

**The Ethnography of Violent Economies:
Neoliberalism, Microcredit NGOs, Power Inequalities, and
Capability Deprivations in the Chittagong Hill Tracts,
Bangladesh**

by

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Abstract

During the 1990s, microcredit, also known as “microfinance,” received global recognition as an effective social and economic development tool from major international development institutions and donor agencies, including the World Bank and Asian Development Bank. The incorporation of microcredit into local and global development approaches was based on the core neoliberal ideology that the poor’s participation in microcredit would eventually enable them to achieve economic self-reliance and that it would remove constraints of gender injustice. Over the last decade, many empirical studies on microcredit program impacts have been conducted across the globe. These studies produce contrasting scenarios: one group of studies claim that microcredit has a revolutionary effect in the alleviation of poverty and in the achievement of gender equity while other studies challenge this view and contend that microcredit traps poor women into further debt and poverty. Little is known about how intersections between local social structures and values, power asymmetries among different ethnicities in addition to gender and social class, and neoliberal economic structures (including microcredit NGOs) concurrently affect the poor’s ability to escape poverty. This study fills this knowledge gap by investigating why poor women of different ethnicities continue to participate in microcredit programs in a particular research setting in Bangladesh. Microcredit participants’ perspectives on stories of success and failure are contrasted with local NGO officials’ explanations and compared to theoretical perspectives of poverty as individual and structural problem. I also address the question of how the poor would live if there were no microcredit in the Chittagong Hill Tracts (CHT) of Bangladesh.

Ethnographic data were collected between May 2009 and July 2011. Anthropological research methods including participant observation, semi-structured interviews, and focus group interviews were used. My research findings demonstrate that while NGOs succeed in protecting their interests manipulating women borrowers, they largely fail to achieve the goals of the alleviation of poverty and gender equity. The study shows that poor women's continuation with microcredit programs is shaped by factors such as NGOs' mandatory policy for providing microcredit to women instead of men, intense desire for a better socioeconomic life, current socioeconomic standing of households, male domination, and increased household debt resulting in male relatives' business failure and in the use of the loan for everyday consumption. My research contributes to a growing range of work that has critiqued the narrative of microfinance as an exemplary anti-poverty tool by uncovering how various cultural and structural factors shape poor women's continuation with microcredit programs and their experiences of injustices such as poverty and gendered domination. Theoretical contributions of my findings are applicable to the fields of development anthropology, poverty and gender studies, particularly at how histories of power relations propagate socioeconomic norms, and how women and their families negotiate these power relations in their everyday lives. Findings also provide pragmatic ideas for how microcredit programs can be improved in the CHT.

Preface

The very idea of this dissertation research project came to my mind in August 2007—just less than a year after the Grameen Bank and Dr. Muhammad Yunus jointly received the Nobel Peace Prize 2006— when I visited Assambasti and nearby villages in the Rangamati Hill District in the Chittagong Hill Tracts (CHT). This is the area in Rangamati where eight ethnic groups of people reside and this visit was made to conduct a short-term ethnographic survey on the social and economic life of local people. A group of undergraduate anthropology students of the University of Chittagong were required to conduct this research as a part of their third year research methodology course under my supervision. This area in the CHT is distinctive in terms of geographical features, ethnic and demographic composition, complexities of social and economic relationships among various ethnic groups, and the nature of indigenous peoples' economic activity. One of the most distinctive features of the CHT region is that the majority of the peoples were (and still many of them are) living on subsistence form of agriculture and *jhum* [shifting] cultivation before they were introduced to the neoliberal capitalist economy in the late 1990s.

During my initial encounter in Rangamati in 2007, I observed that microcredit was one of the most common economic development programs here and major microcredit organizations such as ASA, BRAC, Grameen Bank, Proshika and others had been replicating the microcredit model of the plains. Many of the poor people had been living in chronic poverty though they had access to microcredit programs. Soon I began to realize that there is a significant contrast between how microcredit is represented in various global development forums and how the poor in general actually experience it in their everyday life in the CHT of Bangladesh. These experiences induced me to undertake an ethnographic study that focuses on the effectiveness of microcredit in the alleviation of poverty and on how power inequalities continue to propagate poverty and the capabilities of the poor.

This doctoral dissertation research fills some important knowledge gaps in the current literatures of microcredit, poverty and gender studies, and development anthropology. First, there is no ethnographically informed study that explains adequately why many poor

women continue to participate in microcredit programs despite negative experiences. Second, little is known about the effects of global economic processes on local needs and wants, and how they influence microcredit participation, and in turn, how people negotiate NGO debts. Third, there is no study examining the contradictions between how major microcredit institutions such as Grameen Bank officially define the causes of poverty and how it differs from the perspective of NGOs officials working at the community levels. Little is also known how NGOs normalize power inequalities in society, how NGOs legitimize coercive loan recovery strategies, and the poor assimilate and resist hegemonic views that blame them for their poverty. Fourth, there is no systematic study addressing the question of how the poor population would live if there were no microcredit programs in Bangladesh.

This research uses ethnographic data collected from NGO officials, and poor and non-poor people residing in several different neighborhoods in Rangamati to provide a comprehensive understanding of everyday experiences of microcredit. I obtained Human Research Ethics Certification from the Arts, Science and Law (ASL) Research Ethics Board at the University of Alberta prior to commencing my pilot research study in May 2009. When applied for Human Research Ethics approval the original title of this research project was “Anthropological Exploration on Sociocultural Dynamics of Development in Chittagong Hill Tracts, Bangladesh” (Project ID No. Pro00013528, dated 15 April 2009). My dissertation follows mixed format: consists of eight stand-alone essays, three of these have previously been published and two other are under process of publication. These eight chapters include the introductory chapter and conclusion. Versions of chapters 3, 4, and 5 have previously been published. A version of Chapter 6 has been accepted for publication in an edited volume and chapter 7 is now under review for publication in a journal. Chapter 1 provides a detailed description of the research problems, introduces the research area, and provides a brief overview of microcredit and poverty studies as well as the theoretical framework of the study: neoliberalism, poverty, capability, and power. This introductory chapter also describes the socioeconomic characteristic of research participants and the research methods and data analysis techniques that I used. In chapter 2, I explain how various local cultural and economic changes, market strategies of NGOs and the

penetration of global electronic media and consumer culture to the rural villages in the CHT influence the poor population in shaping their desires for microcredit and better life. Building upon David Harvey's theoretical perspective of neoliberalism, especially the notions of "market rationality" and "accumulation by dispossession", I examine how NGOs' aggressive market strategies and hegemonic attitudes create new spaces for capital accumulation for NGOs. My analysis of ethnographic data is also influenced by Amartya Sen's capability theory. In chapter 2, I also focus on various cultural values and contexts and how they affect people's freedoms and how they can shape desire to use those freedoms. Overall, ethnographic research findings and its analysis contributes to a growing debate on whether capability theory sufficiently addresses the issues of social structural relationship between individuals and social-economic institutions (e.g. family, NGOs, transnational corporations) and how this type of structural relationships facilitate or affect opportunity freedom (i.e. capability) of the poor population. This chapter also contributes to answer the question why the poor women continue to participate in microcredit program despite the fact that they fail to succeed in their efforts to escape poverty.

Chapter 3 consists of a version of an article published in *Student Anthropologist* entitled, "“Why can't you pay if you can eat?": Tales of How Women Encounter Unpleasant NGO Practices in Bangladesh." In this paper, I use the concept "structural violence" (Galtung 1969; Farmer 2004 & 2005) to analyze how NGOs reproduce unequal distributions of power and norms of violent behaviors between borrowers to serve their organizational interests. Chapter 4, entitled "Microcredit and power: examining how and why women encounter domination in Bangladesh", has been published in *Development in Practice*. This chapter explains how and why NGO workers often become oppressive toward female borrowers and why women continue to participate in microcredit programs despite these conditions. This chapter contributes to answering the central research question how the capabilities of the women are affected because of the reproduction of gender power inequalities within NGOs' development programs. Chapter 5 is entitled "Blaming the Poor and Legitimizing Coercive Loan Recovery Strategies: Unveiling the Dark Side of NGO Practices in Bangladesh", and appeared in *Anthropologica*. This paper asks why local NGO officials blame the poor for their failure, how NGO officials legitimize their coercive loan recovery strategies, and how they contribute to create unequal development

opportunities for the poor. This paper contributes to the cultural and structural analysis of poverty through an ethnographic analysis on perspectives of poverty. Overall, this paper provides a critical analysis of how NGO officials use existing cultural beliefs and practices that blame the poor for their poverty and microcredit failures together with neoliberal views of individual responsibility, to justify microcredit failure stories.

A version of chapter 6 has been accepted for publication (paper accepted on May 3, 2015) in an edited volume “The State against Indigeneity: Peace and Conflict in the Chittagong Hill Tracts” (edited by Nasir Uddin, New Delhi: Orient Blackswan). In this chapter, I explore how ethnicity, gender, social status, and particular social, economic and environmental contexts affect individual capabilities and in turn, experiences of poverty. Research findings presented in chapter 6 shows that the indigenous Paharis have access to microcredit, but constraints that they faced seemed to be incompatible with the key characteristics (e.g., autonomy, individual choice) of the neoliberal subjects who could participate in free and self-regulated markets to achieve their financial sustainability. A version of chapter 7 is now under review for *Development in Practice*. This essay examines how poverty would be affected if microcredit did not exist. Ethnographic data suggests that the economic life of the poor would be harder, and women’s social mobility and participation in public life has increased because of microcredit. However, women are still facing significant constraints for achieving social and economic injustices both within their families and in society at large. Moreover, microcredit availability has brought new social and economic concerns for the poor: (1) overall, both household debt and economic dependency of the poor on NGO and moneylenders has increased, and (2) dowry practice is increasing among Bengalis and is emerging among the Paharis among whom dowry was previously rare.

Finally, in chapter 8, I conclude by summarizing the key findings and theoretical and applied contributions of this research and recommend policies for the removal of constraints that the poor are now encountering with microcredit NGOs and thus improve in development programs in Bangladesh.

Dedication

To Sahina Akter and Shahid Al-Abrar Ali (Anonno), my beloved wife and son.

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I would like to acknowledge and thank all of those who have inspired, helped and supported me along the way to complete this research project successfully. Fundamental for me was the warm support and sacrifice of my family especially my wife Sahina Akter and son Anonno, who gave me the opportunity to be away doing this research in the Chittagong Hill Tracts (CHT) in Bangladesh and equally ‘away’ while writing this dissertation. Thank you so much Sahina and Anonno for your sacrifice and support for me, as I was often unable to manage time for you or to be with you when you desired me!

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1 Microcredit and Poverty Studies in Bangladesh: Literature Review and Theoretical Framework

Introduction

Grameen [Bank] has given me an unshakable faith in human creativity and the firm belief that human beings are not born to suffer the misery of hunger and poverty. Poverty is an artificial, external imposition on a person. And since it is external it can be removed. We can create a poverty-free world if we redesign our systems to take out its gross flaws, which create poverty. We can create a world in which the only place you would be able to see poverty is in poverty museums. (Yunus 2010:xiii)

“Moroi ogo moruk, baachoi ogo baachuk” (the poor get poorer, the rich get richer). (A local proverb, stated by a Chakma woman, interview, 11 June 2009)

This research examines the effectiveness of microcredit in the alleviation of poverty in the Chittagong Hill Tracts (CHT) of Bangladesh. Central to my thesis is discerning how both local power relations and neoliberal social structures (including microcredit NGOs) affect poor peoples’ abilities to escape poverty. I spent more than ten months collecting ethnographic data at several neighborhoods—Assambasti, Tanchagyapara and Khippapara—under the Rangamati Hill District in two phases between May 2009 and July 2011. As the socioeconomic condition of rural Bangladesh differs significantly from urban areas, there are some rural regions that are still far behind national or global standards in terms of quality of life, literacy rates, and economic, healthcare, and education opportunities. My research locale in the CHT is distinctive from any other places in the plain districts of Bangladesh in terms of geographical features, ethnic and demographic composition, social and cultural diversity, livelihoods and economic systems. Perhaps one of the most distinctive features of the CHT region is that the majority of the peoples had been living on subsistence form of agriculture and jhum [shifting] cultivation before they were introduced to the neoliberal capitalist economy in the late 1990s. Note, some economic and political policies of the governments of Pakistan (1947-1971) and Bangladesh (1971-present), such as the Kaptai Hydroelectric Project¹ in

¹ The Kaptai Hydroelectric Project (1959–1962) is an earth-fill embankment dam with a water reservoir, which is locally known as Kaptai Lake/Dam, located in Rangamati Hill District in the CHT. It is the largest dam in South Asia and created a vast reservoir of

Rangamati in the early 1960s and resettlement policy² in the CHT during the mid-1970s, displaced thousands of the Paharis³ from their ancestral lands and collapsed their economic base. The resettlement policy of the Government of Bangladesh, which allowed the Bengalis from the plains to settle in the lands of the Paharis, led to the Paharis' resistance movement against the Bangladesh army and Bengalis between the mid-1970s and the late 1990s. The CHT Peace Accord between the Government of Bangladesh and the Pahari political representatives was signed on December 2, 1997, but the major provision of this agreement has not been fully implemented and the relationship between the Paharis and Bengalis still remains hostile (see also Ali 2012; Chowdhury and Rafi 2001; Uddin 2008; UNDP 2009).

During the post-CHT peace agreement period, especially in the late 1990s and in the early 2000s, a large number of national and international non-governmental organizations (NGOs) began to work on various social, economic and infrastructural developments in the CHT region in general. In addition, a significant number of local NGOs swiftly emerged in three hill districts of the CHT, Bandarban, Khagrachari, and Rangamati, mostly owned by local elites and politicians who sought to avail themselves of the opportunity of foreign aid. According to recent data, there are 42 local NGOs, 17 national NGOs, and 6 international NGOs only in the Rangamati district.⁴ Most of these local NGOs depend on financial support from international development NGOs such as United Nations Development Programmes (UNDP), Asian Development Bank, UNICEF, World Food Programmes (WFP), World Vision, and others, to implement various

some 885 sq.km (550 square miles). This dam was constructed primarily to generate hydroelectric power and it was financed by the United States Agency for International Development (USAID) and the World Bank. It submerged 40% of the total arable land, displaced more than 100,000 Pahari, particularly the Chakmas (Levene 1999: 350), and it collapsed the local economic base and disintegrated family and social life of the displaced populations.

2 The Government of Bangladesh amended rule 34 (1) of the CHT Manual in 1979, allowing and legalizing the resettlement of Bengali landless people in the CHT from the plain districts that had previously been restricted by the British colonial administration in the 1900s (i.e. CHT Regulation 1900). It was estimated that more than 400,000 Bengalis had been uplifted from the plains districts to transmigrate to the CHT by the successive governments of Bangladesh from 1979 to the mid-1980s (UNDP 2009:5).

3 I have observed that Chakma, Marma, Tripura, Tanchangya, Lushai, Ahamiya [Assamese] and Chettri [Gurkha] identify themselves as the Pahari [hill people]. The Bengalis also call them Pahari. In this paper, the term Pahari" is used to indicate all the ethnic groups but the Bengalis in my research area, and is used as a plural noun.

4 "Pahare NGO-er bahar" ["The Grand show of NGOs in the Hill"]. The Daily Kalerkantho. <http://www.kalerkantho.com/print-edition/priyo-desh/2014/08/06/113883> (accessed 11 August 2014).

socioeconomic development projects in the Rangamati area. Although microcredit originated in the plains districts of Bangladesh in the late 1980s, none of the major NGOs working on microcredit programs could reach the CHT until the late 1990s. I found ten microcredit institutions, including the Association for Social Advancement (ASA), Building Resources Across Communities (BRAC), Grameen Bank, the Proshika Human Development Center (Proshika), Integrated Development Foundation (IDF), Padakhep among others, working in my research locale in Rangamati. Furthermore, Bangladesh Rural Development Board (BRDB), a government microcredit agency, was operating its microcredit program in this area.⁵ Note that most of these NGOs have also been implementing microcredit programs in the plains for decades and although the social and economic formation of the majority indigenous peoples is vastly different from that of the plains land Bengali people, the NGOs are replicating similar programs in the CHT.

The late 1990s, when national and multinational NGOs had an official opportunity to get access to the CHT, was a turning period for local people, especially for the indigenous peoples as they began to integrate themselves into a neoliberal capitalism introduced by these microcredit NGOs, transnational companies, media giants, and other corporations. Most of the Paharis were not familiar with the ideas of “entrepreneurship”, “profit-making”, and “competition” as they mostly produce food and other agricultural crops for their subsistence rather than for commercial purposes. Unlike the Bengali women in the plains districts of rural Bangladesh, most Pahari women used to (and still do) work with men in the *jhum* land, in the hills, forest or they could participate in public places without social restrictions. The Pahari women also produced various types of traditional dresses and handicrafts for their subsistence needs. Unlike the Bengali people in general, the Paharis were not experienced in business or entrepreneurial production because of the nature of local economy, natural environment, and social expectations for living. By the time I conducted this research in the CHT, change had already begun to occur in the lives of the many of the Paharis. They are now looking for alternative means of living particularly because of population growth, deforestation and loss of natural resources in the hills, loss of fertility of land and low agricultural production. As a result, the Paharis, who previously depended on *jhum* cultivation and forest resources, are now at economic

⁵ In my thesis, I use ‘NGOs’ or ‘microcredit NGOs’ to indicate all microfinance institutions but BRDB.

risk. Some work in local textile companies, while others are entering business and trying to find other ways to make money to survive. The availability of microcredit NGOs has made it easier for the Paharis to expand their choices, not just in terms of using the loan for entrepreneurial production but also for meeting many of their everyday need and desires. This raises the following questions: how are the poor Paharis, who have no previous entrepreneurial experience, doing with microcredit? How do people, who lack the social, cultural, and economic capital to make profit, do with microcredit? How do antagonistic interethnic relationships affect the effectiveness of economic development activities such as business or entrepreneurial production of relatively poor people irrespective of ethnic and gender identities?

Perhaps there is an indication in the second statement of a Chakma woman described at the beginning of this chapter (see local proverb). The first statement is by Dr. Muhammad Yunus, the founder of microcredit in Bangladesh, while the second statement was made in a group interview I conducted, in response to a question about the impact of the microcredit programs on the poor in my research locale in the CHT of Bangladesh. Dr. Yunus believes that poverty is created by external factors rather than by the poor themselves. Since poverty is an external imposition on persons, it is possible to create a poverty-free world by removing these constraints. Thus, Yunus contends that the poor have skills but lack capital, and it is the latter that makes them poor. In this sense, a lack of access by the poor to institutional opportunities, such as credit, is one of the main causes of poverty. Proponents present microcredit as a successful approach to break the cycle of poverty, to empower women, and to reduce dependency of the poor on charity, relief or other forms of aid (see Counts 2008; Khandker 1998; Yunus 2004, 2010). The central argument of Muhammad Yunus is that microcredit is for the poorest of the poor and “lending to the poorest is not only possible but profitable” (Yunus 2010:xii). According to microcredit proponents, microcredit creates a “win-win situation” where both loan provider NGOs and the loan recipients supposedly benefit. Conversely, the statement of my research participant suggests that wealthy people rather than the poor benefit from microcredit participation; poor people become poorer. In contrast to the claim of the microcredit proponents, many other empirical studies demonstrate that poor women fall into a debt trap and thus the poor often become poorer after microcredit

program participation (see Bateman and Chang 2012; Cons and Paprocki 2010; Faraizi et al. 2011; Karim 2011; Mannan 2010; Rahman 1999; Uddin 2013). As a result, there is tremendous debate about the effectiveness of microcredit in the alleviation of poverty and my research makes a significant contribution to this debate.

Why does this contrast in perspectives exist, between local people who use microcredit and international political communities (e.g. donor governments and agencies, the World Bank) who view microcredit as an effective tool for social and economic development? Why do the poor women continue to participate in microcredit programs if it seems ineffective for their individual or collective households' social and economic advancement? How would the poor live if there were no microcredit program in the area or what would be the social and economic life of the poor women and their households if they were no microcredit NGOs in my research area in the CHT like today? And do NGO policies and practices, paradoxically, contribute to reproducing power and social inequalities? Most of these questions remain largely unexplored and so they are addressed with my ethnographic research in the CHT in Bangladesh. I will further elaborate the central research questions and objectives of my research in the later part of this chapter.

This introductory chapter is divided into several sections. In part one, I expand on political histories and economic development contexts in the CHT and explain why I chose this region as my research field to study microcredit, power and poverty. In part two, I review the historical trajectories of development agendas and the proliferation of development NGOs in Bangladesh. I also describe the origin of modern microcredit and provide an overview of microcredit literature, poverty in Bangladesh as well as microcredit NGOs' relationship with capitalism. This will provide the contextual basis for my research questions. In part three, I expand the discussion of the central concepts in my analysis: neoliberalism, capability, power, and poverty. I also revisit my research objective and outline specific research domains that allow me to address my research objective. In part four, I provide a detailed description of the research setting, methodology and data analysis techniques, research ethics, and fieldwork experiences. Finally, I conclude by outlining the central issues of each chapter of this doctoral thesis. Each chapter is designed as a stand-alone essay, but together they explain how power inequalities affect the capabilities of the poor population, how unequal power

relationships between NGO employees and female borrowers are created, how the poor are discriminated against and blamed for their microcredit failure, and why women continue to participate in microcredit programs despite the disturbing consequences or ineffectiveness of microcredit in the alleviation of poverty.

Why the CHT as the field site for studying Microcredit and Poverty?

CHT: Geographical Location, People, and Political-Historical and Economic Contexts

Geographically, CHT is bounded by Myanmar and Mizoram state of India in the east, by Tripura state of India in the north, and by Chittagong and Cox's Bazar⁶ in the west and south respectively (UNDP 2009:2). The Karnaphuli is the largest of the rivers in the region. Due to the construction of a hydroelectric project known as Kaptai Dam on the Karnaphuli in Rangamati in 1962, a major portion of it has turned into a lake, which is known as "Kaptai Lake" (UNDP 2009). In the broader context, the historic development, ethnocultural diversity, and economic-geopolitical significance of the CHT have marked it as a unique place within South Asia. The region has also become well known internationally for the ethnic conflicts and insurgencies between the mid-1970s and the late 1990s, especially for the resistance movement of the indigenous peoples against the Bangladesh army and migrant Bengalis. Note that the Paharis were fighting against the Bangladesh armed forces and in-migrant Bengalis as they [Paharis] had been displaced from their ancestral lands and they had been deprived of other social, economic and political rights.

Histories of power and privilege continue to shape unequal political, economic, and social power relations between the Bengali and other indigenous peoples. The CHT has been the home of eleven⁷ indigenous groups of people for thousands of years. These diverse ethnic groups of people are also collectively known as the "Jummas," the "Adivashi," or the "Pahari". International development organizations, including the International Labor Organization (ILO) and United Nations Development Program (UNDP), recognize these

6 Cox's Bazar is a district under Chittagong division in Bangladesh.

7 Bengalis, Ahmias [Assamese], and Chettri [Gurkha] are excluded from this list of eleven ethnic groups in the CHT. According to the local elders, Assamese and Chettri settled in my research area in Rangamati during or after the WWII. Both these groups of people now introduce them as "Paharis", though they are not officially listed as separate indigenous groups like the rest of the eleven groups.

ethnic groups as the indigenous peoples of the area (Ali and Shafie 2005: 68; UNDP 2009:1). I observed that the indigenous peoples use the term Pahari in their day-to-day conversations, or to introduce themselves to others (i.e. visitors or tourists). Hence, I use both the terms Paharis and indigenous peoples to indicate all non-Bengali ethnic groups in the CHT.

In fact, contemporary economic development in the CHT is linked to the colonial legacy of the British rule (1760-1947). During the British Raj the region was annexed in 1860. The British administration gave the CHT a semi-autonomous status to protect the area from economic exploitation by non-indigenous population, particularly the Bengali people, and to preserve the traditional social, cultural (e.g. customary laws), economic (e.g. community ownership) and political systems (e.g. chiefs, headmen and karbaries) of the indigenous peoples⁸. In 1947, the British withdrawal led to the rise of two nation-states: India and Pakistan. This division of British India was based on the “two nation theory” that independence activists devised to recognize the two major religious identities in the subcontinent—Hindu and Muslim. Today’s Bangladesh and the CHT were included in the state of Pakistan because the majority of the populace was Muslim (Uddin 2008:42).

Most importantly, antagonistic political-historical relationships between indigenous peoples and the Bangladeshi nation-state and the dominant Bengalis continue to play a critical role in shaping everyday social and economic relationships among local populations. Moreover, the CHT setting is a place where most of the population is struggling to survive with little social and economic security (Mohsin 2005; UNDP 2009). Various quantitative and qualitative studies of the CHT show that most of the people of this region are living in poverty across ethnicities, regardless whether the household poverty is measured in terms of per capita calorie intake or an average

⁸ Arguably the British administration did this in order to serve its own economic, political and military interests. Chiefs were regarded as the protectors of both the economic and political interests of the British administration. In order to exert political influence on this region and to continue collecting tributes from the indigenous people and also because it was assumed the plough was more productive and economically profitable the British insisted that they change agricultural practices from jhum (shifting) cultivation to plough farming. Under the CHT Regulation 1900 it was also the responsibility of the chiefs to keep their people under control thereby helping the British tighten their administrative grip not only in the CHT but more broadly in the Indian sub-continent. This was a critical time period as the Indian national movement gained momentum and included many prominent Bengali people (Mohsin 2002:26; Nasreen and Togawa 2002:102; Shelly 2000:111; Uddin 2008: 40).

household income and expenditure (Majumder et al. 2012; Mullick and Rafi 2010; Thapa and Rasul 2005; UNDP 2009). Recent data on poverty in the CHT revealed that 62% of households are living below the absolute poverty line (below 2,122k. calories intake per adult per day), including both Bengali and indigenous peoples (UNDP 2009: vi). Another recent study found that more people are living in extreme poverty (nearly 65 per cent) in the CHT than the people (60 per cent) in the plains districts in Bangladesh.⁹ Indigenous peoples are poorer and live with worse food security and overall social, economic, health, and educational status than the Bengalis. For example, more indigenous households live below the “hard-core” poverty line (below 1805 k. calories) (UNDP 2009: vii).

Choosing the field site in Rangamati

While the post-peace accord (see above) had created a space for local, national and international development NGOs and institutions to expand various social and economic development programs, microcredit NGOs began to encounter operational challenges in remote places like Rangamati, CHT. Interestingly, unlike in the plains districts in Bangladesh, or in many other countries in the world, microcredit has yet to become a popular development tool in the CHT.¹⁰ The distance between Jobra Village, the birthplace of microcredit, and my field site in Rangamati is about 60 kilometers.

I was familiar with the development issues of the CHT peoples in general and with the peoples in my current research locale several years before I started to conduct my preliminary doctoral research in 2009. While I was supervising undergraduate and graduate students as a faculty member in the Department of Anthropology at the University of Chittagong, Bangladesh, the contemporary development problems became evident to me, especially those concerning the environment, cultural change, health and poverty issues. In August 2007, as a research methodology course instructor, I conducted, with my undergraduate students, a short-term ethnographic field study among a group of the Paharis in Assambasti area in Rangamati. Thereafter, I frequently visited the locale and continued to collect information on the peoples’ development experiences. Before I

⁹ Chittagong Hill Tracts: Ethnic Minorities the Hardest Hit by Poverty - See more at:

<http://www.unpo.org/article/11330#sthash.AXqme9qU.dpuf><http://www.unpo.org/article/11330> (accessed 20 June 2014).

¹⁰ I will detail and discuss the challenges that microcredit NGOs encountered in Rangamati in Chapter 2.

started my research (in May 2009) at four major neighborhoods — Assambasti, Tanchangyapara, Khippapara and Rangapani¹¹ in Rangamati (see Figure 1.1), I visited several remote areas in Rangamati where UNDP was implementing its capacity building project through several local partner NGOs. My research locale is situated close to Rangamati town with a large number of microcredit NGOs and other development agencies such as UNDP and UNICEF. I chose Assambasti, Tanchangyapara and Khippapara (see “description of the field site” in the later part of this chapter) as my research locales because the area provided me with the opportunity to observe microcredit programs in a community that was ethnoculturally diverse and where economic inequality mirrored ethnocultural affiliations. This context allowed me to explore various iterations of power inequalities and to see how power differentials affect the capability of the microcredit users to escape from poverty.

Now I will describe briefly how and why Bangladesh became a part of the international development process, how development NGOs emerged and proliferated, and why and how microcredit was incorporated into the global development agenda (e.g. aiming at alleviating poverty and eliminating gender inequalities). I describe the origin of modern microcredit and provide an overview of microcredit literature and poverty in Bangladesh. I will describe how microcredit NGOs are “for-profit” rather than “not-for profit.”

Gender Equity, Poverty Alleviation, and Microcredit in Bangladesh

Shifting Development Agendas

Bangladesh emerged as an independent nation-state in 1971 after a nine month-long liberation war against Pakistan. Prior to independence, the British colonial administration (1757-1947) and the Pakistani government (1947-1971) exploited the people, natural resources and economies of the territory that we now call Bangladesh. Following independence the country struggled, as it was one of the poorest countries on earth; 78 per cent of the total population was living in absolute poverty in 1974 (Smillie 2009:37).

¹¹ Assambasti, Tanchangapara, Rangapani and Khippapara are the original names of the four villages or neighbourhoods. In 2009, I conducted my preliminary research in all these places. I confined my final phase of doctoral research to Assambasti, Tanchangapara and Khippapara excluding Rangapani. This decision of excluding Rangapani as my research area was shaped by the fact that the majority poor people in the area were leaving microcredit NGOs finding the weekly loan repayment schedule problematic and NGOs were also closing their program operation in the area.

Global economic and political restructuring, especially during the early 1970s and 1980s, led by Britain and the United States of America created new spaces for NGOs' development interventions in many developing countries, including Bangladesh (Elychar 2005; Ferguson 2009; Harvey 2007; Karim 2011). The emergence of NGOs had been "rationalized" as bodies such as the International Monetary Fund (IMF) and Western governments required governments in developing countries to reduce the role of the state in delivering social services for the poor population. Many international donor agencies supported the emergence of development NGOs with financial and other kinds of patronage (Gardner and Lewis 1996; Karim 2011; Mannan 2010). The proliferation of NGOs working on relief, reconstruction, social and economic development was so tremendous and Bangladesh was so highly dependent on foreign aid that Bangladesh is still well-known in the international community as a "test case of development" (Naher 2005:1).

Gardner and Lewis, for example, described the earliest phase of NGOs' exploitation of foreign aid in the following way:

In Bangladesh, admittedly an extreme example in that national NGOs supported by foreign funds have expanded dramatically to fill gaps in service provision left by the weak and under-resourced state, larger NGOs such as the Bangladesh Rural Advancement Committee (BRAC) and Proshika are beginning to count their landless group members in terms of millions rather than thousands. (1996: 107-108)

Similarly, anthropologist Karim described in her recent ethnographic work, "the economy of shame,"

In the aftermath of independence in 1971, the Bangladeshi state maintained a weak presence in the rural economy. In the void created by the absence of the state, the Western-aided NGOs stepped in to provide credit, education, healthcare, road construction, and other essential services to rural populations. (Karim 2011: xvii)

During the 1970s, many local and national NGOs in Bangladesh took advantage of new agendas in foreign aid opportunities, and this helped to accelerate the proliferation of NGOs across Bangladesh and the incorporation of new problems into development practice. However, these NGOs were more successful in serving their own institutional interests than in emancipating the poor. The same can also be said for NGOs currently working in contemporary Bangladesh. In Bangladesh, NGOs continued to adopt new

development ideas, issues and programs influenced by the Western donor agencies and international financial institutions, including the World Bank and the International Monetary Fund, and development theories. Failures in NGO development programs and NGOs' dependency on international agencies for foreign aid created a space for the Western donor agencies to control which development programs were undertaken and how these programs were to be designated and implemented (see Escobar 1995).

Development policies and agendas during the 1970s and the early 1980s in Bangladesh were largely influenced by modernization theory, which called for the social and economic emancipation of the poor especially through women's participation in economic production and the cash economy. Modernization-theory-based development agendas, such as the "Green Revolution" or modern agricultural technology transfer project of the West, focus more on the modernization of agriculture and society in general than on the specific issues of gender equity and poverty alleviation. During the 1950s and 1960s development approach and policy were, for the most part, informed by the influential work of W.W. Rostow's *The Stages of Economic Growth* (1960). Rostow outlined five major stages (i.e., the traditional society, the preconditions for takeoff, the takeoff, the drive to maturity, the age of high mass-consumption) derived from North American and European development models and experiences. Industrialization, commercialization of agriculture, urbanization and rationality are the key concepts within modernization theory. Therefore, the central argument of modernization theory was that all would enjoy the benefits of economic growth and a better life if poor countries would use modern technology to aid agricultural and industrial development and ultimately follow these stages of macroeconomic growth (Gardner and Lewis 1996:12-13).

In the mid-1970s, the influence of modernization theory was noticeable in the development agendas in Bangladesh as NGOs began to focus on women's empowerment and anti-poverty development programs, which were prescribed by feminist scholars, donor countries and international development agencies. The approach known as Women in Development (WID), for example, incorporated the core ideology of modernization theory and the feminist work of Ester Boserup (1970). Boserup suggested that women's participation in mainstream economic development would eventually emancipate them from social and economic injustices. Many donor countries and international

development agencies such as the United States Agency for International Development (USAID), the World Bank, the Canadian International Development Agency (CIDA), the Asian Development Bank (ADB), and other bilateral development agencies prioritized women's inclusion in mainstream development agenda advised by the United Nations (UN). Note that the majority of women had little or no participation in the mainstream economic development process before the 1970s, although they had always made a tremendous contribution to the management of rural households economy in Bangladesh. In order to encourage women's active and visible participation in public life and mainstream economic development and, therefore, to reduce various forms of social and economic discrimination against women, donor countries prioritize women's participation in mainstream development.¹²

More funds were directed to development projects and programs pertinent to women's empowerment and poverty alleviation in Bangladesh (Gardner and Lewis 1996:122; Rahman 1999:15). The UN Decade for Women (1975-1985) officially recognized the relationship between gender and development. During the first phase of WID, "equity" for women was understood to mean women as active participants in social and economic development programs in order to challenge women's subordinate positions in societies of Third world countries. When the WID failed to achieve its objective of gender equity, a new development approach known as the Gender and Development (GAD) was incorporated into international development agendas. This time both WID and GAD took an "antipoverty" approach to achieve the goal of gender equity, considering women's poverty as the main problem rather than inequality and oppression. Women's participation in economic production, skill development and other income-based

¹² Microcredit NGOs, for example, were advised to incorporate women into microcredit programs to advance women's overall socioeconomic standing in society. From this perspective, NGOs choose women because the donor agencies want NGOs to provide the loans to women so that these women can improve their socioeconomic situation. However, there is also other side of the story: NGOs tend to recruit women and to exclude men in order to ensure program sustainability rather than to empower women. For more detail please chapter 4 (section: microcredit and women in Bangladesh). So, from this perspective, the inclusion of women into microcredit program can be both an approach and a discourse.

economic activities were considered solutions for combating poverty. The third and final approach of the WID agenda came to the scene subsequently and emphasized women's "*efficiency*," rather than just creating small-scale livelihood development projects. International and national NGOs began to believe that when women participate in economic systems in a more businesslike manner, their income will improve; thus efficiency will automatically bring gender equity or social and economic justice for women in developing societies (Garner and Lewis 1996; Rahman 1999; Ward and Edelstein 2014: 220).

