# WOMEN EMPOWERMENT THROUGH MICROCREDIT SERVICES IN BHUTAN

Dissertation Submitted to

**The IIHMR University, Jaipur**

For the partial fulfillment for the award of the degree of Master of Business Administration (MBA)

In Rural Management by

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Under the Supervision and Guidance of

Professor Rahul Ghai

2021

## DECLARATION BY STUDENT

I hereby declare that this dissertation titled Women Empowerment through Microcredit Services in Bhutan is the bonafide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

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**T0 WHOM IT MAY CONCERN**

This is to certify **Ms. Dorji Zangmo** bearing CID No.**11004000384**, who has Interned w.e.f 26th April to 10th June, 2021. Upon my observation, I found her very polite, sincere, honest, punctuality, creative and dedicated towards given task. She did not fail to carry out her responsibilities assigned to her.

She has not only enjoyed good personal relationship with the colleagues but also gained admiration from the Office; no grievances reported relating to her work style from staff and community.

Considering the ways she works the office and her achievements, she is seen as one of the staff who would be able to shoulder any responsibilities effectively. We are sure her experience, knowledge and enthusiasm will contribute immensely in whatever endeavor she undertakes.

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*Logo on the left: Emblem of the National Award of Merit (Gold) received from His Majesty The King on the 109th National Day*

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## CERTIFICATE

This is to certify that dissertation titled Women Empowerment through Microcredit Services in Bhutan is a record of the research work undertaken by Dorji Zangmo in partial fulfillment of the requirements for the award of the degree of MBA Rural Management from the IIHMR University, Jaipur under my guidance and supervision and her approach to the research study has been sincere, scientific, and analytical.

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## Abstract

This dissertation primarily seeks to study about the various roles or initiatives taken by microfinance institutions in empowering rural women in Bhutan. The study attempts to find out the impact of microfinance institutions on women in rural communities through an engagement with three leading MFIs of Bhutan- (RENEW microfinance, Tarayana microfinance & BAOWE Pelzang microfinance). The key objective of the study is to find out various reason behind establishing microfinance institutions and to see how successful and effective the microfinance institution is in Bhutan. Further it examines, whether microfinance institutions were established due to lack of access to finance or due to stereotypes about women's abilities to lead and manage as entrepreneurs. To get the required information, primary and secondary data have been used. Primary data was collected through interviews with key informants, interacting with concerned officials and through formulating google questionnaires. The secondary data comprise of web browsing through sources such as organizational records, past research papers and understood through a systematic desk review. The microfinance institutions empowered rural women in many ways. They not only provide them with microloans but also trainings and workshops to enhance the skills and abilities of the rural women. These initiatives have helped women become entrepreneurs by creating livelihood opportunities and employment generation. The study has understood and assess various plans or initiatives taken by microfinance institutions and the challenges faced by both microfinance institutions and rural women in Bhutan. So I recommend that despite their valuable services provided to the rural women, if the MFIs could come up with unique strategies to render effective professional financial services for all vulnerable women in every corner of the country. So as to improve the economic status and well-being of all Bhutanese women.



**Key words**: Microfinance, RENEW, Tarayana, BAWOE Pelzang Microfinance, Empowerment, Women Enterprise, Rural Entrepreneur.

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I would like to give my heartfelt gratitude to my mentor professor Rahul Ghai for giving me the wonderful opportunity to explore myself and understand about microfinance institutions in Bhutan. The progress and completion of this project would be incomplete if Tarayana microfinance have not given me this opportunity to study and explore in their organization. Moreover I am extremely grateful to Mr. Jamyang Phuntsho the program officer and Mrs. Tashi Pem the accounts officer of Tarayana foundation for providing me with the data and information as par the requirement. Further, I would also like to thank my friends who helped me a lot in collecting data and finalizing this paper within the limited time frame.

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**Abbreviations**

1. GNH: Gross National Happiness – it's a philosophy introduce by Forth king of Bhutan and its guides the developmental activities in a country.
2. BDFC: Bhutan Development Finance Corporation – Commercial Banks in Bhutan.
3. BOB: Bank of Bhutan – Commercial Bank of Bhutan.
4. FCB: Food Cooperation of Bhutan – Part of government agency which maintain adequate food reserves and distribute to the Bhutanese people at all time.
5. RICBL: Royal Insurance Corporation of Bhutan Limited – it's a bank which focuses on providing small and medium-term loans to improve the livelihoods of the people.
6. RENEW: Respect, Educate, Nurture, and Empower Women – A Non-profit organization helping to empower women gender.
7. TF: Tarayana Foundation – A Non-profit organization that works for the upliftment and enhancing disadvantage communities in Bhutan.
8. TMF: Tarayana Micro Finance – Microfinance institution for the poor
9. BAOWE: Bhutan Association of Women Empowerment – Non-profit organization for women upliftment.
10. MI: Microfinance Institution
11. CSO: Civil Society Organization – An organization whose ultimate objective is to look after the livelihood of the disadvantage family.
12. NGO- Non-Governmental Organization
13. SABHA-SAARC Business Association of Home Based Workers – An association of home based workers within the SAARC members.
14. REDCL- Rural Enterprise Development Corporation Limited (REDCL)
15. SHG: Self Help Group – An association of women as well as men genders with the prime objective of community development and livelihood improvement.
16. RORUM : Respect, Ownership, Reliable and Associated Member

## Chapter 1. Background and Context

Bhutan is a small country situated in the eastern Himalayas between the two big nations i.e India and China. Being a small country with a total land area of 38,394 $km^2$ and a population of around 771,608 people, Bhutan has successfully adopted its own philosophy, Gross National Happiness, to guide its development. GNH was proposed in 1972 by the fourth king of Bhutan, King, on the premise that the real development of the country must be based on a people-centered overall model, rather than technology or commercial development. Gross national happiness is based on four pillars. Good governance, fair and sustainable development, cultural protection and environmental conservation. Bhutan applies GNH to improve the lives of Bhutanese people in a variety of ways, particularly through micro credit services which is the focus point in this research.

In Bhutan the system of credit is very young phenomenon and featured only in 1980s with the introduction of few banks such as BDFC (Bhutan Development Finance Corporation), Bank of Bhutan (BOB) and other institution such as Food Cooperation of Bhutan (FCB), RICBL focuses on the development of the agricultural and rural sectors to achieve a balanced development of the national economy, and focuses on providing small and medium-term loans to improve their livelihoods. These are the general micro credit institutions that provides services to both men and women around the country. Unlike other countries where they provide micro-credit services are women oriented, In Bhutan it is offered to both the genders keeping the philosophy of GNH in mind. Either way there are certain civil society organizations which are women oriented such as RENEW, (Respect, Educated, Nature, Empower Women), Tarayana Foundation and BAOWE (Bhutan Association of Women Entrepreneurs).

RENEW was founded in 2004 by the Queen's mother, Ashi Sangay Choden Wangchuck, with a special focus on domestic violence, sexual harassment, and gender-based violence. With all of these issues Renew microfinance project was initiate in 2012 to provide micro loans particularly to the rural women to improve their livelihood, especially for those women who are living under extreme circumstance. Further, The Tarayana Foundation is another civil society organization established in 2003 by Queen mother Ashi Dorji Wangmo Wangchuck with the vision of providing access to microcredit for rural development and aims to enable the rural communities of Bhutan to help themselves progress out of poverty with accelerate income growth. Tarayana microfinance provides the poor and transient segments with credit, continuous skills training and progress monitoring, hand-holding beneficiaries throughout the journey. Another Non-Profit Organization registered under CSO act 2007 is BAOWE (Bhutan Association of Women Entrepreneurs) which focus on reaching out to marginalized members of society mainly single mothers and informal sectors. So, these are the few microfinance institutions in Bhutan that plays an important role in the development of country's economic generation, employment opportunities and enhancing women empowerment. The main objectives of those microfinance institutions is to ensure long lasting access to finance for the benefits of the target groups and to achieve a long term sustainable solution for providing financial services to the needy people in rural communities. Further they also provide continue access to financial services by organizing and empowering women. Thus, this paper aims to study how introduction of financial services such as Micro finance has contributed in Women empowerment.

