RURAL BANKING AND ITS IMPACT ON WOMEN'S SOCIO- ECONOMIC EMPOWERMENT

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

Choki Wangmo

Under the Supervision and Guidance of

Mr. Sazzad Parwez

2021

DECLARATION BY STUDENT

I hereby declare that this dissertation titled Rural Banking and Its Impact on Women's Socio-economic Empowerment is the Bonafede 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 unpublish work of others has been acknowledged in the text.

(Signature)

Name of Student: Choki Wangmo

Date: 30th June 2021

CERTIFICATE

This is to certify that Choki Wangmo in partial fulfilment of the requirements for the award of the degree of MBA Rural Management from IIHMR University, Jaipur has successfully completed her internship at Bhutan Development Bank Limited during April 10^{th}, 2021 to June 9^{th}, 2021.

Place: Bumthang	Head of Organization: Sonam Wangchuk
Date: 11^{th} June 2021	Name of the Organization: BDBL

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Bhutan Development Bank Limited

"Your Development Partner"

Ref #BDBL/BUM-24/2021/238

11th June, 2021

TO WHOM IT MAY CONCERN

This is to certify that Ms. Choki Wangmo, Bearing CID No.11606003243 from Thrichugoenpa Village Tongzhang Gewog under Trashiyang Dzongkhag has been deployed at Credit Division, Bhutan Development Bank limited , Bumthang Branch as intern for two months(10th April,2021 to 9th June,2021) for preparation of loan documents ,process & rural credit guideline of central bank, stages of recovery on default loan & process to rural farmer outreach banking.

She has been found sincere, punctual, hardworking and again lot of experience in handling of the official work like dealing with Banks customers, branch official and fill-up official documents

We wish her all the best for future endeavor

Mr. Sonam Wangchuk

Branch Manager

Branch Manager
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CERTIFICATE

This is to certify that dissertation titled Rural Banking and Its impact on Socio-economic Empowerment is a record of the research work undertaken by Choki Wangmo in partial fulfilment 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 study has been sincere, scientific, and analytical.

Faculty Guide: Sazzad Parwez	School Dean: Rahul Ghai
IIHMR University, Jaipur	IIHMR University, Jaipur
Date: 2nd July, 2021	Date: 2nd July, 2021

Acknowledgement

I would like to sincerely thank my mentor Mr. Sazzad Parwez for constant encouragement and guidance throughout the writing of this dissertation. Without your valuable comments and suggestion, I wouldn't have completed my task on time.

I will always remain indebted to Bhutan Development Bank Limited for their help during internship period. With your practical suggestions and information related to rural banking system in the country, I have accomplished this study and could understand the banking operations and financial services provided by the organization.

I would like to salute to Mr. Sonam Wangchuk, my intern supervisor for untiring support during internship and enlightening me related to banking world to make this thesis meaningful. Further, to my family members, without continues support and encouragement this thesis would not had been successful.

Finally, I would like to express my gratitude to all the people who are directly or indirectly involved and helping me write this dissertation.

Abstract

Microfinance services are used as a tool to empower women, where increased income level and control over income through decision making power in the household level has positive impacts on women's socio-economic empowerment. The main objectives of rural banking are to provide opportunity for the poor to access financial services at cheaper rate and make it convenient all the time. It gives farmers livelihoods alternatives to engage themselves to generate income. Thus, it led to socio-economic empowerment of the poor women who are vulnerable.

The expansion of freedom of choices has positive impacts on women in terms of wealth, health of family, children education and enhance decision making roles at household level as well as community level. Although many scholars have pointed out the positive impacts of Micro finance on the women empowerment across the world, still it remains unclear whether MFIs really provides an opportunity for women for their wellbeing. Rural banking plays vital role in empowering rural women as it is one of the tools to empower them. Therefore, this study will explore the factors affecting women empowerment and types of impacts that rural banking can have on women in the country and how does BDBL and Government is helping women to overcome covid-19 challenges.

Further, this study sought to understand whether microfinance services have really contributed to the women's socio-economic empowerment and to what extent it has helped them to improve their living standards. The main research instrument used is literature review to know more impacts of microfinance on women's socio-economic empowerment across the world with similar cases study. The study revealed that microfinance have influenced the lives of women positively, it would be more beneficial if interest rate is reduced and be made known to the clients. It is therefore, recommended to make the financial more flexible like repayment period and more outreach of their services in remote areas. MFIs should focus more on entrepreneurship training programs to the women whereby clients will be familiar with the available opportunities.

Contents

Abbreviations

MFIs: Microfinance institutions

NGOs: Non-profit organizations

BDBL: Bhutan Development Bank Limited

GNH: Gross National Happiness

GDP: Gross Domestic Products

MDGs: Millennium Development Goals

UN: United Nation

UNDP: United Nations Development Program

SDG: Sustainable Development Goal

NCWC: National Commission for Women and Children

RENEW: Respect, Educate, Nurture and Empower Women

CSO: Civil Society Organization

BBS: Bhutan Broadcasting Services

ATMs: Automated Teller Machine

CHAPTER ONE

1.0 INTRODUCTION, STATEMENT OF PROBLEM, RESEARCH OBJECTIVES

1.1 Introduction

Bhutan is a mountainous country with limited population located between China and India. The country looks small yet, well known globally as Gross National Happiness is the philosophy that guides the government of Bhutan. Although, the country has been isolated for many years, majority of the people were self-reliant and happy in the country. Even today, Bhutan is known as one of the happiest countries across the world and every Bhutanese citizen are proud to be born in the country under the great Monarch. According to Global Peace Index report, 2020 Bhutan ranks 16th out of 193 countries across the world. The strong relationship between the people and leader makes county unique and happiest place to live. Bhutan is one of the fastest developing country under the guidance of His Majesty and Gross National Happiness is believed to be more important than Gross Domestic Product.