This tendency of shifting development agendas was also influenced by neoliberal economic development policies, especially when Bangladesh adopted the structural adjustment programs (SAP) in the mid-1980s. During this same period, more NGOs emerged to exploit the foreign aid providing services to rural population in Bangladesh in different social and economic sectors, include health and sanitation, education, and entrepreneurship and skill development.¹³ In this regard, the withdrawal or the reduction of the states' welfare support for the poor, rationalized NGO interventions. The assumption was that poor populations' active participation in economic development programs would emancipate them from hunger and poverty and in turn reduce poor people's dependency on state-sponsored social protection services (Graeber 2011; Harvey 2005). In other words, it was assumed that the individual subjects would be able to take care of themselves and their families through their active participation in free markets, including microcredit programs (see also Elychar 2005; Karim 2011; Lemake 2001).

Microcredit, also known as microfinance, now represents one form of global economic integration. Microcredit originated via a pilot project at Jobra Village, situated adjacent to the University of Chittagong and 20 kilometers north of Chittagong City in Bangladesh, by Professor Dr. Muhammad Yunus in 1976. Dr. Yunus realized that a lack of access to credit was one of the main causes of poverty in rural Bangladesh. Yunus experimented with his idea of providing small loans, usually starting from \$40, in other parts of Bangladesh, notably in Tangail district with the financial support from the state-run

¹³ Here I mean the emergence, proliferation and exploitation of foreign aid by development NGOs across the plains districts of Bangladesh during this period. Since there was political turmoil during this period (from the mid-1970s to the late 1990s), a few NGOs could operate their socioeconomic development program in the CHT.

commercial banks, such as Janata Bank and Bangladesh Krishi Bank and the Bangladesh Central Bank. The successful experiment of the microcredit model led Yunus to establish the Grameen Bank in 1983 (Counts 2008:3; Simillie 2009:195). In an effort to alleviate poverty, the Grameen Bank began to provide collateral-free small loans to jointly liable groups of poor people in rural Bangladesh. Note that this joint group liability is considered social collateral, as the entire group of female borrowers collectively is responsible for recollecting disbursed loans for the NGOs. Following the example of the Grameen Bank, many others local and national NGOs started to implement microcredit as their core program all over rural Bangladesh. For instance, BRAC has adopted a more holistic approach of development by incorporating education, health, and skills-training along with its microcredit program. BRAC's development approach gives participants, particularly for those affected by tuberculosis and malaria, an opportunity to access pre-primary school and health care facilities for children free of cost.

Importantly, the establishment of the Grameen Bank, its success and global expansion has been possible because of Yunus's personal link to the international community and donors' funding. Yunus's personal connection with the political community and support groups, in the USA in particular, contributed significantly to the enormous popularity and the rationality of the global expansion of microcredit as an effective tool of poverty alleviation (see also Rahman 1999; Roy 2010). In the early 1980s, Yunus was able to acquire funds from two American bankers, Ron Grzywinski and Mary Houghton, of the South Shore Bank in Chicago, who helped Yunus to manage an US\$800,000 fund from the Ford Foundation. Yunus also borrowed US\$3.4 million at a rate of 2 percent interest from the International Fund for Agricultural Development (IFAD) for transforming a small credit-based economic development project into a bank, the Grameen Bank. Between 1986 and 1997, Yunus's Grameen Bank received millions of US dollars from the Ford Foundation, IFAD, and from the governments of Norway, Canada, Germany and Sweden (Smillie 2009:196).

By the late 1990s, the Grameen Bank model of microcredit received international recognition as an effective tool of development for poverty alleviation and gender equity, as evidence by discussions at the World Microcredit Summit held in 1997 (Develtere and Huybrechts 2005; Karim 2011). According to the World Microcredit Summit 2013, there

were 195 million borrowers in the world and, due to the incredible success of the Grameen Bank in the alleviation of poverty, it now operates in almost every country of world.¹⁴ According to recent data, in Bangladesh alone there are 35 million participants in microcredit and microenterprise programs offered by NGOs, Grameen Bank, as well as state-owned financial institutions and agencies, including 8.4 million borrowers from the Grameen Bank.¹⁵ Yunus and his Grameen Bank jointly received the Noble Peace Prize in 2006 for contributing to social and economic development from below (Nobel Prize 2006). Dr. Yunus also received the Congressional Gold Medal in 2013, the highest civilian award of the United States, in recognition of his efforts toward combating global poverty with microcredit, especially in Bangladesh (Rahman 2013).

Impressed by the success stories of microcredit NGOs in mobilizing poor women to participate in income-generating activities in rural Bangladesh, international development agencies and many donor countries now recognized microcredit initiative as an effective tool in the alleviation of poverty. In other words, microcredit was rationalized and incorporated into the international development agenda with the assumption that the poor population would be relieved from hunger and extreme poverty. It was also assumed that gender equality would be achieved through women's participation in microcredit programs. Henceforth, the proliferation of NGOs in Bangladesh has been tremendous. The number of NGOs directly receiving foreign funds increased from 382 in 1990 to 1,245 in 1998 (Leve and Karim 2001:54). The total number of NGOs working on microcredit had also dramatically increased. Karim shows that the number of microcredit NGOs had increased to 2,000 in 2006 from only fifty-nine in 1990 (2011:2). However, the establishment of the Microcredit Regulatory Authority (MRA) by the Government of Bangladesh in 2006 brought some changes to the operation of microcredit NGOs in Bangladesh. According to recent data, the MRA received 4,241 applications for government approval from microcredit institutions between August 2006 and May 2014,

¹⁴ <http://www.microcreditsummit.org> (accessed 23 January 2015)

¹⁵ Microcredit Regulatory

Authority http://www.mra.gov.bd/index.php?option=com_content&view=category&layout=blog&id=29&Itemid=80 (accessed 1 March 2014).

while only 742 NGOs have received licenses to operate microcredit programs in Bangladesh so far.¹⁶

How does this proliferation of NGOs and the increased funding for NGO impact the lives of the poor population, especially the poor women in Bangladesh?

Below I provide a brief overview of studies that have assessed the effect microcredit programs have had on poverty in Bangladesh.

A Brief Overview of Microcredit Programs' Effect on the Alleviation of Poverty

Despite the ubiquitous presence of microcredit NGOs in Bangladesh and participation of the poor in microcredit programs, many of the poor are still poor—often even poorer—and trapped in a cycle of NGO-provided loans (Cons and Paprocki 2010; Faraizi et al. 2011; Karim 2011). Recent data shows that almost half of the population (49.64 %) in Bangladesh earns less than US\$1.25 per day (Ministry of Finance 2011:193). According to the United Nations Millennium Development Goals Report 2014, Bangladesh is the fourth among all countries in the world where the overwhelming majority of people are living in extreme poverty (i.e. living on less than \$1.25 day).¹⁷ This brings up question as to why a large portion of the population still remains in extreme poverty in Bangladesh despite the operation of hundreds of foreign aid-based development NGOs, which has been operating for almost three decades, including those offering microcredit.

Some studies show that there is an indispensable relationship between the removal of the state's social welfare programs and the poor's inclusion in the economic development programs, such as microcredit program, to manage economic life by 'self-help' (see Elychar 2005; Karim 2011). Past studies show that microcredit NGOs emerged to replace the state's roles and responsibilities for providing social services for the poor, by promising that they would serve the interests of the poor through developing social and

¹⁶ Microcredit Regulatory

Authority http://www.mra.gov.bd/index.php?option=com_content&view=category&layout=blog&id=29&Itemid=80

http://www.mra.gov.bd/images/mra_files/Publications/microcredit%20in%20bd14072014.pdf (accessed 20 September 2014).

¹⁷ <http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2014/English2014.pdf> (accessed 15 January 2015).

human capital locally. But global and state economic policies (e.g. SAPs), along with the activities of microcredit NGOs, actually create social and economic insecurity for the poorest of the poor (Bateman and Chang 2012; Karim 2011; Rooyen et al. 2012; Wood 2003). SAP, for example, can create social and economic insecurity for the poor population because of the government's reduction of budget for health, education and food subsidies or thousands of people can be unemployed if government privatize or shut down state-owned industries (e.g. shut down of dozens of jute mills in Bangladesh).

Bateman and Chang (2012) analyzed data on the expansion and impact of microcredit programs on poor people from developing countries, including Bangladesh, Bolivia, Peru, Mexico and India. They concluded that microfinance fails to play any crucial role in uplifting the poor, especially because microcredit cannot contribute to the creation of new employment and the growth of local economies that could compete with the large-scale national or global economic system. Instead of challenging the existing power structures and inequalities, microcredit tends to lock local people and communities into a "poverty trap" (Bateman and Change 2012:14).

Based on an intensive literature review on the impact of microcredit programs on the alleviation of poverty in many countries in the world, Banerjee (2013) demonstrated that there is an increase in ownership of consumer durables (e.g. livestock) and business assets amongst the poor as well as an increase in the ability to meet various small household needs such as repairing the house. However, according to Banerjee, "there is no evidence of large-scale sustained consumption or income gains as a result of access to microcredit" (2013:508). Why can't the poor achieve a long-term economic sustainability after participating in microcredit program? Banerjee (2013) suggested five reasons that the poor cannot achieve long-term economic sustainability after participating in microcredit programs: (1) most of the poor who borrow from microcredit organizations might not actually need microcredit because they do not want to get involved in business or in similar economic activity; (2) most of the borrowers use the loan for consumption; (3) the terms of the loan's limit is too short (i.e. weekly or fortnightly loan repayment schedule); (4) poor financial judgment or the borrowers' injudicious use of the loan; and (5) microcredit borrowers' lack of skills or capacities for building a business.

Using data from ethnographic research in an urban centre in Bolivia, Brett (2006) shows that while women borrow loans from microfinance institutions in their names and they are legally responsible for loan repayment, they split these loans among household members, most often with their husbands. According to Brett (2006), women's limited capacity to make sufficient income, chronic poverty, intra-household power relations and women's increasing work-load, make it difficult for them to capitalize on microcredit opportunities to improve their wellbeing.

Previous studies on the impact of microcredit programs on the poor populations in Bangladesh demonstrate that, while the wealthy peoples can benefit, most of the poor cannot (see Datta 2004; Faraizi et al. 2011; Fernando 2006; Hulme and Mosley 1997; Cons and Paprocki 2010; Karim, 2011; Khan and Rahman 2012; Rahman 1999). These studies, which were conducted in the plains districts in Bangladesh, identified the rigid conditions of the group lending system, high interest rate and service charges imposed by microfinance institutions, and the increasing burden of debts, as the major constraints for the poor to escape from poverty. Some studies suggest that contingencies (e.g. sickness or death of the income earner), natural calamities, low capacity or skills, lack of access to market facilities, and multiple borrowing may contribute to the poor's inability to escape poverty (Sharif 1997; Khan and Rahman 2012).

Some anthropological studies (e.g., Karim 2011; Rahman 1999) demonstrate that, in order to protect their organizational interests, NGOs are often oppressive toward the female borrowers. Based on his ethnographic study on the Grameen Bank, Aminur Rahman (1999): "Women's subordinate position is ideal to the NGO loan requirement principles because they have little control over these loans as women usually pass their loans to male relatives such husbands and sons" (Rahman 1999: xi). Increasing the burden of debts or loan cycles pushes these women into more vulnerable situations both economically and socially. Rahman also argues that the group lending structure and practice of the Grameen Bank is responsible for increasing aggression and violence toward female borrowers. Factionalism and hierarchical power relationships between borrowers can lead to increased tension and violence in society (1999: 20). Overall the conclusions of many of the subsequent qualitative studies on microcredit programs in the plain districts in Bangladesh were more or less the same: most of the women transfer the

loan to their male relatives and these poor women fall in debt trap or further poverty and vulnerability and thus the increased female dependency on NGOs and male relatives (see Mannan 2010; Karim 2011; Uddin 2013).

Lamia Karim (2011) contextualizes unequal power relationships between the creditors and the debtors using Michel Foucault's concept of 'governmentality' and interpreting the activity of NGO-based microfinance as part of a neoliberal economy. She demonstrates that NGOs enforce various supervision and surveillance strategies on the female borrowers to ensure the NGOs' organizational interests are met. Karim also argues that microcredit NGOs manipulate rural codes of honor and shame to regulate the fiscal behavior of the borrowers, mobilizing a group of women to shame the defaulters to recover loan installments. Fearing the loss of honor and dignity, the borrowers comply with the NGOs' fiscal discipline. Karim calls this the "economy of shame" (2011:xviii). In a similar vein, Mannan uses both secondary and primary data to argue that microcredit NGOs trap women into debt and further poverty and actually contribute to fragmentation or break down of the coherent nature of village morality (i.e. social obligations of the wealthy, rich and relatives to the relatively poorer relatives, neighbors or people in the village) (Mannan 2010:295).

These past studies on microcredit in the plains districts of Bangladesh provide important critical insights about the adverse impacts on poor populations, especially poor women. However, none of the past research sufficiently explains why, even when they use the loan in economic production, many of poor women fail to become successful utilizing microcredit. Instead of merely explaining that microcredit traps the poor into debt my research uncovers less visible power and structural factors, which not only create unequal economic development opportunities but also contribute to, and legitimize, various forms of social and economic injustice. As I have described in the previous section, the ethnic composition, local economic features, and other social and cultural aspects of local peoples in my research setting, are significantly different from that of the majority Bengalis in the plain lands. Since there exists long-standing political-economic conflicts between Bengalis and Paharis in the CHT, it is possible that the repercussion of this interethnic relationship together with NGOs' policies and practices and other structural

factors can affect the ability of most of the poor to utilize microcredit opportunities to alleviate poverty.

Below I describe the research questions, objectives and methods to explain what I investigate in my thesis. Then, I demonstrate how microcredit is linked to the dominant development logic (i.e. neoliberal capitalism and globalization) and outline my theoretical framework.

Research Questions and Objectives

Thus far I have described the political and economic development history of Bangladesh and of the CHT and its people in particular. I have briefly reviewed existing studies on microcredit programs in Bangladesh and in other developing countries. Although there are many studies on microcredit programs in Bangladesh describing how microcredit NGOs trap women into debt and further poverty, there is no systematic research on how various structural factors within and beyond development programs of NGOs affect the capabilities of the poor population on the whole. So far we have little idea how various local social and cultural processes, in addition to the culture of consumerism, and NGOs' aggressive marketing strategies contribute to the poor's desire for loans. Further, little ethnographic research has been conducted on how NGO officials construct the success or the failure of the poor in relation to neoliberal subjectivities, and how NGOs normalize power inequalities in society. So far we know little about why the poor women continue to participate in microcredit programs even if they cannot benefit from them or if they experience disturbing consequences. Furthermore, there is no ethnographic or quantitative study that provides sufficient knowledge about social and economic life of the poor with and without microcredit program. Thus, in my research I address the following questions:

(1) how do power inequalities affect the capabilities of the poor? (2)

why do the poor people continue to participate in microcredit programs if it seems ineffective for escaping from poverty or if they witness destructive consequences? (3)

how would poor people live if there were no microcredit programs in the CHT in Bangladesh?

My research assumes that there is an inextricable relationship between power dynamics and the peoples' capacity to bring a positive socioeconomic change in a specific context. I am particularly interested in exploring the social processes or mechanisms microcredit

NGOs use to entice the poor to want and acquire loans. I use case studies of both successes and failures to examine who can benefit economically from microcredit programs and who can't, as well as how and why. In order to investigate why some people are able to use microcredit to change their socioeconomic condition while others are not. I aim to examine how unequal power relationships amongst and between different actors may affect poor peoples' capabilities that lead to a range of poverty experiences in a specific setting in the CHT. Relationships such as those between creditors and debtors, Paharis and Bengalis, and family and community members can all have an effect on a person's ability to succeed using microcredit. In order to explore why poor people continue to participate in microcredit programs despite their disturbing consequences, I want to focus on how poor people's desire for positive socioeconomic change, persistent poverty, and indebtedness forces them to continue with microcredit and to accept as natural the attendant injustices and inequalities. I also highlight whether NGOs' policies and practices propagate power inequalities between the rich and poor and exacerbate poverty in my research area in the CHT.

My study contends that in order to address on-going challenges in achieving social equity and economic justice, it is imperative to address power relations within development process (e.g. NGO loan centres, power relations between NGOs workers, group leaders and general borrowers) and within and across groups (e.g. different ethnic groups and gender dimensions) in the CHT as a whole. Therefore, by investigating how power relations influence the capabilities of the poor, I contribute toward equitable and sustainable development policies for the people of the CHT—lessons that will, hopefully, be applicable elsewhere. My aim is both to make a theoretical contribution in the field of development anthropology and to find realistic and locally relevant solutions to the challenges of microcredit programs; solutions, which are based on people's perceptions, ideas, cultural capacities and available material or physical resources.

Below I describe how microcredit NGOs sit in a nexus of capitalistic logic and global capitalism.

Microcredit NGOs and Capitalism

According to Anne Cudd, there are “four definitional criteria of capitalism:” (1) private ownership of capital condition, (2) free and open, decentralized market condition, (3) free wage labor condition, and (4) nondiscrimination constraint (or state-guided capitalism). (Cudd 2011:21). In any condition, private ownership, reinvestment and competition and profit are central to capitalism. From this perspective, can we treat Grameen Bank, BRAC, and other major microcredit NGOs in Bangladesh as capitalists? Generally, the term “NGO” or “Non-Governmental Organization” suggests a “not-for-profit” organization that helps the disadvantaged and the poorest populations to improve their living in various ways by providing, free of charge, services such as improved healthcare, education, income-earning support, or life-skills training. Some NGOs also become active during emergencies and they stand beside the victims of natural disasters (e.g. cyclones and floods), providing food, shelter, and other life-saving necessities. Such NGOs are widely known as “humanitarian organizations” and thus they are “not-for-profit”. As I have just discussed in the previous section, the official objectives of most NGOs in Bangladesh have been to help the poor: to spread education, to provide health care and sanitation facilities, to provide social and legal assistance to the poor women, to create awareness against gender violence and to empower women, and above all, to alleviate poverty. Today most NGOs such as BRAC, Proshika, and ASA have the same official missions or objectives as when they began to work in the 1970s. Practically, these NGOs are not simply “not-for-profit” organizations. Some recent ethnographic studies in Bangladesh have demonstrated that microcredit NGOs in many way resemble profit-making financial institutions of the West (see Karim 2011; Faraizi et al. 2011; and Rahman 1999). Aminur Rahman, a Bangladeshi anthropologist, describes, for example:

The Grameen Bank model resembles Western-banking institutions. In its practices of banking, the Grameen Bank upholds the ideology of capitalism, that is, investing capital for maximizing profit. During the early years of bank operation the emphasis was to help the rural poor in Bangladesh by giving them easy access to credit, enabling borrowers to build sustainable livelihoods and eradicating rural poverty from the country. In the mid-1980s and 1990s, the expansion of the Grameen Bank in most regions of Bangladesh and its international reputation for loan recovery changed the bank’s emphasis from borrower sustainability to profit making and institutional financial sustainability. (1999:132)

Anthropologist Karim says:

Socially responsible business combines “maximizing profit” with “doing good to people in the world” as mutually reinforcing instrumentalities. These new businesses signify moralism in development—benign relationship between capital and altruism as multinational corporations target communities to generate profit, and concurrently, help the poor with income and social opportunities. (2011: 67)

In fact, neoliberal economic conditions and restructuring of government policies in many developing countries has created such a situation where companies and “not for-profit” NGOs or organizations have arrived at the same place by following different routes and strategies.¹⁸ Grameen Bank is now connected to global financial corporations and it has many joint business ventures with the Norwegian telecommunication giant Telenor [Grameen Telecom], the French dairy company Danone [Grameen Danone], the French water company Veolia [Grameen Veolia Water Company], and the German BASF company that produce chemically treated mosquito nets. Grameen Bank also has joint business ventures with Intel Corporation (Grameen Intel) and with Adidas, a global shoe company (Yunus 2010). Because of high demand for polli [rural] phones in Bangladesh and because poor women could only purchase these phones through Grameen Bank loans, Grameen Bank, in partnership with Telenor, made a handsome profit (USD 110 million in 2002) within five years (Karim 2011:70). The central purposes of social-business enterprises such as Grameen Danone, Veolia Water, Adidas are both to make profit and to provide social services to the poor people in rural Bangladesh. There are more than two-dozen different independent corporate companies in Bangladesh, known as the “Grameen Network.” Under the “Companies Act of Bangladesh,” these companies are obliged to pay all taxes and duties, just like any other company in the country.¹⁹ However, Yunus claimed that the profit from Grameen Network and social business enterprises will be used for the improvement of the quality of life of the poor (Yunus 2010).

Grameen Bank’s founding father, noble laureate Dr. Muhammad Yunus recognizes that Grameen Bank is not an NGO but a commercial organization. Although the Government of Bangladesh has created the Grameen Bank under a special ordinance, it is not a public

¹⁸ Bruggmann and Prahalad (2007) on “Cocreating Business’s New Social Compact.” For more detail, see <https://hbr.org/2007/02/cocreating-business-new-social-compact> (accessed 19 January 2015).

¹⁹ Grameen Bank at a Glance. http://grameen-info.org/index.php?option=com_content&task=view&id=26&Itemid=0 (Accessed September 22, 2014).

institution, it is a private organization with owners and all the characteristics of a business. Dr. Yunus says:

It [Grameen Bank] is actually owned by the borrowers, who in their capacity as shareholders elect nine of the thirteen members of the board of directors. Grameen Bank lends out over \$100 million a month in collateral-free loans averaging about \$200. The repayment rate on loans remains very high, about 98 percent, despite the fact that Grameen Bank focuses on the poorest people—those whom conventional banks still consider non-creditworthy. (2010:x)

According to Yunus, the Government own 3.5 percent of shares while 95 percent of the shares goes to the borrowers of the Grameen Bank²⁰. Grameen Bank, in its official websites, writes that 30 percent of its dividends goes to the shareholder borrowers. Yunus says that he is not opposed to profit and the profit that Grameen Bank makes goes back to the borrowers, who are the actual owners.²¹ However, it is highly questionable whether the borrowers are actual owners or whether they receive the dividends from the Grameen Bank since most of the Grameen Bank's female members are not aware of these facts (see also Karim 2011; Rahman 1999). My personal interactions with some Grameen Bank workers showed that it was not until at the end of 2010 that the Bank first began to issue dividends to some of their borrowers.²² So, while some of the Grameen Bank borrowers receive small dividends, the selection process of the nine executive members for the board of directors of the Grameen Bank and it remains unclear how borrowers actually own shares in the Bank. The Bank's board of the directors make various policies about microcredit programs, including fixing interest rate, reinvesting the surplus profit, and distributing dividends and so on. However, in practice, the poor women who are elected to the Board as representatives have very little or no role in the decision-making processes of the bank (Rahman 1999:134).

20 <http://archive.thedailystar.net/newDesign/news-details.php?nid=187212> (Accessed on September 24, 2014)

21 Microfinance Or Loan Sharks? Grameen Bank And SKS Fight It Out

<http://www.forbes.com/sites/meghabahree/2010/09/21/microfinance-or-loan-sharks-grameen-bank-and-sks-fight-it-out/> (Accessed 20 January 2015).

22 During this time the then Government of Bangladesh raised serious questions of about mismanagement of the Grameen Bank's welfare fund, foreign grants and about other issues. Then, the Government proceeded to remove Dr. Muhammad Yunus from his position as a managing director of the Grameen Bank. Yunus was finally removed from this position by a verdict of the Bangladesh Supreme Court in May 2011. For more details see at <http://archive.thedailystar.net/newDesign/news-details.php?nid=184457> (accessed on September 24, 2014).

Grameen Bank began its official microcredit program operation in 1983 and since 1984 it has posted a profit and balance sheet in almost every year. The only exceptions were the years 1991 and 1992 when it suffered a loss of US\$ 0.0064 and 0.15 million respectively²³ because the bank was hit with an unexpected salary increase for its staff in accordance with Bangladesh Government pay scales (Morduch 1999: 235). It is assumed that the Grameen Bank has been so popular because of its incredible success in maintaining 98 per cent loan repayment rate and making consistent profit—the achievement that has inspired a tremendous microcredit movement and replication of the Grameen microcredit model across the globe (Morduch 1999; Seelos and Mair 2005). Over the years, the total surplus capital and other assets of the Grameen Bank has increased significantly. Table 1.1 shows the most recent profit and loss accounts of the Grameen Bank (see below).

Table 1.1 1: Grameen Bank Profit and Loss Account²⁴

	Year								
	2009		2010		2011		2012		2013
Total Income ²⁵	BDT	US\$	BDT	US\$	BDT	US\$	BDT	US\$	BDT
	7.42 billion	95.50 million	8.51 billion	109.45 million	10.68 billion	137.40 million	13.04 billion	167.70 million	13.57 billion
Total Expenditure ²⁶	5.62 billion	72.36	6.80 billion	87.47 million	7.12 billion	91.60 million	7.39 billion	95.09 million	8.13 billion
Net Profit	371.57 million	4.78 million	757.24 billion	9.73 million	683.56 million	8.78 million	1.45 billion	18.70 million	1.33 billion

According to the financial statement and balance sheet of the Grameen Bank, profits are all that is left over after employees are paid and operational cost are covered—the dividends. Grameen Bank is now 100 per cent self-financed and it no longer depends on

23 Historical Data Series in USD http://www.grameen.com/index.php?option=com_content&task=view&id=177&Itemid=432 (accessed 23 January 2015).

24 Currency: Bangladesh Taka and USD. Data Source: “Bank for the Poor: Grameen Bank”, the official website of Grameen Bank. For more detail see at <http://www.grameen.com> (accessed 20 January 2015).

25 Interest income, income from investments in Grameen Mutual Fund-One, income from share investments, and other income.

26 Salaries and other related expenses, rent, rates, taxes, vehicle insurance, directors’ remuneration and others.

donor money or loans from any financial institutions, domestic or international. It now has more than enough deposits to run and expand microfinance programs in Bangladesh or elsewhere in the world.

After Grameen Bank, BRAC, which also has a large number of business enterprises, also has connections with global neoliberal ideology (i.e. profit-making). BRAC even has a private university (i.e. BRAC University) and a large commercial bank called “BRAC Bank Ltd.” In addition to microcredit programs, BRAC earns money from many for-profit social ventures such as BRAC Dairy and Food Processing Company (Aarong Milk), Aarong Rural Craft Center or handcraft marketing outlets, BRAC Real Estates (Delta Housing), BRAC Tea Company, BRAC Information Technology Institute, BRAC Printers and Printing Pack (see also Faraizi et al. 2011). BRAC also earns income from various economic development program related enterprises such as poultry farms, feed mills, seed mills and prawn hatcheries. Most of these enterprises are directly related to microcredit program operation, as the borrowers have to purchase, from BRAC, breeding chickens as well as feed and medicines, insemination technologies for cow-fattening projects and seeds for farming. This type of commercial activity leads BRAC to maintain a global capitalistic connection with many transnational companies, including Monsanto. Capital accumulated through microcredit operation is reinvested in organizational expansion or in other business enterprises.²⁷ BRAC also posts regular financial statements and income expenditure account on its official website. Table 1.2 shows the most recent financial status of BRAC NGO in Bangladesh.

27 Development, capitalism, NGOs and people's movements in Bangladesh: an interview with Anu Muhammad <http://links.org.au/node/2075> (accessed 19 January 2015).

Table 1.2 1: Income and Expenditure Statement of BRAC²⁸

	Year								
	2009		2010		2011		2012		2013
Total Income ²⁹	BDT	US\$	BDT	US\$	BDT	US\$	BDT	US\$	BDT
	32.91 billion	423.38 million	32.54 billion	418.64 million	34.13 billion	439.04 million	40.66 billion	523.07 million	49.08 billion
Total Expenditure ³⁰	29.34 billion	377.44 billion	28.39 billion	365.22 million	30.81 billion	396.34 million	35.00 billion	450.20 million	42.53 billion
Net Profit	3.48 billion	44.81 million	3.94 billion	50.69 million	3.16 billion	40.76 million	5.46 billion	70.29 million	6.35 million

Like Grameen Bank and BRAC, ASA also now has global microfinance programs and are implementing their programs in different countries, including Britain and United States of America. In fact, these three major microcredit organizations control more than 80 per cent of the microcredit market, which indicates that they have become corporate successes and have accumulated a huge amount of capital through their microcredit operations.³¹ One could ask how an officially registered “not for profit” NGO like BRAC can run a commercial enterprise or invest money in a profit-making venture. Let’s take an example. When Fazle Hasan Abed, the founder of BRAC, proceeded to open BRAC Bank—a private commercial bank—in the early 1990s, he encountered problems as BRAC was registered (and still is) in Bangladesh under the “Societies Registration Act, 1860.”

Abed continued his effort and pursued the Finance Ministers of two different Governments during the 1990s and the early 2000s for approval of BRAC Bank. Ultimately, the issue went to the Bangladesh High Court to determine whether a charity organization could invest in a profit-making venture. At first, the High Court judges ruled that a charity could not invest in a profit-making enterprise. Then, more than a year later, the Appellate Division of the Supreme Court determined that “a charitable organization could invest in a commercial operation in order to earn money for its charitable work,

28 <http://www.brac.net/content/financials-external-audit#.VMQwnMaSVHs> (accessed on 22 January 2015)

29 Currency: Bangladesh Taka and USD. Income sources include donor grants, revenue from income generating activities, service charges on microfinance loans, investment income and others.

30 Includes expenses on the operational cost of microcredit program, income generating projects, health and education programs, grants to BRAC University, research, monitoring and evaluation and other.

31 Development, capitalism, NGOs and people's movements in Bangladesh: an interview with Professor Anu Muhammad <http://links.org.au/node/2075> (accessed 19 January 2015).

whether the funds had been raised locally and internationally” (Simille 2009: 201).³² In a nexus of global capitalism, the commercial growth of BRAC has been tremendous. Therefore I question whether NGOs like BRAC need to follow capitalist practices to implement microcredit programs for charity. I also question whether ten or more microcredit NGOs are needed to serve a population of less than 3,000.

In brief, all the large, medium and small NGOs are motivated by profit for organizational growth and financial sustainability. My research shows that most local NGOs are following the business strategy of the Grameen Bank and BRAC and are selling, to the clients of their microcredit programs, various consumer goods such as medicine, improved “Chula” [hearths], solar energy products, as well as food and other ingredients for chickens. Interestingly, most of these NGOs started their social and economic development programs with the donor support and foreign aid and only later shifted to business enterprises or commercial institutions to fund themselves. Now, many of these NGOs operate self-sustaining microcredit program to accumulate capital but they are also able to reinvest the capital in other financial sectors.

The founder of the Grameen Bank claims that the borrowers are the actual owners and that 30 per cent of the dividends are shared amongst these borrowers. Yunus has also often said, “there is enough money in the villages. Grameen Bank doesn’t have a problem with money. It takes deposits and lends money.”³³ If we accept the idea that the wealthy people, who have enough money, deposit it in Grameen Bank because of its high interest rates, it is not clear why people need loans from Grameen Bank if they live in an ocean of money in rural Bangladesh. While every borrower has to buy a share of Tk. 100 from Grameen Bank and each borrower receives a small amount of dividend, it does not make sense that a borrower has any ownership on the bank. In fact, there is no clear evidence of private ownership—a key feature of the classical notion of capitalism. If borrowers of the Grameen Bank are the actual owners, many questions arise, which have no explicit answer. For instance, what happens to a poor woman borrower (who is also the owner,

³² I do not raise any question whether BRAC use the profit for charity that it makes from microcredit operation, BRAC Bank and other for profit social enterprises.

³³ Capitalism vs. Altruism: SKS Rekindles the Microfinance Debate. <http://knowledge.wharton.upenn.edu/article/capitalism-vs-altruism-sks-rekindles-the-microfinance-debate/> (access 20 January 2015)

according to Yunus) who cannot repay her loan? Will the bank worker mistreat or become oppressive toward this woman borrower? If the answer is yes, then something unusual is happening; employees are exploiting the bank's owners.

In fact, there is no private ownership in Grameen Bank, BRAC, ASA or any other local NGO. There is, however, clear evidence of profit, efficiency, competition, and other characteristics of capitalism. These NGOs follow a capitalistic logic of profit-making, competition, and investing in program expansion. The organization of the Grameen Bank and other NGOs does not fit the classical definition of capitalism because they are not directly driven by the imperatives of the shareholders' profit. However, because they exist in a nexus of capitalistic enterprises they follow the same operational logic of any capitalist enterprise. The distinction is that shareholders directly own only a small amount of profit while most profits are directly reinvested in program expansion or organizational growth. Therefore, despite a lack of concrete evidence of the existence of individual or private ownership of profit and property within Grameen Bank and NGOs in the strict sense of the classical notion of capitalism, profits earned through microcredit operation and through other for-profit social ventures are used for further investment in program expansion in order to keep and increase capital and organizational growth.

So far I have provided substantial information about how the major microcredit organizations Grameen Bank and BRAC profit-making ventures and how these organizations are now connected with various transnational corporations of the West. Some previous studies (see Faraizi et al. 2011; Karim 2011; Rahman) have already indicated that these microcredit organizations are run by capitalist motif but I have provided more explicit and subtle explanations how NGOs can be capitalist without having "actual human owners." I have made a clear distinction between "profit" and "income" in tables 1.1 and 1.2. If we treat any organization as capitalist we need to show who is making "profit." If an organization has a huge amount of income and is strongly oriented toward getting that income, that income is still not technically "profit" unless we can specify *who* is making that profit, usually as a return on investment. Moreover, these analyses and examples of NGOs as capitalist enterprises also help me to explain how NGOs' profit-oriented approach shapes their microcredit program implementation processes, as well as staff behavior at the grass root levels, the ways they interact with

microcredit participants (female borrowers), how they define poverty in relation to neoliberal perspective, and how these overall situations, contexts, and actions of different actors affect the poor's ability to utilize microcredit to escape poverty.