### 1.1 Problem Statement

Around seventy percent of the world's poor are women. They were economically backward and neglected from almost all decision making process. Even the commercial banks focusing on men and formal business, neglecting the women who make up a huge and developing portion of the casual economy. Similarly in the small country like Bhutan, almost 70% of women were economically backward and depending on their male kin, due to poor level of education, low income level, less participation in decision making process and the traditional notion of women being in the kitchen. Further, as per the NCWC report on Gender Equality Diagnostic of selected sectors, 2014, one of the main challenges faced by Bhutanese women is access to finance and the stereotypes about women's abilities to lead and managed as entrepreneurs. Thus recognizing the challenges faced by the women, this study is done to find out how microfinances institutions in Bhutan encourages women in overcoming the challenges by supporting financially and through various trainings.

### 1.2 Research objectives

- To find out the impact of microfinance institutions on women in rural communities in Bhutan.
- To understand various reason behind establishing microfinance institutions in Bhutan.
- To understand how microfinance institution bring equality and enhance the women empowerment.

## Chapter 2: Literature Review

Microfinance institutions have been defined differently by different organizations. As per the Tech Target Contributor, (2012) Microfinance is the arrangement of investment funds accounts, credits, protections, cash exchanges and other managing an account administrations to clients that need get to conventional money related administrations, as a rule since of destitution. According to Asian Development Bank, Microfinance is the arrangement of financial services to low income households and to a small enterprise. Today all over the world, the microfinance institutions plays vital role in offering diversified loan products to the rural poor comprising personal savings options, insurances packages, housing loans and social services, including health education and care.

The concept of microfinance in Bhutan is a new phenomenon and came into existence in 1998. The microfinance institution such as Tarayana foundation and RENEW microfinance project in Bhutan were introduce in 2003 and 2012. The RENEW microfinance project lend the micro loan to public on 21st May 2016. According to S Juan, (2007), the services of microfinance leads to women's strengthening by emphatically impacting women's decision-making and upgrading their socio-economic status. The microfinance services in Bhutan provides the right to have the power to control their own lives, both within and outside the home and the right to have access to opportunities and resources.

All over the world, women empowerment is considered as one of the top most priorities for development agencies and the governments, as women are the ones who experiences various forms of discriminations and inequity. "Targeting women is believed to increase the effectiveness of the programs and the contribution towards the financial self-sustainability and further increasing women's economic activities and their involvement in the economic development of the country" (Dalia Debnath, 2019). Hence, women's empowerment is clearly defined as the ability to express personal choice and self-reliance within the existing structure, rather than the need to check for potential limitations (Drolet, 2010). Access to credit (targeting poverty) and increasing the number of female clients are assumed to be sufficient to promote poverty alleviation and empower women.

"Microfinance initiatives play a crucial role in economic development, employment generation and women empowerment" (Kumar, 2020). As in India, SHGs was greatly encouraged for their positive effect for achieving women's empowerment. Initiatives such as the Self-Service Banking

Link program are increasingly being promoted due to their encouraging economic impact and the empowerment of women. SHG also provides freedom and promotes trust, mutual trust, and trust among its members. “In Uttar Pradesh SHGs microfinance activities have successful in accomplishing their goals for women empowerment, for self-employment, income generating activities and poverty reduction” (Kumar, 2020). The author says that SHG is very beneficial for the socioeconomic development of low-income families, especially those below the poverty line.

Further the author also mention that with the help of microfinance many women and low class people had started personal business and group business. In addition, the study found that SHG has a positive impact on members, especially in terms of finances, and believes that women's self-confidence, self-esteem and freedom are necessary conditions for the social economy.

In Utter Pradesh, as per the study with the help of microfinance services and SHGs, women were empowered in various factors. The first factor is political Engagement. Women are more confident when they meet with officials and representatives. They voted independently in local elections. They also understand the parliamentarians and parliamentarians in their region and their work. The second factor is mobility and independence. Women are free to walk out of their homes and communicate with local gram panchayat to ask their questions. They were free to express their views, problems and can contribute to social empowering.

Further, SHG members are now financially independent, because members can meet their family's needs, can easily borrow on their own, and can freely decide on their savings and investments. Further, women can also protest against social issues such as child labor, dowry, and domestic violence and so on.

“Microfinances services empowered women through engaging in productive activities, self-reliance, and better status at all levels, increased self-confidences and decline in violence experiences and protest of moving out of poverty” (Singh, 2018). The author also mention that in the various part of the Bangladesh, large number of women were utilizing microloans and it is. Microfinance institutions appear to be committed to empowering women.

In that study it is mention that, before women were supposed to be in the house and do the house chores and were not allowed to take any decision without the permission of spouse and don’t have any rights on any financial activities in the house and were fully depend on their spouse. Now with the help of microfinance services, women can now get loan easily and can enhance their overall socioeconomic status. The author says that for the household security, women even pay off their husbands' debts through microcredits. On the other hand, the study mentioned that men are beginning to see women as a source of loans rather than as wives or human beings. The author said that men now see women as a new source of income and are forced to join a credit group to obtain loans. If women are unwilling to obtain loans, men will use physical violence and verbal abuse to push them to obtain loans. Additionally, in her study of 120 female borrowers, she noted that approximately 70% of women have witnessed an increase in violent contact with the Grameen Bank. Moreover, through the services of micro finance, women can easily approach to loan services and they can managed to use loans to establish small business and microenterprise. Through which women can improved their livelihood and became independent and self- confident.

Women empowerment is a top priority of any country and it can be enhanced by Microcredit. It provides an influential tool for income generation and in development of human resource. The study conducted in Bangladesh was to identify the determinants of microcredit accessibility by rural women household and the impact it has on them. For that, Descriptive statistics and econometric modelling were used and face to face survey was conducted in Bangladesh. “Microcredits institutes contribute to building a comprehensive financial institution via which plentiful poverty can be alleviated with simultaneous renovation of economic and social structures” (Debnath, Rahman, Acharjee, Latif, & Wang).

Women’s access to Microsoft proved to be more appropriate with improved outcomes compared to man for women tend to spend more money on fundamental needs. The study showed that the borrowers of money have greater control over the money, enhanced women’s legal awareness and increased the ability to purchase independently. Microcredit in Bangladesh mostly provides support to rural women and enhanced all those mentioned above.

Microcredit program has the highest coverage in Bangladesh yet could not reach up to the satisfactory level for all rural women. Empowering Women is a difficult task as it’s theoretically complex and operationally challenging. There are cases of rise in domestic violence for women who did not get the loan and are frequently found to act just as a collection agent only for their husbands. It’s suggested for the Microsoft providers in Bangladesh to review their program and give importance to higher income group women since higher income negatively influenced access to microcredit. Moreover, they should enhance proper monitoring and build up social network for women's integration in social network.

There are various stories about the advantages of microfinance services in Pakistan and the study mention that a women known as Kishwar in Pakistan, who runs a small business went under great losses which nearly lead to bankrupt, to start her business again, she took money from the leader. Woefully, because of the unreasonably high charge in the interest which the debt tighten even more. So, later she discovered the microfinance institutions and with the help of MFI she managed to pay back the money lender. Moreover she was able to restart her business and could save few amounts. With that money she had manage to send her children to schools for the better education. (Bandyopandhyay). So the study says that with the new feeling of self-regained and will power, she advice other women in her community and guide them to take any opportunity to manage their financial situations in order to have better livelihood for an individual and their families.

Although microfinance institutions serve the majority of poor women in rural areas, women still lack many resources that men can use. According to research, cultural, political, social, legal and economic barriers hinder women's access to education, financial and medical services. Therefore, to eradicate poverty, microfinance institutions specifically target rural women to ensure that they have access to financing, health care information, and various livelihood improvement programs. Studies have shown that in the past, money lending institutions such as banks only lend money to people with stable properties and jobs because they believe that poverty is a credit risk.

By looking at this situation, microfinance institutions were setting up to provide micro loans to the poor people especially targeting to the poor rural women. According to the study, the microfinance institution offers a variety of loan products, including personal savings options, insurance packages, home loans, and social services including health care and education. Microfinance institutions also achieve gender equality through four main components, thus empowering women. The first component gives women the freedom to seek employment and maintain income. The second component enables women to increase financial and non-financial assets and resources, including savings, land, business acquisitions, medical care, food, and family planning needs. The third component is crucial to women's decisions in family and marriage, including the choice of how to use income, the reasons for refusing sex, and the decision to have children. The fourth component is related to the development of domestic violence and the development of family and social trust.