Few decades back, the concept of rural banking in the country is not popular to the people although, many have been practicing informal banking like small loans were taken from the individuals. However, over the period people are now familiar with the financial services provided by the rural bank called Bhutan Development Bank Limited and it is the only rural banking in the country. Globally, women are economically and socially backward compared to men and their activities does not accounts in the economy. Similarly, small country like Bhutan, women's status was very low and all the credit goes to man in the family. However, Government of Bhutan has done so much to the people that every citizen gets equal access to the facilities and an opportunity despite the existence of gender biased. Its certain that rural women are more disadvantaged compared to the urban women as they lack facilities and knowledge. Literally, they are not exposed to the modernization and friendly with technological world. The Government of Bhutan is trying to reach in each and every corner of the country making sure that all the people get equal access to all the facilities across the country.

Many NGOs in Bhutan deals with microfinance that gives privileges to the rural poor to avail financial services and management of small amount as it focuses on low income group of people. It includes the services like loans, saving, insurance and transfer of money and it is one of financial tools mainly for the poor people. Simanowitz et al, (2007) pointed out that microfinance is one of the key strategies to reach out Millennium Development Goals (MDGs). Microfinance institution aims mostly women, as they are engaging in unpaid work and it can promote gender equality in order to address women empowerment. Women spends their time mostly on children welfare which made them more vulnerable where poverty reduction program targeting women is more likely to be effective. Majority of microfinance targets women and group-based lending because women are more responsible in finance matter. Globally it has been the powerful tool to self-empower that gives confidence to low income people for the creativity and innovation. Furthermore, microfinance helps empowering women by encouraging and influencing the decision-making power at household level contributing to their socio-economic empowerment (Rehman and khan, 2007). However, Khan and Nooren, (2011) found that providing access to financial services does not leads to women empowerment unless it is properly designed.

Agriculture is the backbone of country where 70% of population depends on farming activities and it is the main source of income for the rural people. Although many advanced farming and non-farming technologies has been introduced to support farmers particularly rural women to improve their living standard, they are still lacking behind. Agriculture production requires financial assistance to meet their daily needs for the better production and sustainable livelihoods. Women takes part in agriculture production but the decision-making power in the household relies on the male head making them vulnerable. Chaudary and Nosheen, (2009) found that in developing countries women empowerment policies is the important issues that needs to be concerned as many were deprived.

Globally, women account around 70% of poorest population mainly due to gender inequality (Manjoor and Manders, 2009). In Bhutan the government is working towards reducing the gender gap but still there is gender differences as women has the responsibility of household chores and child raising. According to World economic forum’s global gender gap report 2017, Bhutan ranks 124 out of 144 countries which clearly shows that there is long way to go until there is minimum gap between male and female in any work place. The gender disparity makes women unprivileged and depending on their husband for the survival where women’ socio-economic empowerment is the only way to uplift women in Bhutan. BDB is working towards women empowerment through various financial services which is more convenient and affordable. Bhutan is moving towards gender equality and the transformation in the women’s role of responsibility is the great achievement and proud moment for all the women in Bhutan (Lhaden, 2018).

1.2 Statement of Problem

Many studies seek to find the relationship between microfinance and women’s socio-economic empowerment. The scholars have pointed out the positive impacts of microfinance on women’s empowerment across the globe. The information will be used by financial institution, policy maker and developmental partner to further understand the impacts of microfinance on women. It will enable future researcher to understand the areas that needs improvement to serve the life of women. This study will further add the information for the researcher on women’s socio-economic empowerment and provide a framework for further research.

The increasing women’s access to financial services will lead to women economic empowerment (Mayoux, 1999). When women have available financial facilities, they can start their own business, control money at home and take care of whole family members wellbeing. Similarly, increasing participation in economic activities will enable them to control family income or their own (Kiriti, 2005). However, many women are still struggling behind the curtains and dependence on their partner mainly due to lack of knowledge and information, low literacy rate, social norms and culture, religion and women status in the community.

Generally, women are backward compared to men and there are many obstacles to women’s participation in the economy and access to available resources as they are discouraged from the younger age. Although, women play important role in economic development yet, are being ignored and failed to recognized their contribution to the developmental process. Therefore, they must be empowered at economic and social level to make difference in the community as well as their life. One of the best ways to empower women is to make financial services accessible and affordable to them in order to finance their economic activities.