Below I provide a brief overview of the theoretical perspectives on neoliberalism, capability, poverty, and power.

Theoretical Framework of Study

Neoliberalism and Accumulation by Dispossession

In broad brush strokes, neoliberalism is the political economic ideology that has become the organizing principle of almost everything from state affairs to individuals' economic and social lives (Graeber 2011:376; Harvey 2007:23). The dominance of competition-driven markets and capital accumulation is central to the neoliberal model of market economies. That is, the neoliberal ideology contributes to reproducing power inequalities and creates more space for social and economic exploitation (Farmer 2004:313). The dismantling of the welfare state, privatization of state-owned industries, trade liberalization and deregulated markets or market competition, commodification and the expansion of the transnational corporations are at the heart of this neoliberal political economic ideology (Harvey 2005 & 2007). Neoliberalism is also meant to contribute to the creation of active, autonomous, and responsible citizens to reduce the poor population's dependency on state's social welfare programs (Harvey 2005; Joseph 2010). David Harvey contends that, "[n]eoliberalism is a theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade" (2007:22).

Under the conditions of neoliberalism, people are expected to take responsibility for their own wellbeing and to behave rationally to escape social problems, such as poverty. The notions of self-regulation and self-producing subjects or agents are directly connected with the ideas of liberalism, autonomy or free choice. Autonomy, competition, initiative, risk-taking and rational behaviors across various and social and economic domains are central to neoliberalism (Harvey 2005, Joseph 2010).

However, this perspective of neoliberalism is problematic for development programs. Neoliberal economic development programs of NGOs, especially microcredit, create new spaces for the accumulation of capital for both NGOs and the wealthy class in Bangladesh. Scholars from Karl Marx to contemporary critiques of capitalism have argued that the capitalist system shows the mass of the population a utopian vision of economic and political emancipation in different phases of human history, but history repeats with similar stories that reproduce inequalities and injustices. Karl Marx (1999) coined the term “primitive accumulation” in his first volume of *Capital*. Marx showed that the states used violent measures to evict peasants from their land and means of production during the earliest stage of capitalism in Europe, which led the vast majority of the population, especially peasants and urban people, to become industrial laborers or proletarians. Later, Harvey (2007:34) termed the processes of transferring assets and channeling wealth and income, either from the poor population to the capitalist classes or from poorer to richer countries, “accumulation by dispossession.”

Harvey argues that under the neoliberal economy, powerful states (e.g. United States, Britain, China, India, and others) and the capitalist classes of these countries gain wealth at the expense of the poor countries and their poor populations. Accumulation by dispossession can occur in many ways, but the most devastating way is through a country’s national debt. Harvey (2007) argues that “usury, the national debt, and, most devastating of all, the use of the credit system is one of the radical means of primitive accumulation”(35). Like Marx’s “primitive accumulation”, Harvey’s notion of “accumulation by dispossession” also focuses on how the state is an agent involved in coercive acts to accumulate wealth, contributing to the development of the capitalist classes, pushing the mass of the population into financial vulnerability. Therefore, the state is central to both Marx and Harvey for analyzing the processes of capital accumulation by dispossession.

Following David Harvey’s formulation of accumulation by dispossession as a characteristic feature of finance-led capitalism, Rankin (2013: 557-8) argues, “finance-led capitalism is dispossessive to the extent that it extracts wealth not through primary exploitation in the realm of production or the direct enclosures of primitive accumulation, but through predation and fraud that turns poor households into new markets for financial

instruments.” According to Rankin, microcredit is part of the finance-led capitalism where the capitalists accumulate profit not through the direct control and exploitation of the means and relations of production (e.g., exploiting the industrial workers by the capitalists) but through various indirect means. I recognize that Rankin nicely explains how the microfinance corporations are integrated to global finance market system and how these corporations accumulate capital by adopting various notorious predatory means (e.g. deceptive teaser rates, undisclosed fees, etc.). However, most importantly, it is not clear from the works of Rankin and others how poor people pay high interest or service charges to NGOs if they cannot make money from their investment or if they do not use the loan in the economic production (Karim 2011; Elyachar 2005). It is also not clear from previous studies on microcredit in Bangladesh or elsewhere why poor people should continue with these microcredit NGOs if they are notoriously predatory profit-seekers or if they poor cannot benefit. In my research, I examine these questions using ethnographic data to demonstrate how various local and global structural factors, including the profit-oriented approach of microcredit NGOs, affect the ability of the poor to escape poverty in the CHT.

Neoliberal Perspectives and Blaming the Victim

According to major religious institutions (i.e. Islam, Christianity), a human has “free will” and “conscience” to choose the best and the right path in this universe. Similar ethical and moral principles for humans are also evident in the neoliberal ideology, especially in economic neoliberalism. Since people are considered autonomous and thus able to make free choices, it is expected that every person will act responsibly. That is—individual subjects will produce themselves as competent, risk-taking and entrepreneurial subjects and will follow “competitive rules of conduct” to maximize wellbeing (Joseph 2010:228). According to the neoliberal perspective, people must take control of their own situations, and consequently, they are also supposed to take responsibility for potential failures. In Harvey’s words (2005: 76), “personal failure is attributed to personal failings, and the victim is all too often blamed.” When a poor borrower fails to repay their loan, falls into a debt trap or remains poor, the individual will be blamed for misusing the loan. According to Graeber (2011), inequalities between the rich and poor, the wealthy and low-income,

the powerful and the powerless occur through social construction of the debtors as criminal for breaching the contract of paying back the debt to the lenders. Interestingly, structural constraints and other factors of the failure (e.g. the poor loan recipients) are overlooked through such social and culture construction of the debtors.

Poverty, Capability, and Power

Anthropological literature on development discourse and poverty is basically concerned with how international development institutions, notably the World Bank and United Nations, categorize and classify the poor, how poverty has been represented as problematic, and how similar solutions have been uniformly imposed in diverse conditions (Cornwall 2007; Escobar 1995; Ferguson 1990; Green 2006; Hearth 2008; Leys 2005; Tucker 1999). These scholars deconstruct the ways dominant development discourse presents the poor and generalizes the proximate causes of their poverty, consequently leading to more or less homogenous policies for tackling poverty across the globe (Green 2006; Eyben 2000).

In general, poverty is a state in which people are denied access to the material, educational, social and emotional necessities of life. While there are ‘basic needs’ such as water, food, clothes and shelter, many of these necessities are socio-culturally determined. From this perspective, “poverty is first and foremost a social relationship,” which is often the result of discriminatory social practices (Gardner and Lewis 1996:25). While the existence of poverty is universal, the conception of poverty is shaped by people’s personal experiences, needs, aspirations, and other socioeconomic circumstances in particular contexts. From this perspective, poverty is not only a situation of substantial lack of material resources, lack of food, educational, social, emotional necessities of life, but is also an experience of indebtedness, painfulness, helplessness, and powerlessness. Thus, poverty is an experience, a state or situation that can not only make people’s own lives uncertain, but can also push their future generations into vulnerability.

There is a considerable debate over the definition and causes of poverty. There are two dominant views about poverty within the discipline of economics: the “neoclassical approach” and the “political economy approach.” Edward Royce said, “For mainstream economists, poverty is a function of supply and demand, and people are poor because

they lack marketable skills. For proponents of the political economy view, poverty is a function of power, and people are poor because of inequities in government policy and labor market institutions” (2009:13). Accordingly, the proponents of the neoclassical approach attribute poverty to the individual deficiency or defects of the poor. That is, the poor’s lack of marketable skills, efficiencies, and capacities are the main causes of poverty. The neoclassical economists’ view of poverty takes an individualistic perspective: the poor are poor because of their bad choices and actions, such as working irregularly, having children out of wedlock, abusing drugs or committing crimes and so on (Mead 2003; Royce 2009). From this perspective, poverty is seen as individual problem rather than a structural effect. The key problem with this individualistic approach is that it overlooks structural forces that may potentially affect the capabilities of the poor. Consequently, the poor are blamed for their suffering.

Conversely, the followers of the political economy approach define and explain the causes of poverty from a structural perspective where dysfunctional public institutions, policies and practices persist in and perpetuate poverty. A lack of employment opportunities, unequal access for individuals to institutional credit or fair market price for their goods, and wage discrimination based on gender, ethnic or racial identity are some of the social and economic forces that may reproduce and perpetuate poverty in society (Royce 2009). Thus, the structural perspective defines poverty as a social problem, which is the consequence of the unequal distribution of power and discriminatory social, economic and political policies and practices (Royce 2009:14).

As described at the outset of this chapter, Dr. Yunus, the US-trained economist and the founder of the Grameen microcredit model, believes that the poor are not poor because of a lack of skills or that the poor create their own poverty. Instead, poor people’s lack of access to institutional credit or lack of capital makes them poor. His conception of poverty is thus partly related to the structural perspective of poverty. Dr. Yunus believes that poor people’s access to microcredit will help them escape poverty. Thus, poor people go through “the virtuous circle of low income, credit, investment, more income, more credit, more investment, more income” (Hulme and Mosley 1997:115).

Microcredit programs’ incorporation into the mainstream development agenda is based on the notion of the poor’s lack of access to economic assets and opportunities.

Consequently, poverty alleviation strategies focus on the economic policies and the productive strategies of the individuals and households assuming that the poor population's participation in the economic development program will eventually help them to escape from poverty. The immediate factors and the notion of exclusion are given priority in such economic development programs. Needless to say, this approach is important where poor or marginalized groups lack access to various social and economic opportunities. The major international development agencies (e.g. the World Bank) incorporated the notion of equity in development policies and thus included the excluded in the poverty reduction programs in many developing countries. However, a lack of careful consideration of the explanatory power relationships, particularly the invisible and persistent cause of poverty (i.e., social relations and power inequalities between different groups of people), has resulted in further failure of such development programs (see Frediani 2007; Green and Hulme 2005). Narayan, Patel, Schafft, Rademacher, and Koch-Schulte (1999: 4-5), for example, identify six dimensions of poverty: (i)

1. material dimension (e.g. hunger or lack of food);
2. psychological dimension (e.g. powerlessness, dependency or humiliation);
3. basic infrastructural dimension (e.g. lack of access to transportation, to safe drinking water and sanitation);
4. lack of access to education because of lack of economic resources;
5. lack of health care facilities, poor health and illness; and
6. lack of capacity to mobilize and to manage assets (e.g., physical, human, social, environmental) as a way to cope with vulnerability, such as gender discrimination.

This conceptualization of poverty emphasizes the poor's lack of access to various opportunities and resources, which suggests the creation of these opportunities and thus the inclusion of the excluded into various development opportunities.

The adoption of such as a multidimensional conceptualization of poverty in the international development policies and poverty reduction programs of the World Bank and other development agencies (e.g. UNDP) was largely shaped by Amartya Sen's "capability approach" in the early 1990s (See also Frediani 2007; Gasper 2002). Capability is defined as a person's actual ability to do different things and to be or to

choose the kind of life that this person values and she/he has reason to value (Sen 2009:253). Sen explains:

The capability approach focuses on human lives, and not just on the resources people have, in the form of owning—or having use of—objectives of convenience that a person may possess. Income and wealth are often taken to be the main criteria of human success. By proposing a fundamental shift in the focus of attention from the means of living to the actual opportunities a person has, the capability approach aims at fairly radical change in the standard evaluative approaches widely used in economics and social studies. (2009:253)

International development organizations and academics alike draw upon Sen's human rights-based capability approach because it recognizes that improvements to overall quality of life depends on the elimination of various forms of injustices as well as the provision of social and political opportunities for the disadvantaged groups in society.³⁴ Thus, this capability approach suggests that quality of life can be improved through supporting the development of an individual's growth and capabilities and that this growth and development would, in turn, create opportunities to eliminate all forms of social injustices including poverty, inequality and gender discrimination (see also Berges 2007).

In developing his capability approach, Sen relies on and develops the concepts of freedom, "functionings," and agency. Sen views development in terms of expanding substantive freedoms and he sees development as freedom (see Sen 1999; 2005; 2007; 2009). Sen's notion of "capability" as "freedom", or "ability to make a choice" is a little bit different from everyday use of "capability" as "capacity", "ability" or "skill." Sen emphasizes the abstract aspect of capability in which a person has to choose a particular way of life from a set of different options or opportunities or life paths that she or he has reason to value (Gasper 2002: 446). For Sen freedom is situation that enables people to choose their own course of action and to perform these actions through active and equal participation in various social and economic opportunities, which will improve their quality of life. This ability does not only depend on an individual's cultural, social and economic capital (e.g. education, training, social power, existing material resources), but

³⁴ Sen's approach is distinct from traditional utility-based theory of economics, which emphasizes how individuals make their preferences or economic choices to maximize pleasures in their everyday life.

also on their individual motivation and freedom to expand their choices. This approach toward capability draws on the notion of “enabling power,” or “power to,” which is supposed to be conducive for the establishment of social justice in society (Sen 1999; 2000). In this sense, capability is a set of opportunities and abilities that people convert into material and non-material resources (e.g. cultural capacity, enabling power, etc.) and to achieve wellbeing in a given particular social, cultural and economic context. Well-being is understood as quality of life, as defined by individuals in terms of individuals and families’ economic improvement and prosperity, self-reliance, self-respect, dignity or living personal and social life without shame, humiliation and dependency.

Accordingly, greater freedom means more opportunities for people to be involved in various actions aimed at developing individual capabilities. Sen categorizes freedom into two types: “process freedom” and “opportunity freedom.” “Process freedom” is freedom of choice, decision and action, such as the people’s freedom to make social choice to exchange with and interact with others to achieve valuable “functionings” (e.g. a healthy life, poverty-free life). “Opportunity freedom,” on the other hand, refers to the chances and opportunities available to people in given social and economic contexts, such as women’s abilities to improve the quality of life utilizing process freedoms such as freedom to participate in public life or economic production, as well as their access to education and healthcare facilities (Sen 2007:512). Sen’s concepts of “process freedom” and “opportunity freedom” are based on the key idea that capabilities can be enhanced by public policy, such as the inclusion of the deprived and disadvantaged in various social, economic and political opportunities. Similarly, Sen suggests that the direction of public policy can be influenced by the effective use of the public’s participation (“participatory capabilities”) (Sen 2007:513).

“Opportunity freedom” is central to the evaluation of capabilities or “functionings” that people achieve utilizing process freedom. Sen argues:

A functioning is an achievement of a person: what he or she manages to do or be, and any such functioning reflect, as it were, a part of the state of that person. The capability of a person is a derived notion. It reflects the various combinations of functionings (doings and beings) he or she can achieve. It takes a certain view of living as a combination of various ‘doings and beings’. Capability reflects a person’s freedom to choose between different ways of living (Sen 2007:440)

For Sen, opportunity freedom reflects the effectiveness of process freedom that people capitalize to achieve capability, and this capability entails both economic and non-economic wellbeing such as a person's ability to move freedom of physical movement and the freedom to live with dignity and not to be subjected to domination and dependency. Developing life skills (e.g. learning business skills or having entrepreneurial experiences), improving lifestyle, alleviating poverty, being healthy, or building a better future for one's children through education are some of the basic "functionings" that people value in many societies.

Furthermore, according to Sen, human agency is very important for evaluating the effectiveness of substantive freedom (i.e. process freedom). Agency is crucial because it transcends both the issues of "functionings" and capabilities. The "effectiveness reason" assesses whether substantive freedom contributes to produce free and sustainable agency and thus it enhances the ability of the people to determine their own future (Sen 2007:514). Agency, in this sense, is distinctive from wellbeing because the people as agents bring about positive socioeconomic change by capitalizing on individual freedom and various social, economic and political opportunities as well as by shaping and reshaping public policies.

This brief overview of the capability approach of Sen provides important insights into the concepts of freedoms, agency, wellbeing, and inequality and poverty, which distinguish Sen's theory from liberal tradition. Sen acknowledges that individual capability can be affected by various external factors (e.g. government policies, market barriers) and intrinsic factors such as disability. However, Sen suggests that individual subjects need to be active agents and so when the poor or the excluded are given substantial freedom (i.e. process freedom) and the provision for education and healthcare is ensured they should be able to exercise their agency to achieve capability (see also Alkire 2005; Sen 2005; Smith and Seward 2009). Therefore, while Sen's capability theory has an individualistic orientation, it also acknowledges the significance of social context and factors that can shape individuals' actual ability to achieve freedom (See also Evans 2002; Gasper 2002; Smith and Seward 2009; Sugden 1993). In other words, even though Sen emphasizes people's individual freedom and the goal (not the current reality) of allowing people to shape their own destiny, which is certainly related to the neoliberal idea of individual

autonomy, free agency and responsible subjects, he does not leave out the structural factors of poverty.

Michel Foucault's definition of power has also been influential in the post-development era. Foucault understands power as both productive and repressive, both enabling and constraining (Allen 2002:135). His early thinking and works analyze power as repressive or constraining and rooted in the sovereign power of the State. Foucault reveals the exercise of power in the imposition of the will of a state, the elite class, group or the powerful individual on a subordinate and relatively powerless one (Allen 2002; Lemke 2002). Accordingly, power was seen as essentially restrictive, repressive and negative. However, beginning in the late-1970s, Foucault began to shift his understanding of power and began to conceive of power as "governmentality" (Foucault 1991; Allen 2002; Lemke 2002; Lukes 2005). Unlike the disciplinary or regulatory power of the state (i.e. repressive power), in neoliberal governmentality national and transnational NGOs and other institutions take the role of the state, allowing the state to take a distance or indirect control over its subjects (see Ferguson and Gupta 2002; Lemke 2002). Anthropologists James Ferguson and Akhil Gupta have expanded on Foucault's notion of "governmentality" to develop the notion of "transnational governmentality." Collecting ethnographic data from India and African countries, Ferguson and Gupta demonstrate that the traditional functions and roles of the states are now transforming, creating new spaces of power for states. They show instances of resistance because of the increasing interactions of the state and state entities, with transnational institutions, such as the World Bank, IMF, WTO, and NGOs (Ferguson and Gupta 2002:989). According to Ferguson and Gupta, while some states, (for example, India) have become successful in continuing to exercise sovereign power to control their populations, other states (e.g. many African countries) have lost this ability because of the increasing influence of the transnational institutions and the political-economic globalization.

In brief, Foucault's governmentality model of power does not suggest that the sovereign, repressive power of the State has been eliminated, rather, Foucault suggests, power appears in disciplinary techniques or in technologies deployed by the state and

transnational NGOs (Allen 2002; Joronen 2013). That is, Foucault argues that latest form of power as governmentality is about the strategic, distant, concealed, and positive ways of regulating individual behaviors of citizens through a set of power relations. Foucault suggests that in practices of “governmentality,” power is located in the practices, knowledge and strategies of the state, international development agencies and institutions, NGOs. According to Foucault (1991; 1998), since the state and institutions allow individual subjects to self-regulate their conduct and because they have free will to choose their way of life, power is not just in the hands of the state, institutions or a particular group of people. Power involves discursive practices and everyone has more or less power depending on particular contexts and social situations. From this perspective, power is dispersed and immanent and is enabling as well as constraining. Further, Foucault’s notion of power involves resistance and transformative characteristics as well. As a result, power relations between individuals are unstable, changeable and reversible.

Close to Foucault’s notion of power as both repressive and productive or transformative, Steven Lukes (2005) recognizes that even the individuals who are in a relationship of dependence might have enabling power or transformative power. However, in his conception of power as “domination”, Lukes concentrates more on repressive or asymmetrical aspects of power than does Foucault’s concept of “governmentality.” In brief, Lukes’s understanding of power is vested in action or inaction of agents, and is visible or invisible, coercive or non-coercive. The central focus of Lukes’s conception of power as domination, or “power over,” suggests that the interests of the subordinate and disadvantaged are distorted and compromised.

According to Lukes, domination occurs when the power of some prevents others from achieving their capabilities. The powerful have not only the capacity to cause to act in ways that they would not otherwise but also the capacity to dominate other beings by imposing internal constraints and shaping preferences. In this way, the powerful acquire compliance to their domination. Power located in individuals’ actions is observable but power embedded in social arrangements, such as ethnic and gender identities is not necessarily observable.

Like Lukes, Pierre Bourdieu's idea of "symbolic violence" is relevant to understand power as domination. Bourdieu's notion of power is based on the idea that certain groups of people who are poor or disadvantaged not only lack economic resources, but also have less control over social networks and opportunities to own resources, and to control and to mobilize these resources in order to escape poverty (Rao and Walton 2004). For Bourdieu, habitus as structured and structuring principles of the society is directly linked to the social field, where access of individuals to social (social networks) and economic capital (material resources such as capital, land and other assets) is determined by their access to cultural capital (experiences, skills) and symbolic (recognition), —a key form of power (Harris 2006:9; Portes and Landolt 2000:531). Bourdieu's work implies that structural factors or social and cultural practices affect power relationships between individuals and groups of peoples and thus such asymmetrical power relationships perpetuate various social and economic inequalities and injustices (e.g. gender discrimination, poverty) in society.

Cultural capital is internalized by individual members of the society through socialization, which shapes individuals' dispositions, perceptions or understanding of various issues. When cultural capital is internalized, embodied and institutionalized it can affect other members within the group or in society (e.g. class distinction, gender identity). Cultural and social capital such as education, knowledge and higher social status are considered to be the most important sources of social power because they can be used both for constructive and destructive purposes, that is, power can be both enabling (power to) and constraining (power over). However, Bourdieu is interested in the latter form of power, and considers the capacity to use cultural, social or symbolic capital by the dominant groups "symbolic violence" (Bourdieu 1990; Rao and Walton 2004). Possession of cultural, social and economic capital not only gives a group of people the ability to control and mobilize these resources to maintain and enhance their position in the existing social order, but they also enable some actors to influence the marginalized to accept domination as natural.

Bourdieu's idea of "symbolic violence" is closely linked to the notion of "structural violence", which is also directly relevant to my analysis of power and dispossession through violence. It was John Galtung (1969) who first coined the concept "structural violence" to describe the adverse effects of social structures on the reproduction of poverty and social inequality, including racism and gender inequality (Farmer 2004; 2005). According to Galtung (1969:170), "violence" may occur because of lies, threats, brainwashing or indoctrination of various kinds, which may place constraints on the development of human potentialities. There are two types of violence: direct (personal) and indirect (structural). Direct violence involves an actor but there is no such actor in structural violence. Structural violence influences the unequal distribution of power, threatens people into subordination, promotes sufferings and, thus, creates unequal life chances. It refers to a kind of violence where social structure, institution or institutional policies and practices purportedly harm people through various indirect ways. While structural violence is an abstract form without social life, it can be used to threaten people into subordination and to shape their preferences, such as acceptance of injustice as natural. Structural violence occurs indirectly and the human rights abusers can keep them invisible from the scene erase their violent acts by blaming the victims (Galtung 1969: 171–172). In short, the effects of structural violence can be destructive, widespread and prolonged. Inspired by Galtung, Paul Farmer defined structural violence in this way:

Structural violence is violence exerted systematically—that is, indirectly— by everyone who belongs to a certain social order: hence the discomfort these ideas provoke in a moral economy still geared to pinning praise or blame on individual actors. In short, the concept of structural violence is intended to inform the study of the social machinery of oppression. Oppression is a result of many conditions, not the least of which reside in consciousness. (Farmer 2004: 307)

Farmer used the concept structural violence to explain how the political economy shaped international development policies and practices, and in turn, how these policies contributed to the transmission of lethal diseases such as HIV/AIDS and tuberculosis along with the perpetuation of poverty in Haiti. Farmer also demonstrated how the dominant political economic system blamed the victims and how poor Haitians were socialized to accept injustices (e.g., violation of human rights, lack of access to health care, scarcity of food) as natural. In brief, Farmer sought to demonstrate that the

contemporary plight of Haitians is the consequence of colonial and historical domination of the Western powerful states (Farmer 2004; 2005).

Now the question is which form of power best fits to my analysis of NGO practices, unequal power relationships among ethnicities, and social and structural factors of gender inequality? There is no doubt that Foucault's notion of governmentality is useful for analyzing the power relations between NGOs and borrowers. I agree that there is a connection between the expansions of the microcredit NGOs in Bangladesh and thus a limited role of the state in serving the poor and controlling neoliberal economic systems (see also Ferguson and Gupta 2002; Karim 2011), in which governmentality is relevant to understand the invisible power of the global capitalism. NGO practices such as their systems of disciplining female borrowers to maintain NGOs' organizational rules and rituals (e.g. attending weekly group meeting, sitting in rows according to the status and administrative position, greetings the workers) and financial rules such as the repayment of loan on time do not require the use of violence, as women learn to discipline themselves and behave in expected ways.

However, in my research, I want to demonstrate that governmentality is not used in a positive way from many instances and contexts of microcredit NGO practices and poor women's experience of domination. Excluding the poor from microcredit programs, blaming the poor by ignoring structural factors of microcredit failure and poverty, confining borrowers in village NGO centre or NGO branch office are some of the instances of direct and structural violence that NGO officer and workers can often commit while implementing microcredit programs. I recognize that Foucault's latest notion of power as "governmentality" still relies on both coercion and other kinds of influences, which is precisely what is happening in NGO practices. However, if we closely look at the unequal interethnic relationships or gender relationships in the broader aspects of society in the CHT and the overall effects of the discriminatory social and economic practices of the society and different actors and institutions it seems that the notion of "structural violence" best fits to analyze how the social and economic life of the poor population, especially the Pahari and poor women is negatively affected. I focus also on how microcredit NGOs capitalize on local peoples' beliefs about the causes of poverty that blame the victims for their own suffering to normalize NGO oppression. I argue that

the dominant local thinking that the people remain or become poor because of their own faults is nurtured institutionally by development NGOs. I use coercive power (power over) and violence interchangeably to refer to the actions of actors or agents, institutional practices or structural constraints that affect capabilities of the poor. While I recognize that every person has some kind of power to self-regulate or to resist against some form of injustice, asymmetrical power based on cultural, social and economic capital become an important determining factor on who will dominate over whom.

Intersecitonality of Local-Global Structural Factors, Violence, and Capability Deprivations

So far I have outlined some broad theoretical concepts and their relations to my research. In my doctoral dissertation, I explore how local social structural factors and the global economic structural factors simultaneously affect the ability of the majority poor population to escape from poverty. From this perspective, now I will explain how my research is built on the ideas of these scholars or where I diverge from these theorists.

Microcredit NGOs' Market Rationality, Poor's Desires for Loans, and Accumulation by Violence

While Harvey's analysis focuses more on how the powerful states and transnational capitalists accumulate wealth, my research endeavors to demonstrate how economic and cultural globalization processes create spaces for the NGOs, for both transnational companies and local merchants to expand markets of finance, consumer goods, and how this affects the lives of the poor population in the CHT in Bangladesh. I aim to demonstrate how structural violence of the neoliberals including NGOs, media corporations and other capitalists as well as local power dynamics affect the capabilities of the poor population participating in economic development programs³⁵.

³⁵ NGOs' acts of disseminating success stories and making false promise to borrowers to expand microcredit program, producing unequal power relationship between NGO staff and borrower, not sharing detail information with the unskilled and inexperienced borrowers about how to use the loan in an economic activity and acts of imposing hidden service charges upon borrowers. Commercial TV advertisement, for example, influenced individuals' consumer behaviors by portraying social life in a way, which is often imaginary, utopian and contrasting with the contemporary local life ways, that facilitates market expansion for global consumer products. These factors, along other some local social conditions, significantly shape individuals' choice to use the loan for consumer goods and often produce negative consequences (e.g. cycle of debt) for the poor. I consider of many of these acts of NGOs and other

As I have indicated in previous section, Grameen Bank, BRAC and most other national and local NGOs follow capitalist logic and capital accumulation for further organizational expansion and growth. I want to demonstrate that NGOs have multiple ways of recovering loans and eliciting desired behavior of the microcredit participants, including direct coercion, and these various different means are deployed in order to ensure smooth microcredit program operation and expansion. I call microcredit NGOs' economic gains through various coercive means "accumulation by violence". In my research, the term "accumulation" has been used to indicate how NGOs gain financially through both direct and indirect means. Collection of interest on loans, hidden institutional service charges, insurance deductions and obligatory savings are some of the direct means through which microcredit NGOs can accumulate capital. NGOs also benefit indirectly, as they can use a group of women as fiscal enforcers and exploit these women's free labor for reducing NGOs' operational costs. NGOs also reduce their financial and administrative costs by asking their group leaders to collect money from each female borrower for purchasing registry books, sitting mats, and other articles for each village NGO centres.

Most importantly, I explore how NGOs adopt the market principle of competition in order to expand credit programs by enchanting people through dissemination of selective success stories of microcredit. I aim to demonstrate that microcredit NGOs deliberately exclude failure stories from their institutional discourse and incorporate success stories to popularize microcredit programs among potential clients. This influences many poor women to use microcredit in the hopes of improving their social and economic position. Moreover, I demonstrate that NGOs are driven by the competitive market approach that creates desire for a loan and a better life for the poor but that there is a huge inconsistency between why the loan is given and how it is used. I consider many such practices by NGOs as "structural violence" (see Galtung 1969; Farmer 2004 & 2005) as they contribute to the breakdown of social relationships amongst and between different groups of people and social and economic suffering for the disadvantaged groups.

agents of global capitalism structural violence. For more detail explanation and examples about why I am considering these actions and consequences upon poor structural violence, please see section "Structural Violence, the Poor, NGOs and Neoliberal Structural Factors" in chapter 8.

In fact, the contemporary economic and cultural globalization process is at the heart of neoliberal ideology, the “political economy” (Appadurai 1990, 1996 & 2000; Comaroff and Comaroff 1999; Kellner and Durham 2006; Mukhopadhyay 2012). The basic principle underlying this political economy is the production and distribution of commodities, regardless of whether they are material goods, images through the media or cultural artifacts (e.g. TV, CDs, or direct means of entertainment), which “take place within a specific economic and political system, constituted by relations between the state, the economy, social institutions and practices, culture and other organizations” (Kellner and Durham 2006: xxvi). Based on his anthropological research in India, anthropologist Mukhopadhyay demonstrates that, “globalization is imagined through metaphors, narratives, and rumors” (2012:37). Mukhopadhyay argues that the agency in the pleasure or contentment by the ordinary Indian rural masses is located in their enchantment by images of commodities rather than in actual consumption or enjoyment. The rumors about the arrival and sale of cheap consumer goods in Calcutta in India, for example, created a fascination among the Indian rural masses who then came and queued at the stadium gate in Calcutta to buy these goods. However, these rural masses had to leave the venue with disappointment and frustration as they were told by the administration that the sale of cheap foreign goods had been shifted elsewhere. Conversely, the rich people were entertained by the administration (Mukhopadhyay 2012:36-39). Using this incident, Mukhopadhyay demonstrates that while the desires of the mass of the poor population in many countries are directly or indirectly shaped by different mechanisms of economic and cultural globalization, in most cases poor people cannot realize their desires.

Building upon these ideas of past scholars, I examine the effects of larger global economic process as well as local social and cultural factors upon consumer behaviors of poor microcredit participants. I examine the ways in which many of the poor are tempted to acquire loans in order to attain the latest models of entertainment technologies such as TV, CDs, and DVDs. I argue that agency is located in the temporal experience of pleasure when loans are used to obtain ‘luxury’ goods, such as televisions. In other words, the poor gain pleasure (albeit possibly for a short time) when they use money from NGOs to buy consumer goods. Of course, pleasure may alternate with suffering because of their

inability to repay the loans. Hopes and dreams turn into discontentment, frustrations, and nightmares, as many of them have to deal with the increasing burden of debt (see chapter two).

Legitimizing Injustice and Assimilating Hegemonic Ideology

Within a neoliberal ideology, an individual subject is independent of social structures and thus the ideology undermines gender, ethnic and economic class differences while assessing the success and failure of the poor populations in a particular societal context. The ideology rarely allows for the consideration of the differential capabilities of poor people, or their personal, social and economic endowments, and thus it is based on a faulty premise that self-governance and motivation for profit is the only way to maximize the de-regulated market potentials for enhanced wellbeing.

As I have described above, both Harvey (2005) and Graeber (2011) point out that within neoliberal ideology the victims are at fault. However, it is not always the fact that only the creditors, the microcredit NGOs, local landlords, moneylenders and other non-poor people, who blame the victims but also the poor people themselves internalize and accept this dominant idea as natural. In fact, there is no work explaining how local people and their descendants perceive this dominant thinking and how this type of belief about the causes of poverty or how the failure of the poor can be used to legitimize coercive power or structural violence of the NGOs. Therefore, in my research, I examine how NGO officials construct the successes and failures of the loan users and how they overlook structural factors of the causes of business failure and poverty. My analysis also investigates the reasons poor people assimilate hegemonic views that blame the poor for their poverty. I argue that this view of the poor normalizes the unequal relationships between the poor and the non-poor in society and public institutions, the state and NGOs, and thus tolerated poverty becomes embedded within social norms, systems and development practices. Thus my research examines not only why many of the poor cannot escape poverty by capitalizing on microcredit program participation, but it also explores how poverty is exacerbated and tolerated in a particular geographical context in the CHT in Bangladesh.

In brief, I aim to demonstrate that the reproduction of inequalities can occur through several processes: (1) creating unequal power relationships among microcredit participants based on their existing social and economic capital, (2) blaming the victims, excluding the loan defaulters and the poorest of the poor for their inability to be consistent with NGOs' fiscal disciplines (e.g., ability to make timely loan repayments), (3) creating unequal development opportunities for the poor, and (4) NGOs' overlooking structural factors of poverty and instead viewing poverty as the fault of the poor.