Microfinance institutions were especially formed to alleviate poverty by providing financial services to the poor household for income generating activities. The study says that “One of the better ways for the alleviation of poverty is providing them financial services that cannot be done in traditional banking system”. Since traditional banking systems are time consuming, customers must visit the bank for bank transactions, such as checking bank balances and transferring funds from one account to another. Traditional banks exist physically for serving the customer and it is not easy for women to go there and get loan especially in the rural areas. According to Aslam, (2019), in Bangladesh, by then, more than 700 registered microfinance institutions have provided various financial and non-financial services to more than 33 million clients.

According to Khan R,E,A.& Noreen,S (Khan & Noreen, 2012). Microfinance is a banking service that provides financial services to the economically backward people. It is a powerful tool to empower the poor, especially women. Women are marginalized and rarely become financially independent. They are the most vulnerable members of society, and most of them are poor. It is women’s empowerment that directly affects the survival of infants and children.

The study conducted in discrete Bahawalpur, Pakistan has shown that microfinance has a positive impact on children's health care and education. They found that women's empowerment is greatly affected by age, couple's education, marital status, number of children, and the amount of microcredit. They mainly focused on women who have availed microcredit and divided the data divided into two sets i.e., loans that have been availed by women themselves and that utilized by man and other family members. They concluded that women who avail the money themselves have greater effect of microfinance on empowerment compared to the later.

For the study, they randomly selected the National Rural Support Program (NRSP) and Khushhali Bank as samples, and the reference period was from 2002 to 2009. The estimation of the determinants of microfinance is based on raw data. According to this research, microfinance can be further improved by increasing the amount of loans used by women. It is essential to carefully observe the amount used by women or their families.

The article written by Nilakantan, R et al (Nilakantan, Samar, & Saurabh Datta, 2013) used data on women borrowers of a large microfinance institution in East India. They collected the data from five clusters in the state of west Bengal from September to December 2010.They explored the impact of microfinance. The access to microfinance increases women's ability to participate in major household decisions and enhances mobility, moreover, it leads to an increased purchase of female oriented durable good however, and there is possible perverse effects of on the empowerment of woman for those females with male exclusion. To improve the functioning of Microfinance and enhance women empowerment, there is a need to design program features instead of restricting the supply of credit to women assuming that microfinance improve the economic status of the family (Nilakantan, Samar, & Saurabh Datta, 2013).

The social outreach versus financial performance and sustainability of Microfinance in Bangladesh is studied by Mohammad, A et al ( (Aslam, Kumar, & Sorooshian, 2019). Microfinance is a tool that has been designed to alleviate poverty. This institution provides the poor with financial services unlike the traditional banking system. But to provide all those services without being financially sustainable becomes questionable. If Microfinance gets financial sustainability by maximizing the profit and forget their intended objective of alleviating poverty then, it joins the team of other traditional financial institute. To measure the social reach and financial sustainability of MFI performance, they analyzed the relationship between financial performance and depth of reach for the top 20 MFIs discovered in Bangladesh between 2015 and 2017. It achieves social and financial goals. The agency can serve more borrowers and provide a large number of loans with high operating profit margins.

According to (Loomba) after conducting a small survey in various part of India, he can easily concluded that micro finance in India is playing an important role in empowering and increasing the income of the women though they faced certain issues. As the study summarized that microfinance improved the literacy levels of the respondents and improved their awareness on child education. Moreover the study says that more than 96% respondents said that they play an important role in decision making on the important decision of the family. Further, Most interviewees believed that microfinance directly or indirectly brought economic development and brought happiness and peace to their families. In addition through the services of microfinance women are getting economically and socially empowered as 88% of the respondents reported that participation in microfinance programs reduced poverty levels. So the study concluded that despite of certain issues, microfinance is capable of helping especially the rural women to upscale themselves to a better living.

"The micro-enterprises run by the SHG members through the microfinance in Tamil Nadu improve their economic condition as it enables the poor to take advantage of existing opportunities, builds up their assets, generating self-employment, develops micro enterprises and raises their income" (S Thangmayan, 2019). Moreover it can enhance self-confidence and self-esteem, and promote overall economic growth. In addition, it increased domestic savings and improved financial markets.

It has not only benefitted in terms of economic but also helped the women in gaining leadership qualities, build self-confidence, made economically self-sufficient, promote self-esteem, and help to focuses on capacity building among women. Women receive various training and awareness-raising programs to discuss many issues that are mainly related to themselves and the people as a whole. They become very expressive and entrepreneurial. Microfinance also provides support for access to the network, enabling them to promote individual and collective interests at the local and macro levels. The sustainable microfinance services provided to women help people achieve economic empowerment by stimulating the development of women's micro-enterprises and creating higher incomes under women's control. Women's control of these resources will bring greater well-being (health, nutrition, literacy and housing) and reduce the mortality rate of women and their children.

The microfinance services such as Self-help group in India plays a vital role in empowering women. The self-help groups has greater outreach of financial services to poor rural women especially in south India. "Women after joining the SHGs, they gain confidence and able to participate in political activities in their communities and their trend is moving up though the number of women involved in politics is still very low" (Manak, 2005). The study shows that SHG's role is both inspiring and funder. Poor women improve their language and financial skills through SHG, which lays the foundation for increasing confidence in participating in the world. In addition, SHG sometimes provides funding for the election campaigns of its members.

In addition, through SHGs in the community, women get to know the importance of education, family planning, eradication of child labor and the importance of health and hygiene. More over the SHGs plays a vital role in enhancing better livelihoods. In the rural areas, livelihood ranges from agriculture farming, animal husbandry and various other goods and services activities. The author says that the poor rural women who were not able to access loans from any other banks were given micro loans from SHGs and can able to start a small enterprise in their communities which helps in enhancing their livelihood.

"As per the study conducted in Dehradun districts of Uttrakhand state, the microfinance institutions such as SHGs improved the financial status of the women, as the majority of the respondents 79.79 percentage interviewees agree that their financial position has changed for the better since they joined the SHG" (Kiran Rana, 2017). Only 18.18 percentages says that the situation is the same as ever. Further, majority of the respondents 64.64 percentages also shares a positive influence of their share in the family income and around 48.98 % says that they get to participate in the family's financial decisions and only 38.38% shares they participate as same as before. So to conclude, the study says that in Dehardun, self-help group's plays vital role in empowering women and enhancing better livelihoods. According to Rana, (2017), with the concept of self- help group, the monthly income of women and women who participate in all productive activities now show an upward trend, equating their monthly expenses (Kiran Rana, 2017).

"How well a society or a community comes out from the pit hole fully depends upon how firmly a government interventions are framed and met, and it also depends upon the development partners the government invite in to have better fulfillment of the micro credit related interventions" (John Busingye) . The author wants to find out whether or not there has been any empowerment of the women of Uganda through the provision of micro credit services to the female lead household in Uganda. This research was completely depended upon qualitative data as the objective was to find out the overall women empowerment through micro credit services. The main problem was that the female of Uganda did not have any Idea about the micro credit services and its associated benefits. The poor were very poor and the rich were super rich. There were huge gap between the rich and the poor.

The framework applied here was based upon individual analysis during which the household status analysis of one selected women member was done in order to get the in depth knowledge about their livelihood before the micro credit services and after the same. The various services which they received and how it benefited them. Based upon the analytical report of one individual women, a large group of 209 respondents were selected for the finale data. Tools that were used in this study was dependent upon questionnaire, key informant interview, focus group discussion and observation from the research.

The study outcome was astounding as after the introduction of micro credit services in Uganda many new income generating projects commenced which opened doors for employment of the women, skills and trainings were initiated for the women to be able to work with ease in the projects and even many new mobile banking services started its services in Uganda. “Previously when micro credit was less known in India, there used to exist both positive as well as negative consequences of micro credit services among the women of India as it was less known” (Munish Kapila, 2016). The whole research study was geographically limited to southern region as during that time the research done on micro credit services was not matured and most people did not knew much about it. After it became widely known and heard, the research on micro credit services and how its importance in the empowerment of the women gender became a matured study among the research scholars. This study was different from the previous study about the micro credit services in Uganda, as in this study micro credit services was known in India but not popular among the research scholars and in Uganda the micro credit services was not known.

The framework used in this case on based upon three different studies. First study was done on 35 selected women from the north and the result was that the micro credit increased their self-confidence and social networks. The data of 2$^{nd}$ and 3$^{rd}$ study was gathered from secondary source such as the national family health survey of India. The 2$^{nd}$ study digged into in what way micro credit services made the access to public spaces for women of India within their locality, whereas 3$^{rd}$ study digged deep into whether the micro credit services was able to bring any change in the livelihood of the married women’s participation in household level decision making.

