

Ethnocultural Stratification and Microfinance Outcomes in Nepal: A Nitisastra Perspective

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Abstract

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The aim of the research is to overcome the constraints of the conventional Western approach by examining the impact of ethnic identity on the empowerment of women in microfinance schemes, with the intention of proposing the Nitisastra approach, which is an ancient local tradition of ethics and governance, to be used to evaluate the impact of microfinance schemes as social and ethical processes, rather than economic transactions. The research is qualitative, interpretative, and uses in-depth, semi-structured interviews with a purposive sample of ten ethnically diverse women from eight different microfinance institutions in Kanchan Rural Municipality, Rupandehi District, Nepal. The data was analysed by using a deductive thematic

approach to data analysis, with the three pillars of Nitisastra, Swadharma (moral duty), Nyaya (social justice), and Atmabala (inner soul force), providing the basis for the thematic analysis. Key findings show a clear distinction between structural exclusion for Dalit and Tharu borrowers, who are impacted by caste-based market discrimination, and technical issues for Brahmin and Chhetri borrowers who are able to draw on pre-existing social capital.

Keywords: Microfinance, Nitisastra, women empowerment, market discrimination

Introduction

For the last three decades, the primary strategy in alleviating poverty has been to adopt a strategy that is known as microfinance, a strategy that has promised to lift the population from a state of subsistent agriculture into a new era of independence and enterprise. However, as the industry has grown, especially in regions such as the Terai, it has become very clear that the success of this industry is very limited, and the promise of this industry is not being achieved. This paper seeks to re-examine the impact of microfinance by confronting one of the key tensions that exist in this

industry, namely, the disconnection between financial credit and social/ethnic marginalization.

The prevailing discourse in Nepalese microfinance, as discussed by various prominent researchers in the field, such as Dhakal (2014) and Poudel (2011), focuses on providing financial services that could be used for upliftment. However, This model, though providing an overall picture of the scenario, misses out on an important point that having credit in hand does not necessarily mean that the individual is financially sound. On the contrary, as discussed by Gurung (2003), these borrowers are not homogeneous in their approach since they are also highly influenced by traditional social class systems that are based on their ethnicity and castes. The potential of using this credit for successful entrepreneurial activities depends highly on their social class, which existed before they were associated with the microfinance institution.

This paper will seek to critically discuss two major blind spots within the dominant discourse. Firstly, the majority of literature on the subject of microfinance in Nepal has been overwhelmingly focused on the financial aspects without considering the broader socioeconomic context from which the borrowers themselves come. This is a problem because it does not consider the way in which social structures can actually negate the relevance of financial capital. Secondly, the very tools used to measure the level of "empowerment" with regard to the ownership of assets and the level of decision-making within the household have been done from a Western worldview that is completely incongruent with the worldview of the women in the Terai.

However, to overcome these challenges, this research aims to offer an alternative approach in terms of its analytical framework, which is based on the ancient local tradition of ethical governance, Nitisasrta. By applying the pillars of empowerment based on the ancient local tradition of Nitisasrta: Swadharma (moral duty), Nyaya (social justice), and Atmabala (inner soul force), it is clear that empowerment is not only an economic process but also a social process. This approach will be more likely to offer a more accurate interpretation of what success is in terms of women living in a divided world. This paper will present its theoretical framework before proceeding to its methodology, findings, and discussions.

Literature Review

In order to properly understand the significance of the results, it is necessary to deconstruct the limitations of traditional evaluation methods and build a culturally grounded alternative. This section will begin by critiquing the limitations of traditional Western methods in the Nepali context. It will then go on to describe the Nitisasra framework as the central analytical tool of this study. Finally, it will

position this research within the existing literature on microfinance in Nepal and describe the critical gaps that this research seeks to fill.

Critique of Western Standard Metrix

The measures most frequently referenced in the annual reports of MFI's and development studies are "thin" measures of a borrower's life and reduce the complex existence of a borrower to a single digit. The use of such measures in the socio-cultural context of Nepal points to several key deficiencies such as: a) Asset Ownership: Although a standard measure in the West, land ownership in Nepal does not automatically translate into social status and power for a woman to run a business without the support of a human being. b) Household Decision-Making: This measure attempts to determine a woman's power within her household but ignores the external world outside the household. A woman may have a say in the management of household finances, but this voice is extinguished in the market if she is not included in trader networks because of her caste and c) Repayment Rates and Loan Sizes; These are perhaps the thinnest of all the metrics, distilling an entire life into a single data point on a spreadsheet. While high repayment rates are an indicator of financial viability, they do not say anything about the social cost of viability or whether the borrower has experienced any form of empowerment.