Local-Global Structural Factors, Process Freedom and Capability Deprivations

As I have stated earlier, Sen's capability theory largely emphasizes the democratic institutions and practices and the inclusion of the poor or marginalized into social and economic development programs so that these populations can make free choices, capitalizing on substantial individual freedom (i.e. "process freedom") to achieve what they value (e.g. poverty-free life, accumulation and enhancement of higher social status). No doubt Sen's capability theory offers some important analytical and philosophical grounds of human development and social justice (see Sen 2009), but the question that has largely remained unexplored is the extent to which Sen's notion of capability is achievable for the poorest of the poor as the global political economy, as well as other local social structural factors and processes continue to shape individuals' choices. Moreover, Sen's capability theory is still insufficient to explain why the majority of poor women cannot improve their quality of life despite their substantial "process freedom" to participate in microcredit program and use the loan in the economic production. With an analysis of the less visible impact of power inequalities embedded in economic and social relationships among various groups of people at the community and family level, my research complements Sen's analysis of inequality with regard to class and the state. It is this gap that I address by examining the impact of unequal relationship between NGO workers and borrowers, ethnic groups (especially between Bengali and Pahari) and gender relations. My research uncovers many of those subtle social relations at the bottom of the social structures and the influence of larger structural factors such as the economic and cultural globalization on local cultures and human agency, which have rarely been investigated in relation to people's freedoms and capabilities. In my research, I focus on

cultural values and context and how they affect people's freedoms and how they can shape desire to use those freedoms. Thus, my research will contribute to a growing debate over whether capability theory sufficiently addresses the issues of social structural relationship between individuals and social-economic institutions (e.g. family, NGOs, transnational corporations) and how this type of structural relationship facilitates or affects opportunity freedom (i.e. capability) of the poor population.

I investigate whether poor people's freedom to participate in microcredit programs and their ability to decide how to use the loan helps them to improve their economic life or whether the freedom and ability to use the loan leads them into debt, subordination and further poverty. I also examine how various social and cultural processes often influence the poor to adopt new lifestyles and how the poor's experience of capability deprivations varies across genders and ethnic groups in the CHT. Therefore, I endeavour to examine whether or not female participants of microcredit programs can exercise their individual agency to achieve economic justice by challenging repressive power practiced by people of the society (e.g. employers) or structural factors such as patriarchal values in ethno-culturally diversified communities. I explore how unequal power relationships between the Bengali merchants and the Pahari microcredit users affect the Pahari's abilities to enhance capabilities, to develop entrepreneurial skills, to expand business networks and to improve their overall socioeconomic situation. As described earlier, the contemporary antagonistic relationship between the Pahari and the Bengali is the consequence of long-standing political-economic conflicts between Paharis and the Bangladeshi nation-state. The repercussions of this on the indigenous Paharis are widespread, especially with respect to the capabilities and freedoms available to the Paharis. I explore these dynamics and thus my analysis contributes to capability theory by providing an understanding how structural power embedded within community and family relations and in the economic and cultural globalization processes concurrently affect the effectiveness of microcredit programs in the CHT.

Now I will give a description about my research area, peoples and their economic situation, research methodology, and ethnographic research experiences. Then, I will end this chapter by giving a brief overview on the structure of this thesis.

Description of the field site and Socioeconomic Profiles of the People

As I have described above (see “Choosing the field site , I conducted my dissertation research in the Rangamati Hill District in the CHT covering three major neighborhoods: Assambasti, Khippapara and Tanchangyapara. Assambasti is the largest neighborhood and is the most diversified in terms of ethnic groups, religion, occupation and economic activity. It is the hub of eight ethnic groups: the indigenous Chakma, Marma, Tanchangya, Tripura, Lushai, as well as transmigrant Bengalis, Ahamiya and Chhetri [Gurkha]. The first five ethnic groups listed here are Paharis³⁶. According to local elders and indigenous community leaders, Ahamiya migrated from Assam, India and Chhetri people migrated from Nepal during the Second World War.

Assambasti is also a place of significant economic inequalities and power asymmetries between the rich and poor. The major economic activities of the people of this neighborhood include small or medium size businesses (e.g., textile, groceries, timber/furniture), service in government offices and in NGOs, working for textile factories, rearing livestock, fishing and daily laboring and other self-employment.

The second neighborhood is Tanchangyapara, inhabited by the Tanchangya and the Chakma peoples and it is located just a kilometer away from Assambasti, although separated by Kaptai Lake. Tanchangyapara is further divided into two main parts: north Tanchangyapara and south Tanchangyapara [covering a part of Mittingachari village]. *Jhum* cultivation³⁷, farming, fishing, horticulture or gardening is the major economic activities of the people of this locality. Landless people depend on daily laboring and collecting and selling firewood and wild plants to make their livelihoods. Very few people from this neighborhood are employed in the service sectors, and some others have small businesses, such as textile and grocery stores.

36 The term “Pharis” is plural of the “Pahari” meaning the hill people, or the people who live in the hill. For more detail see Ali. 2012. Place and Contested Identity: Portraying the Role of the Place in shaping Common Sociopolitical Identity in Chittagong Hill Tracts, Bangladesh. *Diversipede* 1(2): 31-46.

37 A subsistence form of hillside agriculture in which the Paharis produce dry rice as the main crop along with some other local varieties of vegetables, spices and some cash crops such as ginger, turmeric, etc. while traditionally *jhum* cultivation included a rotational cycle for the natural regeneration of the land, now-a-days they frequently use the hillside land every season of the year. Instead of waiting for natural regeneration of the land, the Pahari farmers often use modern agricultural technologies such as fertilizers and pesticides to produce crops and vegetables.

Khippapara is the third neighborhood, located to the northeast of Tanchangyapara. Three different ethnic groups inhabit Khippapara: the Bengalis, the Chakmas and the Marmas. In general, this neighborhood is further divided in two small paras [neighborhoods]: the Bengalipara and the Chakma and the Marmapara, known as Lemuchari, which is located within a little interior of the hill. Farming, fishing, small business, producing wine for sale, working in textile or furniture shops are major sources of livelihood. Few Bengalis have their own cultivable land and the majority of them depend on business, textile and other forms of economic activities (e.g., working in transportation or construction sectors)³⁸. A significant number of people in the Chakma-Marma para depend on fishing, daily laboring and the production of wine³⁹. Wine production and sale is one of the main sources of income for the majority of the Pahari families here.

38 Bengalis were not the original inhabitants of this area. Some of these families were settled displaced by the Kaptai Dam in the 1960s and some other families migrated here from Chittagong during the 1980s under the resettlement policy of the government of Bangladesh. During the post-peace accord period many of the Chakma families moved to interior area of Rangamati by selling their lands to Bengali people.

39 Traditionally, the Pahari used to produce wine at home to consume on special occasions to entertain guests during various social festivals. However, now many of the Pahari particularly poor women are involved in wine production for sale and it has been a popular item even among many Bengalis in my research area. Local people call it “pagla pani”, meaning the water that intoxicates the person who drinks it. This wine is no longer limited to the Pahari household consumption, rather it is produced for commercial purpose, though illegal. I observed that local police sometimes raided some houses in my research locale, especially in the neighborhoods Assambasti and Khippapara. Despite this wine production remains one of the main sources of income for many of the poor Pahari families in Khippapara and some families in Assambasti and women usually borrow from NGOs for this business.



Figure 1.1 1: A view of the field site, Assambasti and Khippapara
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My research shows that most of the Bengalis who live in this research setting began to migrate to Rangamati from plain districts of Bangladesh in the mid-1900s. The total population of Assambasti was 2686 (1396 males and 1290 females) and the total number of households was 676 (BBS 2005:74).

Social and cultural differences between the indigenous and Bengali populations are marked by different ethnic origins, social organizations, and cultural systems (e.g., marriage, social customs, kinship, religion, and language). The Chakma, Marma, Tripura, Tanchangya, and Lushai peoples lived in Rangamati long before the Bengalis migrated to this region. It can be assumed from different historical sources and narratives of local indigenous peoples that they are the original inhabitants of the CHT and are of Sino-Tibetan descent, belonging to the Mongoloid group (Chakma 2010: 283). Linguistically, the Chakma, Marma, Tripura, and Tanchangyas are associated with Sino-Tibetan. It appears that these indigenous peoples might have migrated from the Chin Hills and Arakan in Myanmar (e.g., the Chakma, Marma, Tanchangya and Lushai) and Tripura in India (UNDP 2009; Uddin 2008).

The Pahari are largely dependent on *jhum* or shifting cultivation, agriculture, natural resources found in the hills and forests (see Figure 1.2) and, most importantly, on their cultural capacity to produce traditional dresses on waistlooms (see Figure 1.3). Land, forest, and Kaptai Lake remain the principal means of living for the majority of the Pahari. Pahari farmers cultivate rice and vegetables and collect wild vegetables and fish

from the nearby forest and lake and river to meet their daily needs. They also cultivate ginger, turmeric, esculent roots and they produce litchi, jackfruit, banana, pineapple and mangoes for both household consumption and sale to local and regional markets.

Kaptai Lake has been an important source of livelihood for local people. Many people depend on Kaptai Lake for catching fish either for consumption or for selling to earn their livelihood. Collecting wild plants and vegetables and wild animals are also an important part of economic activity for many Pahari, especially those who live in remote hills. Some of the Pahari, especially the Chakma, Marma and Tripura are visible in formal job sectors, both public and private, in business sectors, as well as in other self-employment. The major economic activities of the Bengali are businesses such as timber or furniture, textiles, fishery, transportation, and service in public and private sectors. Major source of livelihood of the majority of the poor people, both Bengalis and Pahari, is daily laboring. Pahari women, regardless of their household economic status, engage in all forms of agricultural and non-farming economic activities. Most of the Bengali women, especially those who are educated, are employed in the formal sector, particularly in government and NGO offices.



Figure 1.2 1: A group of Pahari working in the jhum land
Photo copyrights: Author



Figure 1.3 1: A Pahari [Chakma] woman is weaving a tradiitonal dress
Photo copyrights: Author

Based on the existing economic resources, sources of income, occupations, and socioeconomic status of housheold members in the community, I categorized all research participants and their households into three main groups: the non-poor, the poor, and the very poor or the poorest. The non-poor, include middle income and wealthy families, have some permanent economic resources such as land, and multiple sources of income. This type of household may have income simultaneoulsy from agriculture, business and jobs, and an average monthly income range Tk. 10,000 (US\$131)-TK. 20,000 (US\$ 262) and they do not face any sort of food shortage during any time of the year. Poor housheolds may have some economic resources and assets such as land, livestock or small business enterprises, but household members may have to depend on daily laboring⁴⁰ to manage their household needs. The household members of this group may experience moderate food insesurity sometime such as eating insufficient amounts of food often by at least one or two members because of lack of food availability in the household. An avergae monthly income of such households is is no greater than 10,000 (US\$131). Finally, poorer or very poor housheolds are basically landless and they do not have any permanent economic resources. They mainly depend on manual labour to earn

⁴⁰ Note that in local social cultural context, people who depend on daily laboring for their livelihoods are considered as poor and their socioecononic position is lower than those who never do such manual work.

their livelihoods. An average monthly income of such households is less than Tk. 5,000 (US\$ 64). Household members, especially female members often have to skip at least a meal a day or they have a poor diet because of lack of income and chronic poverty (see Figure 1.4 below).



Figure 1.4 1: A poor Pahari woman is eating rice with vegetables and green chillies
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Needless to say, this latter group of people is socioeconomically more vulnerable than the first and second categories. So, social and economic insecurity is one of the main concerns for the poorer people because they are majority population in my study community (See Table 1.3 below).

Table 1.3 1: Socioeconomic profile of the research participants' households

Household Type	Average monthly income (in Taka)	Total number of Bengali households	Total number Pahari households	Total number of households	Percentage
Non-poor households ⁴¹	>10,000	4	13	17	15%
Poor households	>5,000	13	22	35	32%
Very poor households	<5,000	17	42	59	53%
Total				111	100%

Data source: Fieldwork 2009 & 2011.

According to the data in Table 1.3, most of the households (53 per cent) are very poor and they live on less than US\$ 2 a day. The Pahari households are poorer than the Bengalis. Note that according to the Household Income and Expenditure Survey-2005, an average monthly household national income in Bangladesh was Tk.7, 203 (US\$ 92), rural Tk. 6,096 (US\$78), and urban Tk.10, 463 (US\$134) (Ministry of Finance 2011:199). The latest data of the United Nations shows that 50.5 per cent of the total population of Bangladesh was living on less than \$1.25 a day.⁴²

Research Methodology, Participants, and Data Analysis

It is imperative for every ethnographer to live as closely as possible to the community being studied because it helps the ethnographer not just to observe what is going on but to participate actively in community life (Devereux and Hoddinott 1993). While conducting my doctoral research I lived in my research area which provided me unrivaled opportunities to become a “participant observer” and thus gain insights into how the people live, how they interact to each other, and the nature of social, economic and

⁴¹ This category of households also includes local NGO workers who are serving in different NGOs and members of several of these households.

⁴² United Nations 2010. Poverty: the official numbers <http://www.un.org/esa/socdev/rwss/docs/2010/chapter2.pdf> (accessed 11 July 2013).

political relationships among community members. As I described earlier, my research locale is constituted of three major neighborhoods and is inhabited by eight different ethnic groups. I lived with a family from one of these neighborhoods. This place is surrounded by the Kaptai Lake to the North, East and South, and is connected to Rangamati District Town by a feeder road. Both sides of this feeder road have a cluster of houses made of corrugated tin, wood, bamboo and mud. The family that I lived with had two houses, with rooms in each house and I rented one of these rooms. The house was made of corrugated tin, bamboo, wood and mud-walls. This family was Tripura and had been followers of Hinduism, but they converted to Christianity before my arrival. The housewife, whom I called 'Didi' [Elder sister], cooked for me and I often ate with the members of this family. Within a hundred meters of this house were several grocery shops, a tea stall, a laundry shop and some furniture shops. A small bazar [market] was held early in the morning once a week, where Pahari men and women were used to sell fresh vegetables, fruits such as bananas, pineapples, jackfruits, and milk and a variety of fish. Sometimes I bought some of these food items from Paharis. There were also a couple of small marketplaces and a cluster of small grocery stores and restaurants near my research area where I often visited. In the evening, I had an opportunity to meet many people while taking tea in a neighborhood tea stall, or while walking around the community. I often chatted with people about various aspects of their way of life, as well as people's experience of microcredit and poverty, and interethnic or community relationships, while taking my dinner, or while watching TV with them at night. In addition, I participated in various social and religious festivals, including the celebration of a marriage ceremony, community feast and funeral rituals. The following subsection describes the research methods and techniques I followed in collecting and analyzing primary data.

Participant Observation

The hallmark of anthropological research, participant observation involves collecting data in a relatively unstructured manner while simultaneously improving one's understanding of the issues through participating in everyday community activities. Ellen argues that

The crucial importance of the researcher's active participation in the lives of subjects derives from making it possible to learn the meaning of actions: through

living with people being studied, and through necessity of behaving toward them and communicating with them, the researcher/ethnographer comes to share the same meanings with them in the process of active participation in their social life. (1984:29-30)

This method allows for open-ended and intimate interactions between interviewer and research participants. In such a dialogical research context the research participants usually feel comfortable and free in sharing information about their sociocultural system and life experiences. Therefore, this approach gives ethnographers an opportunity to engage actively in community life, to observe, describe and to interpret tacit aspects of complex social realities that often remains outside people's consciousness. I found this anthropological research method very effective, especially in exploring the relationality of social life, such as women's relationship with family and community members as well as NGO officers in relation to women's microcredit involvement, roles and activities (See Bernard 1998; Camfield et al., 2009; Murphy 1986; Weiner 1995).

Participant observation was very useful for recording subtle information about people's social and economic life ways in the research locale, especially power relations and interactions between NGO officials and female borrowers, relationships between the rich and the poor, the Pahari and the Bengalis, sources of livelihood and economic activities. In order to record power relations between the Bengali traders or merchants and the Pahari, regardless of their roles as sellers or buyers, I observed activities in various local markets in Rangamati. I attended many NGO group centers in my research area to observe how the loan officer collects from borrowers, how they talk and behave with the group leaders and other female borrowers, especially when a borrower fails to repay the loans, or when the situation demands that a group of women are required to collect the outstanding loans. I also recorded unequal power relationships between poor community members and leaders, including elected local politicians. Examples of this included legal and economic interactions (e.g., divorce proceedings, physical assault, access to foreign aid/government relief, land sales, etc.). Thus, participant observation proved an effective means of collecting useful and subtle information about how social and economic power is exercised in various domains of peoples' everyday life.

Unstructured and semi-structured interviews

Unstructured and semi-structured interviews were very helpful for discovering what people thought about the effectiveness of microcredit programs and how these perceptions compared between individuals and groups. Such comparisons are useful for identifying shared values in the community. I conducted unstructured interviews with key research participants (e.g. NGO officials, community leaders, and microcredit participants) to gain insight on factors shaping microcredit success or failure amongst various borrowers. Together with participant observation, this data collection technique allowed me to elucidate local power dynamics, and how people or groups are (dis)empowered. Such insights provided a solid idea as to why some people are able to mobilize economic, social and cultural capital to develop capabilities while others cannot. Note, I collected informed consent, written and oral, before recording or conducting any interviews and followed all other research ethics in accordance with the rules and regulations of the University of Alberta.⁴³



Figure 1.5 1: Conducting a semi-structured interview with a Chakma family
Photo copyrights: Author

⁴³ In accordance with the rules and regulations of the University of Alberta, I adhered to the GFC Policy Manual, Section 66, “University of Alberta Standards for the Protection of Human Research Participants”. I obtained human research ethics certification from the Arts, Science, and Law (ASL) research ethics board at the University of Alberta prior to commencing my research.

Semi-structured focus group interviews (see Figure 1.6) involved small groups of unrelated individuals (usually 6-8) and a number of guiding questions, which are typically asked of each informant in a systematic and consistent order. Focus groups interviews were useful for collecting a large of amount information in a short period of time and also for understanding common group experiences. This method was also useful for making comparisons across interviews as the participants were asked more or less the same questions (Berg 2009:107; Bernard and Ryan 2010:29; Ellen 1984:235; Fetterman 2010:41). I conducted semi-structured focus group interviews to understand the range participants' experiences with microcredit programs. This interview strategy was used to hear diverse voices among those who are 'beneficiaries' or 'participants' of microcredit NGOs, what challenges or opportunities exist, and how improvements can be made.



Figure 1.6 1: Conducting a semi-structured focus group interview with a group of Pahari women

My research student was explaining meaning of some Chakma dialects.

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In May 2009, I began initial contact with the study community. I conducted a preliminary household census of 64 households in June 2009. By August 2009, I had conducted 30 semi-structured interviews with community research participants. In the second phase, I started my fieldwork in February 2011 and concluded at the end of July 2011. I conducted a total of 116 semi-structured interviews (92 individual interviews and 24 group

interviews). The total research participants numbered 166, including 17 NGO officials and workers. I selected 103 women and 46 men from different ethnic groups such as Bengalis, Chakma, Tripura, and Tanchangya, using purposeful sampling to capture different ethnic and socioeconomic backgrounds (see Table 1.4 below). All of the participants' households were directly involved with different NGOs for at least two years, and the total participant households were 111.

Table 1.4 1: Demographic features of research participants

Ethnicity	Religion	Gender		Total Number of Research participants (excluding 17 NGO officials)
		Male	Female	
Ahamiya	Hinduism	3	9	12
Bengali	Islam	5	17	22
Bengali	Hinduism		8	8
Chakma	Buddhism	12	18	30
Chettri [Gurkha]	Hinduism	1	3	4
Lushai	Christianity	1	-	1
Marma	Buddhism	6	14	20
Tanchangya	Buddhism	15	22	37
Tripura	Hinduism	3	12	15
Total		46	103	149

Data source: Fieldwork 2009 & 2011

All of the members of microcredit NGOs were women, however I found that the actual users of the funds were often men. Consequently, I interviewed both men and women to learn the details of who borrowed the loan and why. I investigated who used these loans and how, and if they felt they benefited or not.

During the data collection process, I transcribed and translated interviews into English from Bangla. These data, including field notes were transcribed daily and saved in my personal computer. I used ATLAS.ti.6.2, qualitative data analysis software, to define codes and themes (Brett 2006:9). All primary data were analyzed based on previously conceptualized codes. Then, I used a code manager to derive all the quotations for selected code(s), which provided all quotations list names and references and detailed quotations in quotation filter. I then organized all the data and into thematic categories, including key analytic concepts such as gender relations, NGO practices, manipulation, power relations, and poverty. I also used a spreadsheet to quantify some of these data

such as the research participants' reasons of NGO involvement, who decide to enroll with NGOs and who use loans and how, multiple borrowing, or reasons of leaving NGOs. I checked the accuracy and validity of my data against the everyday experience and activities of the research participants during the actual process of data collection (Ellen 1984). I compared these findings with relevant grey literatures⁴⁴. These sources helped me to triangulate information collected from field.

Reflexivity and Identity of the Ethnographer and Limitations of the Research

There exists an intimate connection between a particular research setting and how an ethnographer experienced the research community and the research participants during fieldwork. An ethnographer might have different fieldwork experiences based on their own identity and dynamics of the ethnographer/research participant and community relationships (Beasley 2006:21). Reflexivity, the conscious self-examination of the ethnographer's interpretative presuppositions, enriches fieldwork by anthropologists who pay more attention to the interactional processes through which they acquire, share, and transmit knowledge. It implies a conscious reflection on the interpretative nature of the fieldwork, the construction of ethnographic authority, the interdependence of the ethnographer and informant, and the engagement of the ethnographers in internal dialogues. To put it in another way, the ethnographer's conscious reflection on the 'self' and the 'subject' in formal ethnographic writing is known as "reflexivity." Thus, being reflexive enables ethnographers to critically consider their own positioning while investigating and interpreting culture (Berg 2009; Hammersely and Atkinson 2007; Rabinow 1977; Robben and Sluka 2007; Thapan 1998). Reflexivity reveals the ethnographer's actual position in the field in terms of his or her relationships with the research participants, personal impressions in the community, roles and strategies in developing rapport, and access to the relevant domains of information.

The reflexive approach in ethnographic research also implies that simply describing research participants, study locality and reporting the research findings is not enough to be considered a good ethnography. Rather, researchers must be engaged in internal

44 Grey literature includes NGO reports, monthly loan disbursement and loan collection reports, number of village NGOs centers in the research area and the total number of participant members, documents on loan defaulting, or the closure of NGO programs. Sometimes I also collected such information from the branch and area offices in Rangamati.

dialogues to examine how they understand themselves and to explain their activities in the field (Berg 2009). As I conducted this fieldwork in my native society, I did not have to experience emotional anxiety, culture shock, a language barrier and other problems ethnographers traditionally encounter in the field. However, pain and pleasure are integral part of the anthropological research process. I have had some wonderful experiences of meeting and establishing relationships with many people, acquiring knowledge about different cultures and ways of life within my home country, visiting some remote and beautiful places that I never had seen before this study, though I lived in Bangladesh. I also encountered some shocking and painful incidents while conducting this research, such as the death of my key informant. Sometimes I faced problems for accessing research participants to collect data either because of my ethnic identity or because of NGO interference. In addition, my gender identity as a male researcher, my position as Bengali to the indigenous peoples, my personal, academic and cultural background, and above all, the nature of my research questions altogether might have influenced how the research participants perceived me, and in turn, what they would share with me.

As I often observed during my dissertation research in Rangamati, local Pahari often address the Bengali settlers as *Bangyia*, *outsiders*, and *strangers*. In local context, such a connotation has serious negative implications. For example, *Bangyia* represents people who migrate from the plains and they are considered very poor, landless and homeless. The Pahari use such terms to undermine the social and economic status of the Bengali settlers in the CHT. Though they never addressed me in this manner (that I was aware of), this led me sometimes to feel uncomfortable, as I was part of this Bengali ethnicity and community. I was also an outsider there.

In general, the Pahari distrusted the Bengalis because of their past histories and contemporary antagonistic relationships over political-economic interests. For instance, when I approached to talk to a program manager of an NGO in June 2009, who was a Pahari, he said that many researchers like me (e.g., Bengali, university teachers) had gone to Rangamati for research. He said that the Bengali researchers talked to the Pahari and they collected information about the Pahari's social, economic or cultural aspects of life. However, when these Bengali researchers published their reports it revealed that the Pahari' way life had not been represented accurately. He claimed that the Bengali

researchers deliberately misrepresented the Pahari to undermine their traditional life ways. In fact, such perceptions of the Pahari about the Bengali researchers created problems for me sometimes in the field when I approached the Pahari research participants, especially educated and male research participants.

Some research participants initially perceived me as an audit officer of an NGO and they were seemingly afraid to talk to me about their involvement with NGOs and the use of loans. I found the majority of the female borrowers were involved with several different NGOs at the same time. Ideally, NGOs discourage their borrowers from such behavior. Perceiving me as audit officer, some female borrowers were not comfortable to share their multiple NGO involvements with me. Over time, they began to believe that at least I was not from any NGO and I was not trying to make any trouble for them.

I found some poor women who acted as proxy borrowers. In other words, these poor women borrow from different NGOs in their names hiding the fact that they will handover these loans to other households including to those of relatives, neighbors or landlords. However, until the middle of the final phase of fieldwork in the CHT, it was still unclear how the proxy borrowing of microloans worked. Though people often talked about forward lending and proxy borrowing, few specified who was involved in such activities because they try to hide such information. Neither the proxy borrowers nor the receivers felt secure enough to share such information with outsiders (e.g., the researcher). While conducting individual or group interviews, it was revealing that some research participants talked about proxy borrowers without mentioning their names. However, my repeated visits, personal interactions and rapport with some informants proved useful in discovering some of this information about the proxy borrowers. Moreover, my research assistants' efforts were very effective in getting access to some proxy borrowers. Later, some people began to perceive me as powerful, someone who was able to influence the policy of the government and NGOs. I was requested repeatedly to bring the problem of the poor borrowers into the NGO and public policy discourse, to take steps for the poor people so that they could get a better opportunity for positive economic change.

Finally, like any other anthropological research my research might have some limitations in relation to my gender, nature of research of questions, cultural norms and societal

complexities about sharing information about gender relations, power dynamics within household, financial issues and so on. While conducting key informant or focus group interviews I asked the informants to share information with me about the decision-making process at the household level and financial issues such as who decided to enroll in microcredit NGOs, who used the loan, for what purposes, and with how many NGOs they were involved. Research participants, either men or women, might not always give accurate information or may feel uncomfortable in sharing such information in-group interviews. There might also be potential limitations of collecting information about the power dynamics among NGO workers, group leaders and general borrowers within the NGOs' loan centers. To minimize such problems I tried to be careful by asking any research questions in a manner that might not embarrass the informants, or I emphasized that it was their choice to not respond to any particular question. As it is impossible to maintain strict confidentiality of data discussed in the group interviews I requested each participant not to disclose or share any information to non-participants of the focus group discussion. As I am male I had more access to male than female research participants. It is the cultural norms of my study community for some women to not feel comfortable talking with an unfamiliar man. To minimize this limitation I followed two strategies: 1) I built on my past connections, developed during my pilot study, to establish and expand rapport with all community members, including women; 2) I recruited a female and Pahari research assistant from the field site, Rangamati, in the CHT.

Why you are still here? Haven't you finished your research yet?

During my ethnographic research in Rangamati, sometimes I encountered some problems for making people understand why I should stay for a long-time in the study area, why I needed to talk to people for long time, why I should record their voices, why they should sign a consent form or why I want to know so many things about their social and economic lives. Some people sometimes asked me: "why are you moving around here and there and asking people about microcredit? Go to NGO office and ask them what you are looking for and they will give you all the information you need." In the evening while walking on the road, sitting at a local tea stall, on the embankment of the Kaptai Lake, and sometimes beside the deck of the Assambasti Bridge (see Figure 1.7). Sometimes

people asked me about my research, and expressed their curiosity about what I was doing there.



Figure 1.7 1: A view of Khippapara and Tanchangyapara from Assambasti bridge

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In March and May 2011, for example, I met with a fieldworker of ASA NGO three to four times in different village NGO centers. It seemed to me that he felt somewhat uncomfortable with my presence as he asked me: “Why you are still here? Haven’t you finished your research yet? [You] Don’t need to spend so much time, just write that we are now only giving loans to rich people.” I was trying to convince him that since I had been doing anthropological research, I needed to stay in the area for a long time to better understand how microcredit works, or especially how well the poor people were doing with it. When I went to different NGO office and told them that I was conducting research on microcredit some of the NGO officials thought I was doing a survey research and I just needed some statistical information about monthly loan disbursement and loan collection like social survey research. So, initially, sometimes some of the NGO officials directed me to their daily/monthly loan activity board was hang on the office wall to jot down the required information on my notebook. Then, I had to tell them that I would need both, to talk to you and the information that had on your office board (See Figure 1.8).

ক্র. নং	কর্মীর নাম	সকল প্রকার ঋণের বিস্তারিত	সকল প্রকার ঋণের পরিমাণ ও	সর্বমোট	ফল বিতরণ
		আদায়যোগ্য আদায়কৃত	সকল প্রকার আদায়কৃত	আদায়যোগ্য আদায়কৃত	
১।	NAYAN	3915	810	4725	
২।	JAYNE	3425	1700	5125	
৩।	PRAFULL				
৪।	MIHIR	2164	2000	4164	4164
৫।				6562	
	সর্ব মোট			20184	

Figure 1.8 1: ASA NGO daily loan activity board

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No doubt, some NGO officials were a bit hesitant to share the information with me that I asked for. Sometimes NGO managers requested me to turn my digital voice recorder off if there was any question they did not want me to record.

Many researchers come to different NGO offices and to visit different microcredit programs both from home and abroad. Researchers those who come from abroad and from other cultures usually have to maintain a strict official protocol of NGOs to have access to the field. That is—when a foreign researcher comes to study microcredit in Bangladesh first he/she must go to the headquarter of the NGO and the NGO director or other concerned person will issue a letter to the respective Area or Branch Manager of that NGO to help this foreign researcher conducting his/her research. Being a native ethnographer I did not have to pursue NGO permission for conducting my research or seeking local NGO officials' help to find my research area or research participants. If it is a short-term visit for a foreign researcher the NGO officers of a branch office will guide him/her: where to go and whom to talk to in the field, and so on. Conversely, in case of long-term anthropological research the scenario will be quite different whether the ethnographer is a native or a foreigner. So far most of the NGO officials I met with and talked to were rarely aware of what ethnographic research is. One of the branch managers shared his feelings about two researchers he encountered during the month of June 2011

in my research area. Two different researchers—an ethnographer who did not come through NGO office and a foreign researcher for a short-term visit who came to the field by maintaining NGO protocols—may have different information about the similar social phenomena in the same locality just because of the researcher’s own identity, language, nature of the question he/she asks the people, the people (NGO workers) who are accompanying him/her, or the socioeconomic status of the people whom the researcher talk to.

The branch manager of ASA NGO in Tablechari in Rangamati Town made this difference clear to me. Ashok Tripura was impressed by the way I was doing my research and the questions I was asking different people, including microcredit NGOs. When I finished an interview with Ashok we had an opportunity to talk little bit more about his personal life and his feeling about his profession in microcredit industry in Rangamati. At one point he told me that he had found a significant difference between my research and the research of a Korean male student who came from a university in the United States of America. I asked Ashok how he was doing his research. Ashok replied:

He came here through the ASA Head Office, and the Area Manager of the Chittagong Division came with him. He [the Area Manager] is helping the researcher in translating people’s statements into English. He is visiting some of our group centers and is talking to clients participating in our microcredit program.

Then I asked Asok if the researcher would get the real information about microcredit program’s effectiveness, since the women borrowers will rarely speak the truth in front of the top NGO officers like himself and his Area Manager.

Asok answered: “No, they will not! You are right. Even I didn’t speak to him the way I spoke to you; or how I shared the information with you. I didn’t tell him many things that I told you.”

From methodological point of view Asok’s observation is very significant because a foreign researcher who enters the field through an NGO office and NGO officers will possibly have little opportunity to get deeper aspects of the complexity of rural poverty and microcredit implications. It seems difficult for a foreign researcher who is in the field with the NGO officers to find objective information about the life of poor people. Moreover, language is a major barrier for such a researcher that may prevent him or her

from getting into the real meaning what the research participants are exactly saying and how the NGO officers are constructing the meaning and representing it to the researcher.

Research Assistants

Three research assistants worked with me: two males and one female, and all them were recruited from my field site. Ethnically, two of my research assistants were Pahari and one was Bengali. They helped with transcribing and translating recorded interviews. Translations were only needed for interviews conducted in indigenous languages. Two of my research assistants completed their master's degrees in anthropology from the University of Chittagong and had worked with me during my two phases of fieldwork in the CHT. Research assistants also made contacts with potential informants for conducting interviews. I trained research assistants to abide by the University of Alberta research ethnics guidelines including how to collect informed consent and to maintain privacy and confidentiality of participants and their data. Because they had methodological background in the discipline of anthropology they were able to understand the research process and the theoretical questions under investigation. Local research assistants are very important to bring trust among the research participants especially in the initial stage of the fieldwork. Their roles are necessary to establish rapport and access to research participants from different ethno-cultural backgrounds and socioeconomic classes. I experienced that acceptance of research assistants to most of the research participants are crucial for ensuring easy access to reliable information. Social acceptance of the research assistants to community members is thus important for principal researchers, especially those who are outsiders.

Organization of Dissertation Chapters

This doctoral dissertation consists of eight stand-alone essays, including the introductory chapter and conclusion. In chapter two, I examine three important and original questions: (1) how do NGOs and other agents of capitalism (e.g. the media) contribute to shaping the poor's desire for loans and positive socioeconomic change? (2) What factors influence poor women to become involved with several different NGOs simultaneously despite witnessing adverse consequences? And (3) why do so many of the poor spend their loans on entertainment technologies and other consumer goods without achieving

financial stability? This chapter highlights how NGOs' success stories, societal change, and people's passion for positive socioeconomic change influence many poor people to become involved in NGO projects, and how male relatives' business failures and inability to repay the loans force women to take out multiple micro-loans. Grounded in ethnographic cases, I explain why many of the women continue to participate in microcredit programs despite negative social and economic consequences. Building upon David Harvey's (2005; 2007) theoretical perspectives on "market competition" and "accumulation by dispossession," I examine how microcredit NGOs adopt the principles of market competition to expand credit programs and to influence the poor's desires for loans and a better life. I also examine how many of the poor are trapped by multiple debts and are dispossessed of existing assets and consequently, how they are pushed into further poverty and economic hardship. I use Amartya Sen's (1999; 2007) capability approach in my analysis to examine whether the poor's freedom to use microloans for consumer goods helps to improve their quality of life. I focus on various cultural values and contexts and how they affect people's freedoms and how these values can shape people's desire to use those freedoms. Overall, ethnographic research findings and their analysis contributes to a growing debate over whether capability theory sufficiently addresses the issues of social structural relationship between individuals and social-economic institutions (e.g. family, NGOs, transnational corporations) and how this type of structural relationships facilitates or affects opportunity freedom (i.e. capability) of the poor population.

