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Research Article

Exclusion of Transgender from Microfinance Market: Field Study from Odisha, India

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ABSTRACT

The role and importance of microfinance for reducing gender gap through the empowerment of women is well recognised in the academic research as well as public policy. But, the essence of microcredit for another socially stigmatised and excluded gender group (transgender) has been neglected in academic research. Considering this gap in the literature, the researchers conducted a survey in two cities (Cuttack and Bhubaneswar) of Odisha to know the availability and usability of financial facilities from Microfinance Institutions (MFIs) and Self-Help Groups (SHGs) among the Odisha transgender people. Through this study, the researchers attempt to address the status and significance of microfinance for the transgender people of Odisha. This study finds that the accessibility and usability of MFIs and SHGs by the transgender people in Odisha are very less. The study recommends that the provision of easy and adequate microcredit to the transgender people can be an eye-catching policy initiative for the empowerment of transgender people.

Keywords: Microfinance, Self-help group, Transgender, Odisha, Gender equality

INTRODUCTION

When we talk about gender equality, it is essential to recognise the essence of the topic from all gender groups. Lagging behind any gender groups from the developmental process will not fulfil the true essence of the topic. Among all the marginalised and stigmatised gender groups in Odisha, transgender people are among the most vulnerable group of people (HRLN, 2015). People from transgender community are deprived in every aspect of their life, leaving no socio-political space to live like a normal human being (Khan *et al.,* 2009; Gayatri and Karthikeyan, 2016). They are excluded, stigmatised and tortured by the society, as a consequence of which they live in different slum areas with meagre livelihood opportunities. Hence, the upliftment of the transgender community is indispensable to fulfil the dream of gender equality in the Sustainable Development Goals (SDGs).

Gender equality has many socio-economic advantages. Zulfiqar (2016) argues that gender equity not only creates social sustainability (i.e. brotherhood, social security, equal participation etc.) but also helps to establish economic and environmental sustainability. In this context, excluding transgender from the main stream society and economic production sector not only hamper the society and economy but also hamper the development of an individual.

Hence, our study argues the provision microcredit through microfinance institutions to empower the excluded and stigmatised gender group (i.e. transgender). The availability and usability of microfinance are well examined from women's point of view. Empirical evidence shows that the active participation of microfinance reduces gender inequality and enhances the empowerment of the poor, marginalised and stigmatised gender groups. Zhang and Posso (2017) conducted a panel data study for 64 developing countries with 2003-2014 data and argued that the participation of women in microfinance reduces the gender inequality. But, the importance of microfinance for transgender people is less observed in academic research. Hence, our study tries to explore the accessibility and usability status of microfinance to the transgender people of Odisha and also try to argue the accessibility advantages of microcredit to the transgender people.

Gender inequality in Microfinance

Global Findex database has revealed that more than half of the world's unbanked populations are women (Kunt *et al.* 2015). Hence, more or less, gender gap in financial inclusion is present in both developing and developed nations and even some developed nations have higher gender gap than developing nations (Fanta and Mutsonziwa, 2016). To fulfil the gap in financial access, since the 1970s, microfinance had been working constantly to bring gender equality, especially for women. Hence, Warnecke (2015) has argued that microfinance can be used as an important tool for bringing gender equality, environmental sustainability and inclusive growth. On the other side, research findings (Zulfiqar, 2016) have questioned the functioning of microfinance and argued that the commercialistion of microfinance led to a rise in gender inequality.

An inequality in access to finance is sometimes associated with the returns the investors earn from the investment. In patriarchal society, it is assumed that women businessmen earn less profit than their male counterparts. Hence, their lower profit limits them to access adequate finance from the formal institutions. Excluded gender groups have constraints to access finance from formal financial institutions, and studies have confirmed that even if women obtain loan, they will not possess the right to use that loan due to the persistence of high patriarchal norms in the society. Consequently, the woman dispenses that loan to her husband. Like many women, transgender people are also excluded from the formal financial market. Because of their distinct gender identity, social stigma, less educational qualification and exclusion from labour market, transgender people access less financial products and services from the formal financial institutions.

Why is microfinance necessary for Transgender?

Divan (2016) argues that to fulfill the goals of SDGs, transgender people must get freedom from violence and social discrimination, and importance should be given to universal inclusion irrespective of their sex, race, place of birth and other status. It is observed that gender stereotype and social stigma restrict the transgender people to access the productive resources and accessing equal employment opportunities. Sometimes, it is observed that the exclusion of transgender people from the formal employment market leads to restrict them to access the basic banking facilities (i.e. opening a deposit/saving account in bank) because employees in the formal sector are automatically linked with the formal financial system, as they receive their salary and wages through their bank accounts. Further, the transgender people are forbidden from their family and society, and social exclusion stands as a barrier in their economic life, and hence, they lose their land rights or property right. It is known that banks require collateral value deposit to sanction a loan. Hence, in this regard, the disownment of transgender people from their parental property rights restricts them to obtain loans from the formal banking sectors. In this context, the availability of microcredit through the microfinance institutions will be more useful for the transgender community, as it is known that microfinance provides credit or loans to the client even if the client does not own any collateral value or a formal post office/bank account. Furthermore, the credit provision of microfinance is based on the principle of group lending and joint-liability system, as the transgender people stay together in their *gharana* (a place where they stay together with their influential *guru*). Hence, it will be easy to form groups among the transgender to provide them credit.