So far, the services provided by microfinance reached over 79 million of the poorest women all over the world. The services provide by microfinance has the potential in making a significant contribution to gender equality, promoting sustainable livelihoods and improving better working condition for women. Similarly, in Bhutan so far the micro finances services covered almost all twenty districts and the RENEW microfinance services had covered 10 of 20 districts and 95 of 205 blogs.

There are various stories of renew microfinances being successful in empowering women in Bhutan as the study says that a thirty three year old women knowns as Pema is a single mother of three children who got divorce twice and had faced lot of difficulty in sustaining herself and her family. She don’t have enough land to cultivate and work on, so she decided to start a small business by grapping an opportunity while renew officials visited her villages in 2012 offering to support rural women entrepreneurs. She took a loan and set up a small grocery shop at her home town, with the success of her business and availing seven times loan from renew microfinance, in 2017 she had upgraded her shop to a hotel and shifted to town areas and could save money to educate her children and now she is living independently with her children. Most women in the rural communities do not have access to financial services but with the formation of micro finance services such as renew, Tarayana foundation, BAOWE, it has been a turning point for many including rural women.

“The microfinance services especially renew provides loans for the agriculture, business purposes and during the emergences but mostly provided for the business as they wanted their clients to generate income and alleviate poverty” (Dema, Microfinance loans empower rural women, 2019). Renew further gives loans to single father consisting of about 15 male clients. Further the micro finance services such as Tarayana foundation provides loans to women of the rural communities for business and agriculture ventures but focuses more on general loans in rural areas. The interest rate of Tarayana microfinance loan is 7% per annum. According to Dema, (2019), the very small loans provided by the Tarayana foundation have helped small groups and households improves their living standards.

The microloans issued by the Tarayana Foundation have helped small groups and families improve their living standards. The microloans issued by the Tarayana Foundation are applicable to various micro-enterprises, including weaving, planting and selling vegetables, raising chickens and eggs, raising livestock, and purchasing cardamom seedlings, power chain machines and setting up small shops which help poor household improve their living standard (Dema, Microfinance loans empower rural women, 2019).

## Chapter 3: Methodology

The data were collected through primary and secondary sources.

**3.1 Primary method**: The required information was collected through personal communication like phone calls and structured interviews consisting of open ended and closed ended questions. Further, Face to Face interview were conducted and the collected data were analyzed and represented using graphs and tables. The mixed mode would be used for this study as various theories and observations would be used and then analyzed by using some statistical methods.

### 3.2 Sampling

Simple random sampling will be used for the study as it is an unbiased sample. The basic principle of simple random sampling is that every subject has the same probability of being chosen and so respondents will be chosen randomly. The primary data will be gathered through structured interviews with both women members and non-members of microfinance institutions and through random interviews with children in the rural areas in Bhutan. Furthers will also do the personal interviews with few staffs members of microfinance institutions to collect the precise data.

**3.3 Secondary method**: Some required data were gathered from the current information such as writing, pictures and videos. Also, the necessary data were collected through online journals, articles, and papers. Further the portion of the data were revised through the past research papers done by previous researchers.

### 3.4 Research questions

1. What are the plans or initiatives taken by micro finance institutions in empowering women?
2. Why only women and children were being targeted by microfinance institutions?
3. How the prejudice against the women can be reduce by the microfinance institutions especially in rural communities.
4. What are the challenges faced by rural women and microfinance institutions in Bhutan?
5. How many women have been benefitted by the microfinances institutions and how successfully they have move on with their livelihoods?
6. What are the other supports provided by microfinance institutions to the women and children in the rural areas?

## Chapter 4: Microfinance and Women Empowerment

### 4.1 Role of Microfinance in Empowering Rural Women

The various microfinance institutions in Bhutan that plays an important role in empowering rural women through micro credit services and employment opportunities were;

#### 4.1.1 BAOWE (Bhutan Association of Women Entrepreneurs)

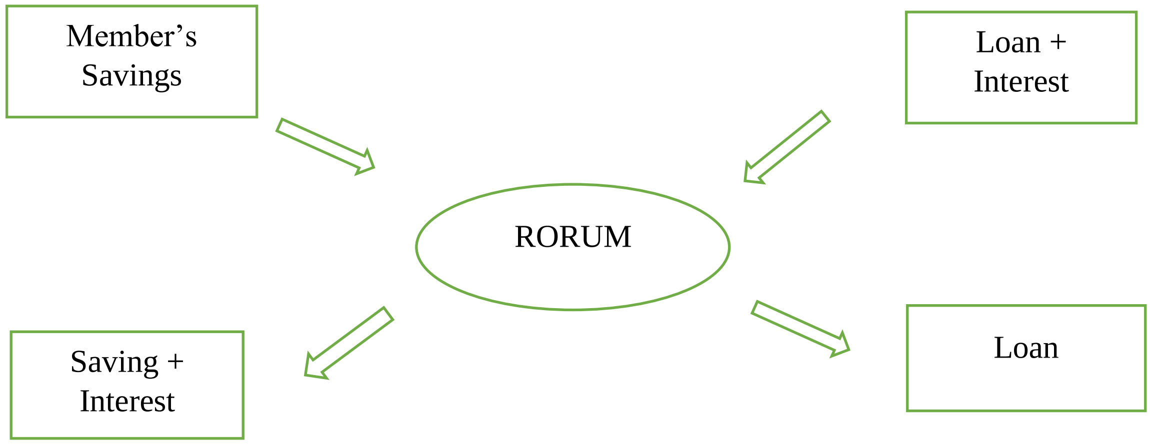
BAOWE is a non-governmental organization established on April 15, 2010 in accordance with the 2007 Bhutan CSO Act. The organization is particularly committed to providing sustainable and equitable opportunities for women entrepreneurs. The organization empowered women through entrepreneurship and providing ethical banking services to their clients and members. The contribution of BAOWE towards women were

I. Creating livelihood opportunities and employment generation
II. Improving living standard of its members
III. Economic and social empowerment of women and
IV. Promotion of entrepreneurial culture both in urban and rural areas.

**Services provided to members**

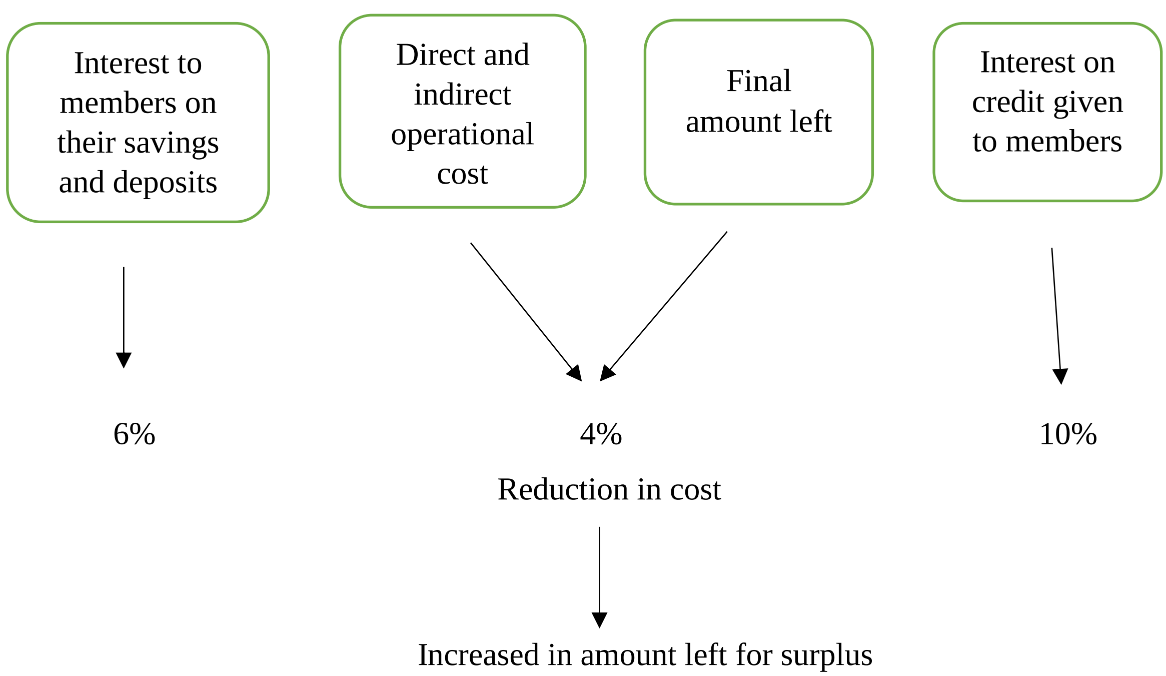
Under the leadership of BAOWE, the organization created the RORUM (Respect, Ownership, Reliable and Associated Member) Credit Cooperative, whose purpose is to enhance the marketing capabilities of BAOWE members by forming self-help groups and cultivating savings habits and skills. RORUM's target is rural women who are moving away from commercial banks and are economically disadvantaged. Further, RORUM encourages its members to develop a saving habit that offers competitive interest rates to save their money every week.

