

Ignoring the Individual

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A few days ago, a researcher from the UK asked me why there seemed to be a rich literature on the intra-household impact of microfinance in Bangladesh, while in India there seemed to be very little research and writing available on this.

One obvious reason is that those involved either as donors or practitioners of microfinance are mainly focused on the access and service-related issues. The details of loan use and empowerment or negative impact on women resulting from microfinance receives secondary attention, if at all. Though this has been a widely stated critique of microfinance, not much appears to be changing.

To the extent that international donors recognised Bangladesh and Latin America (more than India) as pioneers in microfinance and heavily financed programmes in these regions, particularly during their establishment and learning phases. The international research community collaborating with local researchers also looked at this emerging area as a research and development opportunity on women's economic issues. In India, the [mainly] self-help group (SHG) avenue to microfinance has had implications for research priorities and perspective building on women's empowerment. With the SHG at the centre of microfinance activities in India, there is more concern with empowerment of the group rather than individual empowerment. This has been reinforced with the SHG becoming a multi-sectoral entity.

Self-help by nature (its basis in community affinity) and design (a group of women who gain strength through solidarity), is considered to be about more than just microcredit delivery. Hence, in India, SHGs are involved in microinsurance, health, education and awareness, nutrition, local advocacy, i.e., a whole range of development interventions for women. For many development institutions, and particularly government, SHGs becoming service avenues for so many development needs, is evidence of their 'empowerment'. However, focus on individuals within the group may provide the opportunity for looking more deeply into the impact of microfinance at the household level.

A disincentive to looking within the household is the industry-like nature of microfinance with the focus on scale, financial returns and cost-effectiveness. As effective systems become the compulsion, and SHGs are viewed as service-delivery institutions and instruments, the interest in examining what is happening in the lives of members appears to recede. The little attention microfinance pays to clients is related to economic benefits (more often aggregated at the household level). Women's patriarchal and social constraints are manifested in intra-household gender relations and reduction of such constraints is a necessary condition for women's empowerment. Unless the microfinance industry looks at a more integrated set of issues that constitute women's empowerment, studies on impact of microfinance will be of little value.

There has been some concern recently about certain microfinance institution (MFI) practices as reports come in of women's increasing indebtedness to MFIs and suicides by women who could not pay back their loans. However, instead of a cry for change in assumptions and perspective that these reports should have in large measure generated, what one is reading is a call for better regulations, safeguards, and grievance redressal mechanisms – in other words, more systems!

Another distorting spotlight that limits the prospect for understanding the impact of microfinance on intra-household gender relations is on replicability and 'best practices'. The parameters for replicability are generally established and there is little space for considering aspects that may add complexity. Gender relations in the household are not amenable to standardisation. The movement towards empowerment at the household level is evolutionary, variable and contextual.

Judging by the microfinance literature, there appears to be a real unwillingness to look at the impact of microfinance on a variety of relationships. For small NGOs, the opportunity for funding and institutional growth prospects through the now almost formula-based SHG route, is difficult to resist. MFIs, as they become bigger, are concerned with their own financial sustainability issues.

Ideally, it is the more established and experienced practitioners teamed up with concerned researchers who should be enlightening the industry about what and who is really important and how change is to be brought about.