

BELIEF IN CHOICE, NOT CHARITY

By Moin Qazi

Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little.

Adam Smith, the Wealth of Nations

One of the best ways to unleash human potential and fulfill the desire of all people, rich or poor, to improve their own lives, is to support entrepreneurial solutions that view low-income people as customers and stakeholders. The beauty of this approach is not just that it actually works; it also brings about a fundamental change of attitude toward the poor. It treats them not as hopeless victims to be pitied with charity, nor as sources of potential value for a rapacious financial sector, but rather as human beings with an innate right to the wealth that we draw from our planet's common resources. This is particularly so in case of women who make every penny go the farthest because it is their genetic trait.

An ambitious programme for empowering women financially and socially is through membership of a collective is the Self Help Group. A typical Indian SHG consists of 10-20 poor women from similar socio-economic backgrounds who meet once a month to pool savings and discuss issues of mutual importance. Their collective strength is used as social collateral to avail loans from financial institutions. Besides intermediation, all manner of self-employment—sewing, delivering small items, making handicrafts—could be facilitated with a small amount of capital for a sewing machine, a bicycle, or tools. The poor are no different from other small entrepreneurs in that managerial advice and access to business networks can make the difference between success and failure.

Allowing women direct access to financial services might improve their possibilities to become entrepreneurs, thus increasing their individual incomes, their chances to become more independent, and their participation in family and community decision making. There is also an important insurance effect: better access to credit, savings, or insurance services reduces the

need to use child labor as a buffer in the case of seasonal income fluctuations and transitory income shocks and allows consumption smoothing. In the case of transitory income reductions resulting from health shocks, it also allows faster attention to health problems. Finally, there *is* an aggregate infrastructure effect, with more efficient financial institutions and markets allowing more private and public investment in the construction of schools and health facilities.

Hina Dosani lives in a peripheral settlement of Pusad in Yavatmal district with her husband and their three children. She belongs to a highly conservative family and around puberty the world was shut on her. She was a bright and intelligent girl and had the grit and tenacity to fight the odds and make and achieve her own choice. She was married to a man much less lettered than her and whose companionship gave her a flavor of what hell could be like. It was a perilous existence. Her home and neighborhood was consumed by crime and despair.

But one day her bolted doors and her hidden talents were unlocked by the local staff of State Bank of India who offered her membership of a programme that offered her a loan and a chance to earn a penny of her own. She was to become a member of a group through whose guarantee she could avail a financial lifeline. It had been her childhood dream to make her own living and she wanted to make the best of this opportunity. She decided to give it a try not out of any temptation, but because she felt she must take the first ladder irrespective of whether she would be able to make it to the next. Her decision transformed her life.

She has always worked to help bring in extra money to support the family. Her first business, was selling ready-to-wear clothing. Hina quickly realized that selling clothes depended too much on the season, and that she was never going to make sufficient income that way. She decided to sell house wares instead, and began by selling out of her home. Through her own hard work and a succession of progressively larger business loans—all of them diligently repaid—Hina's business grew and prospered. The Bank admired her success and told her she qualified for an individual loan, in a larger size and with more flexible terms than the group loan had allowed. With her small-business individual loan, Hina expanded her inventory to include higher-ticket items like washing machines and cookers. She also moved her business out of her house and rented retail space and employed a few girls to assist her. The right financial services have made

all the difference in Hina's business--and for her family. She has done more than create a better life for her family; she has helped other families earn a living and build a better life as well.

Hina's husband beams as they tell their story, and it is clear she is indeed a good bet: smart, hardworking and committed to making life better for herself and her family. "I am proud of my wife and glad to support her".

'When women are associated outside their role of a wife, mother or home-making, two things happen to them', says Ela Bhatt, of SEWA. 'They start perceiving their role as an important social role for the country, thus boosting their self-image. Secondly, they forget caste and race differences.'

- During my engagement with rural women coactive over almost two decades I have come to believe that lasting social change most often—and perhaps always—comes slowly rather than in a burst of revolutionary fervor. I also believe that lasting change can be effected only when women are given equal opportunities for financial empowerment. When we design solutions that recognize the poor as clients or customers and not as passive recipients of charity, we have a real chance to end poverty .

In the words of Nobel Laureate Prof. Mohammad Yunus, "Credit is one door through which people can escape poverty. Many more doors and windows can be created to facilitate an easy exit. It involves conceptualizing about people differently; it involves designing a new institutional framework consistent with this new conceptualization."

As with any single strategy, this is not going to lift people out of poverty. But it's simple, low-cost and resilient – and it can be carried out by small informal organizations and spread virally. And what's most important is that development is truly in people's own hands.

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