The Nitisastra Framework: An Indigenous Lens on Empowerment

As an alternative, the current study utilizes the tradition of ethics and governance, which is referred to as Nitisastra, as the analytical tool. In this case, the focus is changed from quantitative data on the economy to ethics and social processes, which are measured on three pillars.

Swadharma (Moral Duty/Path). Swadharma raises the act of borrowing from a mere financial activity to a moral choice that she makes in order to fulfill her obligations to her family and society. In this scenario, the measure of success is no longer the profit and loss incurred but the increased dignity that a woman feels when she contributes to her family budget by paying for her child's education or her parents' medical bills. This loan has now become a tool for her to fulfill her "moral path," and its value is measured by how much it adds to her self-worth.

Nyaya (Social Justice and Fairness). Nyaya challenges the conventional logic of "Financial Inclusion" by promoting a more powerful concept of "Social Inclusion." This pillar captures the distinction that a loan will be meaningless if the borrower suffers from "Caste Market Exclusion," "Price Controls by Middlemen," etc. Hence, for a borrower to be "empowered," he or she must have a "seat at the table" in the marketplace, the village assembly, and the business network. If a borrower receives a

loan and is still marginalized socially and economically, then the intervention is a failure.

Atmabala (Inner Soul-force). Atmabala defines empowerment as a qualitative change within an individual. It is the psychological strength and confidence that is created within the marginalized woman through her participation in microfinance programs. The inner strength, the ability to stand up in a group meeting and express her needs, or the ability to face the market head-on is the true meaning of empowerment. It is a change that is not documented anywhere in the records but is extremely important with respect to the woman feeling empowered herself.

Synthesizing the Literature on Microfinance in Nepal

The literature on microfinance in Nepal is characterized by a tension between optimistic institutional discourses and critical social analyses. On the one hand, authors such as Poudel (2011) and Dhakal (2014) provide a "typical tale" of microfinance as a successful approach to improve access to finance and to enable rural people to develop towards self-sustaining businesses. This literature is concerned with the mechanics of microfinance and views access to finance as a positive outcome per se. On the other hand, critical authors have long cautioned against such a universalistic approach to microfinance. Rankin (2001) contends that microfinance can even exacerbate existing social inequalities if it fails to consider the borrower's social context. Similarly, Acharya & Leon-Gonzalez (2012) observe that the historical discrimination of Dalits and Janajatis makes it impossible for them to gain access to the necessary social capital and networks that are crucial for the success of businesses, regardless of their access to financial capital. This study follows this critical tradition of microfinance literature and adopts an indigenous ethics approach to this problem.

Based on this review of the literature, this research was intended to address five particular, unresolved issues in the literature like a) the borrower's socioeconomic context in favor of purely financial metrics. b) The fundamental incompatibility of standard Western metrics with the lived realities and cultural values of women in the Terai. c) The absence of systematic analysis of microfinance outcomes through a conventional Nepali moral framework like Nitisastra. d) The failure of existing literature to recognize the "MFI fade," a phenomenon where "one-size-fits-all" institutional models are rendered ineffective by local social dynamics. and e) The systematic omission of qualitative internal shifts, such as the development of Atmabala, from conventional definitions and measurements of empowerment. In order to fill these gaps, this study attempted to offer a more culturally informed and ethical interpretation of the possibilities and challenges of microfinance in Nepal. The next section describes the methodology employed to undertake this research.

Methods and Materials

The study employed a qualitative interpretative research approach to explore the “socially embedded meanings and lived experiences” of the women in the context of microfinance and to analyze empowerment as a social and ethical process. This research approach was employed to explore the multiple realities of the complex interplay between the culture, ethnicity, and economic practices of the stakeholders of microfinance in Nepal. As the research employed a qualitative interpretative research approach, which is appropriate to explore the role of ethnocultural stratification and ethical factors in the context of the study area. This research approach is more appropriate to explore the role of Nīṭishāstra principles in the context of the lives of the borrowers of microfinance.

The study was conducted in Kanchan Rural Municipality of Rupandehi district. The choice of this area was strategically made for carrying out this study since it is highly dense with microfinance operations, with eight different microfinance institutions operating from one place. The participants for this study were 10 ethnically diverse women from eight operating microfinance institutions, belonging to different ethnic backgrounds such as Dalit, Tharu, Brahmin, Chhetri, and Magar. These participants were purposefully chosen based on the assumption that I could generate rich, relevant, and diverse information directly related to the problem. Participants were chosen based on the assumption of gaining analytical depth and theme saturation, ensuring that the repeated patterns of experience were well represented for different caste and ethnic backgrounds.

