Women Empowerment

Through

Micro Credit Services in Bhutan

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Overview

- Background
- Aims and Objective
- Methodology
- Problem Statement
- Findings and Analysis
- Conclusion

Background

- According to Asian Development Bank, Microfinance is the arrangement of financial services to low income households and to a small enterprise.

- Bhutan has five microfinance institutions such as Bhutan Association of Women Entrepreneurs (BAOWE),Tarayana Foundation, RENEW micro finance, Bhutan Care Credit and Rural Enterprise Development Corporation Limited (REDCL).

- Microfinance institutions in Bhutan plays an important role in the development of country’s economic generation, employment opportunities and enhancing women empowerment.

Problem Statement

- ✓One of the main challenges faced by Bhutanese women is access to finance.
- ✓Stereotypes about women's abilities to lead and managed as entrepreneurs.(NCWC report on Gender Equality Diagnostic of selected sectors, 2014)
- ✓Thus, this paper aims to study how introduction of financial services such as Micro finance has contributed in Women empowerment.

Research Questions

i. What are the plans or initiatives taken by micro finance institutions in empowering women?

ii. How the prejudice against the women can be reduce by the microfinance institutions especially in rural communities.

iii. What are the challenges faced by rural women and microfinance institutions in Bhutan?

iv. What are the other supports provided by microfinance institutions to the women and children in the rural areas?

Research Aims

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

Methodology

- Mixed method
- Faced to face interview
- Stakeholder Consultancy (RENEW microfinance, BAOWE, Tarayana microfinance)
- Desk Review

Findings

✓Role of microfinance in empowering rural women

1. **BAOWE (Bhutan Association of Women Entrepreneur**)

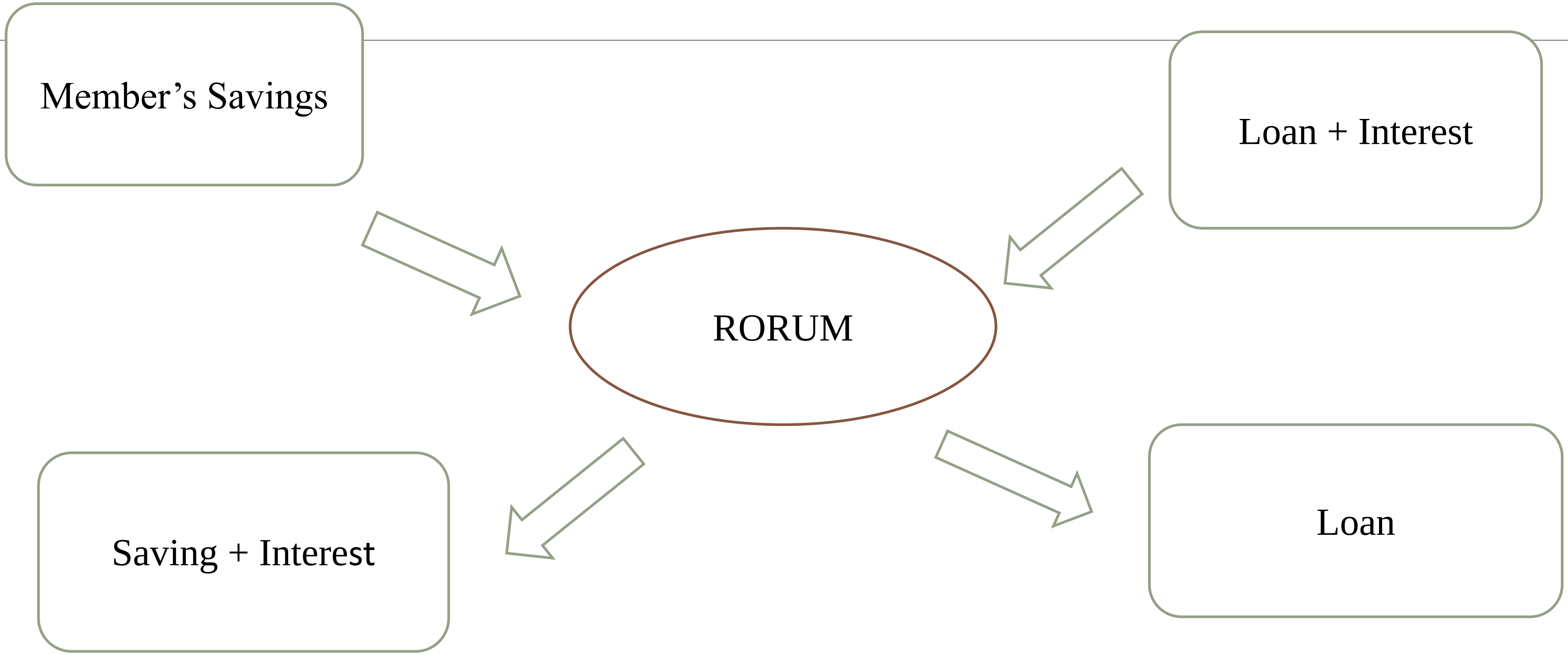
The contribution of BAOWE towards women were:

I. Create stronger access to finance through BAOWE Pelshing

II. Creating livelihood opportunities and employment generation

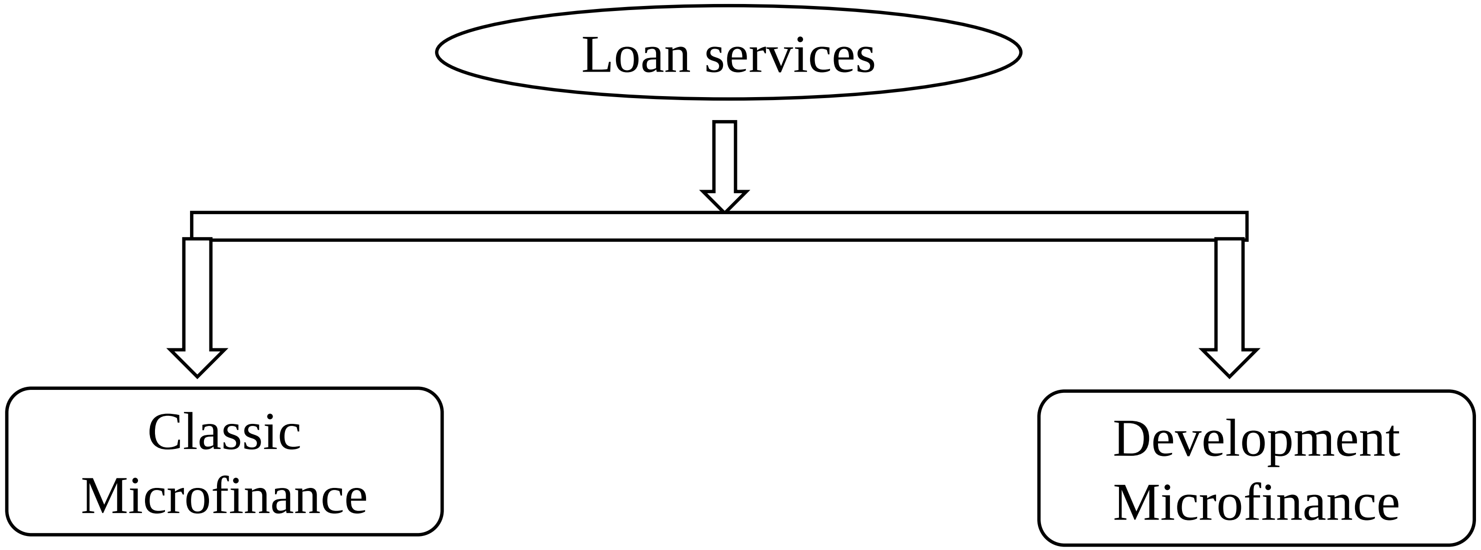
III. Establishment of incubators centers for women business

The Credit Aspect of BAOWE



2. Tarayana Microfinance

- The loan size that the Tarayana microfinance provided to its clients was from 30,000 to 500,000.
- 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.



