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

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CONTENT

INTRODUCTION

- Microfinance is the key to Women's socio-economic empowerment
- Rural banking provides access to financial services to the poor people
- It gives livelihood alternatives to the farmers
- Many researcher have shown the positive impacts of Microfinance and women's empowerment
- Women's empowerment determines the wealth, health of family, children education and decision making roles
- Microfinance promotes gender equality and helps in poverty reduction
- Microfinance can influence the women's status in the community

BACKGROUND TO THE STUDY

- Bhutan is a small country between China and India
- Bhutan is constitutional monarchy
- GNH is the philosophy that guides political journey
- Bhutan ranks 16th out of 193 country in the Global Peace Index Report 2020
- The concept of rural banking is not popular among people
- BDBL made financial services accessible and affordable to the rural poor
- Globally, women are economically and socially backward compared to men and their activities does not accounts in the economy.
- Bhutanese women were backward and still struggling to get out of box
- Rural banking in the country has helped empower women through various financial services

STATEMENT OF PROBLEM

- 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.
- The role of women is being ignored and failed to recognized their contribution to the developmental process.
- 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.
- This study will explore the relationship between rural banking and socio-economic empowerment of women in the country.
- 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.

RESEARCH QUESTION AND OBJECTIVES

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?

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.

METHODOLOGY AND LIMITATIONS

Methodology

- This research paper is 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.

Limitations of the study

- Primary data collection has been the major problem to compile necessary information to complete this study due to the covid-19 pandemic.

LITERATURE REVIEW

- 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).

Factors Affecting Women's Empowerment

Lack of opportunities and property ownership

- 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).

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).
- Feminist advocates argue that without giving equal importance to the women in development process cannot be effective and efficient (Islam, 2006; Mayoux, 1999).

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).
- 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).

Informal 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).

Family Size

- 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)
- 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).

Religion and Social Norms

- 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).

Impacts of Microcredit and Saving Habit

- Nutrition and food quality
- Education
- Child labor
- Women empowerment
- Housing

Microfinance Institution in Bhutan

- RENEW
- NCWC
- Tarayana foundation
- Bhutan Development Bank limited

Challenges Faced by Rural Banking in Bhutan

- Slow progress in lending activity
- Underdeveloped facilities
- Urban orientation of staff
- Lack of awareness
- Literacy rate
- Technological barrier
- Unskilled staff

How Does Covid-19 Affected Women’s Empowerment in Bhutan

- Economic impacts
- Livelihood impacts
- Domestic violence
- Villagers struggling to sell their produced
- Education

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

- Royal kidu fund for those who lost their jobs to the covid-19 and loan interest have been waived by the king of Bhutan.
- By introducing mobile cardiotocography for the mothers and children to monitor their health status.
- 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.
- BDBL ensures uninterrupted services during this pandemic.
- BDBL has contributed to the covid-19 relief fund for needy people in the country.

RESULTS AND DISCUSSIONS

- Many researchers have point out the positive relationship between microfinance and women's empowerment.
- 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.
- Swain and Wallentine (2007) found that microfinance actually empowers women but all the participants were not equally empowered.
- Property rights and land ownership belongs to man where women do not have right over their own property.
- 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).

- Empowered women can bring changes to the society and gain their status.
- 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).
- Bhutan development bank limited being the sole rural banking in the country made the life of rural poor easier to access financial services.
- BDBL offers separate platform mainly for the women to encourage savings and investments at higher interest rate than other banks.
- Illiteracy has been the major problem as their client belongs to rural areas.

CONCLUSION AND RECOMMENDATION

- Although women perform important roles and responsibilities in the community they are seen backward in every country.
- With the modernization, social norms and tradition is gradually changing where we can see the transformation of women role in the country.
- The number of women’s participation is increasing across the world.
- The main challenges faced by the women are economic status, literacy, information and knowledge, exposure, lack of opportunities and self-confidence.
- In Bhutan, rural banking like BDBL became the lifeline of farmers as they are fully dependent on the financial services provided by the bank.
- BDBL helps them with various services to opt alternatives of livelihoods.
- There are various factors affecting women’s empowerment such as gender inequality, property ownership, lack of literacy, and exposure to the outside world.

Recommendation

- The trainings programs
- High interest rate
- Gender inequality
- Government support
- Social services

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