**The Credit Aspect**



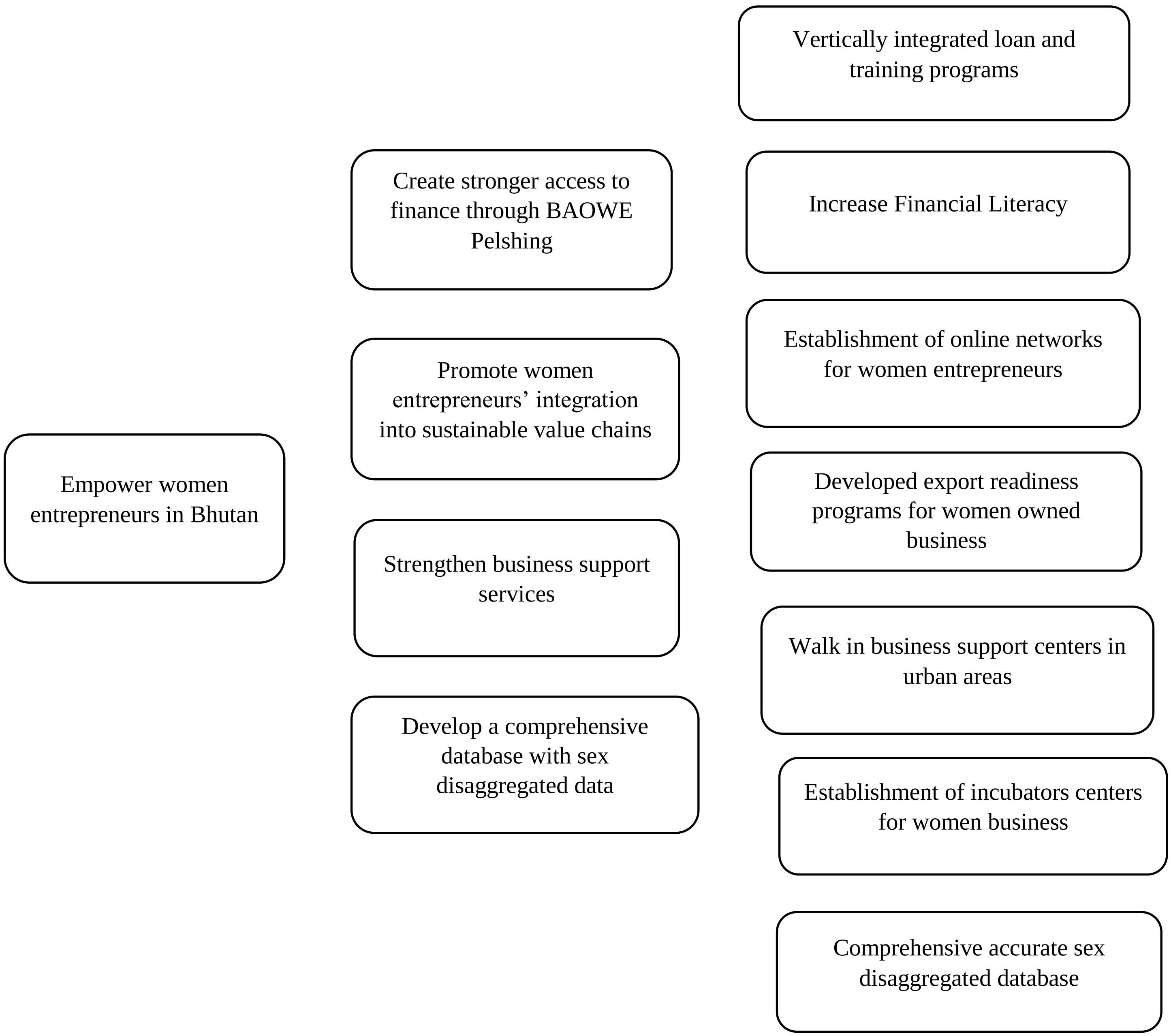

The process of the credit aspect of RORUM were, the RORUM credit cooperative gets loan with interest from various commercial banks in Bhutan such as Bhutan National Bank (BNB), Bank of Bhutan (BOB) and through other partnership banks and provide loan services to its members with low interest rate. The women members of the BAOWE can also easily save their money in RORUM credit Cooperative and with time, they can withdraw their saving with interest.

The Surplus



The surplus were distributing among the women members in promotions with the amount of their savings accumulated in the cooperatives.

**BAOWE strategic Focus**



### 4.1.2 Tarayana Microfinance

Tarayana microfinance is one of the NGOs in Bhutan that plays an important role in the development of country’s economic generation, employment opportunities and enhancing women empowerment. Tarayana Microfinance not only provides microcredit, but also supports rural communities, especially women, to carry out sustainable income-generating activities to ensure capacity building to achieve the country's self-reliance goals**.**

**Loan services**

There are two types of loan services i.e Classic microfinance and Development microfinance.

1. **Classic Microfinance**

The institution provided smaller loan amount to the women or the clients who are already engaged in a small business activities to extend their income generating activities. The field officers facilitate loan application to TMF as well as disbursement.

2. **Development Microfinance**

The institution provide larger loan amount to women who are going to establish or setup business activities for the income generating activities. The field officers facilitate loan application to TMF and disburse loan amount in kind by delivering materials and equipment required. The field officers are heavily involved with intensive skills training and continuous progress monitoring.

The loan size that the Tarayana microfinance provided to its clients was from 30,000 to 500,000 and the interest rate of the loan is at 15% per year. The eligibility for proceeding loan services are above the ages of 18 till 60. According to Jamyang, the programme officer of Tarayana microfinance, in order to access micro loan the clients required guarantor and nominee and the guarantors must be between the age of 18 and 60. Moreover, guarantors cannot be a Tarayana microfinance employee and also cannot be a guarantor for another active TMF Loan nor cannot become nominee for another active TMF loan.

The TMF provide micro credit loans to the marginalized groups especially targeting the rural women to help themselves progress out of poverty with accelerated income growth. The saving for the clients are made easy since the services provided by Renew microfinance is door to door services. The organization achieved all those with credit, providing continuous skills trainings and connecting them with relevant government entities, banks and investors.

In addition to microfinance services, the organization has also carried out various activities, such as skills development activities, to promote income-generating activities and promote product markets**.**

**A. Income Generating Activities**

Tarayana microfinance so far had formed more than 200 self-help groups with 3000 plus members in most of the remote communities in the eastern Bhutan. The organization enables them to engage in income-generating activities such as nettle weaving, sheep wool weaving, manufacturing soaps, candles and traditional pottery and paper making. Further engaging them in sugar cane, bamboo, food processing, vegetable production, beekeeping, dairy productions and various cash crops. Through Self-help groups women are encouraged to develop teamwork and build cohesion among the community members to generate income and improve collective marketing of produce and products.

In 2019, Tarayana foundation collaborating with European Union to empowered vulnerable women in the rural communities through capacity development and economic opportunities. The achievements of the program were

- Gender mainstreaming through capacity development and women in governance roles.
- Enhance capacity in product development and diversification – Nettle & cotton
- Enhance income through sale of produce
- Drudgery reduction through supply of efficient tools.
- Identified sources of improved yarn &equipment.
- Tarayana Rural crafts team trained on market requirements, product development, brand identity, home textile products and exports products.
- Collaboration with European designers on the capsule collection of 100% Bhutan home textiles developed.

**B. Skills Training**

The foundation cooperates with various departments and organizations to provide various trainings to enhance the skills and abilities of community members. Self-help management training was organized for the self-help group members in order to improve their management skills and the sustainable operation of group activities. In addition, resource mapping activities were carried out to allow members to understand their availability and sustainable use in the community. Additionally, financial literacy training was conducted, which included training in savings, record keeping, microfinance, internal loans, product costs, etc., so that members understand the importance of a transparent and accountable financial system in each group. The graph below shows the number of women trained in various categories by the Tarayana foundation in the year 2019.