Chapter 3 consists of a version of an article published in *Student Anthropologist* entitled, "“Why can't you pay if you can eat?": Tales of How Women Encounter Unpleasant NGO Practices in Bangladesh."⁴⁵ In this article, I address the following research questions: How do NGOs implement microcredit programs? How does "group liability" work and who benefits from this process, NGOs or borrowers? How are power inequalities amongst and between NGO workers, group leaders, and general borrowers created and how is social conflict institutionalized? In this chapter, I also examine why group leaders and other members continue to provide free labor or to pay material contributions (e.g.

45 H. M. Ashraf Ali. 2013. "Why can't you pay if you can eat?": Tales of How Women Encounter Unpleasant NGO Practices in Bangladesh. *Student Anthropologist* 3 (2): 7-26.<http://studentanthropologist.wordpress.com/2013-student-anthropologist-3-2/>

purchasing various articles for village NGO centre by their own money) to NGOs, which reduces the transaction or program operation costs of the NGOs?

Using the theoretical perspective of structural violence and reflecting on women's experiences with microcredit programs, I demonstrate how these microcredit NGOs impose the provision of group liability, a 'forced choice' upon the borrowers, and how they socialize the borrowers into a culture of shaming to enforce repayment obligations. I argue that contemporary NGO practices can rarely develop a norm of collectivity and cooperation amongst women of different economic classes in the village, which is essential for both developing individual capabilities and uplifting the entire community. This chapter thus contributes to my goal of better understanding why many poor people cannot enhance their capabilities.

Chapter 4 focuses on part of the central research question: why do women continue to participate in microcredit programs even if it seems oppressive? This chapter has been published in journal *Development in Practice*.⁴⁶ Specific research questions that have been addressed in this chapter include the following: (1) how and why do NGOs create unequal power relationships between workers and female borrowers? (2) how and why do the NGO workers become oppressive toward the female borrowers? And (3) why do women continue to participate in microcredit programs if it seems ineffective for the alleviation of poverty? Ethnographic narratives demonstrate that microcredit corporations have subjected both NGO workers and female borrowers to domination and the relationship of the female borrowers with both NGOs and their menfolk is one of dependency and subordination. This chapter contributes to answering the central question of how the capabilities of the women are affected because of the male domination and the reproduction of power inequalities within NGOs' development programs. Chapter 5, an essay published in *Anthropologica*,⁴⁷ asks why local NGO officials blame the poor for their failure, how NGO officials legitimize their coercive loan recovery strategies, and

46 H. M. Ashraf Ali. 2014. Microcredit and power: examining how and why women encounter domination in Bangladesh. *Development in Practice* 24 (3): 327-338.

47 H. M. Ashraf Ali. 2014. Blaming the Poor and Legitimizing Coercive Loan Recovery Strategies: Unveiling the Dark Side of NGO Practices in Bangladesh. *Anthropologica* 56(1): 179-93.

how they contribute to unequal development opportunities for the poor. I use structural perspectives of poverty (see Royce 2009), neoliberal perspectives on blaming the victims (see Harvey 2005; Graeber 2011) and structural violence (see Galtung 1969; Farmer 2005) to analyze ethnographic data. Overall, this paper provides a critical analysis of how NGO officials bring together existing cultural beliefs and practices of blaming the poor for their poverty with neoliberal views blaming of the victims when microcredit fails the poor. I also analyze how power inequalities and injustices are normalized and tolerated even within development institutional norms, systems, and practices. The chapter contributes to answering the central questions of how the capabilities of the poor people in general are affected because of neoliberal social structural factors.

In chapter 6, I address the following questions: how does ethnic identity shape an individual's capabilities? In what ways do local power relations become opportunities or constraints for the poor to develop their capabilities? Building upon Amartya Sen's (1999; 2007) capability approach and using the perspective of structural violence (see Galtung 1969; Farmer 2005), I demonstrate how the capabilities of the poor Pahari in particular are affected because of the domination of the Bengali merchants as well as unequal development opportunities created by NGOs. Lack of social, economic, and cultural or symbolic capital (see Bourdieu 1986; 1990) and the domination (see Lukes 2005) of some Bengalis significantly affect many of the Paharis' economic capabilities. The Pahari have access to microcredit, but constraints that they faced seem to be incompatible with the key characteristics (e.g., autonomy, individual choice) of the neoliberal subjects who could participate in free and self-regulated markets to achieve their financial sustainability. Therefore, this chapter provides an examination of how ethnicity, gender, and social status intersect and shape people's microcredit experiences. In chapter 7, I examine one of the central questions of my thesis: How would the poor live if there were no microcredit in the area? Based on the subjective perceptions of the research participants from different economic class, ethnicity, genders and educational and cultural background I provide a comprehensive discussion and analysis of the social and economic life of the poor households and women during the periods between before and after microcredit participation. I compare the economic situation of the poor and the non-poor households and social and economic life of the women in particular between

two time periods: pre-and post-microcredit situations. I show how microcredit programs have enabled some non-poor households while the burden of debt for the poor has increased. Moreover, this chapter demonstrates how microcredit programs and cultural contact between the Pahari and the Bengalis has contributed to the incorporation of a dowry practice, which had previously been absent in the area.

Finally, chapter 8 highlights the key findings as well as the theoretical and applied contributions of this research and recommends policies for the removal of constraints that the poor are now encountering with microcredit NGOs and therefore ultimately for improvements in development programs.

2 Expanding the Microcredit Market and Shaping Desires for Loans: The Poor Populations' Aspirations for Development and Experiences of Dispossession

Introduction

One day I was going to Sylhet from Comilla rail station by Udyan train. It was about 2 AM when I was waiting at the platform for the train. Suddenly, I heard a loud voice: “hey, don’t sleep! There is a *kisti*⁴⁸ [loan installment] in the morning”, a porter/day-laborer was telling to his co-workers. I asked this porter to come to me. Then, he came and inquired if I needed him to carry my bag. I said, “Yes, how much do I have to pay for that?” He said he would be happy whatever I would pay him. I was sitting on a bench at the platform and he sat down on the floor in front of me [social status marks sitting places, thus the porter, unbidden, sat on the floor]. While I was talking to him two more porters came on the spot and both of them sat on the floor with him. Then, I asked him why he was talking about the *kisti* at this late night. He told me that he had to repay his loan installment almost every day each week; that is, he borrowed [through his wife] from seven NGOs. He explained that he was talking to his fellow porters in this way because if they were sleeping they could have missed the train and they would have failed to earn money for the loan repayment due in the following morning. (Faiez Ahmed,⁴⁹ 16 May 2011)

When I face problems for repaying my *kisti* I go to another NGO and people [e.g. moneylenders] to take some more loans. I have become greedy for money and I am moving around money like a mad person.⁵⁰ It is a kind of intoxication that leads me to fall into temptations to have more money from more NGOs. I have to take more loans because I have to repay the old debt to NGOs and moneylenders. Now I have also to depend on NGO money to buy food and to meet our other household needs. In fact, [NGO] loan has increased our needs, aspirations, and thus it has made us spendthrifts. Now we cannot think about our everyday [social and economic] life without loan! (Mohi, 26 March 2011)

These two first-person ethnographic accounts reflect the two common issues of multiple borrowing and indebtedness of the poor people in Bangladesh. In the first statement, my

48 *Kisti* is a Bengali word, which denotes “installment”. Here the term *kisti* is used to mean “loan installment.”

49 Faiez Ahmed (pseudonym), the area manager of the IDF, a microcredit NGO in Rangamati. He was talking about the overall picture of the poor’s involvement with several different NGOs at the same and its potential consequences on their personal, social and economic lives.

50 This woman used a Bengali term “*pagol*” [meaning “mad” or “insane”] to express her intense need for loans, moving around money a lot.

research participant, who is the area manager of a microcredit NGO, talks about an incident that happened at midnight in a railway station of Comilla.⁵¹ In May 2011, I was conducting a semi-structured interview with him and I shared some of my research findings that I found in the research in Rangamati. At one point of our conversation, I added that many people told me that they were encountering problems for managing weekly loan installment; some people couldn't sleep well at night and others had to starve for saving money for NGOs and thus they were suffering a lot.

I asked him if he could tell me why people face problems after participating in microcredit programs. He did not answer this question directly; instead he shared his observation about the poor's involvement with several different NGOs and how it affects their personal, social and economic lives. While the ethnographic place and context is different from my research locale in Rangamati, the poor's experience of borrowing from multiple NGOs and its consequences upon their personal, social and economic is more or less the same. The second statement has been extracted from an in-depth interview that I conducted with a female research participant in my research area in Assambasti, in the Rangamati Hill District of the Chittagong Hill Tracts (CHT) in Bangladesh. Her account explicitly reflects on how microcredit has been inevitable part of her everyday life.

Unlike the plains districts in rural Bangladesh, microcredit is a recent development experience for the local people in Rangamati. As I have described in chapter 1, major national microcredit NGOs and the Grameen Bank couldn't commence their program operation in the CHT region, including my research area in Rangamati until the late 1990s. Many local and national NGOs started operating microcredit in remote hills in Rangamati, but most failed to continue their programs as they faced resistance from local political organization of the Pahari, especially the Chakmas, called the United People's Democratic Front (UPDF). The UPDF tried to prevent the microcredit NGO workers and officers from operating credit programs by various coercive measures (i.e. ransoming NGO workers or demanding extortion money). This led many of these NGOs to close their microcredit operation in remote areas and they began to concentrate on the areas where the UPDF had little or no domination. This research was conducted in one such an area in Rangamati. It is the only area in Rangamati where large numbers of microcredit

⁵¹ Comilla is a district under the Chittagong Division, and is located northwest of the Rangamati Hill District.

NGOs (9 NGOs and 1 Government microcredit agency) are working, and the people from eight different ethnic groups live.

In the last decade, infrastructure development such as the construction of feeder roads, bridges and electrical lines has occurred. According to the local people, in the last 10 years, the socioeconomic situation of this locality has improved. Through credit programs, NGOs have opened some new opportunities for the people in general and the poor women in particular, and some of them are earning income. Previously the Pahari women used to work in *jhum* land cultivation and produced traditional clothes for their own consumption. Now, however, many of them are producing clothes for earning money.

Other people are actively involved in income generating activities such as small businesses, rearing livestock and so on. A decade ago, most people lived in huts and homes made of straw, bamboo and mud-walls. Now corrugated tin roofs have replaced most of these straw-thatched houses (see Figure 2.9), and some wealthy people have been able to build their houses with bricks and cement. Cable TV connections in the area have influenced many of the local people to have at least a TV, a CD or DVD player in their house (see Figure 2.10). Some wealthy people have refrigerators, electronic fans, furniture and other modern amenities of life in their houses. Some people even have computers, air conditioners, and smart phones.



Figure 2.9 1: A straw-thatched house of poor Chakma in the research locale in Rangamati

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Many people credited this to NGOs because they believe that without the availability of microcredit it would not be possible for the majority of the poor people to live in a house made of corrugated tin or to buy a TV. For local people better houses and having the latest technologies are some of the prominent indicators of development, and local people are eager to have them.



Figure 2.10 1: A small black and white TV with a CD/DVD player is seen behind a group of Chakma men and women in Rangamati
Photo copyrights: Author

Note that microcredit NGOs' stated official goal is to provide economic capital for entrepreneurial activities (e.g. doing business, rearing livestock, investing the loan in farming, etc.). While applying for a loan every borrower has to determine an area of loan investment or purpose of loan use in the loan application form. Ideally, women give a written statement indicating how they were going to use the loan money in different income generating activities such as investment in small businesses or agriculture, poultry or livestock projects.

Needless to say, none of the microcredit NGOs provides the loan for consumption (e.g. purchasing food, dress or entertainment technologies), but the reality is that such loans tend to be used for consumption instead. It is also important to note that most of the NGO loan officers and branch managers are aware that many of their borrowers may not use the loan for the stated reasons. Yet, the NGO officers seem to accept this in order to broaden their customer base, even though it is very contradictory to the NGOs' existing original objectives (for more detail see below).

In fact, the ethnographic context and the microcredit experience of the poor contrasts with representations of microcredit in dominant international development discourse. Proponents claim that microcredit has revolutionary impacts upon the poor population and it is possible to eliminate poverty from this world, as the poor are able to achieve the goal of financial self-sustainability utilizing microcredit (see Counts 2008; Versluysen 1999; Yunus, 2004 & 2010). However, many studies on microcredit programs in Bangladesh and elsewhere have demonstrated that few poor people have managed to achieve this goal (Bateman and Chang 2012; Brett 2006; Karim 2011; Mayoux 1999; Taylor 2011 & 2012; Rooyen et al. 2012).

Using a large volume of literature on microcredit programs in Sub-Saharan African countries, Rooyen et al. (2012) demonstrated that while microcredit programs had some short-term positive impact on food security and nutrition, in some cases it led to increasing poverty, reducing levels of children's education and disempowering women. Based on empirical research in rural India (Andhra Pradesh), Marcus Taylor showed that microcredit was good for the poor population for "consumption smoothing" rather than as a sustainable remedy for social and economic development (2012: 607). Taylor used the phrase "consumption smoothing" to mean that microcredit helps the rural poor, especially the poor farmers and agricultural laborers, to meet various immediate economic needs (e.g., household consumption, paying off old debts, etc.) but does little to affect long-term financial wellness, as many of these poor are trapped in debt cycles.

Some studies, conducted in the plains districts in Bangladesh, identified the rigid conditions of the group lending system, high interest rates and service charges imposed by microfinance institutions, as well as the increasing burden of debt as the major obstacles preventing the poor from escaping from poverty (Faraizi et al. 2011; Fernando, 2006; Cons and Paprocki, 2010; Karim, 2011). Other studies have suggested that contingencies (e.g., sickness or death of income earners), natural calamities, lack of access to market facilities, and business failure can prevent the poor from escaping poverty (Alam 2012; Sharif 1997; Khan and Rahman 2012). Alam, for example, argued as follows:

Access to credit is likely to lure many poor households into a debt trap. They cannot resist the temptation. They may use the credit to purchase a fridge or a TV set or they may spend the borrowed money on social celebrations. It may be a

smooth affair for a while. But trouble starts when some emergency like sickness or lack of employment arises. An additional loan can then expose the household to over-indebtedness. (Alam 2012:4)

Alam identifies three major factors behind the poor's experiences of over-indebtedness: (1) aggressive marketing strategies of microcredit NGOs that pressure borrowers to take a new loan when the old one is paid off, (2) poor people's of the burden of debt, or the poor's bad borrowing decisions such as the use of NGO money for consumption, and finally (3) external factors, or contingencies of life such as accidents, illness, medical cost, and natural disasters may reduce income and destroy sources of livelihoods (2012:5-6). Alam's work is based on secondary data rather than on ethnographically-informed research and it does not explain why many poor people fall into a debt trap despite investment in economic production. In general, few previous studies explain how structural factors such as social and economic inequalities between different groups of people in society can affect the capabilities of the poor. Most importantly, insufficient ethnographic evidence exists to explain how NGOs and other agents of capitalism (e.g. media) contribute to shaping the poor's desires for microcredit. What factors encourage poor women to become involved with several different NGOs simultaneously, despite witnessing adverse consequences? Why do many of the poor spend their loans on entertainment technologies and other consumer goods without achieving financial stability?

This chapter focus on these central questions, and highlights how NGOs' success stories and recent societal changes (i.e. consumerism) influence many of poor people to become involved in NGO microcredit projects. Grounded in ethnographic cases, I provide microcredit experiences of both non-poor and poor households, and analyze how microcredit participation contributes to both asset creation and dispossession of assets. Using ethnographic data, I explain why many of the poor households in general and women in particular continue to participate in microcredit programs despite negative social and economic consequences.

This chapter is divided into several parts. I begin with a brief overview of theoretical perspectives important in my analysis, including neoliberalism, capabilities, and dispossession. This part also explains how cultural and economic globalization influence local people's consumer desires. The second part of this chapter describes the challenges

that microcredit NGOs faced when they began to operate in the rural areas of Rangamati in the late 1990s and early 2000s. Then I describe how people use microcredit, loan patterns across genders and ethnic groups and in this section I also give an overview of the impact of microcredit on participant households' contemporary economic status. In the third part, I use ethnographic data to demonstrate how microcredit NGOs follow marketing strategies to expand their programs, and why some people are able to improve their economic situation, capitalizing on microcredit while others cannot, and who may even be dispossessed of their assets.

Neoliberalism, Capabilities, and Dispossession: A Theoretical Perspective

Bangladesh adopted trade liberalization measures in 1986 as part of structural adjustment policies prescribed by the World Bank and International Monetary Fund (IMF). Structural adjustment policies or programs (SAPs) refer to a host of economic and institutional policies that influence developing countries to reduce the state's intervention in the economy such as the reduction of the public expenditures on social benefits programs for the poor populations (e.g., health, education, food subsidies). Most importantly, SAPs influence the developing countries to adopt and implement privatization and trade liberalization policies, in order to open the country's economy to the neoliberal global market economy. One of the main objectives set by the World Bank and the IMF was to reduce poor or developing countries' dependency on foreign aid and loans and thus enhance these countries' macroeconomic economic capacity.⁵²

Liberal economic policies in Bangladesh created space for foreign investment in the export-oriented garments and other industries (Kabeer et al. 2004). In order to expand both local and global markets for goods such as those produced by foreign investment in Bangladesh, a consumer-based capitalistic economy was also required as well as mass- and electronic media. Accompanying the dramatic expansion of capitalism was the increasing flow of goods, technologies, people, and information, all of which contributed to the promotion of modern lifestyles, including the use of new technologies. Market

⁵² However, SAPs were severely criticized for contributing to increasing economic inequalities, poverty and the rate of unemployment in the poor countries as well as the increasing inequalities between the rich and poor countries (see Graeber 2011; Harvey 2005; Rankin 2013). Rankin, for example, argues, "Structural Adjustment Policies form a key pillar of a financial imperialism that enrolls poverty finance as a vector for the territorial expansion of capital extraction" (2013: 559).

competition, commodification, and the democratization of finance are some of the key aspects of today's global capitalism (see Graeber 2011; Harvey 2005; Rankin 2013). Needless to say, Bangladesh has already integrated into this global culture of capitalism, consumption, and the expansion of transnational mass media (e.g., SONY, Sky TV, CBS, Indian film and entertainment industries, and social media such as Facebook) (Ali 2006). For example, according to recent data, there were 27 satellite TV channels (24 private and 3 state-owned) and 11 radio stations in Bangladesh.⁵³

Microcredit represents one form of global economic integration, with varying impacts on poor people in many developing countries, including Bangladesh. Microcredit was rationalized as an important development tool to alleviate poverty in Bangladesh by the international development institutions and donor agencies (e.g., the World Bank and other international financial organizations) immediately after the imposition of the SAPs in the 1980s. By promising they would serve the interests of the poor through locally developing social and human capital, microcredit NGOs replaced the state in its role as a provider of social services for the poor (Bateman and Chang 2012; Elyachar 2005; Karim 2011). Paradoxically, even while the international development organizations, donor agencies (e.g. the World Bank, Asian Development Bank), national governments and NGOs promised to uplift the poor through the “democratization of finance”,⁵⁴ economic inequalities continue to increase as these financial organizations prioritize accumulation of capital. I argue that microcredit NGOs and other agents of global capitalism (e.g., multinational companies, media and technology giants) create space for market expansion and thus for capital accumulation in at least two different ways. First, through the dissemination of selective success stories, they create a fascination for microcredit loans among the poor and beliefs about the emancipatory power of microcredit. Second, they create a space for consumerism and poverty management, rather than the elimination of poverty.

⁵³ List of Bangladeshi television and radio channels. http://en.wikipedia.org/wiki/List_of_Bangladeshi_television_and_radio_channels (accessed 18 August 2014).

⁵⁴ The term is used to indicate in general the flow of finance, both at local and global levels, and the emergence of microcredit corporations in many developing countries parallel to credit systems in the capitalist countries (e.g., ATM or credit cards in the USA), which makes it easier for every family or individual to have access to credit to meet increasing needs (e.g., having own or better house, purchasing consumer goods, etc.). For more detail see Graeber (2011: 376-81) and Rankin (2013: 557-8).

Building on Harvey's analysis of neoliberalism, especially the notions of "market competition" and "accumulation by dispossession," I examine how NGOs' aggressive market strategies and hegemonic attitudes create new spaces for capital accumulation for NGOs (see chapter 1). I explore how NGOs adopt the market principle of competition in order to expand credit programs by enchanting people through dissemination of selective success stories of microcredit. I aim to demonstrate that microcredit NGOs deliberately exclude failure stories from their institutional discourse and incorporate success stories to popularize microcredit programs among potential clients. This influences many poor women to use microcredit in the hopes of improving their social and economic positions. Since market expansion, competition, program and financial sustainability are central to microcredit NGOs, it is posited that NGOs prefer wealthy and successful borrowers to loan defaulters or the borrowers who fail to comply with NGOs' financial disciplines. In addition, local people's intense desires for loans to make a better house or to have new technologies are sources of market value both for microcredit NGOs and transnational corporates. The positive image of microcredit conveyed by NGO officers and other community members, as well as the perception of someone doing well with microcredit, influences many community members to become involved in microcredit programs. Having a better house, good furniture or the latest technology shows the high social status of the person. As a result of this social process, most of the people in this community attempt to embrace such a lifestyle, regardless of whether or not they become financially successful. In the end, NGOs and other for-profit ventures benefit from this social and economic process.

In fact, cultural and economic globalization processes must be understood in relation to the various mechanisms used to shape the desires of local people for consuming various goods, technologies or cultural artifacts (e.g. TV, CDs, DVD players, or cell phones). It is imperative to learn how local peoples' fascination for cultural artifacts and practices are situated within the broader spectrum of social status in a particular social and cultural context. Social status is constructed within the social relations of production and perception of lifestyles, culture and social interactions, including how a particular cultural artifact is possessed, used or consumed by members of the society. In other words, it is believed that these new technologies bring value —higher status— for the people who

can afford them in society. Similarly, an understanding of how various media produce, distribute and create consumer culture and influence consumption behaviors is important (See also Kellner and Meenakshi 2006).

Global capitalism encourages the masses to be consumers of global products by introducing modern technologies, lifestyles and consumerism to local culture and societies through various mechanisms and rationalities (e.g. commercial advertisements, individual choice). In this context, I examine the effects of larger economic processes as well as local social and cultural factors upon consumer behavior of the poor microcredit participants.

Furthermore, Sen argues that greater freedoms give individual broader choices and thus fewer constraints in their efforts to achieve valuable outcomes, such as escaping from poverty and other forms of injustices. In capability theory, only the achieved states or outcomes are considered valuable rather than the opportunities people have or can utilize (Sen 2007:445). While peoples' ability to escape from poverty is part of the elementary functionings or "basic capabilities," people may achieve this functioning at the expense of other functionings, such as poor women's relationships of dependency with male relatives, peer groups, wealthy community members and NGOs. Purchasing food for consumption can be part of meeting basic needs by loan money but entertainment technologies (e.g. TV, DVD players) is not. Consequently, the use of NGO money for consumption by the poor and their inability to repay the loans may bring them into a relationship of dependency with both creditors and other community members.

In this chapter, building on Sen's theoretical perspective of the substantial individual freedoms, I demonstrate with ethnographic detail how the poor's freedom to participate in microcredit programs and the ability to choose desired lifestyles without having other capabilities (e.g. education, skills, experience) and freedoms (e.g. lack of access to market place and other institutional facilities) can produce dependencies in the form of debts and dispossession. Research findings demonstrate that individual human agency is shaped by sociocultural factors rather the poor's economic rationality.

Before I analyze these theoretical perspectives in relation to ethnographic data, I briefly describe the challenges microcredit NGOs faced in the CHT and provide an overview on

microcredit NGO activity, loan usage patterns and how microcredit programs affect the participant households in the research area.

Challenges for Microcredit NGOs for Program Continuation in the CHT

As I described in chapter 1, ten microcredit organizations (nine NGOs and one government microcredit agency) were working in my research area. NGOs such as BRAC, ASA, Proshika, IDF, and others started implementing microcredit programs in the late 1990s. Grameen Bank entered Rangamati in 2006 and Shakti Foundation in 2010. Interestingly enough, unlike in the plains district in Bangladesh, or in many other countries in the world, microcredit has yet to become a popular development tool in the CHT. My research shows that most microcredit NGOs encountered challenges within several months of program interventions in many places in Rangamati. ASA, BRAC, IDF, Grameen Bank and Padakhep Manabik Unnayn Kendra (hereafter Padakhep) had to close many of their NGO centres within a few months of programs' commencement. In June 2009, Proshika's clients declined from 7,000 to 6,206. BRAC had 78 village organizations, with an average of 20 members in each organization, but they had to close 18 such NGO village centres. Grameen Bank, ASA, Padakhep NGO officials reported similar trends of microcredit program closure in the remote areas of Rangamati. I asked the branch manager of BRAC why they had to close their microcredit program in many places in Rangamati. Barun Kumar⁵⁵, BRAC NGO manager of Tablechari branch in Rangamati said:

There are some political problems in the hill. A local political organization of the Pahari, United People's Democratic Front (UPDF), is threatening our members not to repay our loans. They are saying that they [UPDF] will kill them if they (local people) get involved with our microcredit program. We are under pressure from the Head Office to collect the outstanding loans, and on the other hand, UPDF are creating problems for us. They are trying to prevent us from collecting our money from borrowers. This kind of situation forced us to close many of our programs in Rangamati . . . Though we are providing free primary education, health care facilities for tuberculosis (TB), and free mosquito nets to the CHT people, we don't know why they are behaving with us in this manner. A negative impression has been created in the entire region about microcredit. Almost half of members who borrowed from us are not repaying the loan regularly. (Barun Kumar, 26 July 2009)

⁵⁵ All names are pseudonyms.

Similarly, the area manager of the Padakhep NGO in Rangamati said:

UPDF often threatens general people not to get involved with microcredit program, or not to repay the loan that they have already borrowed from us. UPDF activists also threaten NGO workers not to go to their locality to collect loans. Sometimes they demand money from NGO workers, and even they threaten to kill our workers. This forced to stop operating our microcredit program in these places. (Mizan, 28 July 2009).

My research discovered that microcredit NGOs faced challenges implementing microcredit program in remote areas in Rangamati for three major reasons. First, the UPDF, a local political organization of the indigenous people led by the Chakmas, considered microcredit an exploitative apparatus rather than an effective development alternative for the alleviation of poverty in the CHT region. As a result, they used various coercive measure, such as ransoming NGO workers, to prevent these NGO workers and officers from operating credit programs. Second, a lack of communication systems was one of the biggest barriers for NGOs to facilitate microcredit in the remote hills in Rangamati. An engine boat runs along Kaptai Lake and the Karnaphuli River and remains the main mode of transportation in this region. People who travel or live in the remote areas in Rangamati must trek hills. Hence, there was a serious concern for the personal security of those who were responsible for implementing credit programs in the remote hills. Third, there is an antagonistic relationship between the UPDF and Bengalis as well as the Bangladesh government as the UPDF are demanding the autonomy of the CHT region. This is one of the core political ideologies of UPDF leadership and its followers and it effectively maintains a distance from the Bengalis. The area manager of the IDF NGO, who had been working on microcredit programs in this region for over a decade, said:

Like many other NGO officials, I had a bad experience while I was working in a remote hill. Once I went to Juraichari to attend a meeting with the participation of approximately 50 people. I took a sit to talk to the participants attending this meeting. I was sitting on chair beside a window in the room, and then a gentleman came there and told me that someone was waiting for me on a nearby hill and I should go there with Tk. 100,000 (USD 1,290). This is a common scenario that we have to face if we go to Jurachari, Bilaichari, Barkal and other remote areas in Rangamati. (Faiez Ahmed, 16 May 2011)

Similarly, many other microcredit NGO officials reported that they could not operate their programs in remote areas because of the political interference of the UPDF and

security concerns. However, even where there is a lack of political interference or the absence of political activity of the UPDF, these NGOs face challenges. In my research area, for example, which is very close Rangamati Town, I found two NGOs, Padakhep and Green Hill, had closed their microcredit program during a period between May 2009 and January 2011. During the same period, BRAC and Proshika closed several village NGO centres in my research area. In this case, NGOs such as Padakhep, Green Hill and Proshika had to close their programs for two main reasons: the high rate of loan defaulting and a lack of funding sources (internal or external). While BRAC had no problem with funding sources, they faced serious problems for collecting loans from their borrowers in some areas. Note that most of these NGOs depend on funding from international and developments agencies such as the United Nations Development Programme (UNDP), Asian Development Bank (ADB), and the World Bank among others. In addition, most NGOs borrow from Palli Karma-Sahayak Foundation (PKSF),⁵⁶ the main domestic source of funding, to operate microcredit programs in rural or urban areas. While I was conducting this research in June 2009, Padakhep was implementing the Chittagong Hill Tracts-Rural Development Program (CHT-RDP), which was funded by the UNDP. However, I did not find any microcredit programs run by this NGO in 2011 in my research area. My further inquiry revealed that Padakhep NGO closed its program because of the termination of this project. Green Hill, a local NGO led by the Paharis, was implementing its microcredit component by its own capital or by borrowing loan from other NGOs (e.g. Proshika). In this case, in addition to funding problems, small NGOs like Green Hill could not compete with the larger NGOs and so they opted for discontinuing their microcredit programs. Mukti Marma, the microcredit program manager of this NGO, said:

We have closed [microcredit programs] because it was very difficult for us to compete with the larger NGOs. BRAC, ASA, Proshika and other national NGOs sometimes give loans to their clients even the very day of enrollment. They can provide a large amount of loan to their clients. We cannot do this as we have a lack of funding. In fact, we operate our microcredit program in a small-scale from our own funding or by borrowing from other big NGOs. For example, we have

56 For more details about this organization, partners NGOs and its sources of funding see at http://pkssf-bd.org/pkssf_new/ (accessed 11 July 2014).

borrowed Tk. 300, 000 (USD 3,860) from Proshika to operate our microcredit program. (Mukti Marma, 27 July 2009)

Usually, microcredit NGOs provide loans to borrowers after several weeks of enrolment, especially if other requirements are fulfilled (e.g. obligatory savings, consent of the group leaders and members). However, sometimes a middle income or non-poor family may need money immediately and they can go to any NGO for their needs and the branch manager often allows them to have the loans within a short period (one or two weeks). Such NGO practices encourage people, especially the wealthy who need large loans, to become involved with larger NGOs. Consequently, small NGOs with limited funds cannot compete with the large national NGOs (e.g. BRAC, ASA, Grameen Bank, etc.).

In brief, most of the local and national microcredit NGOs were determined to expand programs in the area close to Rangamati Town, particularly following past setbacks in the remote hills in Rangamati. NGOs' efforts to expand microcredit programs were more about financial sustainability and growth than about creating a viable socioeconomic development opportunity and environment for the poorest populations in the area. I will provide ethnographic details on this aspect after providing an overview on the functionality of microcredit NGOs at local level and their overall impact on the participant populations in my research locale.

A Glimpse of Loan Use Patterns and Microcredit NGO Programs Impacts

The Paradoxes of Microcredit Use

Who borrows and use the loans, how and why?

While women borrow, the actual users of these loans are often men (Goetz and Gupta, 1996; Karim 2008 and 2011; Rahman 1999). Karim (2008:15) found that men used 95 percent of total loans borrowed by women from NGOs. Rahman (1999: 109) reported that 60 percent of women transferred the entire loan directly to their husbands and sons, and husbands and sons used 78 percent of the total loans borrowed by female borrowers.

In my research, I found that 59 percent of the total loans are used by male family members (i.e. husbands, sons, and sometimes in-laws such as father in-laws or husbands' brothers) borrowed through female household members such as wives, sisters or sister in-laws. If it is a joint family and a male household member other than her husband needs to borrow, a female member may have to borrow for her husband's brother, especially if he

is unmarried. In joint families, it is usual that the male household-head borrows from different NGOs to accumulate a large amount of economic capital through all the eligible female household members. This practice is prevalent among non-poor households, especially those that have some business establishments. In cases like these, male household members are the absolute decision-makers and female members have to comply with such decisions.

When I asked my female research participants who decided to borrow from NGOs, only 11 percent of them said that they made decisions independently and used the entire loan for their own economic production and other purposes. I found 30 percent male and female members of the 111 households made decisions jointly, but the primary users of the loans were husbands, sons, and brothers (see Figure 2.11)

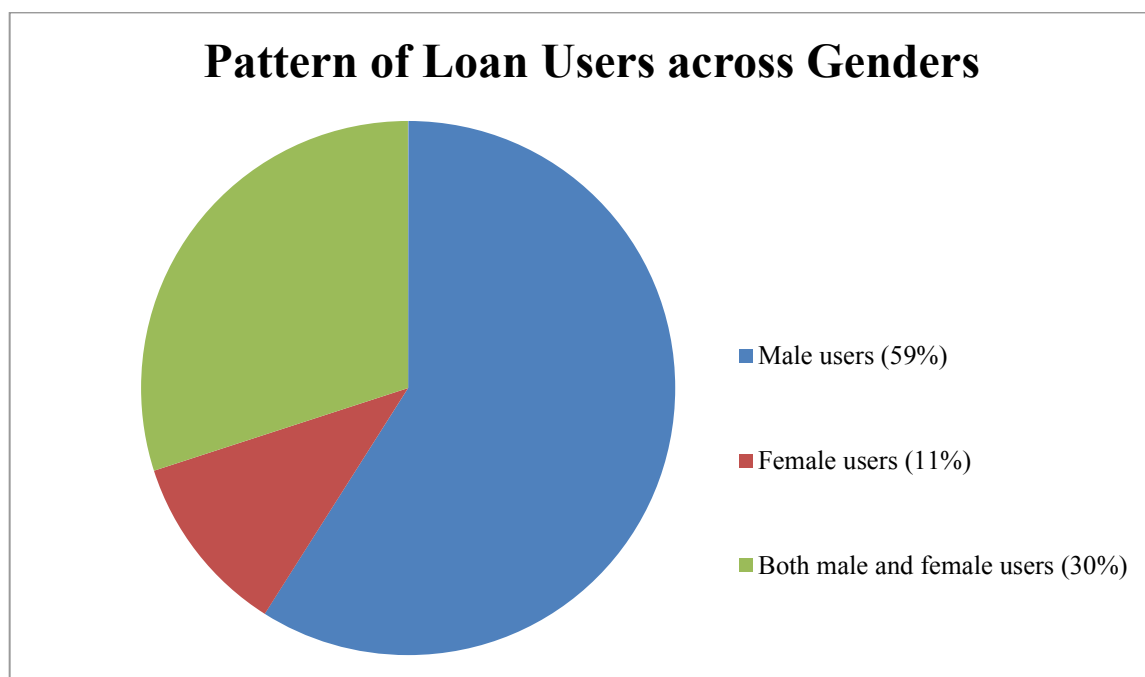


Figure 2.11 1: Pattern of loan users across genders

There is a widespread belief among the proponents of microcredit that most of the borrowers use small loans for the creation of self-employment and other income-generating activities. In support of this argument NGOs, donor agencies and researchers often refer to the paper documents for what purposes the borrowers usually seek loans for

from various microfinance institutions. For example, using statistical data from various studies on microfinance institutions in Bangladesh, Ahmed (2004: 31), argues that most of the borrowers (41.31%) use small loans for small business. According to Ahmed, the next prominent preference of the borrowers is livestock (20.91%). Agriculture is in the third position for the investment of such small loans (12.63%). The rest of the loans are disbursed in areas such as food processing (6.99%), fisheries (4.74%), cottage industries (3.03%), transport (3.42%), housing (1.28%), health (0.39%), education (0.02%), and others (5.28%) (p.31). This study says nothing about the use of small loans for household expenditures, repaying old debts, paying dowry, proxy borrowing or forward lending. Through an ethnographic study on the microcredit program of the Grameen Bank in the plain district, Rahman (1999: 106) shows that at least 70 percent of the disbursed loans were used for purposes other than the approved entrepreneurial activities. However, still this percentage of the loan was used in economic production and in building assets. For example, according to Rahman, most borrowers borrow from Grameen Bank for entrepreneurial activities but they actually used for moneylending, sponsoring household member for going to overseas as migrant workers, dowry payments, medical costs, and household expenses. A recent study of the UNDP in the CHT shows that most of the households spent small loans to maintain the household expenditures (37%). Although all the households borrowed pledging to invest them in income generating activities such as business and livestock, only 28% households used the loans for these purposes (UNDP 2009: vi).