An inclusive financial system transfers the economic power to the socially stigmatised and marginalised group of people, which has a significant effect on their development. This economic power can be extended to the transgender people by providing microcredit through the microfinance institutions. This enhancement of microcredit can provide them adequate credit, reduce their financial risk, enhance investment, encourage spending more on health and education and can improve their standard of living. We often heard the success business stories of transgender people who run small business in different places. It is known that for opening a small business, one needs financial assistance. Hence, extending the microcredit/ loans to the transgender people can help them to run a small business and become a self-employed person. Furthermore, it is argued that due to the prevalence of high social stigma and exclusion from society, transgender people have less social relation than other people (Jose and Vinod, 2014). On the other side, less social relation creates more mental stress among the transgender people, which again force them to consume alcohol, drugs and other intoxicant substances. Therefore, the provision of microcredit through MFIs by creating small group among them will increase their social relation with others, which will reduce their mental stress. Therefore, considering the importance of all these above-cited circumstances, it can be argued that the provision of easy and adequate credit from the MFIs can be a path-breaking policy initiative to empower the transgender community.

FINDING AND RESULT DISCUSSION

The researchers have conducted in-depth interviews with 76 self-identified transgender respondents between February 2017 and April 2017. All the self-identified transgender respondents were selected from two cities of Odisha (i.e. Cuttack and Bhubaneswar). The criterion for the inclusion of the respondent was based on the self-identification of that person as a male-to-female transgender. The researcher also used the snowball sampling method to include more participants in the study. During the interview, respondents were asked to inform about the other persons whom they know as transgender. The survey was conducted to know the accessibility and usability of MFIs and SHGs among the transgender

Table 1: Availability and Usability of MFIs (N=76)

Characteristic Statistics		**Statistics**
Monthly income		12,000
Monthly expenditure		8000
Item Description	**No. of respondents (n)**	**Percentage**
Have you heard about MFI and SHG?		
Yes	44	57.89
No	32	42.11
Member in MFI and SHG		
Yes	21	27.63
No	55	72.37
Sources of borrowing		
Banks	00	00
Relatives	24	31.58
Friends	32	42.11
MFI/SHG	1	1.32
Problems faced when accessing MFI and SHG services		
Lack of awareness	18	23.68
Lack of co-operation	9	11.68
No proper guidance	10	13.15
Lack of proper documents	30	39.47

community people. Table 1 describes some major questions asked to the transgender respondents to know the availability and usability of MFIs and SHGs to them.

The above table evidently indicates that the accessibility and usability of MFIs and SHGs by the transgender people in Odisha are very less. The transgender community faces many hurdles and challenges to obtain the microcredit from the microfinance institutions. All these hurdles and challenges not only are confined to economic hurdles but also extend to social, political and institutional factors. There are some major issues restricting the transgender people to access the facility of microcredit from the microfinance institutions, and these include crisis in gender identity, lack of legal documents, inadequate financial literacy, absence of awareness, lack of policy initiatives and so on.

To become a member of any MFIs or SHGs, the transgender person needs an identity card (like a voter card, Aadhaar card, driving license, pass port and so on) to prove her self-identity. It is observed that most transgender do not have any identity card, although some of them have some kinds of identity proofs but that proof does not match with their previous identity. Generally, transgender people alter their gender identity once they come to their community (*Gharana*); hence, their previous identity become meaningless for them once they get a new gender identity. In this context, because of the problem of proper identification proof and the problem of legal documentation, the MFI and SHG agents hesitate to extend credit to the transgender people. Similarly, lack of policy initiative from civil society, non-governmental organisations (NGOs), MFIs and governments have lead the transgender people to be remain excluded from the microfinance market. Furthermore, from the transgender side, lack of social interaction, financial illiteracy and lack of awareness restrict them to become a member of any MFIs/SHGs.

CONCLUSION

In the arduous process of gender development, gender equality plays very significant role. Researchers and policy makers from both developing and developed nations are putting much endeavour to bridge the gender gaps in every aspect of life. With this circumstances, this paper attempt to analyse the exclusion of transgender people from the accessibility and usability of microcredit from the MFIs and SHGs in Odisha (India). The paper also argues the importance of microcredit in transgender people's life and find out the major reasons of exclusion from the microfinance market. The study finds that some socio-political factors prevent the transgender people to access the credits/loans from MFIs and SHGs in Odisha. On one side, social stigma and stereotypes have enforced the transgender people to be excluded from the main stream society; consequently that has caused low literacy, social exclusion, no formal employment, landlessness and homelessness and exclusion from microfinance market. On the other side, problem of legal documents, less spread of information, financial illiteracy among the transgender people and less policy initiatives have caused them to be excluded from the microfinance market.

Recognising the major hurdles faced by the transgender people in Odisha to access microcredit from MFIs and SHGs, it can be suggested to the policy makers, NGOs, MFIs and government authorities to extend microcredit to the transgender community people at an easy and affordable cost. Furthermore, based on the above research finding, it is suggested that the MFIs should allow the transgender people to obtain microcredit with less number of legal documents. The government authorities and the local NGOs must help the transgender people to provide their legal identification card and to spread financial literacy among them.

NOTES

1. Our sample size comprises general category, schedule caste, other back ward castes and minority community's transgender people.
2. The respondents of the questionnaires must be a transgender.

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