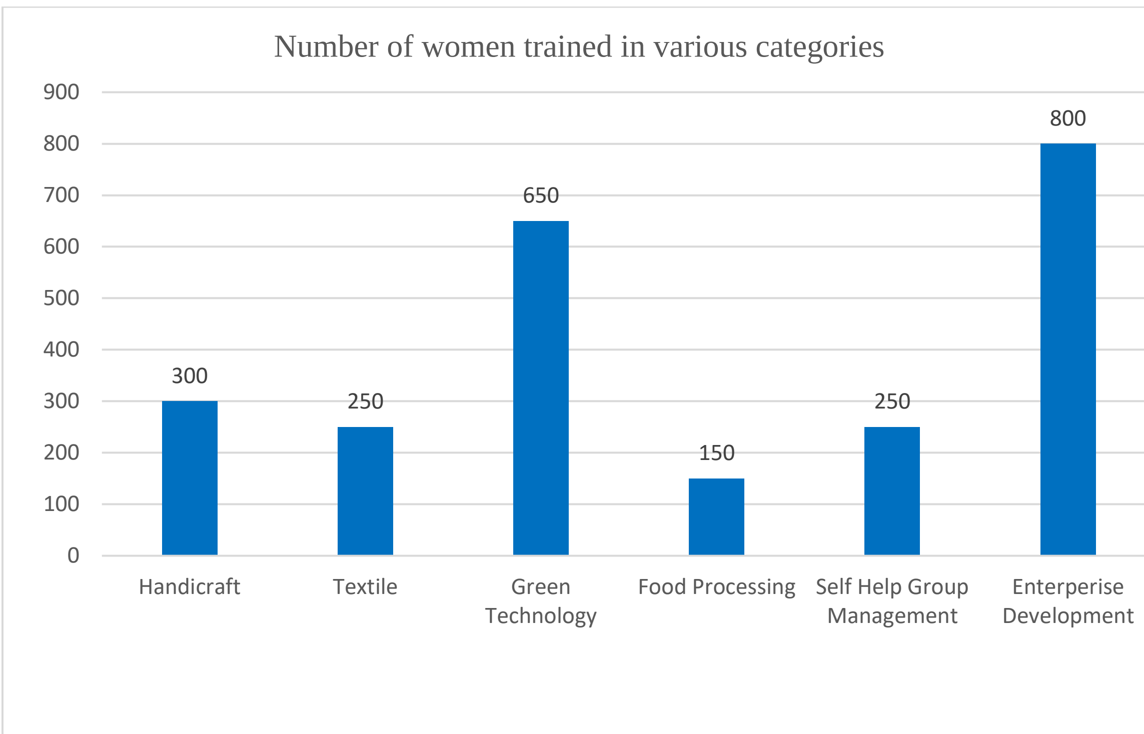



Fig.1.4 Number of women trained in various categories

**C. Market Facilitation**

The foundation promotes the commercialization of products produced by various self-help groups through events, festivals and different points of sale of Tarayana Rural Crafts. Tarayana Rural Crafts is the foundation's production and sales department, which works closely with self-help groups and thousands of women artisans across the country to improve and sell products from rural villages. Each product is carefully crafted by artisans, and generations of their families have participated in this process using locally available natural materials. Providing artisans with the necessary tools and skills, on the one hand, can revive traditional craftsmanship, and on the other, it can help them adapt to new demands. In 2019, Nu. 3.9 million Products were sold through the different outlets of Tarayana Rural Crafts. The some of festivals were;

- Tarayana Annual fair which held around 3 to 5 days in Thimphu (capital city of Bhutan).
- Annual festival or Tsechus held in various district for a weeks.
- SAARC Chamber Women Entrepreneurs Council Exhibition held at New Delhi India.

#### 4.1.3 RENEW Microfinance

Renew is the first Civil Society organization in Bhutan that plays an important role in empowering rural women through microfinance loans and various livelihood skill trainings. In addition, the foundation also provides services to vulnerable women, especially victims and survivors of domestic violence, so that they can become socially and economically independent members of the community. Basic services include consultation, publicity, education, and rehabilitation.

**A. Loan Procedures Set by RENEW Microfinance**

According to (Dema, Renew'S Microfinance Loans Empower Women in Rural Regions of Bhutan, 2019), the director of operations of Renew Private Microfinance Limited, like any other bank, customers must open a renew account to use the loan, but it has no guarantee. Since it is an unsecured loan, in order to reduce the risk of default, members must form a group of at least five members. RENEW on-site staff go to various villages every day, so the cost is very high.

They have designated locations where people can get loans and deposits. If a member needs to use the loan, four members must be registered as guarantors. He said most of his clients are women, including housewives, but they also make loans to single parents, consisting of about 15 male clients. Further, she mention that while giving loan to the women they also involving their husband or family as external guarantors as most of the loans are for households and they don’t want to see any kind of complication arising between the couple and family.

In addition, customers using microfinance services must be between 18 and 60 years old. Before using the first loan, they must deposit money in a savings account for at least four months. This is to minimize the risk and at the same time give RENEW time to better understand its customers. Customers can deposit a minimum of 100 yuan and a maximum of 3,000 yuan. When using a loan, there must be 10% of the loan amount in the voluntary account. The maximum loan limit is 120,000 nu and the minimum is 5,000 nu. The repayment period for a 5,000 to 80,000 yuan loan is 12 months, and the repayment period for a 100,000 to 120,000 yuan loan is 18 months. The minimum annual interest rate for loans is 18% and the maximum is 24%. Most of the loans are used for business purposes, agricultural loans, multipurpose loans, and emergency loans. "Most of the loans are business loans because we want our clients to generate income", (Dema, Renew'S Microfinance Loans Empower Women in Rural Regions of Bhutan, 2019).

In 2019, with technical and financial support from Fida, the livelihood skills training program was introduced to duty bearers for their support to reach vulnerable women and their family in their community. The training unit approached the duty bearers to identify the areas of training skills required in the communities based on their strength. The ownership of the program is being vested on them so that they do the monitoring and evaluation. The immediate outcome of the collaboration enabled 15 different long term and short-term skills training benefiting 240 women, 17 men and 24 children covering five districts out of 20 districts in Bhutan.

**The livelihood skill trainings held in those five districts in 2019 were mention below.**

| **Activities** | **Place** | **Women** | **Children** | **Man** | **Total** |
|---|---|---|---|---|---|
| 3 months basic tailoring training & 1 month advance tailoring training | Renew center | 40 | | 1 | 41 |
| 3 months basic tailoring Training & 1 Month advance tailoring training | Dagana | 12 | | 0 | 12 |
| 2 month training for gho tailoring | Renew center | 8 | | 0 | 8 |
| Ginger candy | Renew center | 13 | | 0 | 13 |
| Pickle and biscuits | Gawaling | 11 | 24 | | 35 |
| Design thinking process training | Renew center | 14 | | 1 | 15 |
| Felting Training | Renew center | 10 | | 1 | 11 |

| | | | | | |
|---|---|---|---|---|---|
| 3 months basic tailoring training & 1 months advance tailoring training | Punakha | 10 | | 0 | 10 |
| Felting Training | Bumthang | 10 | | 0 | 10 |
| Basic Beauty parlor training | Samtase | 9 | | 0 | 9 |
| 5 days business management and marketing training | Renew center | 24 | | 1 | 25 |
| 3 days business mgt &marketing training | Punakha | 28 | | 0 | 28 |
| 3 days business mgt &marketing training | Samtse | 9 | | 0 | 9 |
| 3 days business mgt &marketing training | Dagana | 23 | | 4 | 27 |
| Tailoring and Doll making | Darkstho | | 23 | | |
| Total | | 299 | 47 | 17 | 270 |

Fig. 1.4: livelihood skills trainings held in various district

The other services provided by the RENEW were;

1. **Gawailing- Happy Home**.

Gawailing-Happy Home offers a shelter for victims of domestic violence and a home for disadvantaged children and youth. They provide a safe environment for individuals and families. Happy Home provides services for those in an emergency 24 hours a day. Additionally, Happy Home provides consultation, legal assistance, emergency medical assistance, crisis intervention and education for all, as well as livelihood training for all.

2. **Counselling**

Renew provides free consultation services to all family members across the country. In rural areas, initial consultations are provided by community support system (CBSS) paraprofessional volunteers who have undergone refurbishment training to assess each client's needs and referral channels.