The Royal government of Bhutan has implemented number of polices and schemes to help women come forward and participate but still they are lacking behind. Many NGOs along with financial institutions in the country is extending their financial services to help women improve their living standards despite the efforts made by the government of Bhutan. Thus, this study will explore the relationship between rural banking and socio-economic empowerment of women in the country. Further this study will examine how does covid-19 affect the women empowerment and government and rural banking is helping them overcome the challenges.

1.3 Research question

1. How does Rural banking (BDBL) empower women in Bhutan?
2. What is the extent of women's socioeconomic empowerment derived from microfinance?
3. What are the challenges faced by rural banking in Bhutan?

1.4 Research objectives

- To analyze, investigate whether rural banking (BDBL) contributes to women's socio-economic empowerment.
- To determine the impacts of banks micro credit to women's socio-economic empowerment.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

Bhutan being GNH country, happiness and wellbeing is the government priority and it has been a part of political journey. With the modernization, social norms and tradition is gradually changing where we can see the transformation of women's role in the country. Women are now moving beyond household chores and fieldwork and they are contributing towards family income. More number of women participations has the greater advantage of developmental process where women takes part in decision making. However, majority of women are still backward and struggling to get out of the box as their unpaid works left uncounted and unrecognized. The main challenges faced by the women are poor economic status, illiterate, lack of information and knowledge, unskilled, unemployment and decision making at home made them vulnerable. Many schoolers have showed that microfinance is one of the effective tools for women' empowerment. It gives rural poor the best alternative for self-employment particularly women as they are the main target of micro finance.

Microfinance program has been practicing across the world and became recognized as a means of poverty reduction. It helps low income people to access financial services and improve their standard of living by giving the better livelihoods options. Microfinance gives greater opportunity and livelihood alternative to rural poor in order to attain economic, social and cultural empowerment through various financial services. According to Leach et. al (2002) found that economic empowerment would not be possible without women empowerment but micro credit has made it successful. When women could access financial services and generate self- employment opportunities they are economically and socially empowered through increase income.

Rural banking ensures farmers have easy and affordable financial services and improve their living standard. Farmers cannot meet their needs without access to the financial services for production strategies. Moreover, without having access to financial services farmers are not secured as their production is unpredictable. Rural banking has been the lifeline to majority of the rural people in Bhutan where they are fully dependent on the banking services for their livelihoods. Bhutan development Bank being the only rural banking in the country, most of the people are aware of the services and people are satisfied to avail their services. Generally, the rural financial programs have been focused mainly on the male as they are the head of the household whereby, they failed to recognize the importance of women. Women are engaged in unproductive works which is uncounted and their own financial needs have been widely ignored across the globe. Millions of women contributed to agriculture production and food security and rural women in particular are more likely to be credit constraints than men (Fletschner, 2009). However, Bhutan Development Bank has designed, crafted and implemented the financial programs separately for the rural women like SHG and saving account meant for housewives.

To overcome many difficulties, Bhutan Development Bank Limited was incorporated by the royal charter, in January 1988 with assistance of the Asian Development Bank. BDB functions as development finance institution in the country and it is the only rural banking that provides seasonal loans to the rural people. The bank provides micro, small and medium financial services for the development and modernization of agricultural, commercial and industrial enterprises in the country. Many of the rural people were excluded from financial inclusion as they are poor and they do not have much to save. Women in particular are left out from financial institution without giving importance to them as men are head of the household. Therefore, Bhutan Development Bank Limited has implemented policies separately for the women as it is one of the ways to empower them. Women are privilege to avail financial services provide by the BDB as they can now take part in the decision making at home as well as community level.

2.2 Factors Affecting Women's Empowerment

Women faces various issues and problems in the society making them victims of sexual harassment, domestic violence and child marriage. Women's empowerment has been the global concern and many researchers have pointed out the factors affecting women's socio-economic empowerment as follows:

Lack of opportunities and property ownership

Women are backward in most of the country and they are still struggling to get out of the box. Generally, women have fewer opportunities and less access to basic and higher education and they are discouraged in public participation from the very young age. The role of women was to serve her family and their dreams often go unrecognized. Furthermore, Land ownership and control over assets are often restricted to the women as it is ruled by the husband as the head of household. Women are vulnerable in many ways, in addition to pregnancy and child bearing, they are exposed to domestic violence and they experience hardship in the case of divorce and widow loose assets ownership (Banthia *et al.,*2009). There are biased inheritance rights as all the rights were given to male relatives after the death of husband without considering widow and daughter (Agarwal, 2003). Microfinance is one way to empower women with necessary knowledge, skills and self-confidence to improve their living standard.

Gender Inequality

It has been a failure to recognize the differentiated position of women and men in the society where all the credit goes to men in terms of resources allocation, human rights and opportunities in designing and formulating project policies on development outcomes (Islam, 2006). There is always unequal treatment of men and women in the society where men are treated superior and given more importance. Feminist advocates argue that without giving equal importance to the women in development process cannot be effective and efficient (Islam, 2006; Mayoux, 1999). Women's empowerment has become global concern and women's socio-economic empowerment has been considered as one of the most important strategy for securing families livelihood and overall wellbeing. However, socially constructed norms have created vast difference between men and women that impacted the lives of women leaving them at disadvantage side. Gender equality is one way of poverty reduction and UN member are working towards achieving Sustainable Development Goal by 2030.

