

Role of Production Credit for Rural Women Project in Economic Development of Nepal

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INTRODUCTION

Majority of the people in Nepal, (42.55%) are living below the subsistence level of income. A survey 1983 revealed that the wealthiest, 10 percent of Nepal's population, earn 47 percent of the total income whereas the poorest 40 percent of the population earn only 9 per cent (UNICEF, 1987). One of the major determinant of income distribution is the locational factor i.e. the annual average per family income of urban areas is Rs. 12,771, and it is only 5,569 in rural areas (UNICEF, 1987). Lack of employment opportunities are the major reason for lower income in rural areas. The major occupation of rural people is agriculture. The economic status of women in rural areas is even more deteriorating almost all women in the rural areas are involving only in the labour intensive farm work and time-consuming domestic chores such as collecting fuel, providing water, making food for their own children and other household members. They have no either opportunities or even time to be involved in other potential higher economic returns activities. Despite women's involvement in farming and household job their control over the land is also very limited. Land inheritance in Nepal passes from father to the son. Even the unmarried daughter over the age of 35 face difficulty to get family's inheritance even if they are also entitled to inherit land and other fixed capital from their fathers, according to law. Therefore, due to the lack of formal rights to land and ignorance they are restricted to access to credit from banks and other financial institutions and therefore, could not involve in small scale enterprise or industry. In this situation, production credit for Rural Women Project is one of the great steps to encourage women in involving in small business and industries. Because, in this scheme collateral is provided in the form of group guarantees.

GENERAL BACKGROUND OF PCRW

The production credit for Rural Women Project was established in 1982. The aim of this project was to increased the standard of living of low income families

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by providing rural women with access of credit. The project first started its implementation in five districts such as Nawalparasi, Syangja, Dhading, Tanahun and Surkhet. But until the middle of 1987 the PCRW projects were being launched in another 27 districts sites in the five development regions of Nepal.

The main objectives of the PCRW project are as follows:

1. to increase the income of low-income families;
2. to develop small scale enterprises for women;
3. to establish self-reliant women's group;
4. to develop a delivery system for products to support income generating project.
5. to develop the capacity of the women development section to increase the services for income generation projects and the community development groups (Church/Singh, 1985).

To fulfil the above objectives, H.M.G. had adopted various schemes. Under the PCRW programme small loans are disbursed by Nepal Bank Ltd. and Rastriya Banijya Bank for the women who want to start income generating activities in the field of agriculture, animal husbandry, cottage industry and other services. Thus PCRW on the one hand stress the need to increase the income of the families and on the other hand concern with community development activities by involving rural women in the process of national development through their participation in local community development groups, so that they can fulfil their needs and be able to support of achieving the community development projects.

Thus, the main aim of the programme is to assist the poorest segment of the rural women in Nepal. This covers the women in households below the poverty line of Rs. 1971/- (US\$ 91) per year with particularly covering the following categories:

- Landless households, which includes migrant women
- Female-headed households; which includes widows, women left by their husband and women who because of the men's migration have become defacto heads of households.
- Disadvantaged women; which includes women in poor families of disadvantaged ethnic groups and small farmer households.

The first national implementation organisation for PCRW was the women development section of the Ministry of Panchayat (then) and Local Development. It was assisted by several donor agencies, which provided financial, technical and

personnel support to the programme some of the donor agencies which are giving support to PCRW and UNICEF, USAID, ILO, the government of Netherlands and some volunteer service agencies like the Netherlands Development Organisation (SNV) the American Peace Corps, German Volunteer Service (GVS).

In each PCRW project site a local women Development Section office had been established, which was lead by one Women Development Officer (WDO) and several women development assistants (WDA). Once the new PCRW project was established in a site for the first two years, there were usually a female foreign volunteer and a development assistant working at the site to support the women Development Officer. Similarly, the PCRW field staff represents the important linkage between the village women, Women Development Section Central Staff, the donor agencies and the government line agencies involved in the programme.

ROLE OF PCRW

In Nepal, of the total economically active population of 10 years of age and above, still more than 90 percent of them are engaged in agriculture. The low level of income shackled by the low labour productivity in the agricultural sector itself has greatly hindered the process of structural transformation (Bajracharya, 1986). In this context the income generating activities through PCRW credit group is significant. Because, on the one hand it creates employment generation and on the other hand it also provide the income generating source for the rural women. The low income families are getting loan from this scheme in four different sectors, such as agriculture, livestock, cottage industry and services. From the establishment of the first credit groups in 1982 at five different sites until now, 33 projects sites have been launched. The highest percentage of loans are distributed (which is about 80 percent) for livestock production followed by the agricultural sector with about 12 percent and only a minor part of credits has been spent on other activities like cottage industry and service sector. This is due to the fact that the village women are already skilled in the livestock productive activities and they do not need more training and supervision for those activities. The production materials like piglets, goats and buffaloes as well as rice and jute is locally available. (Baer, 1988).

As an example of the above fact, the credit groups in Dhading and Morang districts, the amount of credit women got, and the investment items they choose are presented here in Table 1.

Table 1. Credit Groups and their Investment Items Under PCRW Projects.