### 3. Legal Aid

Provide free legal assistance as part of Renew's consulting services. 95% of clients require some form of legal help. The legal aid provided ranges from writing legal letters to representing cases in court.

## Chapter 5: Results

This research was done focusing on the role played by microfinance institutions in empowering rural women and to see how successful and effective the microfinance institution is in Bhutan. While collecting the data, the questions were asked based on what according to the respondents were some of the benefits and consequences of microfinance institutions. Whether it helps women to become independent and could take part in every decision making process be it in the home or in their communities. The data's were collected from 30 respondents among which 10 respondents were from Nobgang Punakha and 20 were the rural women, students and friends from various districts in Bhutan. The data were collected through google survey form where the questionnaires were mostly consisted of closed ended questions.

**Gender**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 11 | 36.7 | 36.7 | 36.7 |
| | Female | 19 | 63.3 | 63.3 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Address**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Trongsa | 4 | 13.3 | 13.3 | 13.3 |
| | Dagana | 2 | 6.7 | 6.7 | 20.0 |
| | Haa | 1 | 3.3 | 3.3 | 23.3 |
| | Tsirang | 6 | 20.0 | 20.0 | 43.3 |
| | Paro | 1 | 3.3 | 3.3 | 46.7 |
| | Punakha | 10 | 33.3 | 33.3 | 80.0 |
| | Thimphu | 4 | 13.3 | 13.3 | 93.3 |
| | Wangdue | 2 | 6.7 | 6.7 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Are you aware of Microfinances institutions and their role?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 24 | 80.0 | 80.0 | 80.0 |
| | No | 6 | 20.0 | 20.0 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Do you use microloan as a tool to improve your livelihood?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 14 | 46.7 | 46.7 | 46.7 |
| | No | 16 | 53.3 | 53.3 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Do you think MFIs (RENEW MF, Tarayana MF) helps in empowering rural women in Bhutan and particularly in your village?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 30 | 100.0 | 100.0 | 100.0 |

**Does MFIs helps women in decision making in family and communities?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 28 | 93.3 | 93.3 | 93.3 |
| | No | 2 | 6.7 | 6.7 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Is microloan provides only to rural women?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 6 | 20.0 | 20.0 | 20.0 |
| | No | 15 | 50.0 | 50.0 | 70.0 |
| | Maybe | 9 | 30.0 | 30.0 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Women become independent through the services provided by microfinance institutions?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 26 | 86.7 | 86.7 | 86.7 |
| | No | 4 | 13.3 | 13.3 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Are you happy and satisfied with the microloan and other services provided by microfinance institutions?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | yes | 30 | 100.0 | 100.0 | 100.0 |

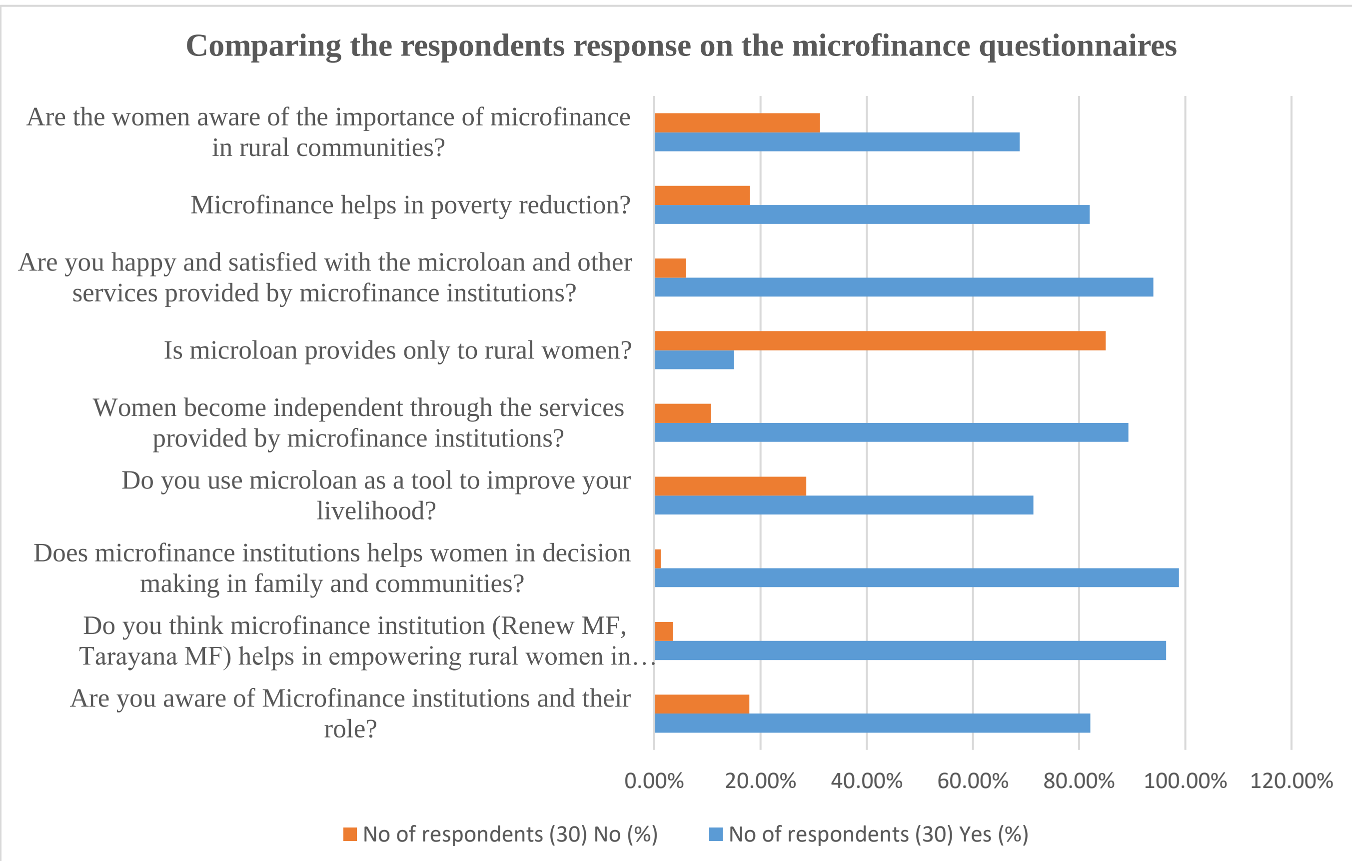
**Microfinance helps in poverty reduction?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 16 | 53.3 | 53.3 | 53.3 |
| | Maybe | 14 | 46.7 | 46.7 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

**Are the Women aware of the importance of microfinance in rural communities?**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 12 | 40.0 | 40.0 | 40.0 |
| | Maybe | 18 | 60.0 | 60.0 | 100.0 |
| | Total | 30 | 100.0 | 100.0 | |

Fig 1.5: showing the respondents response on the microfinance questionnaires.




Based on the above questions It was found that microfinance institutions in Bhutan particularly RENEW microfinance, Tarayana microfinance, BAOWE Pelzang microfinance were playing vital role in empowering rural women. It was because the maximum percentages of the respondents accepted that they were benefited by the microloans and other services provided by them. In addition, the maximum respondents says that they were happy and satisfied with their services and with microloan, they were able to set up small business to enhance their livelihood. Further it helped them to become more confidents, independent and are able to take their own decisions without relying on their husbands and families. On the other hand, there were few cases where the respondents were disagreeing on the effective role played by microfinance institutions as some of the rural women were unaware of the microfinance institutions and their role and moreover some of the places were located in the far flung areas without having road connectivity and its one of the big challenges faced by microfinance institutions to cover all the places. Yet, the maximum agreed and satisfying with the microloans and other services provided by RENEW, Tarayana and BAOWE Pelzang microfinance institutions in Bhutan.

## Chapter 6; Success and challenges Faced by Microfinance Institutions

### 6.1 Success of Microfinance Institutions in Rural Communities

There are various succeed stories and positive effect of microfinance institutions in rural communities in Bhutan.

#### 6.1.1 RENEW Microfinance

Renew helped many women to become an entrepreneur and improved their socio- economic status. As per the recent study done in some part of the district, they found that women who have received RENEW microfinance services have better socioeconomic conditions than women who have not received RENEW services. According to Phuntsho, Chief Executive Officer (CEO) of iDruk consultancy, where microfinance services arrived earlier, it was found that customers' household incomes were higher, but progress was stable. "In general, the socio-economic situation of women who had access to Microfinance Institute (MFI) services was doing better. It indicated that microfinance had a positive impact over the years." (Phuntsho, 2018). He said that around 702 people were interviewed in some areas such as Samtse, Tsirang, Punakha, Trashiyangtse and Chukha, and found that people who use the services of microfinance institutions have higher saving behaviors and greater ownership of productive assets**.** He also mention that," non-clients had difficulties in conducting regular rituals due to cost and delayed urgent maintenance compared to clients."