Technology and Knowledge constraints

Although, financial services are available to the women, they are not confident to proceed due to lack of literacy and exposure to other language (UNDP, 2007). Generally, women are unprivileged to attain the schools as they are forced into marriage at younger age and engaged in household responsibilities while man can obtain higher education. lack of literacy has made them handicap with no confidence to move on in this modern world. Technological innovation like mobile banking saves the women's time and it is convenient to use the financial services without having to depend on anyone (Duncombe, 2009). However, due to knowledge constraints it becomes unfriendly to many women as they cannot operate without assistance from others making them more vulnerable. When women are taught to handle household chores despite enrollment into school, technological world becomes hard for them to cope and survive without others help. Thus, microfinance offers them varieties of opportunities and exposed them to the modern world to explore and learn more. Women can work towards achieving their dreams and become self-reliant with confidence.

Informal banking

Longer procedure at formal banking discourages their customer and many of the rural people are still practicing non formal banking as it is easier to proceed compared to formal banking. Moreover, rural people prefer informal banking as they have low income and due to lack of awareness people are not familiar with formal banking. Rural areas experience financial exclusion as most of the rural people are poor and they remain excluded from participating in the developmental process due to lack of affordable financial resources making it difficult to improve their livelihoods (Chen and Ravallion, 2007; Matunhu, 2012). However, with the modernization people are now aware of formal financial institution and it has gained the public trust. Similarly, it has been found that almost 90% of population in developing countries accessed the formal banking (Robinson, 2001 and Vincent, 2004). With the help of microfinance poor women are encouraged to make small savings and investment in the formal banking which gives more benefits than informal banks. For instance, Grameen Bank in Bangladesh targets poor people and gives loans to the uncreditworthy people (Perkins, 2008). Grameen bank is one of the successful banks in the world, initially started by giving small loans to the poor women which show that women are responsible in repayment of their credit.

Family Size

When women's status is low in the community, family size tends to be large making it more difficult to survive. Larger the family member, greater the women's responsibility to manage wellbeing of the family. Women spends more time on children's welfare and household wellbeing without giving importance to herself. However, empowerment of women benefits whole family which shows the positive influence of rural banking assistance. In addition, Husband's income and family size and the self-help group meeting frequency has positive impact on the women's socio-economic empowerment through more participation in decision making and generating employment activities (Lavoori and Paramanik, 2014).

Decision Making Power

There is huge gap between men and women in the context of decision-making power and also access to opportunities has been the global concern. Pitt et al. (2006) mentioned in his study that empowerment cannot be measured in numbers but it can be defined in terms of participation, decision making power at household level and societal decision making. Social norms and family pattern affected the women's ability to control over savings they have and assets they own. Women's empowerment changes the individual attitude of person, relationship within household and social status of women in the community as they no longer have to depend on their husband and family (Malhotra, 2002). When women have the spending control over household, she can decide on household nutrition and wellbeing of the family. Most of the times there is huge difference in men and women in decision making and willingness to take risk. Similarly, in financial markets, women lack confidence to take loan as they are bound to follow the family rules and regulation leaving them less time to focus on loan repayment. Thus, without adequate insurance, women are less interested in taking loans even when credit is available to them.

Religion and Social Norms

Rural women in particular are still trap in the stereotype in many parts of the world. There is less rural women political representation as they are prohibited and worst of all some religion does not allow them to even dream. Women gain better socio-economic position after joining microfinance program that increases women's access to social and income generating activities (Siwar et al., 2011). Religion is one of the factors affecting women empowerment, some of the religion discriminates women's participation other than household chores. In Muslim religion male domination oppresses women Rouf (2011). It states that those people whoever goes against religion, they are liable to imprisonment (GlobalVoices, 2013) which clearly shows the seriousness of their religion. However, country like Bangladesh, their Muslim religion tolerates the microfinance activities unlike other countries (Sharma, 2007).

2. 3 Impacts of Microcredit and Saving Habit

There are various microcredit affects to the individual, enterprises and household level such as income generation, poverty reduction, increasing number of school enrollment, growth of business, employment and more importantly women empowerment. Financial services provided by the Bhutan Development Bank limited ensures that women can participate more in decision making and generate self-employment opportunities leading to women's socio-economic empowerment.

i. Nutrition and food quality; through micro credit there is positive impacts on the food security and the level of nutrition they consume. However, it does not apply to all the families and there is no effect on the quality of meals (Brannen, 2010). Majority of study points out the effectiveness of micro credit that enables household to enjoy better diet as they have savings. Similarly, nutrition intake by each household has been increased over the years. The taste and preferences are changing yearly where everyone opts for the better quality of foods.
ii. Education; many of the study provide evidence of microcredit programs and saving habit has positive impacts on education. Specifically, two studies show the increasing number of school enrollment through participation in micro credit program (Adjei et al., 2009; Lacalle Calderon et al., 2008). Another study found there is both positive and negative impacts where education expenditure depends on the region and country (Nanor, 2008). Free education system in Bhutan has helped disadvantaged children to enroll in the school but the quality of education depends on the family income (Tashi, 2019).
iii. Child labor; micro credit and saving reduced the child labor and household chores which is likely to increase the school enrollment (Shimamura & Lastarria-Cornhiel, 2009). However, same author has mentioned that children of micro credit clients are more engage in agriculture production than attending schools.
iv. Women empowerment; micro credit is the best way to empower women and many microfinance organizations focus on upliftment of women by making them the intimate clients. Micro credit program helps women empowered through various trainings and opportunities.
v. Housing: those clients participating in the micro credit program owns their own house and make investment for quality and maintenance of their home (Brannen, 2010). When there is enough cash at hand, everyone is willing to improve their living standard from the comfortable housing to luxury life. However, everyone is not gifted with whatever they want, micro credit helps low income people to own their house to protect from harsh weather.