My research in the CHT shows that most of the households (71 percent) borrowed from several NGOs at the same time and the rest of the households (29 percent) borrowed from only one source (e.g. NGO or moneylender). In terms of actual loan usages, only 20 percent households that borrowed from multiple NGOs used the entire loan in the income generating activities they had outlined in the loan application forms. However, most of the households (48 percent) did not use the loan for the stated purpose. So, they used very small portion of the loan in economic production but most of the loans are used for managing household expenses and repaying the old debts, and for purchasing consumer goods such as TVs, DVD players, cell phones, furniture, and jewelry. A few of these households also used the NGO loan for their children's education. At least 23 percent of

the households merely go to different NGOs to borrow for household expenses and for repaying old debts. Finally, about 9 percent of the total households become involved in multiple borrowing for paying dowry, managing social ceremonial cost, as well as paying court fees or bribes. Figure 2.12 shows aggregated loan use patterns and Table 2.5 (below) shows disaggregated loan use patterns by each ethnic group.

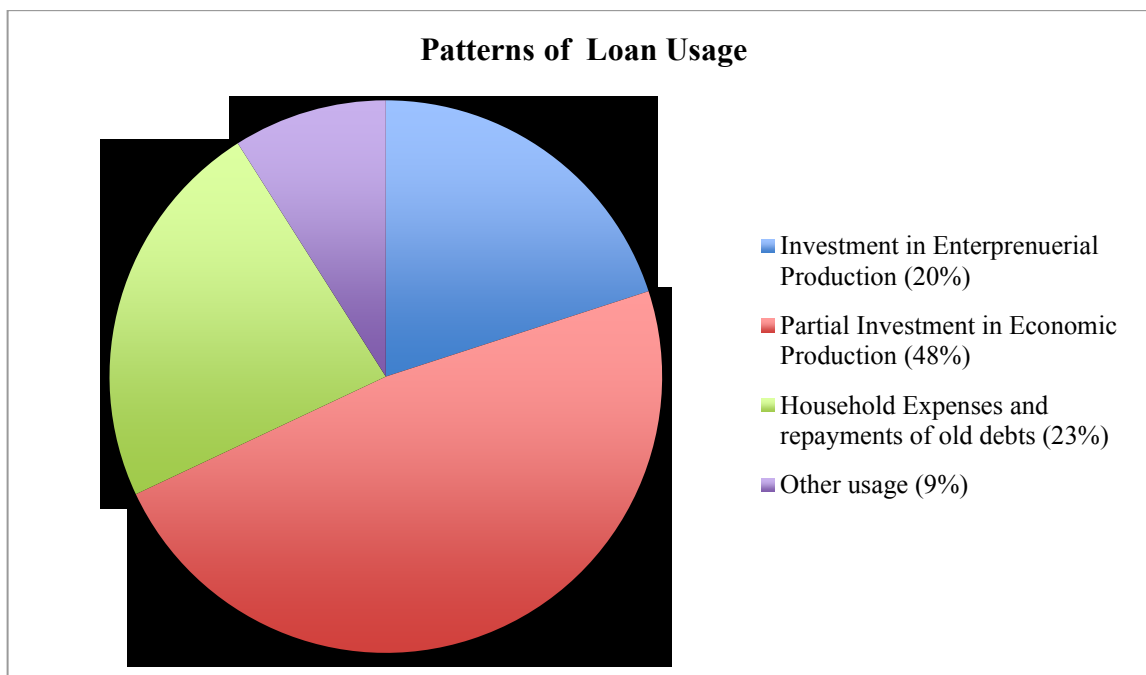


Figure 2.12 1: Pattern of loan usage

Microcredit Programs' Impacts

Table 2.5 shows that, overall, more Bengali households than Pahari households use the loan in economic production, especially in small and medium businesses and forward-lending. The major fields of Paharis' investment in economic production were agriculture and livestock development. However, some Paharis also invested their loans in small business and Pahari women in particular used the loan in waist loom and handcraft production. Among the Paharis, more Tanchangyas than Chakma, Marma, and Tripura used the loan in economic production (Column B). Assamese, Chettri, and Lushai are the poorest Paharis who used the loan mostly for meeting their household needs. Other Bengali, Chakma, Marma, Tanchangya, and Tripura households that borrowed from

NGOs to use the loan in economic production, meeting household expenses (include spending on consumer goods), and for repaying their previous debts (Column C). Many of these households now have debt to several different NGOs and moneylenders especially because of their business failure. Column D suggests that more Pahari households than Bengali households are now using loans for household expenditure and loan repayment. Importantly, many of these households had previously used the loan in economic production but are now in debt because of the failure of their livelihood-development projects. Column E shows that the percentage of households that have transferred NGO loan to other households in the past two years, which includes proxy borrowing. Finally, at least 15% of Bengali households used their entire loans for paying dowry or managing social ceremonial costs (e.g. daughter's marriage) and for paying court fees in the past two years. Tanchangya and Tripura households used more loans than other Paharis for making dowry payment and for marriage- and funeral-related social ceremonial costs.

Table 2.5 1: Patterns of Loan Use across Ethnic Groups⁵⁷

Ethnic Group (A)	HHs use the entire amount of loan in economic production (B)	HHs partially use loans in economic production (C)	HHs use loan for households' expenditure and repayment of old debts (D)	HHs transfer to other HHs (including proxy borrowing) (E)	Other loan use of HHs: paying dowry, court fees or bribe and for managing ceremonial cost (F)
Assamese [Ahmiya]	-	25%	75%	-	-
Bengalis	38%	21%	20%	6%	15%
Chakma	28%	36%	28%	-	8%
Chhetri [Gurkha]	-	50%	50%	-	-
Lushai	-	-	100%	-	-
Marma	23%	23%	29%	12%	12%
Tanchangya	37.5%	25%	12.5%	6%	19%
Tripura	33%	17%	25%	8%	17%

My research shows that women from both Bengali and Pahari communities have equal access to microcredit. However, the families of Bengali temporary workers', living in rented houses in Assambasti have limited access to loans because they do not get support from other women in local NGO centres. Young, unmarried women, regardless of their ethnic identity, cannot have access to loans unless their male guardians take liability of the loan and group leader of the village NGO centre support it. In terms of age, the

57 This is the reflection of households' loan use pattern between August 2009 to July 2011. While conducting interviews, research participants (male or female) were asked how they used loans (loan number can be more than one and two) when they first borrowed from NGO(s). However, most recent (maximum two years) loan use pattern has taken into consideration to prepare this table. Areas of loan use were identified based on research participants' description and approximate estimation.

majority of women microcredit participants are between 25 to 40 years old. Among Bengalis, I found more Hindus and Buddhist women than Muslim women participating in microcredit programs in Rangamati.

Detailed analysis of research participants' narratives about their past and present socioeconomic condition, current sources of livelihood, permanent assets, debts and their subjective views about their experiences in microcredit participation revealed that 23 percent of households had been able to improve their socioeconomic situation. Note that the role of microcredit programs was not exclusive in this regard. Other factors such as household members' multiple sources of income from salaried jobs, businesses, and lands contributed to positive change for these households. Most households (42 percent) could not bring about any positive economic change. At least 35 percent of households' socioeconomic condition had deteriorated after microcredit participation. My research also shows that 15 percent of households had left microcredit NGOs, finding it ineffective for effecting social and economic change for themselves (see Figure 2.13).

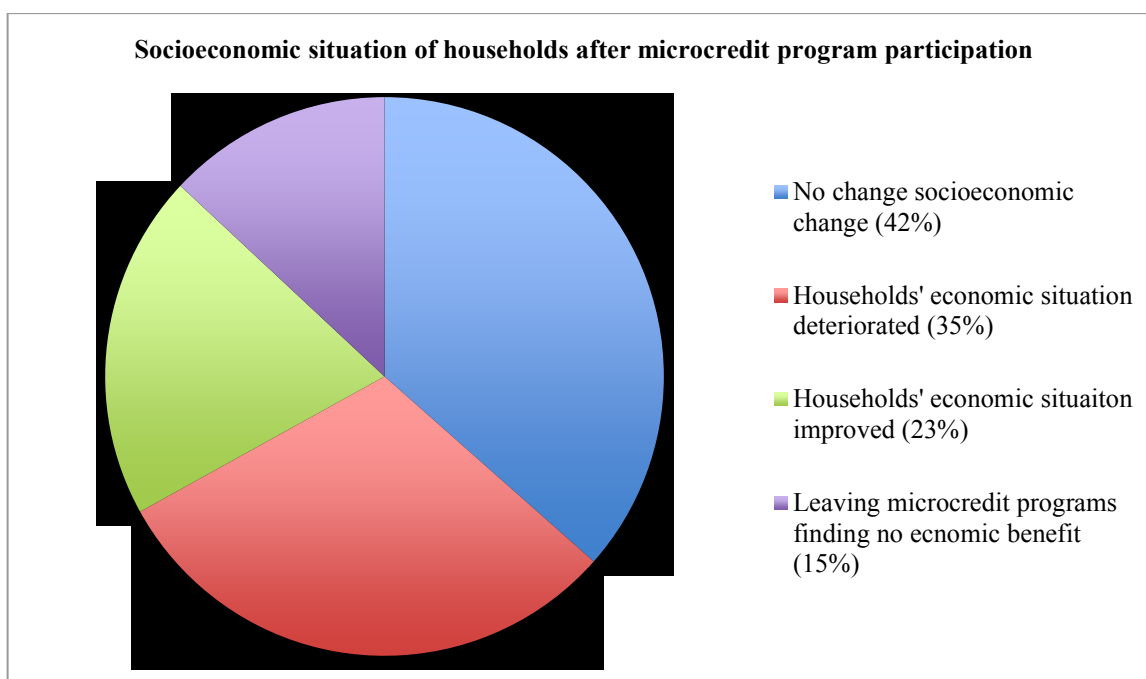


Figure 2.13 1: Socioeconomic situation of households after microcredit program participation

Now I will examine the two central questions: how do NGOs shape the poor's desire for loans? What influences poor women to become involved with several different NGOs simultaneously even though they witness and experience adverse consequences?

NGOs' Market Rationality and Capital Accumulation

Nine microcredit NGOs were working in my research locale, which had a total population of less than 3,000. Interestingly, these NGOs together had more clients than the total population, as many borrowers were involved with several NGOs. Every area NGO office has to fulfill a certain target of new client recruitments, which is set by the head office. There were also pressures from top officials on officials at the local and field levels, to retain their clients and to keep the microcredit programs operational. Consequently, NGO officials and workers followed aggressive strategies to recruit new clients and to expand their catchment area. When NGOs start microcredit operations in a new area, they pick some success stories to use as proof that they will be able to improve the quality of life through microcredit participation. Success stories may be from the neighboring community or from those who were slightly non-poor financially to begin with. Since increasing the number of clients for microcredit programs is one of the central objectives of most microcredit NGOs, they are rarely concerned whether or not the poor are able to utilize the loans or to follow the rigid loan repayment requirements and other conditions of NGOs. The initial focus of these NGOs is thus to create a fascination for microcredit to recruit new clients, to collect some obligatory savings, and then to deliver loans. NGOs do not care if their borrowers will use the loans as they had proposed, or if they have the capacity to repay the loans a week after receiving them.

In the following section, I provide detailed ethnographic examples how NGOs' marketing strategies shape poor's desires for loans and socioeconomic change and how other NGO policies and practices facilitate NGOs' profit accumulation process.

Shaping Desires for Loans and Socioeconomic Change

My research shows that like any other commercial corporation, microcredit NGOs consider "credit as a product" and follow specific business strategies for the expansion of their market. Most NGOs represent microcredit not only as a panacea of poverty

alleviation but also as a means of having desired lifestyles by highlighting selective success stories of the wealthy families, especially those who have been able to bring about noticeable economic change or the improvement of lifestyles after microcredit participation. Some NGOs may offer microcredit in different product names (e.g., “Priority”, “Progressive”, and “Development Loans”, “House Loans”, “Education Loans”, and others) and also promise to provide better facility than other NGOs, especially when they start to operate microcredit programs in a new area. Such NGO practices influence many of the poor, aiming at improving the quality of life, to participate in microcredit programs. My research indicates that many of the poor women participate in microcredit programs because they are influenced by such NGO practices and success stories about microcredit. It is not that the NGOs always deceive the poor people by highlighting merely the success stories or that the stories that they use to popularize microcredit are baseless. Instead, the NGO officers deliberately hide the actual socioeconomic backgrounds of the successful clients when they construct and present the success stories to others. Since the ultimate goal of these NGOs is to recruit new members and to expand their catchment area, they adopt such strategies to encourage many of the poor women to participate in their microcredit programs. Mita Tanchangya, a female borrower, expressed here discontent about NGOs in the following manner:

When they (NGOs) first come to us they say that we will be able to develop our *obastha* (economic situation) if we participate in their programs. Some NGOs say that they will give us more opportunities than others. But all NGOs are almost the same! The same NGO worker became very rude if any of us could not pay the loan following weekly loan repayment schedule. Previously I was with BRAC and now I am with Proshika. I left BRAC because the worker was crude and often used slang language if I couldn't repay my loan timely. Sometimes it happens to me that I don't have money, but I must repay the loan. I make cloth using my waist loom and it is main source of my income. It takes time to produce clothes and to make money by selling in the market, but they [NGO workers] will not listen to me. That is why; NGO is not helpful for me. (Mita Tanchangya, 13 June 2009)

This brief statement exemplifies that NGOs influence poor women to participate in microcredit programs by offering attractive program benefits. However, none of the NGOs honestly share all types of information regarding their program requirements (e.g. weekly loan repayment schedule), or consult with the prospective program participants on how they are going to use the loan and if the proposed area of the future loan is based on

existing social and economic realities. People aspire to a better life and so when they hear or see that other people are doing well with microcredit it is not surprising that they will be inspired. Paru Marma, a female research participant, said:

People were saying that they had been doing well by borrowing money (from NGOs). So, let's try too! By hearing that some people did very well with microcredit, I was also excited to do something good for us. I enrolled in an NGO, borrowed a loan and sustained a loss, and then I fell in a trap of NGO loan cycle before I could realize its consequences. (Paru Marma, 13 May 2011)

This statement implies that this woman enrolled in NGO because her relatives, friends and neighbors influenced her. In this case, the positive image of microcredit is the single most important factor in leading most poor women to participate in microcredit programs in the research area. Such a positive impression of microcredit is an asset for NGOs, which helps them to expand market. However, NGOs also sometimes deceive the poor women by offering attractive microcredit project components that may not be available for them. For example, Meghla, a female research participant, said:

When Grameen Bank first came here, its loan officers told us that they would give us house loans. We enrolled in Grameen Bank leaving other NGOs such as BRAC, IDF, and ASA. Now when we are applying for house loans they are telling us that there are some problems for Grameen Bank over the issue of Dr. Yunus. Since Grameen Bank is not giving us house loans some women have already left it. Besides, most of the NGOs do not give us sufficient loans. People do have dreams to make a better house, but their dreams do not come true. Some people have desire to invest in a business, poultry farm, cow fattening project and others. NGOs will give us Tk. 5,000 (USD 65) in the first phase, which is very small. If you want to buy a cow you will need at least Tk. 30,000 (USD 386) and even more. In addition, you need to build a house for cow, capital in hand for managing cost for cow feedings, treatment and other expenses. So, such small loans are rarely useful for undertaking such a livestock development project if you do not have other source of money. (Meghla, 25 March 2011)

In 1984, Grameen Bank started disbursing house loans to an outstanding borrower who had a 100 percent loan repayment record in the last two years. The maximum amount was Tk. 30,000 (USD 386) for building a new house and it was repayable over five years at interest rate of 8 per cent⁵⁸. Therefore, the interest rate of this loan was lower and repayment period was longer than all other types of loans. However, there was a condition that a borrower must buy eight pillars and a pit latrine from the Housing Project

58 The Grameen Bank Housing Programme. <http://www.worldhabitatawards.org/winners-and-finalists/project-details.cfm?lang=00&theProjectID=48> (accessed 11 April 2014).

of the Grameen Bank (Rahman 1999:99). Such houses were made of corrugated tins and concrete pillars, and it was waterproof and had a durable roof. Many of the poor people in my research area were interested in it, and the popularity of these house loans led many of the women to become involved with Grameen Bank. Clearly, the underlying objective of the Grameen Bank was to recruit clients and to expand its market share. These poor women were disappointed because they failed to get loans from Grameen Bank to build their desired houses. Insufficient capital is another factor that prevents many of the poor from realizing their dreams.

So far it has been shown that the activity of microcredit NGOs is based on the principles of market competitiveness and profit accumulation (see Harvey 2005 & 2007; Rankin 2013; Karim 2011), rather than to help the poor to get out of poverty. The current approach of lending and collecting loan by the major microcredit NGOs has little to distinguish it from the practices traditional moneylenders. If NGOs have a social cause (i.e. to help the poor to get out of poverty through microcredit) and an intention to create a “win-win situation” (assumed that both lenders and borrowers would be benefited equally), I argue, these NGOs cannot limit their activities merely to the delivery and collection of loans. In brief, microcredit NGOs’ lack of sensitivity about the poor’s needs and their ability to use the loans for achieving desired development goal often further pushes these poor into a debt trap, even while NGOs benefit from such process.

The question arises: why should NGOs’ efforts be characterized as detrimental to the poor population? There are ample grounds behind it, as my research reveals. NGOs do not only charge high interest on loans but also exploit their borrowers economically in many ways. In my research, I found many of the poor women are not aware of how much interest they pay to NGOs. Except for some educated women, the majority of women can only explain how much money they had to repay as an installment each week. I asked my research participant, Lota:

Ashraf (A): Do you know how much interest you have to pay to NGO?

Lota: I don’t know! But I can tell you how much money I pay for *kisti* (installment). If I take a loan of Tk. 6,000 I have to repay it within 45 weeks, Tk.150 for each *kisti*.⁵⁹ (Lota Begum, April 29, 2011)

⁵⁹ According to this statement of Lota, she paid total $150 \times 45 = 6750$ to NGOs against her Tk. 6000 loan, including the interest.

NGO workers tell the poor women about the interest rate (e.g. 12%-15% per annum), but they never tell them how much interest these women will have to pay by the end of the loan's term. Since the borrowers have to repay weekly loan repayment, the interest rate goes beyond this range. Let's take an example: Mrs. X borrows Tk. 10,000 (USD 129) from an NGO called Y. X has to pay 15% interest rate and the entire loan has to be repaid within the next 46 weeks from the day of loan reception. That is, X has to pay a total of Tk. 11,500 (USD 193), and each weekly installment Tk. 250 (USD 3.22). It seems that X has to pay only Tk. 1,500 (USD 19) interest for a year. The weekly loan installment is Tk. 250=217.39 basic capital + 32.61 interest. In this case, X is still giving 15% interest rate for her entire amount of loan even though she is paying back her basic capital Tk. 217.39 every week. In other words, the interest rate is not calculated on the remaining principle with each installment, but rather on the initial, total loan amount. This is a great scam of microcredit that few illiterate and poor people in Bangladesh realize and does more harm than good for the poor.

In addition to interest and other service charges, NGOs benefit from obligatory savings and insurance that they collect from their borrowers. While obligatory savings to NGOs are good for the wealthy people because it helps to build assets for the future, I found that the majority of the poor women have to borrow from other sources to meet the requirement.⁶⁰ Besides, some microcredit NGOs, especially the Grameen Bank, have specific types of savings that the borrowers must open to become eligible for loans. A female borrower, for example, said:

Grameen Bank has recently made opening monthly Grameen saving deposit account (known as Grameen Pension Scheme or GPS) mandatory for every member. Without opening such a saving account of at least Tk. 100 or Tk. 200 nobody is allowed to have a loan. In addition, I have to deposit some money in my regular savings account while repaying weekly loan installment. Now think if I borrow Tk. 10,000 (USD 130) from Grameen Bank I will have to repay weekly installment of Tk. 300 plus a monthly GPS. Whereas I am struggling to manage

⁶⁰ For example, a poor may have to go to a relative, moneylender or neighbor to borrow some money for fulfilling NGO's obligatory saving requirement. When a woman says that she is going to back the money [to relative/moneylender] within a week or two they do usually not refuse. Since this woman will have to pay the money back to these people there will little amount be left for her and such insufficient amount of capital may not be useful for the future economic investment. At this situation, this woman may have to go to other NGO to borrow some more loans by depositing some savings accordingly. Thus, the poor women are depositing money of other [NGOs, moneylenders, not their own] to their savings accounts in various NGOs and paying high interests.

my loan installment, how will I manage the money for such savings? They (Grameen Bank workers] say: “ if you can continue our GPS take money from us, otherwise leave it.” (Rasheda, 25 July 2011)

Similarly, another poor woman in my research area said:

If you want to take a loan of Tk. 10,000 (USD 125) from the Grameen Bank you must have a Tk. 200 monthly GPS account. Many people don't have the ability to open such a savings account and to deposit money regularly, and so they are not allowed to get loan from the Grameen Bank. (Promila Barua, 29 March 2011)

The point is not that GPS or any other such type of savings plan is a bad idea but it is questionable whether this can help the poor attain economic sustainability. Many of the poor women have to borrow from moneylenders or from other sources to fulfill these requirements. Practically, it secures these NGOs rather than help the poor to attain economic sustainability through asset building. These savings are also used for lending to other borrowers. Grameen Bank and other NGOs collect obligatory savings for the security of loans that they deliver to the borrowers and this obligatory savings thus work as financial collateral (see also Karim 2011). Perhaps Grameen Bank and other NGOs have initiated this kind of obligatory savings in order to screen out the poorer households from microcredit programs because of the widespread criticisms about NGOs' oppressive loan recovery strategies, the increasing the number of loan defaults or the difficulty in collecting loans from the poor borrowers. In any case, if the poor have to get loans from NGOs by saving money in obligatory savings accounts there is no point in representing microcredit as “collateral free.”

Ethnographic narratives that I have described so far explain how microcredit is part of neoliberal project and why the role of microcredit NGOs in general should be characterized as predatory rather than emancipatory (see Harvey 2005 & 2007; Rankin 2013; Karim 2011). Obligatory savings (e.g. GPS or other general savings requirements) are an integral part of the principles of market rationality and profit accumulation. Following the neoliberal market rationality, Grameen Bank has also recently made an insurance policy obligatory for every borrower. When a borrower takes a loan from Grameen Bank, 6 percent insurance is calculated on the total loan (3 percent for the woman borrower and 3 percent for her husband). For example, if a female borrower borrows a loan of Tk. 10, 000 (129 USD), Tk. 600 (USD 8) will be charged for insurance. Every loan requires insurance to protect the loan money.

Insurance is one of the most important means of accumulating capital for the microfinance institutions like Grameen Bank. The interest that comes from insurance money collected from millions of borrowers is income for the microcredit NGOs. Usually, if a borrower dies because of an accident or other unforeseen circumstances, she and her husband will be exempted from the liability of repaying outstanding loans. Now the questions that rise are as follows: what will happen if there is no such accident or unexpected incidence? Will the borrower/member be able to draw the money if she leaves Grameen Bank? Will the NGO pay interest on the insurance money that the borrower has to give every time when she borrows a new loan? If not, then isn't insurance an important means of extracting money from the rural poor in Bangladesh?

My research shows that the Grameen Bank does not give any interest on the insurance money or pay the money back to the borrower when she leaves its microcredit program. The Grameen Bank loan officers calculate the interest every 6 months (i.e. in June and December) and all the interest on the insurance of the all members across Bangladesh is deposited in a reserve fund at the Grameen Bank Head Quarter in Dhaka. Income from this insurance money is used both to adjust the outstanding balance of the affected borrower and to pay some money to cope with the emergency situation. For example, a senior member of the community has a loan of Tk. 20, 000 (USD 260) but she or her husband may die. In this case, Grameen Bank gives Tk. 1,500 (USD 19) toward the cost of such an emergency situation, especially for the funeral expenses.

In addition to institutional and formal means of accumulating economic profit through service charges, interest and insurance, microcredit NGOs maximize surplus by reducing program administrative cost through various indirect means. BRAC, Grameen Bank, ASA, and other major microcredit NGOs often ask group leaders and female borrowers to spend their own money to purchase items for village NGO centre, though these costs are directly related to NGOs' program operation and functionality. Many women, including village NGO group centre leaders, told me that NGOs asked them for the money to purchase a mat (a mat for sitting on the floor of an NGO centre). They are also asked to purchase for village NGO centre, registry books, pens, papers and other articles, all with their own money (also see Vignette 2 in chapter 3 for more detailed). All these are important, direct or indirect, means of capital accumulation for the microcredit NGOs.

The growth of these NGOs are enormous, regardless if whether people can benefit from microcredit participation or not.

The question that may raise is whether the people participating in these NGOs can benefit from microcredit. Certainly, microcredit does work for the people who already have some economic, social or cultural capital (see Bourdieu 1986 & 1990). For most borrowers, however, a lack of social power and experience, as well as insufficient economic capital, leads to business failures. Below I describe six ethnographic case studies, including non-poor and poor families. My analysis will demonstrate that while three households advanced socio-economically, women from two households could not improve their individual capability. Among the remaining three households, two of the poor households were dispossessed of their preexisting assets because of the increasing burden of debt. Through the latter case studies I will explain why poor women become involved with several different NGOs simultaneously despite their experience of adverse consequences.

Ethnographic Case Studies: Success Stories

Case Study 1: Multiple borrowing, individual agencies, and a household's socioeconomic advancement

As I described in an earlier section of this chapter, the majority of women in my research area had been borrowing money from two or more microcredit NGOs concurrently either for their male relatives in their households or for themselves. However, many of these women were also borrowing money from local moneylenders, neighbors or relatives. While women from the non-poor families borrowed from multiple sources in order to collect more capital for male relatives, poor or poorer women had to get involved with multiple lenders for more than one reason, such as the business failures of their male relatives, repayment of old debt, purchasing consumer good and so on.

Zeni Marma and her husband Sotish Marma live in the research locale in Assambasti. Zen and Sotish have two children and both of them appeared at the Secondary School Certificate (SSC) examination in 2011. Zeni had completed her junior school education (class eight) and had been working as a fashion designer and supervisor for a textile

company called, Tantuj.⁶¹ Zeni was also an active political activist of the ruling political party in Bangladesh, Bangladesh Mohila Awami League—women’s wing. Her husband, Sotish, was running a restaurant in Assambasti where he was selling food such as rice, fish, meat, vegetables and tea. Zeni had been participating in the microcredit programs of three different organizations when I was conducting this research in May 2011. In early 2011, she borrowed Tk. 30,000 (USD 388) from the IDF and Tk. 25,000 (USD 322) from the Grameen Bank for her husband who was going to start a restaurant business. He needed a large amount of money of to pay a security deposit to the landowner and to build a house for the restaurant and other related expenses. Zeni was planning to borrow more loans from ASA as well. Unlike the majority of the poor women, Zeni had a significant amount as savings to different NGOs, and she did not face any problem in obtaining or repaying her loans with NGOs. She describes:

I have been borrowing from IDF for the last 10 years, from ASA 7 years and from Grameen Bank for 5 years. I have already more than Tk. 26,000 (USD 335) just savings in IDF NGO, as I deposit Tk. 100 to IDF every week. I have a monthly savings account (Grameen Pension Scheme of GPS) in Grameen Bank and I have already about Tk. 7,000 (USD 90) savings here. I deposit Tk. 300 in GPS account every month and I also save Tk. 70 every week in my regular saving account. I am eligible to have more than Tk. 1, 000, 000 (USD 1,290) as loan based on my savings criteria because I have lots of savings money in my accounts of these NGOs. Besides, I don’t have any past record of loan defaulting. IDF is ready to give me a loan of about Tk. 150,000 (USD 1935), but I have said no. I am not prepared yet to use this much loan. (Zeni, 15 May 2011)

Needless to say, Zeni’s financial situation was very stable and more secure than that of many other people in her neighborhood. Zeni recounted that her household economic situation had improved significantly in the last few years. Zeni described:

My economic situation has improved a lot. Previously we used to live in a thatched-roofed house. It was about 10 years ago. My husband used to work as a daily laborer to earn our livelihood. When NGOs started microcredit program here I enrolled to IDF and this NGO gave a loan of Tk. 3,000 (USD 39). In the following year, I was able to borrow Tk. 5,000 (USD 65) and this money we used to replace our thatched-roofed house with some corrugated tins. In the following year, I borrowed another loan for my husband who needed some money to buy a set of carpentering tools. He worked as a carpenter for a while and later he invested some other loans in vegetable business. Then, I borrowed Tk. 10,000

61 Tantuj Textile Company is located in the Assambasti neighborhood and it is one of the biggest textile companies that produce traditional Pahari dresses for commercial purposes. These dresses are supplied to different showrooms in major urban centers in Bangladesh.

(USD 130) from an NGO for my husband's vegetables business. My husband needed to rent a shop in Assambasti bazaar to run and expand his business. My husband really did well in this business. Recently, my husband has started a new restaurant in the same place in Assamabasti. In the meantime, I was also working in a textile factory to contribute to our family financially. By our income, we also brought our children, managed their educational cost and thus tried to educate them. I have also made some furniture and other things in my house. I can't tell you whether other people have benefited or not from it [microcredit], but so far I have done well with the money of NGOs.

Accordingly to Zeni's testimonies, she did very well with microcredit. She had been able to improve her household's economic situation, renovate her house with corrugated tin, manage the educational costs of her children and, above all, help her husband to move upward, socially and economically. Personally, Zeni's individual freedom had expanded, as she was able to make various decisions within the family jointly with her husband. I asked her whom she wanted to give credit for her household's economic advancement. She said:

It is our credit; NGOs give us money but we have to use it. If NGOs had given us money and we had consumed it without using it properly it would have been impossible for us to improve our situation. So, credit goes to us. Both my husband and I have jointly taken all the decisions and we have succeeded.

From this perspective, microcredit NGOs have created some economic opportunities and both Zeni and her husband have been able to utilize their individual agency to achieve a desired economic change. In fact, both Zeni and her husband worked hard to improve their economic situation. At first, Zeni was a general textile worker in a textile company and after several years of working in this position she became a fashion designer and supervisor. However, Zeni and her husband also had economic resources and sociopolitical networks and opportunities beyond microcredit. Being a political activist of the ruling political party in Bangladesh she has affiliations with local political leaders and administration. Zeni was in a privileged position compared to the majority of poor women in the research area. Zeni also had a wide kinship and professional network in her neighborhood and all these factors helped her get access to other opportunities (e.g. having a business place in local marketplace). In addition, Zeni's husband had some land resources and they had some income from this source. These factors usually remain invisible when NGOs and other people in the area disseminate the success story of Zeni

and her husband. I heard this woman's name many times while I was talking with NGO officers and other women about the impact of microcredit program in the area.

Case Study 2: Multiple borrowing and a household's socioeconomic advancement

While I was conducting this research at Assambasti in 2011, Moyna, a middle-aged woman, was borrowing microloans from four NGOs for her husband and sons. She was also a village group centre leader of ASA, BRAC, and IDF. Moyna became involved with these NGOs to accumulate capital for her husband's business expansion and for other household needs include renovating house, purchasing a TV, and educational expenses for their children. Moyna's husband, Hasan, was serving in Bangladesh Agricultural Development Corporation (BADC), a government agricultural office, in Bandarban Hill Tracts in Bangladesh. Moyna and Hasan had seven children - six sons and one daughter. In the meantime, Hasan married a second wife, and the household grew when Moyna's co-wife had a new child. Moyna's own children were grown up and they started going to school and college. It was difficult for this family to manage its household expenditures with limited monthly income. Hasan resigned from his job and started to deal in the timber business in Rangamati. Hasan had some capital, but this was not sufficient for starting his business. He asked his wife, Moyna, to get enrolled in IDF NGO to acquire some loans. Initially, IDF gave Moyna Tk. 4000 (51 USD) and when she repaid the loan within a year she received Tk. 6,000 (77 USD) and thus IDF continued to increase Tk. 2000 (25 USD) every year. Finally, in the early 2011, Moyna was able to borrow Tk. 30,000 (385 USD) from IDF. She also enrolled in ASA in 2005, BRAC in 2006, the Grameen Bank in 2007 for more capital, as her husband needed at least a capital of Tk. 200,000 (2,570 USD) to run his timber business. In addition, Moyna borrowed an education loan (Tk. 16,000 a year) from the Grameen Bank for one of her sons who was studying at the University of Chittagong. Hasan and his elder son used to collect teak and other trees from the Pahari, and then they made furniture in Rangamati. They did well in their venture. Moyna was satisfied with her microcredit participation. She said:

We benefited from microcredit and I did not face any problems for managing repayments like other women because my husband used to give me money to repay the loan to NGOs regularly. I am happy that we have renovated our living house, made furniture, bought a TV, and educated our children. (Moyna, 10May2011)

As I discovered, Moyna's participation was conducive for this household's success for several reasons. First, this family already had some economic capital. In addition to Moyna, Hasan's second wife and one of his sons' wives received loans from different NGOs that contributed to the economic success of the family. That is, he had support from his family members to collect capital as well as to manage their business efficiently. Second, timber and furniture are very profitable in Rangamati. Note, not everybody can do such timber business, especially with teak wood. Cutting, selling or dealing teak and some other trees was prohibited here. However, some of the big timber merchants were Bengalis and they had government permits. They bought these trees at a considerably cheaper price from the Pahari in Rangamati and made a profit. For example, if a merchant invests TK. 50,000 (USD 642) for collecting some trees or logs from the Pahari in Rangamati, the actual market value of the furniture from logs will be around Tk. 300,000 (USD 3,858). It is not easy to deal in this business because local forest officers, police, and local administration may prevent merchants from getting their furniture outside Rangamati without bribes, even if they have permits. Mr. Hasan had no such business permit, but he was able to manage local administration to continue his timber business. My research reveals that the Bengali ethnic identity, as well as social, economic, political networks with local and regional merchants, local administration and forest officers were an advantageous for Hasan. Hasan had the power to own and to mobilize resources to create a positive change.