District	No. of groups	Investment Item	Amount of Credit
Dhading	9	a) Livestock Raising and Animal Production	23150
	1	b) Livestock Raising and Cottage Industry	9800
	2	c) Livestock Raising and Agriculture	51741
	1	d) Grocery and household utensils shop keeping	400
Morang	12	a) Livestock Raising	Not available
	1	b) Agriculture	" "
	1	c) Jute weaving	" "

Source: *Production Credit for Rural Women Project and its Impact on the Situation of Rural Women in Nepal* - Dagmar Baer, 1988.

The above table shows that under the PCRW Project of Dhading, the highest number of women's groups have taken credits for animal production and animal raising such as goats, buffaloes, pigs etc. This is due to the fact that rural women find the possibilities of raising and marketing the animals or the animal products like, milk, ghee and meat. Those things are in local demand in rural areas even today. Some groups invest both in livestock raising and cottage industry and livestock raising and agriculture. But only a few women group had taken the credit for agriculture. This might be lack of irrigation facilities during the dry season, low market prices in the local Bazars and lack of modern technology in rural areas. In the case of cottage industry also, though it is the best job for rural women, due to the constraints like lack of raw materials in local markets, lack of technical manpower, lack of transport and communication and high competition with Indian products, especially the cotton clothes it seems that the women groups hesitate to invest in alone.

Besides the employment aspect other benefit of PCRW project has provided the exposure of women in decision making process for different aspects of life The women usually decide on small household expenses for daily necessities. Even some women are highly involved in marketing their own products at the local market or within the village.

Another significant role of PCRW scheme is regarding short training courses

for village women about income generating and community development activities. Under this scheme trainings are conducted at two levels, within the village or at district level. The trainings for income generation are provided in the field of livestock raising agricultural production industry and service sector. The duration of the trainings differ between one day upto three months. The training are carried out by specialists from line agencies or from women Development Section.

Similarly, trainings for community development activities are also provided to women which, mainly concerned with sanitation, basic health care, family planning, kitchen gardening, afforestation, etc.

ECONOMIC BENEFITS FROM PCRW PROJECTS TO RURAL WOMEN

- a. **Agriculture:** In the fields of agriculture, mostly the women have taken loans for vegetables and fruit productions, i.e. Potatoes, ginger, fruits, and tomatoes etc.
- b. **Livestock Raising:** Almost 80 percent of the credit taken by women's group is used for animal husbandry mainly for buffaloes, goats and pigs.

The monetary benefits from income generating activities is related to the investment items they made According to Dagmar Baer, women could earn a profit of Rs. 1000/- in a year from one pig after they make repayment of the credit. There is a profit of about Rs. 600-800 per goat according to its weight, except the profit from reproduction of goat. Therefore, women mostly like their investment on livestock raising and animal husbandry.

- c. **Cottage Industry and Service:**

The PCRW also creates possibilities of income generation in cottage industry and the service sector. Some women have used loan for carpet weaving and to open small tea stalls, handloom weaving and the processing of beaten rice. However, the possibilities of more income generation from cottage industry and the service sector is very limited due to the various constraints.

Through the involvement of above mentioned areas, the increment of income (rural women/households) participating under the project get substantial gain as a result of easy access of credit. In addition to the quantified benefits, the project would attempt to institutionalize linkages between national

institutions, district administrative units and the community, thereby improving the implementation capacity of government institutions. The project also has established a clear linkage between rural women, extension staff and banks, and contributed to increased self reliance and self-esteem of rural women and created national awareness of women's contribution to the national development.

EFFECTS OF PCRW PROJECT

According to the opinion of majority of Women Development Officers, "there is a change of the position/status of the women in the family after launching the PCRW programme and it is due to wider involvement of women in the programme." The observed changes are as follows:

- a. It increased decision-making power concerning income generation;
- b. It provided consciousness of their own status in the family;
- c. It increased confidence to speak frankly with WDO/WDA and representatives of the line agencies;
- d. It provided in gaining of more respect from their family members.
- e. Through this program the women had better expression of their own needs and opinions;
- f. It also provided consciousness for family planning methods (Baer; 1988).

PROBLEMS OF PCRW PROJECT

Besides, the good objectives of PCRW there are also some problems in implementing and running on the programme smoothly. The main hindrances for the success and improvement of the programme, according to WDO are caused by financial problems such as delay of budget releases. Besides, there is also a difficulty in motivating and encourage the village women to take part in the project. The WDO often mention that there is a difficult relations with the bank field staff and the concerned line agencies. Another constraint of PCRW Project is lack of qualified personnels. That means most of the women Development Assistants have very little formal education and do not receive much administrative training. Besides, these problems there are hindrances of PCRW Project which are as follows:

- Communication gap between - WDS Centre and WDS district offices;
- Sometimes it is difficult to convince L.D.O. and district accountant to cooperate with PCRW;
- There is also a lack of technically trained volunteers at village level.

CONCLUSION

Women in Nepal is still backward regarding involvement in economic activities. According to the 1991 census data, the percentage of the female to the total economically active population is 40.2 only. Majority of women, still remains employed only on he household subsistence farms. Production credit for Rural Women scheme however, provides initiatives for increasing their access to cash and productive resources through its income generation projects. Though the economic impacts of the projects is limited; yet, through this programme efforts have been made to make women independent. Some achievements also have been noted by WDO, like mobilising the rural women for economic and social development and community based activities.

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