The main data collection method used was in-depth semi-structured interviews. This method of data collection was used because it allowed the respondents to express their "experiences, perceptions, and ethical thoughts using their own words." Furthermore, the semi-structured approach to the interviews allowed the themes to be pursued spontaneously, while at the same time allowing enough standardization to enable the comparison of the findings from the various settings. The data obtained through the in-depth interviews was analyzed using the thematic analysis framework. The deductive thematic analysis design was used, and it was based directly on the three pillars of Nitisastra: Swadharma, Nyaya, and Atmabala. The analysis of the data obtained from the in-depth interviews was done in such a manner that the themes remained true to the experiences of the women.

Results and Discussion

From the analysis of the interview narratives of the ten participants of Kanchan Rural Municipality, a clear and consistent pattern emerges: namely, that the ethnic identity of a woman turns out to be a primary factor that determines the

outcome of her microfinance program, irrespective of her institutional affiliation or loan amount. The results illustrate how social structures and cultural values, prior to the establishment of a financial credit system, determine and limit its potential.

The Ethnic Cage: Ethnicity as the Primary Filter

Ethnicity is a sociological and historical phenomenon that grows according to economic, social, and political circumstances (Silwal & Panta, 2025). Ethnic Cage is a socio-political paradigm in which people and groups are systematically boxed in by the strict boundaries of ethnic or caste identities (Sarti,2024). The evidence clearly suggests that ethnic identity is a “cage” that restricts the growth of microfinance. The Dalit participant PD1 stated, “Even though I got the same loan as others, as a Dalit, I am not free to use it. I don’t get any goods from the shopkeepers on credit, and customers are reluctant to buy from me. Since I didn’t change my caste status, my business didn’t develop either.” This clearly indicates that a clear demarcation was established on the basis of ethnic identity, which remained consistent across all eight MFIs, thereby establishing that the outcome is not directly related to the financial input but is filtered through the deeply entrenched social hierarchies.

A Sharp Divide: Structural vs. Technical Constraints

The microfinance sector was recognized as an official poverty alleviation tool only in the country’s Sixth Plan (1980/81- 1984/85). However the stakeholders face many challenges due the policy structure and other technical problem encountered while getting service from the microfinance. One of the participants BP1 stated that:

We started one tea shop in our village we all family members engaged there but we felt difficulties for conducting our family life because of low income. We want to expand our business in large scale but we don’t have more money to invest we requested to the microfinance for loan. We got the loan after long process and now we are worry about monthly interest and installment. Whatever happened we got loan and expand our business with this investment, we are happy.

Similarly, another respondent from ethnic group Tharu participant TP2 said:

We felt difficulty to manage household activities but nowadays it seems easy to sustain and manage our household activities it is due to the habit of shavings we learned from micro finance. It is not only that we can take loan from there if we needed to invest our business activities.

The data indicates a stark contrast in the nature of the challenges faced by various ethnic groups, thus placing them into two distinct categories of experience. The stark contrast between the experiences of various ethnic groups can be best illustrated through a comparison of the experiences of Brahmin and Tharu women.

Structural Exclusion

The major challenges faced by Dalit and Tharu women were not related to money, but were social and structural in nature. The experience of the Dalit participant, DP1, was: “The loan comes to my hand, but the market door remains closed. Traders sit together and decide the prices. But people like us are not invited. Without this circle, money alone cannot move.” The experience of the Tharu participant, TP2, was: “Middlemen decide the rate for our products and hide market information from us. If I question them, they say, ‘This is how it works.’ The bank gives me money, but the town gives me no respect.”

This indicates that there were unseen but omnipresent barriers, including being denied access to the "trader circles" that were dominated by the upper castes. Moreover, there were price controls imposed by middlemen who withhold key market information, thereby keeping them in a cycle of dependency. This situation indicates that there is a significant lack of "Nyaya" – social justice – in that access to credit does not equate to equitable participation in the market. The situation was aptly encapsulated by the following words of one of the Tharu respondents: "The bank gives me money, but the town gives me no respect."