Interestingly, though Moyna's family had benefited from the timber business, the position of Moyna in her household had not changed. Practically, Moyna was just a means of access to credit for her husband and son and she had little or no role in either taking the decisions regarding the loans or in controlling the income for her personal needs. Moyna said:

Actually, my husband asked me to take the loans from NGOs for collecting capital for his timber business. It was not for me because I did not even spend any money for myself. My husband rather than I took every decision of borrowing or using the loan. He gave money to me to repay the loan installment to these NGOs and I did it.

This statement suggests that Moyna's position to her husband was subordinate, rather than equal. While Moyna's participation in microcredit programs benefited her household collectively, Moyna's lack of direct participation in the economic activity, lack of

opportunity to use the loans and to control the incomes led her to depend on her husband. In other words, her participation in microcredit did not help develop her individual capability, personal skills or competencies, and economic self-reliance and self-respect (see Sen 1999; 2007). Some studies shows that microcredit programs do not challenge the rural power structure and gender hierarchies in Bangladesh, in the manner required to achieve the goal of gender equity (Goetz and Sen Gupta 1996; Rozario 2002). Moyna's social and economic power had not changed after her microcredit participation. Rather, her husband's new co-wife posed a threat to her authority and social power because it reduced her decision-making power within the family and her control over household economic resources.

Case Study 3: Multiple borrowing and building assets

Usha Tripura, a 35-year-old woman, had been participating in microcredit programs for several years. Usha worked in a local textile factory and tailored clothes using her sewing machine at home. Her husband Uttam was a primary school teacher, and they had a 7-year-old daughter. When I was interviewing Usha in June 2011, she was involved with Grameen Bank, IDF, and ASA. Previously she had been with BRAC for several years. Usha borrowed a loan of Tk. 3,000 (USD 40) from IDF about 10 years ago for managing her household needs. A couple of years later, she borrowed Tk. 5,000 (USD 65) to buy a sewing machine. Recently, she had borrowed TK. 36,000 (USD 464) from ASA, IDF, and Grameen Bank for her husband who purchased a small plot of land from his relatives to build their new house. Both Usha and her husband contributed from their income to repay the loans. Usha did not face any significant problem repaying loans because both Usha and her husband had a regular income. While she recognized that microcredit was useful for her household's economic situation, she also felt that sometimes people had problems. She explained:

At least, there is a good side that whenever I am in financial crisis, or I need some money I can go to an NGO to have some loans to manage it. Nobody will lend me money like NGOs in time of need. In this sense, they are good. I can repay my loan installment with my income. In addition, I can save some money to NGOs every week. But there are many people who struggle to manage their loan installments here. Even sometimes I have to reduce our food expense to repay loan installment, though both of my husband and I have regular income. I have to

do it sometimes to avoid any unwanted situation at the NGO group centre. (Usha Tripura, 17 June 2011)

Usha's household benefited from her microcredit participation especially because it was possible for her husband to purchase a small plot of land for building a new house.

In general, Usha is well-known to NGOs and to many other people as one of the successful women in her neighborhood because it is assumed that she and her household have benefited from microcredit participation. However, this is just one side of the story that I have described so far. There is another part of it, which is not visible to NGOs, her fellow microcredit participants, and neighbors or community members. I will elaborate Usha's experience of economic deprivation in chapter 7.

In fact, all three ethnographic cases thus far show that microcredit program participation produces multifaceted effects for the participant households. Collectively, these three households have done well with microcredit, as they have been able to build economic assets, to renovate houses, and to improve their overall economic situation. All these families had some economic, social and cultural capital to build upon. Microcredit participation helped them to build on these resources and capital to improve their socioeconomic situation. However, because of gendered social norms, microcredit program participation had little or no positive impact on the enhancement of the individual capability of women and did not help the women to become self-reliant, empowered or respected (as exemplified by Moyna and Usha).

Now I will describe three different, unsuccessful cases; all three of these households fell into debt after microcredit participation.

Unsuccessful Case Studies

Case Study 4: Business failure, multiple borrowing, and indebtedness

Promila Barua, a woman in her 20s, lived in the same neighborhood where Zeni, Moyna and Usha were living. Promila's husband Sumon was working in a sawmill as a day laborer. He heard about and saw some people who did well by dealing in timber and furniture businesses, including the success story of Moyna's husband Hasan (see success story 1). Sumon decided that he would start a timber business and quit his job at the sawmill. At her husband's request, Promila enrolled in BRAC in 2007. In 2009, Promila borrowed Tk. 10,000 (USD 128) from BRAC for her husband. This was not sufficient.

They also borrowed money from a local moneylender by mortgaging Promila's gold jewelry, and were able to borrow more money from their relatives. Sumon invested all the capital in the timber business, including the loan from BRAC. Promila was supposed to repay a total of Tk. 11,500 (USD147) to BRAC in 23 fortnight installments effective from a week after the loan delivery. However, Promila failed to keep her promise to repay the loan on time because her husband sustained a business loss. Sumon had purchased logs from a Pahari, made timber and stocked it in his home yard. Then, one day a forest officer came to his house and seized all the timber, and consequently, he lost his capital of about Tk.60, 000 (USD 770). When I asked why they took away her timber, Promila answered:

We did not have any license to do this timber business. He (husband) purchased these logs from a Pahari man. There are some people who deal in such a business without any license in our community. It is really tough for us to have such a business permit because we are poor and do not have people in higher administrative position who can support us. Such a license is not given to all people; it is just given to some big merchants, rich, and people who have political affiliation. So, it requires huge capital, business networks and labor force to collect timbers, to make furniture, and to take it out of Rangamati for sale. We had none of these capacities. (Promila Barua, 29 March 2011)

While others had also become involved in timber trading without permits from local forestry office, unlike Sumon, they had strong links with local forestry and law enforcement agencies and so did not suffer the same consequences. Moreover, this family lacked knowledge and experiences with this business. Sumon's business failure led Promila to borrow more from ASA, Grameen Bank, and IDF to repay the old debt. Consequently, this household fell in a debt trap. Sumon returned to his previous work place, a local sawmill, to earn his livelihood. He could earn a maximum of Tk. 400 (5 USD) a day, and it was not enough for this household to repay the loan installment after managing daily needs. NGO workers and a group of women often mistreated Promila when she could not repay the loans. Promila had recently started to make plastic bags to sell in local market, but what she could earn was not sufficient to relieve the burden of debt that had already mounted up. Promilla described her suffering in the following manner:

Actually, dada (brother, addressing me) I do not have any shame to tell you that it happens many times to me that I could not purchase food for us because I had to repay the loan first to NGOs with our paltry income. Even we had to starve with our young children. It is very normal that if I could not repay my loan installment,

NGO workers and group leaders will mistreat me... Sometimes my husband becomes sick and then I face problem for making loan repayments. So, I have to borrow some money from other people. For example, I borrowed money from a woman, a moneylender, about Tk. 5,000 (64 USD) several times to repay my loans. Now I have to pay Tk. 8,000 (102 USD) to this moneylender with compound interest. How will I repay this large amount of money? I do not know! I do not see any hope! (She let leaving a long breath)

Sumon aspired to improve his economic situation like other people in his community by doing timber business. He took a risk, but his lack of social and economic resources led him to experience a serious financial loss. This economic loss was beyond this household's capacity to recover as the increasing interest rate and service charges imposed by NGOs and moneylenders pushed them further into debt. The economic, social and psychological wellbeing of this family deteriorated. Individually, Promila suffers when NGO workers humiliate her for her failure to repay the loans. Failing to manage food for her children and for herself as well as concerns about how she will repay all these debts caused her pain and anxiety. Instead of experiencing a positive change, this family was now living in deeper poverty, with greater uncertainties.

Case Study 5: Multiple borrowing, business failure and dispossession of pre-existing assets

Parvin Akter is a 45-year old woman, living in the Khippapara neighborhood in my research area with her husband and four children - three sons and one daughter. Parvin was a housewife and her husband a farmer and day laborer. Three household members were income earners, her husband and two sons. Two of her children had dropped out of secondary school because she could not pay their educational costs. While I was conducting this research they were working with their father in their poultry farm. Parvin and her husband borrowed from several NGOs (e.g. IDF, BRAC and ASA), BRDB and Bangladesh Krishi Bank to start their poultry project at home. She enrolled in IDF in 1997 and the first loan that she borrowed from this NGO was Tk. 3,000 (USD 39). Her husband used this loan for farming and for meeting some household needs. IDF increased her loan amount from Tk. 1,500 to 2,000 every year based on her loan repayment record and her savings. She also enrolled in BRAC and then ASA to purchase a cow and to repay some of her old debts to IDF. Parvin's husband and sons wanted to start a poultry

project and they needed about Tk. 200,000 (USD 2,581) for it. Parvin tried to borrow from several NGOs, but none of the NGOs agreed. NGOs set condition that if she could provide a land registration document she might be eligible to have the large loan required for the poultry project. Later, Parvin was able to borrow a loan of Tk. 50,000 (USD 645) from IDF, BRAC and ASA without submitting any land document. She also borrowed Tk. 20,000 (USD 260) from BRDB. Still she needed more money. Parvin and her husband went to a branch of Bangladesh Krishi Bank in Rangamati to borrow money, but the Bank authority demanded a land registration document for collateral. Finally, they submitted their land document and received Tk. 130,000 (USD 1,677) from this state-owned commercial Bank to start their poultry project. Parvin's husband and two sons worked hard for this development project: they built a new house of corrugated tin, which cost about Tk. 50,000 (USD 645) and the rest of the money was used for buying breeding chickens, feeding and other management costs. However, most of the chickens died of bird flu within a few months of project commencement and the ultimate failure of this poultry project pushed them into a deep cycle of debt and brought immense social and economic suffering for them. All the NGOs began to apply pressure to get their money back. Parvin and her family were in great trouble. They began to borrow money from local moneylenders to repay the loans to the NGOs with exceedingly high interest rates (10% per month, 120% per year). Within several months, their total debt became Tk. 300,000 (USD 3,872) including debts to NGOs, BRDB, Bangladesh Krishi Bank and moneylenders. In 2008, Parvin's husband had to sell five decimals or 2182 sq. ft.⁶² of farming land to repay some of the debt. In 2009 and 2010, the family had to sell more land. They had three different houses, consisting of two houses and a kitchen, with a big home yard, but they had to reduce the number of houses from three to two. As a result, they had a very small place to live in with six people. The rest of their house-land was mortgaged to Bangladesh Krishi Bank and they could not sell this portion of the land until their outstanding loans were repaid. If this family cannot repay the loan of the Krishi Bank they must leave the land and become homeless.

62 One bigha or 33 decimals equal to 14,400 sq ft. See more detail for traditional measure of land in Bangladesh at <http://en.wikipedia.org/wiki/Bigha>.

In my research, I have several such cases where the people have had to sell their houses, cattle, furniture, TV and land to repay debts to NGOs and moneylenders. However, this is one of the worst cases; this household had totally collapsed after participating in microcredit programs. Parvin had been borrowing loans from various NGOs for more than ten years but her microcredit participation could not help her family to improve its economic situation. While Parvin argued that the failure of the poultry project led her to experience such a miserable situation, her neighbor disagreed with her. Several months after my conversation with Parvin I had an opportunity to talk with one of her relatives, who lived next door, Morjina Begum.⁶³ I had not intended to talk about Parvin's case; rather, I was interviewing Morjina Begum about her personal experience with microcredit programs, sitting on the veranda of her dwelling house. At one point of our discussion, Parvin came by, just as I was asking Morjina the following:

Ashraf: What kind of change do you observe in the lives of the poor who participate in microcredit program in your neighborhood?

Morjina: Some people can benefit from microcredit, but many others cannot. The people who utilize the loan properly have done well with microcredit. There are some people who take loans but fail to use them in the productive field and so they may fall into debt trap. For example, I borrowed Tk. 20,000 (USD 260) from NGO and I spent it for purchasing food, saree, TV and furniture. How will I repay the loan installment to NGOs now? Will I not fall into a trap of loan cycle? But if I had invested this loan in some productive activities such as rearing livestock there would be a possibility to benefit from it. In practice, few people can do that! (Morjina, 25 July 2011)

At this moment, there was an interruption when Parvin reacted to her comments. Following was the conversation between Morjina and Parvin:

Parvin: People might suffer capital loss due to business failure (She was a little bit angry and frustrated)!

Morjina: You (addressing Parvin) have been taking *kisti* (loan) for a long time; let me show what have you done so far? You took a loan and ate it!

Parvin: I have done nothing!

Morjina: then, let me know what have you done by taking these loans from NGOs? I know that you have borrowed lots of money from NGOs.

⁶³ Morjina Begum was about 40 years old woman when I conducted this interview with her in July 25, 2011. Then, she was a widow and had been living with her two children. She was working in a local textile company to manage her livelihood. Previously she had been with a microcredit NGO but she left it. The reasons of leaving NGO, as she explained, were lack of opportunity, manpower and time to use the loan in the economic production.

Parvin: We suffered some capital loss in our poultry business.

Morjina: You had also taken loans from NGOs many times before this happened to you, hadn't you?

Both Morjina and Parvin became a little bit excited and then I interrupted their conversation promptly to shift our focus to a different issue. I had to do this in order to prevent them from getting involved in an unexpected confrontation. I was already aware of Parvin's case and so I did not want to bother her. It is true that Parvin had been borrowing from different NGOs for more than ten years, but her household's economic situation rather deteriorated. It is also a fact that her household had been in serious economic problems because of the failure of the poultry project. This short conversation between two women also reveals that blaming individuals for their economic failures regardless of the condition of their failure is a very dominant way of thinking and few people can realize that structural factors such as a lack of social and economic power, individual skills and experiences, and other conditions are very important for becoming successful in any entrepreneurial development project. I will further elaborate these issues in chapter 5 and 6.

According to market principles, every form of entrepreneurial activity involves both profit and risk. However, if this family did know that they might encounter such problems, perhaps they would not have taken such a risk or would choose not to risk their existing asset (e.g. land). Parvin's husband and sons were motivated by some of the selective success stories. They knew only a part of the story; that the poor people could become rich by undertaking such economic activities. While microcredit NGOs, commercial bank and moneylenders have benefited, the Parvin's family had been dispossessed of their preexisting assets (e.g., land) and fell into a deepening cycle of poverty and uncertainty.

Case Study 6: Insufficient Capital, Capital Loss and Unrealized dreams of a struggling woman

Meghla Begum, a woman in her 40s, lived in Khippapara neighborhood, the same place as Parvin, with her husband and three children. Meghla had a dream of leading a peaceful and poverty-free life with her children and family. She wanted to build a better house and educate her children. She enrolled in a microcredit NGO to fulfill these dreams. Meghla

was born into a poor family and could not appear at her secondary school certificate examination (SSC) because of her parents' poverty. She needed to pay SSC registration and examination fees, but her parents were unable to manage the money. In the early 1990s, she was married to a poor man, Ridwan, with whom she lived in her parents' house. Several years later, IDF NGO started its microcredit program in her village, giving loans for rearing livestock, house building, and for other income-generating activities. Meghla inherited 22 decimals of land from her father. She enrolled in IDF and borrowed Tk. 5,000 (USD 64) to build a small house to live in. She repaid the loan to IDF by teaching preschoolers and primary school children in her neighborhood. A few months later she was admitted to a clinic for her the birth of her first child, and encountered financial crisis in paying the medical cost. She could not repay the loan to IDF regularly, and so she enrolled in BRAC to borrow money to repay the old debt to IDF. Her husband and she were working hard to repay these debts. Then, Meghla enrolled in ASA and Proshika to borrow more loans to undertake a livestock development project. She bought some chickens, two goats and a calf with NGO loans.

Meghla and her husband were looking for a way to relieve their poverty. In 2005, Meghla and Ridwan were able to manage a capital of Tk. 100,000 (USD 1286), including loans from ASA, BRAC, Grameen Bank, IDF, BRDB and several moneylenders. Ridwan joined a businessman, Sujon Barua, who had a furniture shop in Assambasti in Rangamati and started a partnership business with this capital. In 2006, both Ridwan and Sujon supplied furniture valued at Tk. 300,000 (USD 3,858) to several merchants in Rangamati. Ridwan had capital totalling about Tk. 150,000 (USD 1,929) in this partnership business. Since Sujon had more experience than Ridwan in the furniture business and he was familiar with local merchants, Sujon took responsibility for dealing with these merchants. However, after a couple of months, Sujon deceived Ridwan. Ridwan lost his capital because Sujon collected the money from merchants and left Rangamati with his family. Meghla⁶⁴ had to sell all of her saleable assets including goats and cattle and borrow more loans to repay debts to NGOs and moneylenders. Ridwan reported his business partner to the police, but did not receive any justice. Both Meghla and Ridwan went to local community leaders, Local Government representatives (e.g. councilors) and other people

64 Note that Meghla inherited some lands from her father and the land was registered in her name.

in the area to seek their help in getting this money back. However, nothing happened. Consequently, both Meghla and Ridwan suffered not only serious financial problems but also social and psychological stress and humiliation for failing to repay loans to NGOs and to moneylenders. One of local moneylenders confined her husband to a house and pressured Meghla to repay his money by selling her land. Meghla described:

A moneylender confined my husband in his house and threatened to put him into the jail, as we owed to him more than TK. 50, 000 (USD 643). I humbly requested him to free my husband. He insisted me paying all the money within a month. “I am a poor woman how will I manage so much money?”, I said. “I do not know how you will give my money back. You have your land you can sell it to get money for me” the moneylender reacted. Later, he agreed to release my husband on the condition that I had to pay all the money back with interests by the following month. I borrowed Tk. 15,000 (USD 193) from a NGO through a woman in my neighborhood (i.e. proxy borrowing). We owed to NGOs and moneylenders about Tk. 300,000 (USD 3,858). I repaid some of these loans step by steps by borrowing from NGOs, selling my ornaments, livestock such as cows, goats, hens and ducks. Still we have debts more than 200,000 (USD 2,576). (Meghla Begum, 25 March 2011)

Clearly, the loss of capital because of her husband’s business failure led Meghla to further debt. Meghla had some savings in BRAC and she wanted to mitigate her financial problems by withdrawing this money, but the BRAC officials refused her. Meghla said:

I have recently borrowed Tk. 20,000 (USD 257) from BRAC NGO and have already repaid half of this loan. By this time, I have also deposited some money with weekly installment. So, still I have more than Tk. 25000 (US\$ 322) in my savings account in BRAC. Because of my husband’s capital loss I wanted to withdraw all of my savings from BRAC. But they refused it and told me, “You must repay your loans first and then, you will get your savings back”. (Meghla Begum, 12 June 2009)

This NGO’s refusal to pay the savings back to Meghla affected her economically because she had to pay interest to both NGO and moneylenders. She was able to repay all her debts to moneylenders and some of her debts to NGOs by selling goats and cows and by working hard for several years. Despite her suffering and other consequences of indebtedness, Meghla borrowed further Tk. 60, 000 (USD 772) from different NGOs in 2010 for her husband. I asked Meghla why she did this, as she was struggling to repay her old debt, and how she was going to repay this new loan. Meghla contended:

My husband wanted to become a CNG (Compressed Natural Gas)-run auto rickshaw operator. We needed more than Tk. 400,000 (USD 5,144) to buy such a

new vehicle⁶⁵, which was beyond our financial capacity. But it is possible for us to have it if we could deposit Tk. 60,000 (USD 772) as security money to an original vehicle owner. Then, he (husband) could operate it to transport people and he had to pay rent Tk. 300 (USD 4) to the vehicle owner everyday. There are some people in our community who are making good money by operating it. I had also a dream that my husband would do something better like other people. So I borrowed some additional loans from different NGOs. At this stage, I have no option but continuing with these NGOs. I thought I could improve our condition if my husband had a CNG. Unfortunately, I was in trouble again because I had to spend more than Tk. 100,000 (US\$ 1285) for the payment of dowry and marriage ceremonial cost of my elder daughter⁶⁶. Now I have trapped in debt again. What I am doing now is taking loan from one NGO to repay the other. Still I am hopeful getting out of this debt cycle, if my Allah wants. (Meghla Begum, 27 February 2011)

Social and economic change experienced by other people in the community instilled in Meghla an intense desire to escape from poverty using loans. Meghla borrowed from NGOs and moneylenders for her husband who invested in the timber business and he sustained a loss. Ridwan's business failure pushed this family into deep debt and suffering. While they were able to recover, they faced further problems, as they could not use the loan in economic production (instead they paid for their daughter's dowry). The entire case of Meghla and husband's borrowing money from NGOs and moneylenders and their efforts involving various economic activities was shaped by their social and economic circumstances and changes such as the success of other people in various business endeavors and dowry payments.

Microcredit NGOs also influenced Meghla in shaping her hopes and dreams for a poverty-free life. It seems that microcredit NGOs were responsible for her indebtedness as they gave her false hopes that they (the NGOs) would provide her with a large loan with which to fulfill her desire, which influenced her to stick to these NGOs. NGOs, in fact, often manage poverty to make money instead of playing an effective role for eliminating it. And this has been reflected in the following narrative of Meghla:

I have been with ASA, BRAC, Proshika and IDF NGOs for more than 10 years, and Grameen Bank for about 5 years. I enrolled in IDF NGO about 16 years ago and then they told me that I would be eligible for a loan more than Tk. 100,000

65 Big merchants, especially the Bengalis have such vehicles, which they rent to people who have operating license and ability to deposit a certain amount of money. Both Meghla and her husband were interested in it because several people from her neighborhood were doing well by involving in this occupation.

66 I have more detailed discussion about this issue of dowry in the chapter 7.

(USD 1, 258) if I could maintain a good loan repayment record consecutively for ten years. I started a loan of Tk. 3,000, and thereafter I took Tk. 5,000, 10,000, and 20,000 and at last, the maximum amount was Tk. 40,000. I was able to fulfill some of my small needs, or to solve an immediate financial crisis by taking such small amount of loans. But such small amount of loan was not useful for realizing my big dream (i.e. financial self-reliance). I requested the NGO manager to issue a big loan so that I could buy a CNG, but he refused it. They just made me frustrated! I always wanted to do something better, productive, but I failed. I wanted to start a poultry farm, but it required lot of money. I needed a lot of capital if I had undertaken a cow-fattening project. We are aging quickly, time is flying too fast, and so we have very short time to do anything for us, for our children. We cannot bring any remarkable change if we have to encounter such a critical situation every time. We have to struggle a lot and no longer feel good to pass our lives through such hardship and uncertainties. Now I have a dream that my husband will be a CNG operator and so I need a lot of money to purchase a CNG auto rickshaw. No longer I think it is possible for me to translate my dream into a reality by microcredit. I have no other option but selling my land. I have a plot of land, 10 decimals, and I am planning to sell it for managing money for my husband's CNG, for repaying old debts to NGOs, and for sending my son in-law to overseas. I am looking for more than Tk. 1,000,000 (USD 12,860) for my land. (Meghla Begum, 25 March 2011)

Meghla has been participating in microcredit programs for more than last 15 years, but she has yet to achieve economic self-reliance. Instead, her debt to NGO and moneylenders has increased. When she enrolled in IDF about 16 years ago, they assured her that she would be able to live a better life with her family in the future. She expected NGOs to provide her a large enough loan to realize her dream. In practice, she could not educate her children because of her poverty. Her teenage daughter was married to an unemployed young man. Meghla's husband and herself were insulted and humiliated by moneylenders for failing to repay their debts on time. Poverty, lack of social power that caused capital loss in business, insufficient NGO loans to start a viable business, paying high interest to NGOs and moneylenders, as well as socially-required dowry payments are all factors that led to this family's lack of success. Now the burden of debt for Meghla has been so oppressive that, to repay it, she was planning to sell land she had inherited from her parents.

I found many people who had already lost their preexisting assets in order to repay old debts (see Vignette 1 in chapter 3). The cases of Parvin, Promila, Meghla, and many others tell how the non-poor and the poor households can be made poorer and why they may continue to participate in microcredit programs despite their previous experiences of

disturbing consequences. It is often said that microcredit is for the poorest of the poor and it helps these poor to get out of poverty. My research has not found any instance where the poorest of the poor can achieve this goal. I asked a Bengali man why he was borrowing money from NGOs through his wife despite the fact that he couldn't change his economic situation. This man said:

I am a daily laborer and I may not find work everyday. I may have to stay at home for several weeks because of natural calamities such as heavy down pour, flooding and the like. Then, I am going to borrow some loans from NGO to buy food, for example. Although I can repay the loan by working my financial problem does not solve as because I continue to face problems for managing my household needs. This is because whatever I can earn by daily laboring is gone for my loan repayments. I can't relieve from my want, financial crisis, or poverty whatever you call it. Consequently, I have to borrow more loans to cope with this situation. By borrowing more loans, I put my legs into a deeper hole of debt. Wouldn't it be difficult for me to come out of this debt cycle? (Faruk Hossain, 25 July 2011)

Chronic poverty, natural calamities or lack of income opportunities pushed this man to depend on the money of NGO to manage his household needs. In one sense, microcredit is useful for Hasan because he can use the loan to buy food to survive when he has no work, and it is a short-term remedy for the poor to cope with lean periods or household food shortages. However, officially microcredit is not for such consumption purposes and it is given to such poor for undertaking small-scale entrepreneurial activity to help them escape poverty. The consequences of using microcredit for consumption without having a substantial source of income are enormous: the burden of debt and further poverty.

I have documented many such stories of the poor women and men in order to understand why they continue to participate in microcredit program despite the disturbing consequences they face. The shocking stories of business failure or of poor people who are unsuccessful in utilizing microcredit can be numerous.

I will continue to answer the central questions of this chapter with ethnographic detail in the next section, with a shift in focus to the ways in which media and cultural-change lure many of the people poor to want a better life, better house, or to have modern technologies and amenities, and how this practice contributes to debt and dispossession of pre-existing assets and immense suffering. The poor have aspirations for a better life and for the latest models of entertainment technologies, but the majority of poor people cannot afford them. I will demonstrate that the use of NGO loans for household

consumption of entertainment goods, without a reliable source of income and financial capacity can be destructive for them.

Cultural—Structural Factors Shaping the Poor’s Aspirations for Consumer Goods and Leading the Poor to Experience Economic Dispossession

The expansion of the market economy, the penetration of transnational entertainment media as well as local mass media have had multifaceted effects upon the mass of the population in Bangladesh, both rural and urban areas. In my research in the CHT, I found that the physical mobility of local people such as migration to urban centres or overseas for jobs, trade or study has increased in the last decade. Social and cultural interactions of local Paharis with in-migrant Bengalis enhanced the process of adopting and sharing cultural traits (see Ali 2012). The presence and activities of Christian missionaries⁶⁷ contributed to culture change of some of the Paharis (e.g. Lushai, Tripuras) as they converted to Christianity. Development, such as construction of roads and bridges, improvement of communication systems, and other socioeconomic interventions of national and international NGOs since the late 1990s has led many people to experience social and economic change. Such changes also contribute to changing people’s way of living, life-styles and attitudes. Mobile telecommunications and satellite TV connections reached the CHT in the early 2000s,⁶⁸ which contributed to the expansion of local cable TV business, and local people relied increasingly on satellite TV for entertainment. A number of showrooms with the latest local and global brand of technologies (e.g. Sony, LG, Samsung) were available in nearby towns. Interestingly, some local people were so eager to have new technologies, especially mobile phones, that they began to buy mobile phones from local showroom in Rangamati before the mobile telecommunication network even reached the district. One of my research participants observed:

67 The presence of Christian Missionary in Rangamati and financial assistance for the education of the children of converted or denominated Christians or the poor Pahari brought some positive socioeconomic change in my research area. They provide free residential facilities for high school going students, free food and educational cost. Sometimes they sent some students from this pool of students who completed college education successfully to abroad to have higher education. I found such students who are living in overseas and sending remittance to their parents.

68 None the mobile telecommunication companies such as Grameen Phone, CityCell, AKTEL, TeleTalk and other could enter the CHT region before the 2000 because there was a political instability and Government of Bangladesh did not allow any mobile telecommunication companies to set up network tower station in this region.

I think it was about a couple of months before Rangamati area came under mobile network when some mobile companies had just installed their network tower stations. Mobile network operation was not commenced yet. I often noticed that some Pahari young men with poor dress-up were used to come to Bonorupa Bazaar (Rangamati Town) from remote hill to purchase mobile phone set spending from Tk. 3,000 to 5,000. It seemed to me that these Paharis were very poor and interestingly, and then there was no initiative taken to set up mobile network station in the remote hill where they were living. (Ehsan Karim, 24 June 2011)

My research finding shows that people, regardless of their ethnic and economic background were eager to have the latest models of communication and entertainment technologies. Some of these people needed these technologies and other felt they needed them after seeing that their neighbors had them. I observed that many people, especially rich people, were using modern amenities such as refrigerators, air conditioners, and the latest entertainment and communication technologies such as LCD TV, DVD players, computers and cell phones. They also had electric fans, modern furniture, and houses made of bricks, cement and corrugated tin. This process of socioeconomic and cultural change influenced many of the poor to adapt similar lifestyles, and many of the poor used microloans to fulfill their aspirations. My key informant Ruhan Tanchangya, for example, said:

When there was no electricity in my house, I never felt any need of having a TV, a DVD player, or an electric fan. I did not feel that I should decorate my house with furniture. Then, I did not feel to have a sofa for my living room. When a road constructed across our village and my house was connected with electricity, I began to feel that I should have these amenities too. Now I need a color TV, but I do not have money. Where will I get money to purchase these things? I want to make my house beautiful. What will I do now? I have no other alternative, but selling my land [laughing]! I have capacity so I can fulfill my desires. By seeing me, many other people our community may also want to have these things. Some of them are borrowing money from NGOs to buy those things. When they cannot repay the loan they are going to other NGOs or selling their assets to do this, and thus they are destroying their assets to adapt to the changing life-styles here without deeply thinking about its consequences upon their lives. (Ruhan Tanchangya, 24 March 2011)

This exemplifies how infrastructural development, the availability of modern technologies, amenities of life, and microcredit NGOs concurrently influence shape the local people's desires for loans and improved living. While some people can afford it,

many others cannot. Microcredit thus remains the main source of finance for them to meet their needs.

Usha Marma, a 45 years old woman, has been borrowing loans from various microcredit NGOs for the last eight years. She borrowed from NGOs for her husband who has a furniture shop in a local town. She also borrowed loans from NGOs for rearing livestock and also a color TV. Usha was an ASA group's centre president for her neighborhood and female borrowers gathered at her home every week to pay their loans. A loan officer collected the loans and received new loan applications from borrowers. I attended two such weekly meetings of ASA and observed that most of the borrowers had mentioned in their loan application forms that they would use the loans for undertaking various livelihood development projects such as rearing livestock, petty trading and agricultural activity. But in practice, many of these were using the loans for purposes other than what they had written in their applications. Being an NGO group centre leader, Usha had good opportunity to interact with many of the female borrowers in her community especially about why they borrowed from NGOs, how the loans were used, or who faced problems repaying the loans to NGOs and why. I inquired why many of the people used the loans for purchasing entertainment technologies. She said:

In our childhood, we saw our parents were happy if they could eat good food. My parents did not have a cot, good furniture and other modern amenities. Now we have a cot, we have good furniture, a sofa, and a TV. Previously people were happy if they had a 14 inches black and white TV, but there are few people who keep such a small black and white TV in their houses now. I had a 14" black and white TV but she (pointing a woman sitting beside her) has bought a 21" color TV. Her new TV looks very good, the screen is bigger, and the picture is nice, but my one is very old and small. So I have bought such a big and color TV too! This is how if some people bring something new other people want to have those as well. People's expectations to have new things are common here and many people want to have a color TV at home even if they have to borrow from NGO (Usha, 27 March 2011)

This is a social process through which local people come to aspire to have something that people value in a particular place and social cultural context. Adopting technologies by seeing another's has been a phenomena for many of the people because having a TV in the living room is not simply an entertainment technology but is also a symbol of social status for them. This object is not just a luxury, but also a need. In local social and cultural contexts, people now value social status not merely in terms of education,

sociopolitical position and economic assets but also in relation to people's increasing ability to adapt to changing lifestyles. Having new technologies means higher social status in society, especially for the people who cannot afford these technologies. It seems that these people are competing to have no the latest and best technologies at home. Thus, it seems that technologies have now become a means of accumulating and demonstrating social status.

Poly Das, a middle-aged Hindu woman, had been with several different NGOs for several years. Her husband had a laundry shop in a local market. They had three children-two sons and one daughter. Both their sons had dropped out of junior high school because they could not afford their educational fees. Poly's daughter was studying in grade eight in local junior high school. Poly had been borrowing loans from NGOs for her husband. She stayed at home and took care of her household members including her children, her husband and her husband's parents. Her husband used these loans to purchase a calendar for his laundry shop, household expenses such as purchasing food and for his daughter's educational cost. Poly was borrowing micro loans from ASA, IDF and Grameen Bank, but she had recently left ASA and IDF because she was encountering problems repaying the loans to three NGOs at the same time. Recently, she had had to borrow from Grameen Bank to buy a TV, even though she was encountering a financial crisis to meet her basic household needs such as food, clothing and the cost for her daughter's schooling. I asked why she bought a TV with her NGO loan. She said, "Almost every house has a TV here. My daughter used to go to our neighbor's house to watch TV. It was embarrassing for us. So, I borrowed a loan from Grameen Bank to purchase a TV with Tk. 5,000 (65 USD)".⁶⁹ This statement demonstrates that people's desire for entertainment technology is shaped by a particular social and cultural context. Teenagers or young children may be passionate to watch various entertainment programs on TV. If they do not have their own TV, they may go to neighbor's house. This can create various social problems such as potential sexual assault or defaming family honor and dignity. For example, if a teenage girl goes to watch TV at night at a neighbor's house, people may speak ill of her for breaching societal norms. In local social and cultural context, young women, especially unmarried girls, are generally not supposed to go outside their home at night alone. Regardless of the

⁶⁹ Poly bought a second-hand or used TV from her neighbor. A new TV usually costs more than USD \$150.

reasons for purchasing entertainment technologies, such poor may encounter serious economic problem and the burden of debt.