2.4 Banking and Microcredit Lending to Empowerment

Although women contribute to economic growth and supports their families across the world their effort goes unrecognized. Rural banking helps women empowerment through small lending and making them utilize credit, savings and other financial services. It helps women to take advantages over income generating activities and ways to cope up with the risk associated with microcredits. Women in particular, benefited more from the rural banking as they are the main targes of microfinance institutions. Microcredit lending influences women positively by enhancing decision making power and participation in the community level as well as nation as a whole. Moreover, microcredit has the potential to minimize the gender gap and promote gender equality in the country as they could take up economic activities. It also gives sustainable livelihoods to their families and overall enhancing women's socio-economic empowerment. Microcredit institution helps women face challenges and take up new opportunities to improve their living standard with alternative livelihoods. Greater number of participations leads to change the women status in the community where their contribution is being recognized and promotes gender equality. With accessible financial services, women get an opportunity to explore the world and gain new skills, experiences and knowledge. Further, every experience helps them gain self-confidence to deal with financial risk and start up their own business and becomes self-reliant. Microcredit institution is the key to women's empowerment as it provides various options in their life to improve the living standard.

2.5 Microfinance Institution in Bhutan

The Government of Bhutan is promoting women's socio-economic empowerment by collaborating with NGOs like NCWC, RENEW and Tarayana Foundation. Through this program women are encouraged to participate more and ensures empowerment with varieties of training to make them skilled. Following are the few NGOs that helps women empowerment:

i. RENEW organization is dedicating their services to the empowerment of women and children in the country. They provide soft skills trainings like weaving, tailoring, care giving, recycling, making soft toys and introduced to the microfinance world. Recently, RENEW provide livelihood training to vulnerable groups to develop their human resource capacity (Lhaden, 2021). According to RENEW's specialist in livelihood department, Tashi wangmo mentioned that the training is given due to a greater number of village girls exploitation and women trafficked to the Middle East. RENEW microfinance focuses to improve the living standard of women and her family by giving micro loans, savings, credit facilities and insurance services. The organization targets the poor women to help them become economically sustainable and independent in their life.

ii. NCWC works closely with the law enforcement to safe guard life of women and children from crime against them. The victims of domestic violence were been given the counselling and life skills trainings to help them support their children and family. Whenever, victim reports cases NCWC comes forward to fight for women's right and they are being protected (Tenzin, 2019). NCWC microfinance gives victim women livelihood alternatives through various financial assistance and trainings.

iii. Tarayana foundation is civil society organization working towards upliftment and enhancement of disadvantaged communities in the country. The organization main focus is poor women and children, ensuring all the children gets equal opportunities. There are many families that needs basic necessities support in remote areas where most of the children were engaged in field works than education. Therefore, the organization is helping needy people in the country to get access to the available facilities and opportunities. Tarayana initiated microfinance in the year 2008 as there was limited credit access in the remote areas. It was one of the livelihoods projects the foundation has incorporated to help people make better living standard. Applicants were granted with lower rate of interest for their agriculture activities as well as non-farming activities like weaving and crafting works. The foundation gives loan to the small group of women to improve their household living standard and wellbeing of the family member. Women makes best use of the money by generating income through various activities, ultimately it helps them to empower and lead their life with confidence.

Bhutan Development Bank is the only bank that provides seasonal loans to the rural poor in the country targeting women as their client. The bank has introduced farmer outreached bank and it has helped many farmers save their time. The field officer from the bank visits villages once every month for the loan disbursement, collection, deposit and withdrawal giving them door to door services. It has made the life of farmer easier by accessing their financial services and they gained the trust of their clients by making their services familiar to all the customers (Lhaba, 2018). Bhutan Development Bank has the especially targeted women as their intimate client by giving them separate platform to deposit at high interest rate encouraging them to save.