Services provided by Tarayana Microfinance:

1. Income Generating Activities

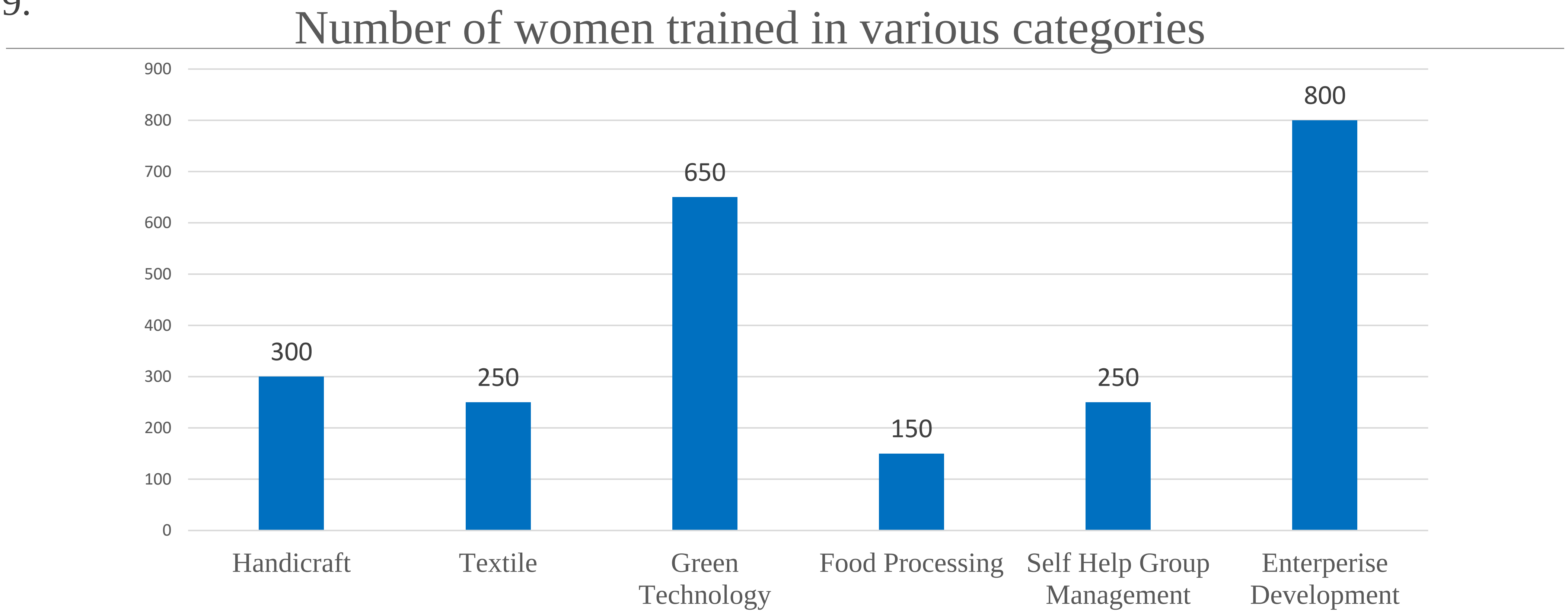
- Formed more than 200 self-help groups with 3000 plus members.
- Engaged in income-generating activities such as

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.

2. Skill Trainings

The graph below shows the number of women trained in various categories by the Tarayana foundation in the year 2019.



3. RENEW Microfinance (Respect, Educate, Nurture, & Empower Women)

- ✓ First CSO in Bhutan that plays an important role in empowering rural women through microfinance loans and various livelihood skill trainings.
- ✓ Provides services to vulnerable women, especially victims and survivors of domestic violence.
- ✓ 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%.

Livelihood skills trainings held in various district in 2019

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

Challenges

Microfinance institutions	Rural Women
High transaction cost	Criteria used by MFIs in granting micro loans
Lack of confidence by microfinance clients	Less educated than men
Loan re-payment problems	Less initiative to take risk and start a business
Transportation problems	Lack of confidence & financial services

Analysis

Questions	No of respondents (30)	
	Yes (%)	No (%)
Are you aware of Microfinance institutions and their role?	82.1%	17.9%
Do you think microfinance institution (Renew MF, Tarayana MF) helps in empowering rural women in Bhutan and particularly in your village?	96.4%	3.6%
Does microfinance institutions helps women in decision making in family and communities?	98.8%	1.2%
Women become independent through the services provided by microfinance institutions?	89.3%	10.7%
Are you happy and satisfied with the microloan and other services provided by microfinance institutions?	94%	6%
Microfinance helps in poverty reduction?	82%	18%
Are the women aware of the importance of microfinance in rural communities?	68.8%	31.2%

Conclusion

- 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.
- Not only provided microloans but also provided various trainings, workshops to enhance the skills and abilities of the rural women.
- Thus, microfinance institutions helps in empowering women in Bhutan.

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THANK YOU