

# Microfinance behind closed doors: women and agency in rural Nepal



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## **Abstract**

The thesis is concerned with how rural Nepali women engage with microfinance in a multi-caste locality characterised by a proliferation of lending institutions. In the past four decades, microlending practices have spread worldwide and so has the debate around their ability to improve the lives of borrowers. While some have seen ‘lending to the poor’ as a solution to world poverty, an increasing number of scholars have criticised microfinance providers as being neoliberal, and potentially neo-colonial, institutions that exploit impoverished and disenfranchised women. Rather than focusing on the narrowly framed question of whether microfinance ‘works’, the data and analyses offered in this thesis show how lending organisations allow women to engage in novel strategies—which I frame as agentic acts. These acts enable women to respond to the constraints and opportunities that they face in a changing socio-economic context.

I illustrate how rural women’s agency varies in different contexts because of their disparate domestic and institutional structures experienced within distinct caste groupings. These observations build upon key contributions in practice theory—a conceptual body of knowledge that focuses on the mutually influencing realms of structure and agency. Said differently, I develop an empirical case through the example of women’s savings and loan taking practices that shows how their actions are influenced by the historical contexts and contemporary social structures within which they operate. Ultimately, I argue that women’s agency is socially and structurally situated and that microfinance institutions provide novel ways for rural Nepali women to potentially improve their material conditions and social standings.

Drawing on ethnographic data collected in 2014 in rural central Nepal, I explore how women from different caste and ethnic groupings—Bahun and Chhetri, Janajati and Dalit—creatively engage with formal lending. I argue that women demonstrate different forms of agency in relation to microfinance based on their marital relations as well as their caste and ethnic affiliations. More specifically, I show how caste relationships, male outbound migration and inbound remittances influence to a large degree the potential success that some women can achieve. Dalit women, for instance, can use microfinance to counteract the discrimination that they experience because they can diversify their investment options. Janajati women use microfinance to improve their social standing through the purchase of socially valuable and symbolic land. Bahun and Chhetri women, by contrast, use microfinance to transform their household relationships and to enhance opportunities for their daughters. Through it all, the inner workings of microfinance remain

entrenched in caste divisions and discriminatory practices. These reflect the ongoing social constraints and challenges that persist even within Nepalese institutions that are ostensibly meant to work according to socially untethered capitalist and neoliberal logics. Taking these insights into consideration, the thesis concludes that although women's financial practices do not always correspond to those foreseen by lending institutions, women use microfinance to respond to their social and economic conditions, to pursue their aspirations and to bring about changes in their lives.

## **Thesis declaration**

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

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Date:

18 December 2017

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## **Transliteration**

Nepali is written in Devanagari script. The transliteration of Nepali words and phrases in this thesis is done in Romanised form and is derived from Turner's *A Comparative and Etymological Dictionary of the Nepali Language*, 1931. This dictionary was accessed via an online database (on 30 November 2017) that is supported by the U.S. Department of Education at: <http://dsal.uchicago.edu/dictionaries/turner/>.