2.6 Challenges Faced by Rural Banking in Bhutan

Bhutan Development Bank Limited being sole rural bank in the country, faces many challenges daily in the course of its operation. Although bank is doing well so far, following are the issues and problem experienced by BDBL;

i. Slow progress in lending activity; it is always been the difficulty to identify the potential clients and bank staff have to verify each and every documents carefully taking longer time than expected. Majority of customer do not like the banking formalities as it has lengthy procedure to get the loan whereby, they prefer informal lending and borrowing.

ii. Underdeveloped facilities; transportation facilities have been affecting BDBL as road facilities are not available to most of the places. It takes more hours to reach their office wasting the precious time of farmers.

iii. Urban orientation of staff; everyone prefers urban than rural as urban have advanced facilities. Health and education quality attract people to reside in the urban areas where BDBL staff are not willing to work in remote areas.

iv. Lack of awareness; most of the clients were unaware of the products and could not avail their services. Rural people residing in the remote areas does not have any ideas of the facilities and advantages of their products.

v. Literacy rate; documentation has been the problem as many are illiterate. They could not trust institution easily when they cannot read and write themselves which is the biggest barriers to their products.

vi. Technological barrier; although mobile banking makes the life of people easier, maximum number of BDBL clients could not operate due to lack of knowledge. Even to operate ATMs, they need others assistance which makes them more vulnerable.

vii. Unskilled staff: welcoming staff attracts more customer and behavior of employee can decide the success of the organization. If the clients were treated with harsh behavior, they are going to lose their clients next day because it is human nature to dislike harsh treatment. As many clients of BDBL is illiterate, staff should have patience and rude behavior hurts the sentiment of their clients.

2.7 How Does Covid-19 Affected Women's Empowerment in Bhutan

Covid-19 pandemic has affected women and men differently across the world. In developing countries, labor market was hit hardest and social and economic crisis is posing treads to the women empowerment. Some of the impacts of covid-19 in the country are;

i. Economic impacts; tourism sector is one of the sources of revenue to the country but tourism and allied sectors have taken massive hit. The closure of southern border has affected the manufacturing and trade activities which led to slowdown of GDP (Ministry of economy, 2021). Country being dependent on foreign workers, construction sector has been slowed due to shortage of workforce. Those women who are engaged in small business faces difficulty in repayment of loan (Sonam, 2021).

ii. Livelihood impacts; according to the survey carried out by UNDP and UN found out that the livelihoods of Bhutanese people have been affected severely due to lockdown. Majority of household lack saving to get through crisis, after losing their jobs people were forced to return back to village. When there is no source of income for the family, balance diet and nutrition to the family member has been the problem and poor women are pressurized more as they have to prepare meals (Kelzang, 2021).

iii. Domestic violence; the violence against women during the lockdown has been increased and most of the victim consult NCWC for the safety of their children and themselves (NCWC, 2021). Some of the victim experience violence mainly due to drinking habit of their partner and due to the frustration during lockdown (Kuensel, 2021).

iv. Villagers struggling to sell their produced due to closure of southern border and it was huge loss for the farmers across the country (BBS, 2021). Small group of women faces difficulty selling their products and timely repayment of loan (BDBL, 2021).

v. Education; schooling have been affected severely in the year 2021, children were left without learnings for many months and there is no proper guidance and assessment to the children. Remote children have massive hit as they do not own smart phone to learn from google class room. They are mostly engaged in household chores and agriculture production (Yeshi, 2021). Number of girls drop out have increased in the year 2021 and they are forced to help their parents at home as they do not have enough source of income (Ministry of education, 2021).

2.8 Covid-19 Response to Women's Empowerment by the Government and BDBL

1. Royal kidu fund for those who lost their jobs to the covid-19 and loan interest have been waived by the king of Bhutan.
2. By introducing mobile cardiotocography for the mothers and children to monitor their health status. This service has minimized the risk of exposure to the infection and their target it 50% of pregnant women in the country. Moreover, waste collection services will be provided with essential safety gears.
3. Through loden foundation and UNDP covid-19 response fund, employment opportunities will be created for 57 individuals including single mothers and youth who lost their job to covid-19. Moreover, in collaboration with CSOs various training programs will be carried out to empower the survivors of violence.
4. Intervention of solar energy at village level to help farmers improve vegetables production and also to enhance Bhutan's food production and self-sufficiency. Support to those people who are working in tourism and lost their job to covid-19 by providing the upskilling and reskilling program to support their livelihoods.
5. By partnering with judiciary of Bhutan to ensure access to justice on time by providing uninterrupted digital services.
6. BDBL ensures uninterrupted services during this pandemic. Despite pandemic field officers continued to visit villages to provide continues financial services to their clients.
7. Most importantly, BDBL has contributed to the covid-19 relief fund for needy people in the country.

CHAPTER THREE

3.0 METHODOLOG AND LIMITATIONS OF THE STUDY

3.1 Methodology

The research is base of any other thesis, there are various method to conduct research but to get the perfect research qualitative and quantitative methodology can be used. This research paper will be based on literature review and case study with similar cases in other country. The findings from qualitative studies on the rural banking and women's socio-economic empowerment in Bhutan will be studied to know the various factors affecting women empowerment in the country. Further, this study will examine the relationship between BDBL and women empowerment and how does rural banking help to overcome challenges faced by Bhutanese women.