Technical Constraints

The main objective of MFIs is to offer financial and non-financial services to their clients in order to help them eradicate poverty, empower women and other marginalized sections of society, generate jobs, assist in the socioeconomic transformation of society through self-employment, and motivate and inspire small business owners by lending money to them without the need for collateral (Dhungana, 2018; Regmi, 2013; Hakuduwal & Nayabhari, 2025). On the other hand, the limitations faced by Brahmin and Chhetri borrowers were more technical or economic in nature. The Brahmin borrower stated, “The main problem is not caste or access. I need a bigger loan and better training to expand my shop. If capital increases, growth is possible.” Similarly, the Chhetri borrower stated, “I already have relatives in business, so selling is not difficult. What I need now is skills and market linkage to scale up.”

From these comments, it is evident that their concerns are about things like "capital adequacy," "business scaling," or access to "better training." The women who enter the market have pre-existing extensive social capital networks with family and

existing community networks that give them automatic access to Nyaya, or fair access to the market. Microfinance is merely an opportunity for scaling their existing advantages.

The "MFI Fade": The Irrelevance of the Institution

One of the most important aspects of this research is the concept of "Institutional Neutrality," or the "MFI Fade." In a community where eight different types of MFIs exist, including some of the most prestigious national banking institutions, as well as smaller, more localized institutions, the research indicated that there is a complete lack of differentiation based on these institutions. The specific institution to which a client belongs becomes irrelevant in the face of caste considerations. Because all MFIs follow a similar "one-size-fits-all" group-lending model dictated by the central bank, they function merely as "credit dispensers." The Tharu participant said, "Whether the loan comes from a big bank or a small cooperative, our situation is the same. Money changes, but society does not change." In this sense the Dalit participant said, "All MFIs say the same things in meetings. They give loans, but when we face discrimination in the market, no institution stands with us."

These data show that they provide cash but fail to offer the necessary "social shield" to protect their most marginalized borrowers from the exclusionary dynamics of the marketplace.

Interpreting Empowerment through the Nitisastra Lens

To interpret these results through the lens of the three pillars of Nitisastra is to gain a more nuanced and humanized interpretation of empowerment.

Fulfillment of Swadharma: "Feeding my family through my own labor gives me a sense of fulfilling my duty. Even small incomes bring peace to my heart," said TP2, a Tharu. "I did not take the loan to become rich," said DP2, a Dalit. I took it so I could educate my children and not beg from others. That itself gives me dignity." These evidences have confirmed that all ethnic groups have a narrative of Swadharma achievement, in which the significance of microfinance provision was not based on the maximization of profit but rather on the sense of dignity gained from fulfilling familial and moral obligations, a dimension of success completely invisible through economic criteria. These obligations were a major discovery of their moral way.

The Crisis of Nyaya: The findings have unequivocally established the reality that "Financial Inclusion" does not translate into "Social Inclusion." The Tharu woman, TP1, said, "We may be considered as borrowers, but we are not considered equal as traders. Without justice in society, financial inclusion becomes empty." The Dalit woman, DP1, said, "The rules may state that all people are equal, but in practice, this is not so. Without justice, credit is not empowerment." This indicates

that for Dalit and Tharu women, the microfinance intervention essentially fails the test of justice or "Nyaya." Without having a "seat at the table" in the marketplace or the village hall, the women's access to credit is rendered useless because it cannot overcome the discrimination against them. The Power of Atmabala: Despite the tremendous structural challenges faced by the participants, all the stories were replete with examples of "Soul-force" or "Atmabala." This is where all the participants in this study spoke about their "inner strength" and "psychological toughness" gained by attending group meetings and asserting themselves. For example, the Tharu woman TP1 says, "I may not be able to control prices, but I have gained confidence. I can face people and defend myself. That strength has come from within." Another woman, a Dalit woman named DP2, says, "I used to be afraid of speaking. Now, after attending group meetings, I can raise my voice. Even if the market is unfair, I am no longer silent." These are tremendous changes and are not reflected anywhere in the standard reports of Micro Finance Institutions. "Confidence and self-assurance are the true face of empowerment." Such information runs counter to conventional wisdom regarding what it means to be successful in microfinance, creating a need for further discussion regarding the relationship between financial tools and social realities.

Discussion

The primacy of social structure over financial capital

The research provides significant support for the concept of the Ethnic Cage as an important structural mediator of the effects of microfinance, extending far beyond the simple provision of financial capital itself. In the sense that ethnicity has traditionally been conceptualized as a demographic factor, the research is perhaps more in line with the sociological conceptualizations of ethnicity as a historically constructed and constantly recreated system of domination and exclusion (Silwal & Panta, 2025). In this sense of social structure, it should perhaps go without saying that interventions in microfinance do not take place in a social vacuum, but in a historically reconstructed system of social hierarchy and economic interaction in terms of caste. The most significant finding of the research, in terms of ethnicity as a "cage" in determining the effectiveness of the credit, provides significant support for the more critical conceptualizations of the effects of microfinance interventions, as represented by authors such as Rankin (2001) and Acharya & Leon-Gonzalez (2012).

