From Table 11, the regression equation based on the coefficients of variables can be written as:

$$IS \text{ (est.)} = 2.796 + 0.343 * MS,$$

Where, S-Income & Saving (Estimated)  
Dependent variable

The constant score indicates that the saving due to the factors other than microfinance service considered under the study is 2.796. Microfinance services has coefficient value of 0.343. This means, the saving is meant to move in a positive direction by 0.343, if one unit of microfinance service is increased and vice versa.

**Microfinance and Ownership of Assets**

**Table 12: Microfinance and Ownership of Assets Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.231	0.053	0.049	0.7032

Table 12 shows the model summary of correlation coefficient (R) between dependent variable i.e. ownership of assets and independent variable i.e. microfinance services as well as coefficient of determination. The correlation coefficient between ownership of assets and microfinance services is 0.231 which indicates that, there exists positive correlation between health condition and microfinance services. From this value, we can conclude that microfinance services leads to improving women status on owning assets.

Coefficient of determination (R) describes the contribution of independent variable in measuring the impact in dependent variable. When all the other things remaining constant, coefficient of determination measures the impact of independent variable in dependent variable. Here, coefficient of determination (R<sup>2</sup>) in the model is 0.053 that means 5.3% variation in ownership of assets is explained by the microfinance.

**Table 13: Microfinance Services and Ownership of Assets ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.156	1	11.156	49.520	.000
Residual	46.634	207	0.225		
<b>Total</b>	<b>57.789</b>	<b>208</b>			

Table 13 gives the description of ANOVA table which is used to analyze the significance of the overall model. The regression model is deemed appropriate when the significant value is less than level of significance (alpha) of 0.05. Table 4.18 shows the p-value of regression model i.e. 0.001 is

less than alpha i.e. 0.05 which means the regression model is appropriate and the result is reliable. So the model is significant at 5% level of significance. From the ANOVA table we can conclude that microfinance services is best at improving status of women on ownership of assets.

**Table 14: Microfinance and Ownership of Assets Coefficient of Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta			VIF
(Constant)	2.207	0.277		7.965	.000	
MS	0.246	.072	0.231	3.411	.001	1.000

Table 14 shows the microfinance has beta value of 0.231 for ownership of assets. The significant value less than 0.05 indicates the significant relationship between independent and dependent variable. The

microcredit with significance value of 0.000 has found significant relationship with ownership of assets of women.

From Table 14, the regression equation based on the coefficients of variables can be written as:

$$OA \text{ (est.)} = 2.207 + 0.246 * MS$$

Where,

OA = Ownership of Assets (Estimated) Dependent variable

MS = Microfinance Services (Independent variable)

The constant score indicates that the ownership of assets due to the factors other than microfinance services considered under the study is 2.207. Microfinance services has coefficient value of 0.246 which means ownership of assets is meant to move in a positive direction by 0.246, if one unit of microcredit service is increased.

### Microfinance Services and Decision Making

**Table 15: Microfinance and Decision Making Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.401	0.161	0.157	0.5366

Table 15 shows the model summary of correlation coefficient (R) between dependent variable i.e. decision making and independent variable i.e. microfinance services as well as coefficient of determination. The correlation coefficient between decision making and microfinance services is 0.401. This value indicates that, there is positive correlation between decision making and microfinance services. From this value, we

can conclude that microfinance and decision making have positive correlation and microfinance services leads to improving decision making status of women in Rautahat District.

Coefficient of determination (R<sup>2</sup>) in the model is 0.161 which means 16.1% variation in decision making is explained by the microfinance services after adjusting the value of coefficient of determination.

**Table 16: Microfinance Services and Decision Making ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	11.399	1	11.399	39.594	0.000
Residual	59.593	207	0.288		
<b>Total</b>	<b>70.992</b>	<b>208</b>			

Table 16 gives the description of ANOVA table which is used to analyze the significance of the overall model. The regression model is deemed appropriate when the significant value is less than level of significance (alpha) of 0.05. Table 4.21 shows the p-value of regression model i.e. 0.000 is

less than alpha i.e. 0.05 which means the regression model is appropriate and the result is reliable. So the model is significant at 5% level of significance. From the ANOVA table we can conclude that microfinance services is best at improving decision making.

**Table 17: Microfinance and Ownership of Assets Coefficient of Regression**

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics	
(Constant)	2.609	0.211	12.337	.000		
MS	0.347	0.055	0.401	6.292	.000	1.000

Table 17 shows the microfinance has beta value of 0.401 for decision making. The significant value less than 0.05 indicates the significant relationship between independent and dependent variable. The microfinance with significance value of 0.000 has found significant relationship with decision making

of women entrepreneurs.

From Table 17 the regression equation based on the coefficients of variables can be written as

$$DM \text{ (est.)} = 2.609 + 0.347 * MS$$

Where,

DM=Decision Making (Estimated) Dependent variable  
 MS= Microfinance Services (Independent variable)  
 The constant score indicates that the decision making due to the factors other than microfinance

services considered under the study is 2.609. Microfinance services has coefficient value of 0.347 which means the decision making is meant to move in a positive direction by 0.347, if one unit of microfinance service is increased.

**Microfinance and Mobility**

**Table 18: Microfinance and Mobility Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.467	0.218	0.214	0.5595

Table 18 shows the model summary of correlation coefficient (R) between dependent variable i.e. mobility and independent variable i.e. microfinance services as well as coefficient of determination. The correlation coefficient between mobility and microcredit is 0.467. This value indicates that, there is positive correlation between mobility

and microfinance services. From this value, we can conclude that, microfinance services leads to improving the mobility of women.

Coefficient of determination (R<sup>2</sup>) in the model is 0.218 which means 21.8% variation in mobility is explained by the microfinance services.