3.2 Limitations of the study

The research is based on secondary data, information presented in the study is based on literature review. Primary data collection has been the major problem to compile necessary information to complete this study due to the covid-19 pandemic. However, few information like BDBL client opinions have been included for further understanding and to add more knowledge to the literature. Time constraint was another factor as I was assigned many tasks during internship period, focusing on this paper has been the critical for me.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSIONS

Many researchers have point out the positive relationship between microfinance and women's empowerment. They have found out that the main factors affecting women's empowerment are literacy, decision making power, religion and participation level. Microfinance institution was used for upliftment of deprived women across the globe. Usually women have limited opportunity and they are discouraged from participation in any matter. However, microfinance gives them the wings to fly out of box they were caged for longer periods. The increasing women's access to financial services will lead to women's economic empowerment (Mayoux, 1999). When women have available financial facilities, they can start their own business, control money at home and take care of whole family members wellbeing. Increasing participation in economic activities will enable them to control family income or their own (Kiriti, 2005).

Although women play vital role in the society, there is existence of gender inequalities which made them unprivileged. Majority of women survive with limited opportunities and serving their family throughout their life leaving dreams behind. Many restrictions have been imposed to women ever since they are born, treating them lower than man. Swain and Wallentine (2007) found that microfinance actually empowers women but all the participants were not equally empowered. It depends on the level of participation but over the years empowerment of women increased. Women cannot take part in any matters as per their wish without approval from their partner or family whereby, all the women cannot participate in the microfinance program. Globally, women account around 70% of poorest population mainly due to gender inequality (Manjoor and Manders, 2009). The Government of Bhutan is working towards upliftment of deprived women through various schemes and programs.

Property rights and land ownership belongs to man where women do not have right over their own property. Everything is owned by the husband and women have to depend on their husband and get approval before doing anything. There are biased inheritance rights as all the rights were given to male relatives after the death of husband without considering widow and daughter (Agarwal, 2003). Microfinance gives them hope and confidence to undertake any task and encouraged them to come forward and participate more. Moreover, microfinance is one way to empower women with necessary knowledge, skills and self-confidence to improve their living standard. Unless there is changes in gender equality concept, women empowerment may not be effective (Mayoux, 2001).

The primary objectives of microfinance institution is poverty alleviation and many scholars have shown that microfinance have positive relation with poverty reduction. Through financial assistance, women have the livelihood options and contribute to the family earning. Further, Microfinance focus on poverty reduction, empower women, creating employment and help existing business expansion and innovation of new business (Ledgerwood, 1999). However, it is not certain to what extend the institution is serving the poor. Poor remains poor as they cannot take risk and rich becomes richer after availing the financial services, their earnings have been increased over the period. Microfinance is one of the tools for poverty alleviation and has shown the positive response however, it is still unclear as many used microfinances mainly for debt and consumption purposes rather that investment (Strong, 2008).

Empowered women can bring changes to the society and gain their status. They can take part in decision making in developmental process to point out the needs and wants of women. Gradually, we can see that the number of women leaderships is increasing across the world giving inspirations to millions of women and young girls. Although few microfinances clients experience increasing number of domestic violence as a result of women empowerment but majority experienced the opposite (Kabeer, 2015). The relationship among family have been improved and most of the women have gain social status in the community. Empowered women can take better care of their family as they acquire more knowledge and exposed to the world.

It has been a failure to recognize the differentiated position of women and men in the society where all the credit goes to men in terms of resources allocation, human rights and opportunities in designing and formulating project policies on development outcomes (Islam, 2006). Given the right opportunity, women perform better than man in many aspects and it was the sole reason for choosing women as their intimate client. They take all the task and responsibilities seriously while men are careless in nature. Feminist advocates argue that without giving equal importance to the women in development process cannot be effective and efficient (Islam, 2006; Mayoux, 1999). The hardships women go through can be understood only by the women and policy makers should be female for the same reason.

Bhutan development bank limited being the sole rural banking in the country made the life of rural poor easier to access financial services. Their services contributed towards achieving Gross National Happiness and helped to empower deprived women in the country. Despite many challenges, their product is made known to the clients by conducting various meetings and trainings. The bank provides seasonal loans to the farmers and they can repay after selling their agricultural products. BDBL offers separate platform mainly for the women to encourage savings and investments at higher interest rate than other banks. It is the one of the ways to empower women in the country with especial financial facilities. Introducing farmers outreach bank has helped many clients save their time and they can make any quires continently regarding any new products and services.

While ensuring timely services to the people, BDBL came across many challenges in courses of its operation. Illiteracy has been the major problem as their client belongs to rural areas. Without reading and writing knowledge, it is difficult to gain client trust and long formalities and procedures made their customer frustrated. Their clients could not cope up with the advancement of technologies where mobile banking is no help as they cannot operate. Underdeveloped infrastructure like road is making their clients difficult to reach their offices on time and timely services has been delayed.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Although women perform important roles and responsibilities in the community they are seen backward in every country. Similarly, small country like Bhutan fails to recognize the importance of women in developmental process and women are given less opportunities. With the modernization, social norms and tradition is gradually changing where we can see the transformation of women role in the country. Women are now moving beyond household chores and fieldwork and they are contributing towards family income. More number of women participations has the greater advantage of developmental process where women takes part in decision making. male policy makers cannot fulfill all the needs and wants of women as they are not into women's hardship and women empowerment cannot be achieved efficiently. Thus, women should take part in the decision making in any developmental activities.