The caution against the unintended perpetuation of social inequalities through microfinance interventions if the social position of the borrowers is ignored is very much evident in the experiences of women in Kanchan. However, this is in contrast with the more positive and Universalist narratives of Poudel (2011) and Dhakal

(2014), which highlight the extension of financial services while ignoring the important influence of pre-existing social hierarchies on economic outcomes. The experiences of Dalit borrowers PD1 are a good example of how the extension of financial services does not necessarily mean economic empowerment. Although they borrowed the same amount of loan as other borrowers, the inability of PD1 to access informal credit, create trust with customers, and develop equitable market relationships is an example of the differential distribution of social capital as discussed by Bourdieu (1986). The Dalit borrowers are unable to generate social capital due to their social position, and thus the effective utilization of financial capital is restricted, making microfinance an equal but unequal financial service.

The qualitative data further corroborates the assertion that ethnicity indeed plays a major role as a channel through which microfinance programs' impacts are delivered. Without other programs that address caste discrimination, social trust, and market integration, microfinance programs risk perpetuating the same inequality that they are trying to solve. The ethnic cage, therefore, remains firmly shut, constraining the transformative potential of microfinance programs unless structural change is included in microfinance policy and practice.

Differentiated Barriers and the Failure of Homogenous Models

The “sharp divide” between the structural exclusion of Dalit and Tharu women and the technical constraints of Brahmin and Chhetri borrowers fits perfectly with Gurung’s (2003) study on the long-term effects of Nepal’s social structure. This outcome emphasizes the weakness in policy papers and MFI models that treat borrowers as a homogeneous group. By ignoring the distinct and very unbalanced initial conditions of different ethnic groups, these “one-size-fits-all” approaches fail to address the specific challenges that hinder marginalized women from reaching success. The outcomes clearly show a divide between structural and technical constraints in microfinance participation, which is largely dependent on ethnic location and social positioning. Despite the recognition of microfinance as a poverty reduction strategy during Nepal’s Sixth Plan, participation and benefit disparities of microfinance remain divided. For the slightly more privileged group of Brahmin borrowers, the challenges were largely of a technical and procedural kind—time-consuming loan processing, payment obligations, and worries about paying interest. However, as is evident from the account of BP1, despite the red tape and the repayment pressures, the credit access has helped to build the business and has provided a sense of satisfaction and hope. On the other hand, the experience of Tharu participants is one of deeper structural constraints, where not only were the microfinance services a source of credit, they were also a gateway to basic financial prudence and stabilization of the household economy. One of the most important

aspects of the transformative potential of the microfinance experience is brought out in the account of TP2, which also underscores the fact that their experience has been shaped by exclusion from the formal financial economy. Such a difference, therefore, underscores the fact that while Brahmin respondents are negotiating the experience of microfinance services from a position of economic access, Tharu respondents are negotiating it from a position of historical exclusion.

Institutional Neutrality and the "MFI Fade"

The phenomenon of the "MFI Fade" represents the major contribution of this study and challenges the microfinance literature's emphasis on institutions. Our findings reveal that institutional performance metrics are irrelevant when existing social hierarchies are the determinants of economic outcomes—a situation that makes all "one-size-fits-all" models ineffective by design. This challenges the effectiveness of standardizing lending programs and highlights the need for microfinance institutions to be more than simply "credit dispensaries" if they are to have an impact beyond the most marginalized populations. Our findings reveal the stark contrast between the technical ability to access formal sector credit and the systemic exclusion from the markets for Dalit and Tharu women. While microfinance institutions provide access to formal sector loans, these women are systematically excluded from the informal trader networks that control prices.

Thus, as evident in DP1 and TP2's narratives, social stratification and dominance by caste do not permit equal access, and the middlemen get to set the terms as the marginalized remain dependent. As a result, credit by itself is insufficient to bring about empowerment because it is not combined with recognition, market access, or Nyaya, which is social justice. This example makes it clear that finance is not the primary problem for marginalized ethnic communities but the social structures.