**Table 19: Microfinance and Mobility ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	18.073	1	18.073	57.732	.000
Residual	64.802	207	0.313		
<b>Total</b>	<b>82.876</b>	<b>208</b>			

Table 19 gives the description of ANOVA table which is used to analyze the significance of the overall model. The regression model is deemed

appropriate when the significant value is less than level of significance (alpha) of 0.05.

**Table 20: Microfinance services and Mobility Coefficient of Regression Model**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta			VIF
Constant	2.176	0.221		9.868	0.000	
MS	0.437	0.057	0.467	7.598	0.000	1.000

Table 20 shows the microfinance has beta value of 0.467 for mobility. Similarly, the significant value less than 0.05 indicates the significant relationship between independent and dependent variable.

MS= Microfinance Services (Independent variable)

From Table 20, the regression equation based on the coefficients of variables can be written as:

$$MO (est.) = 2.176 + 0.437 * MS$$

The constant score indicates that the mobility due to the factors other than microcredit service considered under the study is 2.176. Microfinance services have coefficient value of 0.437. This means, the mobility is meant to move in a positive direction by 0.437, if one unit of microcredit service is increased.

Where, MO = Mobility (Estimated) Dependent variable

**Table 21: T-Test Statistics**

Variables	p-value
Income & Savings	0.0000
Ownership of Assets	0.0010
Decision Making	0.0000
Mobility	0.0000

The t-test shows that p-value is less than alpha (i.e.  $0.00 < 0.05$ ). Since the p-value is less than alpha alternative hypothesis (H1) is accepted. Hence, microfinance has significant impact on income & savings of women.

The test shows that p-value is less than alpha (i.e.  $0.001 < 0.05$ ). Since the p-value is less than alpha alternative hypothesis (H2) is accepted. Hence, microfinance has significant impact in ownership of assets of women.

The t-test shows that p-value is less than alpha (i.e.  $0.00 < 0.05$ ). Since the p-value is less than alpha alternative hypothesis (H3) is accepted. Hence, microcredit has significant impact in mobility of women.

The t-test shows that p-value is less than alpha (i.e.  $0.00 < 0.05$ ). Since the p-value is less than alpha alternative hypothesis (H4) is accepted. Hence, microfinance has significant impact in decision making of women.

Microfinance aims to empower women by providing them with financial resources, providing training and promoting entrepreneurship (Thapa, S., 2006: Shrestha, R., 2008). However, it is crucial to measure the impact of microfinance on women's empowerment for several reasons. Firstly, women empowerment is an essential component of sustainable development. Secondly, measuring the impact helps assess the effectiveness and efficiency of microfinance programs in achieving their intended objectives. It enables policymakers and stakeholders to identify gaps, challenges, and best practices, leading to improvements in program design and implementation. So, it is crucial to assess role of microfinance on women empowerment whether this really empowering the women or not.

Ilavbarhe & Izeke (2022) stated that after receiving the microcredit from microfinance institution shows the positive impact on the women's income and saving. Which is similar to the finding of this research. Which implies that the microfinance has positive impact on the women's income and savings

The above findings of this research are consistent with the argument of (Akter, Nayeem, & Didar, 2021) who asserted that microcredit has a positive impact on financial decision-making, freedom of movement, property ownership and it revealed that all the hypothesis are significantly supported to the study. Chaudhary (2022) concluded that women's ownership rights over family properties have increased to some extent following their participation in microfinance programs. Moreover, the study revealed that microfinance has contributed to raising awareness about the importance of saving money or level of financial literacy among member women

Singh (2016) concluded that microcredit has positive impact on the women empowerment. The study demonstrates that women who are member of MFIs have a significantly higher level of participation in decision-making compared to non- members, particularly concerning household expenditures, children's education, children's marriages, marketing decisions, and social customs within the home. The findings of this study also show the similar result that microfinance have improve their decision making capability (Shrestha, B., 2016: Shrestha, S., 2023).

Akhter and Cheng (2020) mentioned that there is a significant positive impact of microcredit on various aspects of women's empowerment, including increased participation in decision-

making processes, legal awareness, independent movements, mobility, and improved living standards, thereby promoting sustainable women's empowerment. In current study also indicate that microfinance has positive impact on mobility.

## Conclusion

Self Help group microfinance has been widely implemented in Nepal, particularly targeting women to help them develop self-employment opportunities and various income-generating activities. The impact of microfinance on women's empowerment has been studied extensively, and the results indicate that microfinance is a powerful tool in enhancing women's empowerment for all indicators, including income and savings, ownership of assets, decision-making, and mobility. However, it should be noted that participation in microfinance does not solve all the problems of the poor, but it serves as a means of helping them to boost their economic activities or augment their status. Other associated services like microcredit, awareness workshops, and training programs are crucial for the empowerment of women, as they not only provide self-employment training but also facilitate good decision-making ability and boost their confidence.

Studies have shown that self-help group microfinance has contributed immensely to the economic empowerment of women through improvement in their income and savings. Women who participate in microfinance activities have increased levels of employment, income, investment, savings and expenditure, and ownership of assets compared to non-participants. Access to microfinance has improved the status of women both at the family level and in society as a whole. Women's participation in household and business decision-making and community activities has increased, and there has been an improvement in child education status for women and their families. Participants are more confident while travelling, visiting the market for the purchase of household goods, and dealing with other members of society.

In brief, Self-help group microfinance has been found to be a robust instrument for empowering women, as the study results show an improved economic and social condition of women. Microfinance services have an overall significant impact on SHG women in Rautahat. The microfinance is only a portion of what is needed to empower women, and microfinance institutions have become a vehicle for social and economic transformation and empowerment of women.

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