The main challenges faced by the women are economic status, literacy, information and knowledge, exposure, lack of opportunities and self-confidence. Many researchers have pointed out that microfinance is the best tools to empower women. Given the evidence, Microfinance institution targets women as their intimate clients and it has been the success across the globe. Microfinance gives greater opportunity to rural poor in order to attain economic, social and cultural empowerment through various financial services. According to Leach et. al (2002) found that economic empowerment would not be possible without women empowerment but micro credit has made it successful. When women could access financial services and generate self- employment opportunities they are economically and socially empowered through increase income.

In Bhutan, rural banking like BDBL became the lifeline of farmers as they are fully dependent on the financial services provided by the bank. Their production is insecure without financial support because agricultural production is unpredictable and BDBL helps them with various services to opt alternatives of livelihoods. Usually women are engaged in unproductive works which is uncounted and their own financial needs have been widely ignored across the globe. Millions of women contributed to agriculture production and food security and rural women in particular are more likely to be credit constraints than men (Fletschner, 2009). However, Bhutan Development Bank has designed, crafted and implemented the financial programs separately for the rural women like SHG and saving account meant for housewives. The bank provides micro, small and medium financial services for the development and modernization of agricultural, commercial and industrial enterprises in the country. Many of the rural people were excluded from financial inclusion as they are poor and they do not have much to save. Women in particular are left out from financial institution without giving importance to them as men are head of the household. Therefore, Bhutan Development Bank Limited has implemented policies separately for the women as it is one of the ways to empower them. Women are privilege to avail financial services provide by the BDB as they can now take part in the decision making at home as well as community level.

There are various factors affecting women's empowerment such as gender inequality, property ownership, lack of literacy, and exposure to the outside world. Women are treated unequal to the man and all the opportunities are being offered to the man leaving women the only option to work in the kitchen. Social norms and culture are one of the main causes of gender inequality where women are discouraged to participate in any other activities than household chores. Man being head of the family all the property and land ownership belongs to the man and women does not have any right of their own property making them more vulnerable. Women are vulnerable in many ways, in addition to pregnancy and child bearing, they are exposed to domestic violence and they experience hardship in the case of divorce and widow loose assets ownership (Banthia *et al.*,2009). Generally, women have less exposure and knowledge than man as they are prohibited to learn, even if the opportunity is available, they are not confident to take part due to lack of literacy. Although, financial services are available to the women, they are not confident to proceed due to lack of literacy and exposure to other language (UNDP, 2007).

Bhutan like any other developing country, there are few microfinance institutions to help unprivileged women to improve their living standard. Institution like BDBL, RENEW, NCWC, Tarayana foundation and Loden foundation provides microfinance facilities along with various trainings programs giving them livelihood options. Bhutanese women can avail their services and majority of the clients are satisfied and thankful for the opportunities and making them recognize in the society. Various trainings such as weaving, tailoring, craft, agricultural production, making soft toys help them earn income for the family and there is success story of single mother supporting her children get education by weaving. Despite financial services these training programs make them skilled and exposed to variety of livelihood opportunity in the country.

Saving habits and micro credit facilities provides greater advantages to the clients. Overall food quality and nutrition in the family improves where household can consume balanced diet with help of their savings. Micro credit offers livelihood options to generate income for the family as a result their children gets quality education. Advantaged children are forced to work in the field than going to schools as their parents does not have enough savings and income to bear expenditure. Thus, micro credit institution helps them avail small loans to carry out small business or agricultural production to earn income for the household. Micro credit clients are likely to own their own house as all the people are not gifted with everything. Most of the clients were seen taking loans for housing as everyone wishes comfortable house to live. Further, micro credit is the best way to empower women and many microfinance organizations focus on upliftment of women by making them the intimate clients.

Covid-19 pandemic has affected each and every individual across the world. Many lost their jobs to the covid-19 and left without any income for the household. Similarly, women's socio-economic empowerment has been affected severely but the Government of Bhutan has taken measures to support women in the country. With the closure of southern borders, all the trade has been slowed and the agricultural products were left unsold. Those women who are part of small group of women taken loan for their production, struggles to repay the loan but fortunately King of Bhutan grants kidu by wavering interest. All the individuals who lost jobs were supported by Royal kidu fund including single mothers. The education of disadvantaged children was affected most where many of the rural girls were seen dropping out of schools to help their parents in the field. Moreover, domestic against women has been increased during lockdown period. The victims were given counselling and life skill trainings to support their children and themselves.

5.2 Recommendation

In response to the findings of the study, following are the potential solutions to the challenges faced by women and factors affecting women's empowerment.

i. The trainings programs have been initiated by micro finance institutions for capacity building in the country and it is recommended that the services should continue for the further improvement of women's life. The institution should also focus on educational programs on their products and make their clients familiar with the financial services available to them.
ii. High interest rate is one of the factors that affects the women's empowerment as they are not confident to avail financial services. Therefore, the interest rate should be reduced and make their clients comfortable to access their products.
iii. Gender inequality is another factor affecting women's empowerment thus, microfinance should come up with initiatives to change the perspective of people.
iv. Government should deal with microfinance issues and should be given special place for women's entrepreneurs to improve their standard of living. It will encourage more women to come forward and participate in decision making.
v. It is also recommended that microfinance should focus on social services other than financial services to be in better position to serve women and make them comfortable.

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