Vindicating a New Measurement Framework

The findings of this study may be taken as an excellent vindication of all these arguments against these Western approaches. The failure of approaches such as "asset ownership" to measure the reality of a woman who has legal rights but lacks social power to use her land is another argument. This argument is similar to Amartya Sen's (1999) "Capabilities" approach, which focuses on real human freedom and function, such as participation in a fair market, rather than focusing on economic success. Nitisastra is an approach with cultural variation of the general philosophical movement. The findings of this study show that microfinance works as it is supposed to for Brahmin and Chhetri women, with their problems being technically and economically, not socially, based. As their stories reveal, their access to credit is not

hindered by caste or market entry barriers; their concerns are capital availability, business expansion, skill development, and market linkage. Their pre-existing social capital, such as family business and existing networks within their communities, ensures automatic Nyaya, or access to fair and equal opportunities in the market.

Thus, microfinance becomes a scaling up mechanism for pre-existing economic advantages rather than a tool for addressing economic exclusion itself. This is one of the ways through which social capital influences microfinance outcomes.

Redefining Empowerment as Atmabala

From the above results, it can be concluded that the only area where the marginalized women have been empowered by participating in microfinance is Atmabala, i.e., inner strength. This is because the fact that the Dalit and Tharu women showed inner strength, confidence, expression, and assertiveness by meeting and interacting with the other members themselves speaks for the results obtained. The fact that the women from TP1 and DP2 have shown inner strength without the empowerment of the prices and the markets speaks volumes for the results obtained. This inner strength or the psychological and social empowerment is actually the empowerment, thus proving the fact that the impact of the microfinance is not just confined to the financial gains only.

Finally, the discovery that "real empowerment is a qualitative internal change and the development of Atmabala (inner soul-force)" poses a direct challenge to the entire edifice of conventional MFI reporting. By successfully using the Nitisastra framework, this study proves conclusively that "agency can be conceptualized more meaningfully as a psychological strength to seek dignity (Swadharma) and demand justice (Nyaya) rather than as 'monetary possessions'." The discussion of these findings verifies conclusively that a basic rethinking of microfinance policy, practice, and evaluation is essential to move beyond a narrow focus on financial transactions to a broader commitment to social and human development.

Conclusion

This research has proved that the outcomes of microfinance in the Kanchan Rural Municipality have been far more profoundly impacted by the ethnicity of the borrower and their pre-existing social capital than the institutional practices of the lenders themselves. By moving beyond the conventional boundaries of the discipline of economic studies, this research has also proved that the promise of microfinance to many of the marginalized women in society remains an unfulfilled dream due to the pervasiveness of social exclusion in the country. The Nitisastra framework, therefore, does not only represent an alternative approach but an indispensable correction to the failed development paradigms that have prioritized the abstraction of financial outcomes over the reality of human existence itself. It teaches us that the outcomes of

microfinance interventions have to be measured in terms of the Dignity (Swadharna) of the borrower, Justice (Nyaya) to the borrower, and Inner Strength (Atmabala) of the borrower. The life of the borrower cannot be reduced to a single digit in a spreadsheet; it requires that we are willing to listen to their stories in order to understand the outcomes of the intervention itself.

On the basis of these findings, certain recommendations have been made on policy, practice, and evaluation levels. At the policy level, the policy must shift from being just "credit dispensers" to being about meaningful social inclusion. For this purpose, the policy must be reframed in such a manner that the "crisis of Nyaya" is being tackled by creating certain incentives in the policy that force the microfinance institutions to go beyond just credit and actually work towards dismantling the social as well as market-based discrimination faced by their most vulnerable customers. For this purpose, the microfinance institutions must shift from their ineffective "one size fits all" approach and actually engage in practices that help in addressing the issue of ethnocultural stratification. Instead, they must create "social shielding" products that are targeted towards Dalit women as well as Janajati women. While MFIs are just transacting business and facilitating group lending, they should instead get involved in facilitating councils among their most marginalized clients. This can be achieved as a way of collective bargaining against the "gatekeepers" of the market and create new markets.

However, a paradigm shift is required with respect to the measurement and understanding of the success of the microfinance programs. New tools of evaluation have to be developed to accommodate the understanding of the qualitative and narrative aspects of empowerment. This requires the collection of stories that reflect the growth of Atmabala and the search for Nyaya, which reflects the human side of borrowing. The scope of using the research to validate and explore the culturally derived moral frameworks of development programs is great. The researchers have to look beyond conventional economics and develop tools of evaluation that respect the values of the culture and provide a more holistic and true understanding of human development.

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