RENEW's microfinance project was launched in 2012. So far, the amount of its savings has reached 100 million and around 2,200 clients have borrowed about 79 million. As of November 2018, the project has more than 15,500 clients in nine different regions, such as: Trongsa, Tsirang, Dagana, Samtse, Bumthang, Thimphu, Punakha Trashigang and Wangduephodrang. RENEW's microfinance project is dedicated to improving the conditions of women and their families, especially those living in harsh environments. It also provides assistance to disadvantaged women to help them achieve economic independence.Now it had covered eleven of 20 districts covering 40 percent of the country. She mentioned that the microfinance program paved the way for rural women. "Through the scheme most women were empowered as they had a sense of ownership." Further, he said that customers are satisfied with RENEW-MFI's service because it is easy to access.

Moreover, there are some successful cases that benefited from the RENEW microfinance. Pema is a single mother of three children. She shared that she was divorced twice and had difficulty in supporting herself and her family. Therefore, when RENEW officials visited her village in 2012 to offer supports to rural women entrepreneurs, She obtained a loan of 25,000 ngultrum in the initial stage of microfinance from RENEW to open a grocery store in Langthel. Since then, she has been no turning back. "I used to deposit 150 Nu every day to repay the loan," She said. She paid off the loan in six months and used the second installment again to improve her store. To date, Pema has used RENEW microfinance seven times. In 2017, Pema moved to Trongsa and converted her store into a hotel. Currently, she is saving money to educate her children.

Similarly, 50-year-old Khandu Sherpa from Tsirang patshaling gwong used RENEW microloan to grow and sell vegetables. The mother of five children borrowed 40,000 yuan and bought seeds to grow vegetables. She sells her products in Tsirang, Gelephu and sometimes in Thimphu (the capital of Bhutan). She used the loan three times and has already paid off the loan. She said that compared with traditional banks and other banks, it is more convenient for them to update microloans, because RENEW officials come to collect loans, while in other banks, it takes two to three months to issue loans. Moreover, the buildings and land were required as mortgage.

### 6.1.2 Bhutan Association of Women Entrepreneur (BAOWE)

Similarly, BAOWE also provides seasonal business, education and agricultural loans for women in rural areas. BAOWE has provided loans of up to 300,000 ngultrum to Trashigang's Lumung Feed Cooperative, which consists of 16 members, which produced feed for cattle and chickens in 2016. Tsheychey, the 50-year-old cooperative president, said the loan helped them start their business and bought machines. He said that the current product has been successfully put on the market.

Until now, BAOWE has promoted the empowerment of women's economic activities, which has brought income generation, employment opportunities and capacity building. BAOWE, working together with a broader vision, has made positive contributions to the green environment and established a strong community bond. They started a project as a pilot base and planned to replicate it in other areas, and it managed to bring a positive impact to the community. This project is the best opportunity to use their resources and earn a living, especially for women and girls in rural areas.

**Trashigang Dzongkhag: Eastern District**

**Lumang Gewog: Livestock Feed Production – piggery, poultry and cattle feed.**

In January 2013, BAOWE started to establish a group in the Department of Agricultural Marketing and Cooperatives of the Ministry of Agriculture and Forestry under the Bhutan Cooperation Law in January 2013, and registered the group as Lumang Aumsu Gonor Tshag Gi Nyamley Tshogdey. The cooperative has 107 members (20 men and 87 women) and covers the six villages of, Tshoegoenpa, Duengmanma, Riserboo, Moshi, Kheshing and Kharphu. The group is engaged in the production of livestock feed and has developed into a competitive feed cooperative in eastern districts.

**Zhemgang Dzongkhag:**

| **Livelihood choices** | **Self-Help groups** | **Gewog** |
|---|---|---|
| Vegetable, Cardamom, Dairy | 5 | Trong |
| Poultry, vegetable | 2 | Shingkhar |
| Mushroom, dairy, restaurant, vegetables | 5 | Pangkhar |
| Beekeeping, vegetables & rice, mushroom, poultry | 6 | Nangkhor |

**Vegetable Group:**

The vegetable team obtained high-quality seeds, farm equipment and tools. With the support of the National Organic Program and the Bhutan Alpine Seed Center, the groups were provided with various scientific vegetable planting methods and training to improve and enhance their skills. More over the group also received training in basic accounting and bookkeeping, as well as leadership, group conflict, and management. Similarly, in order to establish better market and network connections, these groups have been promoted many times through workshops and seminars.

**Mushroom Group:**

There are two mushroom groups, each of which consists of 13 and 7 members. Initially, the group has started using 6000 pieces of shiitake mushrooms and 300 bags of oyster mushrooms. With the support of the Thimphu Mushroom Training Center, they received training in growing, handling and harvesting mushrooms. The members even received training to make oyster mushroom seeds. The groups were provided with basic accounting and bookkeeping training.

**Cardamom Group:**

The Group leased two acres of land to grow cardamom. The project provided 2,800 cardamom seedlings for each group. The project also provided the team with a work shed, equipment and tools, drying materials and cardamom packaging. The team members received cardamom cultivation, handling and post-harvest training. Moreover, the project helped rural women and young girls to earn money and enhanced their livelihood in Zhemgang district.

**Dairy Group:**

In order to improve economic conditions and improve people's livelihood through the production and sales of dairy products, a joint milk processing unit was established in Trong and Phangkhar Gewog. The cooperative currently has 20 members (15 women, 5 men). The members produce fresh milk in their homes and supply fresh milk at the collection center, where they will be processed, added value, and sold to their buyers. Profits are evenly distributed among the cooperative groups. A certain amount of sales proceeds will be used for cooperative management of funds.

### 6.2 Issues and Challenges to be addressed

The major problems faced by microfinance institutions in Bhutan consist of high transaction cost, lack of confidence by microfinance clients, criteria used by MFIs in granting micro loans, lack of products diversification, regulatory framework, loan re-payment problems, financial inadequacy, high interest rate, human resource issues, limited accessibility and scope. The main challenges faced are transportation since very remote parts of the country were visited where there are no proper roads. The microfinance institutions cannot cover all the rural places since the road conditions are really bad. Further lack of technology in rural areas and lack of experience and knowledge about the rural places and people considered one of the big challenges faced by the institutions. Moreover, the problem was also with convincing people as there were trust issues where rural people cannot easily trust the institutions. The some of the challenges faced by women in the rural places were, lack of financial services, less educated than men and less initiative to take risk and start a business.

# Chapter 7: Conclusion and Recommendation

The findings indicate that microfinance institutions in Bhutan particularly RENEW microfinance, Tarayana microfinance and BAOWE Pelzang microfinance played vital role in empowering rural women. The microfinance services provides loans for the agriculture, business purposes and during the emergences but mostly provided for the business as they wanted their clients to generate income and alleviate poverty. They not only provided microloans but also provided various trainings, workshops to enhance the skills and abilities of the rural women, so as to improve the economic statues and their living standard. Further, such microfinance institutions helped women to become entrepreneurs, creating livelihood opportunities and employment generation. In Trashigang district, with the help of BAOWE, women were actively engaging in the production of livestock feed and has developed into a competitive feed cooperative in eastern district. Where as in Zhemgang, there are around 18 women self-help groups and each groups were engaged in different livelihood choices such as Beekeeping, poultry, mushroom farm, dairy, vegetables, and cardamom and so on. Such activities help them to boost their economy and also helps them to become independent and confident enough to take part in the decision making process in their home and communities without relying to their husbands and families. Moreover, there are more number of women who established their own micro business with the help of microfinance institutions and becoming successful. Further upgrading their business in various district. On the other hand, there are few challenges faced by microfinance institutions where they cannot cover all the rural places due to bad road connectivity and also most of the rural women were illiterate and it is difficult to gain their trust as most of them were unaware of the microfinance institutions and their roles.  However, the findings indicate that the microfinance institutions such as RENEW microfinance, Tarayana microfinance and BAOWE Pelzang microfinance empower rural women in Bhutan. The exploration that I have done on this context is just an introduction and the data or information gathered so far is very sketchy giving plenty of room for further research.

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