Since NGOs adopt coercive acts of confining the loan defaulters at the NGO centres and offices and mistreating them by shaming language them in order to collect on defaulted loans, the poor people may have to sell their saleable assets to repay the loan installment or they may go to other NGOs, moneylenders, and neighbors to borrow more loans.

Papia Marma, a female borrower, has been involved with microcredit NGOs for the last 10 years. Papia explained why she and many other people in her neighborhood can not benefit from microcredit participation:

Sometimes poor people use the loan for purchasing TV, DVD players, furniture, etc., because of seeing other people using them in their neighborhood. They cannot manage the loan installment following NGO's weekly loan repayment schedule and so they have to face problems both in the family and in the village NGO centre. Even some poor people had some assets in their houses before they participated in NGOs. They could save some money and build some assets by daily laboring. Now, instead of making money and wealth many of them have to sell their existing assets to repay the loan. I know some families in our neighborhood who are planning to mortgage their small cauldron and sell their TV, cot and other furniture to repay loans to NGOs. Actually, it is difficult to come out of an NGO if you are got involved with it once. Like them, I made the same mistake. I borrowed a loan and used it for livestock rearing, but I could not become successful. I also borrowed a loan to buy a TV and some furniture, and in order to repay this loan I had to borrow more loans from other NGOs. What will I do now? I have to stay with this NGO unless I repay all the loans. So, I have to repay loan Installment even if I cannot feed myself. Now I am repaying it by working in a textile factory. (Papia Marma, 14 May 2011)

Therefore, poor people's tendency to borrow from NGOs to purchase household items, technologies, or food does not help them to escape from poverty. Instead, they often fall further into debt. This is particularly true for the very poor, who depend on day laboring to live. This ethnographic example also clarifies why the poor may continue participate in microcredit programs despite the disturbing consequences they witness and experience.

Furthermore, there are some instances where the poor may have to use the loan for purchasing technologies and other amenities of life, not for adapting to the changing lifestyle but for the structural reasons, such as discriminatory social practices like dowry payments. Dowry is a common sociocultural practice among the Bengalis in the CHT as well as other parts of Bangladesh, which has been absent in Pahari society in the past. But now many Paharis are practicing it. In fact, giving the latest model of television as dowry

to the bridegroom along with other gifts on the day of the marriage ceremony has been a common practice, a ritual for the Bengalis and many Paharis in recent years. I have more detailed discussion on the inflation of dowry in relation to the availability of microcredit and the consequences of dowry practices upon the poor families in Rangamati in chapter 7.

Why do the poor continue to use the loans to purchase technologies even while they are aware of many people in their community who encounter problems repaying loans? Many of my research participants expressed the belief that it was the fault of these poor people rather than these NGOs that confiscated saleable household assets from the loan defaulters. Promila, a female borrower, said:

I think it is our fault. Why do we borrow the loan if we cannot use it properly? I know a man in our community who borrowed a loan of Tk. 22,000 (283 USD) through his wife and he spent this entire loan to buy a color TV, a DVD player and some dresses for his family. What is the benefit for this family? They have to repay Tk. 750 (10 USD) loan installment to NGO every week. How will they repay this loan? I heard that they were looking for the customer to sell this TV to repay the loan. (Promila Barua, 29 March 2011)

This is how some of the poor use microloans for purchasing entertainment technologies, despite their increasing burden of debt, social, and economic suffering. This female research participant believes that the poor themselves are responsible for their own suffering. Clearly, the power of the agents of neoliberal capitalism (e.g. NGOs, transnational corporations, media giants) upon the poor that lure the mass of the population to new technologies and modern lifestyles remains invisible. Being an integral part of neoliberal capitalism, these microcredit NGOs are not supposed to take responsibility for borrowers' success or failure. Since debt relations are considered equal between the creditor and debtor, it is the debtor who must be blamed for breaching the contract (Graeber 2011; Harvey 2005). In fact, such perceptions of local people help NGOs to neutralize their oppressive behaviors with loan defaulters (these issues of blaming the poor will be further elaborated in chapter 5).

Conclusion

This chapter has outlined some of the central issues of my thesis and demonstrates how NGOs' market strategies and other cultural—structural factors create a need for loans, and why many of the poor cannot benefit from microcredit program participation.

Encountering serious problems implementing microcredit programs in the remote areas in Rangamati in the CHT, these NGOs seemingly became desperate to make market space around the peri-urban area, including my research locale. NGOs' commercial approach and marketing strategies are not the only driving force behind the need for loans, a number of other factors have also contributed to creating need for loans. In general, these factors can be summarized in the following way:

First, through aggressive marketing strategies microcredit NGOs lure the poor with the promise of sustainable economic change. NGOs use success stories of microcredit participants who were non-poor to begin with, and thus not necessarily representative of the majority of users. Such market strategies of large NGOs such as BRAC, ASA, and the Grameen Bank triumph not only over local people and economy but also smaller local NGOs, and thus they become successful in expanding and in continuing microcredit programs near Rangamati district Town in the CHT. Second, beyond the NGOs' own marketing strategies, many of the poor have, through their own social circles, witnessed or heard stories of improved socioeconomic situations of microcredit participants in their community. This leads them to enroll in NGO programs to borrow money (see the examples of Papia Marma, Ripon, Promila and others above).

Third, sociocultural changes and shifting lifestyles have created the perception of need for material objects previously considered luxuries. As a result, many of the poor have to borrow to acquire these amenities. In this context, the influence of globalization on local people in shaping desires for these amenities is enormous. Fourth, social expectations, moral obligations, or sociocultural practices such as dowry payment and social celebrations may force poor parents to depend on NGO loans (see examples of Usha Marma, Poly Das).

So far I have summarized the key findings about two central questions addressed in this chapter: (1) how NGOs and other agents of capitalism (e.g. media) contribute to shaping the poor's desires for microcredit, and (2) why many of the poor spend their loans on entertainment technologies and other consumer goods without achieving financial stability. I will conclude this chapter by reviewing why the poor women continue to borrow from several different NGOs simultaneously despite witnessing adverse consequences.

The cases studies of Promila (case study 4), Parvin (case study 5) and Meghla (case study 6), clearly demonstrate why these women continue to borrow from microcredit NGOs despite disturbing consequences. They were not only borrowing from formal institutions like NGOs and commercial banks but also from local moneylenders. The case of Meghla is interesting. Initially, Meghla experienced economic benefits because she could make some assets by rearing livestock (e.g. goats, cows) and could build a house of corrugated tin. However, she could not hold these assets and enjoy their growth and outcomes, as she had to sell all of her goats and cows to repay the debt from her husband's capital loss in business. Meghla and her husband had great aspirations for a better life by relying on microcredit, inspired by both success stories and the NGOs' assurance of a large loan in the future. However, in the end they failed due to their lack of business experience and structural factors (e.g. lack of power, NGOs' refusal to provide a large loan). Paradoxically, aspirations for positive socioeconomic change and household debt are some of the main factors that force these poor women like Promila, Parvin and Meghla and many others in my research to continue with microcredit programs.

Therefore, in relation to Amartya Sen's capability theory, my research shows that the poor's individual agency is located in the temporal pleasure experiences or contentment when loans are used to obtain consumer goods such as televisions rather than in the capacity to realize the desired socioeconomic change. While the poor have freedom to participate in microcredit program and to choose a particular lifestyle (e.g. using the loan for purchasing consumer goods and technologies), few poor can utilize this freedom for enhancing their economic capacity or self-reliance. Because they rely on NGO loans to fulfill their needs without developing the households' financial stability, they encounter serious problems making repayments.

My research thus shows that poor women's freedom to obtain loans from NGOs in order to purchase technologies or for other household needs does not help them achieve long-term financial sustainability. Cultural-structural factors significantly shape human agency. This is reflected in the poor's aspirations for consumer goods and their loan use pattern. In fact, poor women's capabilities are mainly reflected in their abilities to fulfill some temporal aesthetic and emotional needs rather than in their abilities to escape from poverty, injustice and humiliation. These ethnographic case studies provide evidence that

hopes and dreams for a better life turn into discontentment, frustrations, and nightmares, as women have to deal with the increasing burden of debt and continue to live in poverty. Finally, poor women's involvement with several different NGOs simultaneously, either because of the availability of many NGOs and their aggressive market strategies, insufficient loans, business failures or using the loan for buying technologies, is harmful to them for many reasons. Involvement with multiple NGOs means paying more interest, insurance premiums and hidden service charges, or borrowing more loans for different purposes. However, one could ask how the poor people pay high interest or service charges to NGOs if they cannot make money from their investment or if they do not use the loan in the economic production? Detailed ethnographic narratives of Parvin, Meghla, Promila, and Papia clearly demonstrate that they are burdened with multiple debts and they repay it by borrowing more loans from other NGOs, moneylenders and their household income, or by selling their pre-existing assets.

In the next chapter, I examine how microcredit NGOs create unequal power relations between NGO workers and borrowers to facilitate secure loan recovery. Using the theoretical perspective of structural violence and reflecting on the women's experiences with microcredit programs, I demonstrate how these microcredit NGOs impose the provision of group liabilities, a 'forced choice' upon the borrowers, and how they socialize the borrowers into a culture of shaming to enforce repayment obligations. I also examine the power relations from different subject positions such as unequal relationships between NGO workers and female borrowers in general and between group leaders and other female members in the loan centre. I argue that contemporary NGO practices can rarely develop a norm of collectivity and cooperation among women of different economic classes in the village, which is essential for both developing individual capabilities and uplifting the entire community. This chapter thus responds to my goal of better understanding why, within neoliberal institutional systems and practices, many poor people cannot enhance their capabilities and how poverty is managed instead of eradicated.

3 “Why can’t you pay if you can eat?”: Tales of How Women Encounter Unpleasant NGO Practices in Bangladesh⁷⁰

Introduction

In this chapter, I examine the unequal relationships between NGOs and their borrowers. Reflecting on women’s experiences of obtaining loans with microcredit programs in the CHT of Bangladesh, I demonstrate how microcredit programs impose the provision of group liabilities upon the borrowers, which is a ‘forced choice’. In this process, NGOs socialize female borrowers and NGO workers into a culture of shame to secure and enforce repayments obligations. The NGO workers— also known as the center managers or the loan officers—are responsible for recruiting new clients, examining eligibility criteria, providing loans, and collecting these loans with the assistance of group leaders. Group leaders are female borrowers empowered by the NGO who have to act in accordance with NGOs’ institutional interests. The creation and utilization of group leaders, I argue, can excite social conflict within the community. This opposes the development of cooperation and social solidarity that is required for socio-economic empowerment and positive change at a group level. The analysis of power relations, as contextualized in sites such as the CHT, is crucial to understanding why poverty is alleviated for some, while it is an insurmountable challenge for others in a given society. There is widespread agreement that structural factors reproduce poverty and perpetuate inequality in society. Paul Farmer argues, “Today, the world’s poor are the chief victims of structural violence—a violence that has thus far defied the analysis of many who seek to understand the nature and distribution of extreme suffering. Why might this be so? One

70 A version of this paper has been published in *Student Anthropologist* 3(2): 7-26 [Ali, 2013]. Please note that sections “Research Setting, Research Community and the Microfinance Institutions” and “Research Methodology” have been removed from this paper to avoid reiterations. I have a detailed discussion about these issues in chapter 1 /introductory chapter. Moreover, I have incorporated some new ethnographic data into the original paper and expanded discussion little bit, which was required to do for the explanation of some relevant questions.

answer is that the poor are not only more likely to suffer; they are also less likely to have their sufferings noticed” (2005:50). “Structural violence” is a theoretical perspective that refers to those social structures—economic, legal, religious, and cultural—that harm people by preventing them from reaching their full potential, or achieving their well being. Structural violence is embedded in social arrangements and is legitimized by enduring institutions and their practices, creating a situation where people have unequal access to resources, power, and other social, economic and legal rights and opportunities. It influences the unequal distribution of power, threatens people into subordination, promotes suffering such as starvation, disease and poverty, and thus creates unequal life chances and distribution of power (See Galtung 1969, 1997; Farmer 2005). “Cultural violence” is also often used to normalize the consequences of such unequal power relationships, or domination in society. Galtung defines cultural violence as, “those aspects of culture, the symbolic sphere of our existence—exemplified by religion and ideology, language and art, empirical science and formal science (logic, mathematics)—that can be used to justify or legitimize direct or structural violence” (1990: 291). According to this perspective, cultural violence is used to misconstrue different social phenomena or social problems (e.g. poverty) in such a way so that that people “do not see the violent act or fact, or not as violent” (Galtung 1990:292).

I use the concept “structural violence” to refer to NGO practices that reproduce the unequal distribution of power and initiate a norm of violent behaviors between borrowers to impose fiscal obligations. NGO loan recovery strategies are modes of structural violence because such practices harm people on multiple levels: psychologically, socially, and economically. There are several aspects of NGO practices that build violence into the structure. First, NGO workers create an unequal power relationship between group leaders and general borrowers for operation and enforcement purposes. Second, NGO workers manipulate group leadership to exclude the poor either from decision-making processes or microcredit programs; this deprives the poor of access to equal economic opportunity. Third, NGO workers influence group leaders to collect the defaulted loans by using shaming language, which affects the lives of these individuals psychologically and socially. Finally, I also use the concept “cultural violence” to demonstrate how NGOs legitimize the coercive loan recovery strategy by capitalizing on local people’s

perceptions that poverty is caused by the poor rather than a reflection of structural constraints. Referring to ethnographic data, I will discuss the aspects of NGO practices, as outlined above, which reproduce the unequal distribution of power within the community. I conclude the paper by highlighting how such NGO practices develop a shared norm of shame as opposed to a shared norm of social and economic empowerment for borrowers and workers alike.

A Brief Overview on Microfinance in Bangladesh

Emerging in the early 1980s, microcredit is widely recognized as one of the key development tools for the alleviation of poverty. Past research shows that while the non-poor people can benefit from microcredit participation, most of the poor cannot⁷¹ (Cons and Paprocki 2010; Datta 2004; Hulme and Mosley 1997; Islam 2007; Karim 2011; Rahman).

However, we do not know why the majority of the poor cannot bring about substantial economic change despite their simultaneous involvement with several microcredit NGOs for years. We also have much to learn about the effectiveness of the group liability model for poor borrowers. Group liability is the oral security pledged for the payment of a loan, that is, the collateral of the borrowers for the microcredit NGOs. The Grameen Bank originally developed the idea of group liability and now most of the microcredit NGOs follow this approach. Group liability is referred to in the microcredit literature and practice as “social collateral” (Khandker 1999) or “solidarity group” (Rankin 2002). The provision of group liabilities, which creates social pressure on the borrowers to collect the loan installments, raises questions such as: who benefits from group liability? How conducive is this approach to shaping the choices of poor borrowers? Does this approach allow participants to change their economic situation?

The most recent ethnographic research on the microcredit programs in Bangladesh suggests that microcredit only plays a small role in alleviating poverty (Karim 2011). Instead, microcredit NGOs are mainly concerned with the protection of capitalistic interests (Karim 2011; Rahman 1999). Karim argues that microcredit NGOs manipulate

⁷¹ For more detailed literature review and discussion please see section “A Brief overview on microcredit programs”

rural codes of honor and shame to regulate the fiscal behavior of the borrowers, mobilizing a group of women to shame the defaulters to recover loan installments. Fearing the loss of honor and dignity, the borrowers comply with the NGOs' fiscal discipline. Karim terms this the "economy of shame." Furthermore, according to Karim, NGOs rely both on traditional community powers (i.e. the village adjudicating board of rural elites) and state powers (i.e. courts or police) to enforce the defaulters to maintain repayment obligations.

Aminur Rahman, based on his ethnographic study on the Grameen Bank, argues:

Women become the primary target of the microcredit program because of their sociocultural vulnerability; they are seen as submissive, shy, passive, immobile, and easy to discipline. The positional vulnerability of women meets the requirements of the micro lending structure, which demands the regular attendance of borrowers in weekly meetings at the loan center and a rigid schedule for repayment of loans. (1999:148)

Theoretically, it seems that this observation of Rahman directly contrasts with the reasons given by microcredit proponents like Dr. Yunus, that women are more responsible and hard working than men and are therefore more likely to invest it wisely and pay it back. I partially disagree with Rahman's argument because not all women participating in microcredit programs in Bangladesh are vulnerable socioculturally because many of these women have education; self-determination or agency and some of them can directly use the loan for economic production. Of course, it is not always the case that microcredit NGOs provide loans to women because it is easy to exploit them. However, the question of social and cultural vulnerability of women may vary because of the differences of their ethnic, religious, and economic class identities as well as the geographical variation even within Bangladesh. My research shows that many of the Pahari women have been participating in public places such as local market places and have been working with men in jhum cultivation land long before the commencement of microcredit programs in Rangamati, though their male relatives within the family often exploit them economically. Women, regardless of their socioeconomic status, can be exploited by their men relatives within households or by the powerful NGOs in different contexts and time. If we accept the notion that microcredit NGOs give loan to women because they are more responsible and hardworking than men, then one could raise the question how is this possible for women to handle the NGO money more efficiently than men when most of

the female borrowers transfer the loan to their male relatives? I have already described in detail about who borrow and use the loan in chapter 2 (see Figure 2.11). My research and some previous studies (see Rahman 1999) show that Grameen Bank and other NGOs prefer women to men in order to achieve an excellent loan repayment rate by transferring the risk of loan defaulting on women borrowers and thus to protect NGOs' institutional interests. Practically, therefore, these points do not contradict the reasons given by microcredit proponents that women are responsible for handling NGO loan because the inclusion of women in microcredit program instead of men has instrumental for the NGO to operate microcredit program smoothly and to achieve financial sustainability. I have more detailed discussion about why women are preferred to men for providing microloans in chapter 4 (see section "Microcredit and women in Bangladesh).

Rahman further argues that the group lending structure and practice of the Grameen Bank is responsible for increasing aggression and violence toward female borrowers both within households and village loan centers. Lineage based factionalism and hierarchical power relationships between the wealthy and poor borrowers can lead to the increase tension and violence in society (1999: 20). Rahman interviewed 120 female borrowers and he found that violence against women (verbal aggression 57 per cent and both verbal and physical 13 percent) had increased after joining the microcredit program of the Grameen Bank (p. 121). According to Rahman, "the escalation of the violence against women borrowers in the loan center and in the household can be seen as a repercussion of current practices of grassroots lending to the poor."

These ethnographic studies have indicated that there exists an unequal relationship between the NGOs and borrowers and the rigid repayment schedule and group liability system often lead to increase verbal aggression and physical violence against women both in the family and community level. However, still there is much to know about how power inequalities among NGO workers, group leaders, and general borrowers are created; how social conflict is socialized, and how the poor women's personal, social and economic suffering is seen as consequences of these women's own faults. Furthermore, the question that has largely been remained unexplored is: why do group leaders and other members continue to provide free labor or to pay material contributions (e.g. purchasing various articles for village NGO center by their own money) for NGOs, which

contributes to reduce the transaction or program operation costs of the NGOs? None of the past studies address this question with ethnographic collecting from cross-sections of the research participants and community members: female borrowers, male loan users, NGO workers, and the non-poor community members. So this question deserves detailed exploration because one could argue that if group leaders or some other senior members in a village NGO center volunteer to play the role of assisting NGO workers to collect loans or to pay money for buying materials for NGO functionality, why should this type of free labor or material contributions of women be considered exploitative? One may also be inquisitive if they benefit materially or derive any symbolic/social/cultural capital from it. I will keep answering all of these questions in the later part of this chapter (see Group Liability) and in chapter 4.

Microcredit NGOs are replicating the similar program of the plains in the CHT, but social, cultural and economic life of the majority people in my research area are not the same that of the plains districts where the majority Bengali people live. In the plains districts of rural Bangladesh, ethno-culturally homogenous group of women form a village NGO center in which these women are related to each other through particular lineage or kin relations and social tension create between the wealthy and poor families at the village NGO centers because of the domination of group leaders from particular lineage or factional group (see Karim 2011 and Rahman 1999). Most of these rural women are ethnically Bengalis and religiously Muslims. Conversely, a village NGO center in my research area is consisted of women who come from eight different ethnic groups and from various socioeconomic standing and unlike the plains districts, lineage or kinship bond among microcredit participants is very loose. Considering the geographical variations and nature of social, cultural, and economic relationships among microcredit participants in the research locale, in this chapter I explore on how the Grameen Bank and other major national and local NGOs such as ASA, BRAC, Proshika, and IDF encourage unequal power relationships between borrowers through the development of loan repayment enforcement strategies. These strategies include encouraging violent behaviors such as the use of coercive language among borrowers to enforce repayment obligations.

Group Liability and Unequal Power Relationships: Enforcing Repayment Obligations and Creating Social Conflict

Grameen Bank on its official webpage writes:

No Collateral, no Legal Instrument, no Group-Guarantee or Joint Liability. Grameen Bank does not require any collateral against its micro-loans. Since the bank does not wish to take any borrower to the court of law in case of non-repayment, it does not require the borrowers to sign any legal instrument. Although each borrower must belong to a five-member group, the group is not required to give any guarantee for a loan to its member. Repayment responsibility solely rests on the individual borrower, while the group and the Centre oversee that everyone behaves in a responsible way and no one gets into a repayment problem. There is no form of joint liability, i.e. group members are not responsible to pay on behalf of a defaulting member [Grameen Bank 2013].

This claim of the Grameen Bank contradicts the actual functioning of group liability in rural Bangladesh. According to this description, unlike government or other commercial financial institutions, the Bank has no collateral system that requires borrowers to submit land or registered property documents in order to apply for a loan. While the Grameen Bank claims that the borrower does not require any collateral to have the loan, collateral is created through different forms. Karim (2011:73), for instance, identifies three types of collateral: (1) built-in financial safeguards (e.g. obligatory savings); (2) the community as fiscal enforcers; and (3) the instrumentalization of shame as a loan recovery technology. Some scholars (Ahmed 2004; Khandker 1999; Kelkar et al. 2004), on the contrary, term it as “solidarity group” argue that microcredit solidarity group practices strengthen the social and human capital of poor women through the facilitation of access to both social and economic resources and through the reduction of gender violence. This solidarity group also helps protect women from divorce, eviction from one’s own house and other forms of social and economic discrimination (Kelkar et al. 2004).

All microcredit participants I encountered were women, between 18-55 years of age, and married, and they were required to have a permanent address in the community. Grameen Bank, ASA, IDF, and other NGOs refused to recruit unmarried young women considering that they might leave their natal village after marriage, and so they might face problems for collecting loans. NGOs do not allow temporary residents who have migrated from plains districts and lived Rangamati in rented houses to apply. In my research, I found that NGOs create the provision of group leadership under the provision of group liability

or solidarity group in order to operate microcredit programs such as the recruitment of new members, loan disbursement, and enforcement of repayment obligations. Meeting these criteria, interested women were required to form an individual group of at least five women. These women then form a group center⁷², which consists of somewhere between 15 to 50 women depending on the density of population. Typically, these group centers are comprised of rich and poor female members, who are ethnically- mixed groups (e.g. Bengalis, Chakmas, Marmas or Tanchangyas). In most instances, Bengali, Chakma, Marma and Tripura women lead the position of group center leaders depending on the nature of representation of each ethnic group, current socioeconomic standing of households and women's social relationship with other members in the community. For example, a Bengali woman cannot sustain as a group leader where the Chakmas are dominant and vice-versa.

I observed that the Grameen Bank strictly follows a complex mechanism for recruiting borrowers and collecting the loan installments. At the village level, a group center is composed of several subgroups of five women each. Every subgroup has a group leader; there are also several informal administrative and financial positions for women borrowers such as the president, secretary and cashier. The group center leaders must help the loan officer in collecting required information about new members, such as checking eligibility criteria, verifying the economic profile of the households, sources of and current status of income, housing structure and assets in households, to determine the value of the loan that can be provided. While selecting a village group center president or leader, NGOs emphasize women who have at least some education, can read and write, have leadership qualities and command over other members to meet NGOs' organizational and program functionality at the community level. In addition, NGOs also prefer women leaders whose family size is small since they can give much more time to help them implement microcredit program.

When group formation and selection of group leaders is completed, the NGO worker asks group members to deposit initial savings that will in turn be eligible for loans. Without making such deposits no one is eligible for getting a loan. Women are also required to

⁷² Local people called it "samity" [meaning "Committee", "meeting" or "Assembly"] centre. BRAC calls it "Village Organization" [VO], Grameen Bank calls it "Kendra Ghor" [Center House]. Most other NGOs call it "Village NGO Centre."

submit their photos and identification numbers⁷³, as well of those of their husbands, to apply for a loan. In addition, women and their husbands or male guardians are both required signing the loan application form. Each group center leader must also recommend and sign every loan application and take the liability of everyone's loan. Previously, any woman could participate in a microcredit program and apply for a loan if other women in the group would support her. Now most NGOs make a detailed list of potential borrowers' economic profile and saleable household assets before proceeding.

I observed that Grameen Bank and other microcredit NGOs do not provide a loan to a borrower unless she makes an oral pledge to maintain the provision of group liability; that is, she takes the liability of the loans of other members in her group and commits to repaying the loan installments on time. In this sense, the microcredit is not collateral free. Enforcing the repayment obligation is one of the biggest tasks of a group leader. When a fieldworker fails to collect the outstanding loans from borrowers, this fieldworker urges the group president and all the members to collect the defaulted loans as well. In this situation, a solidarity group may create social conflict between households instead of contributing to build social capital that could help the poor escape from poverty. As demonstrated through the following vignettes it is possible to see how NGOs' solidarity groups often create social tension between households in the community while enforcing fiscal obligations.

Vignette 1: Encountering Unpleasant NGO Practices

Mrinal is a retired police constable who is married to Mohi. Mrinal retired about eight years ago. They have been living in Khippapara in Rangamati since his retirement in 2003. Mrinal received money from his retirement fund, and in 2005 purchased a plot of land to build a house for his family and start a poultry project. However, he had insufficient capital. He asked Mohi to obtain a loan from an NGO. Mohi borrowed Tk. 55,000 (700 USD) from IDF, ASA, and BRAC. Mrinal then invested about Tk. 100,000 (1,300 USD) in a poultry project. Most of this money was spent constructing a house and purchasing breeding chickens. They were working hard but they could not benefit from

⁷³ The provision of submitting photos of women and their husbands plus national identification number is a very recent phenomenon. Previously, women were not required to submit these documents for NGO enrolment.

this effort because of the death of some of the hens due to bird flu. Also, egg production was compromised because they could not provide sufficient feedings.

They had no income in the early months of this livestock project. However, they had to repay the loan installments every week. To repay these debts, they had to borrow additional money from Grameen Bank and Shakti Foundation. Mohi could not repay loans to BRAC. One day, the branch manager of the BRAC accompanied by the group members came to her house. They insulted Mohi by asking: “why can’t you pay if you can eat?” They were very aggressive. They confiscated a television and some furniture. They even forced the couple to sell the corrugated tins of their roof. Mrinal also had to sell a portion of land he purchased in 2005 to repay some of these debts. After collecting the defaulted loans some of these NGOs refused to provide a new loan to Mohi. For example, Mohi was looking for a new loan from IDF after repaying all of her loan installment. She needed this loan to repay a loan Tk. 4,000 (50USD) that she had borrowed from a moneylender with a high interest rate. The group center leader refused to take the liability of her new loan. Mohi had to produce this money by selling the rest of the corrugated tins from her roof. As a result, the family was living in a house with no roof. Mohi again requested an additional loan from the manager of this NGO to replace the corrugated tins for the roof. But the manager set conditions for Mohi that if she (Mohi) had agreed to repay the outstanding loans of two other borrowers in her group center she might get a new loan. This is because, if any borrower fails to repay her loan installment, NGOs usually do not issue a new loan either for the loan defaulter or other borrowers in the village NGO center⁷⁴. So, Mohi had to comply with this condition of group liability and to repay the defaulted loans (25 USD) of two other borrowers in her group to get a new loan. According to the provision of group liability, Mohi had to collect this amount of money from the defaulted borrowers.

74 Mohi also told me that there are some difference between Grameen Bank and other NGOs, especially adjusting missing installments to a borrower’s individual savings account. ASA NGO allows their borrowers to adjust any missing loan to their savings accounts, and Grameen Bank usually encourages the group leaders and other members in the group to help the defaulted borrower to repay the loan. Both ASA and Grameen Bank return the savings upon the borrowers’ applications if their loan repayment is regular. But BRAC and IDF do not allow their borrowers to access savings until all the installments are repaid. If the amount is bigger and the borrower has already repaid half of the total loan installments [23 out of 46 installments], the bank loan officer encourages the defaulted borrower to apply for loan renewal. In this case, the loan officer will deduct the amount from the loan that the borrower is owed. While the total burden of debt is increased, Mohi thinks that those NGOs allow renewing loan are better than those do not (e.g. IDF, BRAC).

This exemplifies how NGOs become forceful when a borrower fails to repay the loans. The participation of Mohi in microcredit programs does not seem conducive to her social and economic empowerment. Instead, her personal and social relationships with the group leader and other female members had deteriorated. This affects the relationship between Mohi and the other women living in the same community, which has been reflected in actions of the group center leader and other women in village NGO center who denied taking the liability of Mohi's future loan. It is also reflected in the requirement that she repay the defaulted loans of two other members in her group when Mohi needed a new loan to purchase tin to repair her house. This indicates that no woman in her neighborhood or community wanted to cooperate with her so this household lost an informal source of social support and economic cooperation. This household may also be denied future loans, which incite conflict between the potential borrower and those making recommendations about who should receive loans. From this perspective Mohi was the victim of structural violence.

However, from the perspective of the group leaders, they too were coerced into action against Mohi. They had to cooperate with the loan officer to collect the loan from defaulted borrowers by creating social and psychological pressures. If group leaders failed to collect the outstanding loan from Mohi, these women might have had to share money to repay loan installment for the loan defaulters since they are liable for every borrower's loan. This helps to explain why group leaders and other members often become aggressive and forceful toward women to collect outstanding loans. The group leaders forced this household to repay the loan installment by selling their TV, furniture, corrugated tins from the roof of the house, and land in order to avoid having to pay the loan themselves. NGO officials and group presidents support such actions of the group members as a part of their oral pledges to take collective responsibility for loan recollection. This is a forced choice imposed upon the borrowers, which is shaped by the conditions of group liability.

According to this ethnographic case, representing such a group lending system, as a solidarity group in microcredit discourse is nothing but misleading. Instead of developing a norm of collectivity and cooperation, the bindings of responsibility to the group for individual lending contributes to a breakdown of social and economic relationships that

harm the poorest population in the society because they have relatively less social and economic power.

Sometimes relationship between the NGO workers and female borrowers can deteriorate if an NGO worker misappropriates borrowers' money and the situation may end with borrowers' financial loss or their exclusion from NGO program. Mohi, for example, was excluded from BRAC NGO because of the loan officer mismanaged her money. I asked Mohi to explain why she had to leave BRAC and she said:

There was a government holiday on 25 December (Christmas Holiday) in 2009 and still I had to repay the loan. There were also several other government holidays for the celebration of Eid-ul-Azha before Christmas. She [Female BRAC NGO worker] said that she would come to collect a loan installment for on this Eid day. I asked her: "why don't have your holiday because it is the government holiday?" She replied that she had no holiday for this day and she must collect the loan. There was a group center in the house of Modhu Tripura in Assambasti⁷⁵. On the day of Eid-ul-Azha, I went to this house and gave my loan installment to the group leader in front of other members. Then, I left this place because I needed to return home immediately. On the day of Christmas, I went to this house to repay another installment. I signed the registry book and gave my loan installment to the group leader. I asked her to keep record on loan book (borrowers call it passbook) that I was had given my installment. In April 2010, there were three fortnight installments to repay to BRAC. I told this lady to collect my loan installments from my neighbor's house, as we had to visit my daughter's house in other village. She (BRAC worker) collected three loan installments from my neighbor. Surprisingly, in May 2010, this lady with another male staff of BRAC came to my house. My husband was also present at that time. They said that there were several loan installments due and I had to repay these installments immediately. We told that we had repaid all of our previous installments accordingly. Then, we had some hot talks with them. At the end, I asked them for checking with group leader and members who were present when I repaid my installments. Later, it was found that this lady did not update my passbook by making entry of repayments for before and during the Christmas holidays. However, she acknowledged that she had forgotten to update my passbook. I repaid all my loans but she did not allow me to apply for another loan. So, I left this NGO [BRAC]. 26 March 2011)

It is not uncommon that the poor women lost money regardless if the workers forget to update the loan record book or sometimes intentionally exploit them. Some of my female research participants complained that some workers even mismanage their savings money.

75 I lived in this house several months in 2009 as a paying guest during my doctoral research.

I brought this issue to the branch managers of different NGO managers and workers all of them categorically refused the notion that they mismanaged the money of their borrowers. However, they recognized that field level workers sometimes might forget to enter someone's loan installment or saving but such case was rare.

These ethnographic examples clarify that social relationship of poor woman with both the NGO workers and group leaders can sometimes be unfriendly, suspicious, exploitative, and even violent, which are incompatible with the overall socioeconomic development in the area. The case of Mohi in particular exemplifies how NGOs contribute to structural violence by institutionalizing unequal power relations between borrowers and using a group of borrowers as fiscal enforcers. They also overlook the actual causes of why the poor fail to repay loan installments on time. This is structural violence because these kinds of NGO practices lead the poor to experience the loss of informal sources of social and economic support and perpetuate their lack of access. Some poor women also lose their money because of the negligence or mismanagement of the NGO workers, especially for dealing with the loan installments and savings money.

Moreover, some NGO practices may have a negative impact on the social lives and relationships of the people in the community because of the increasing social tension and conflict over loan repayment. In the following section, I elaborate on how NGOs empower group leaders and encourage them to recruit reliable borrowers, exclude loan defaulters, and recover loan payments.

Group Leadership and Manipulation: Empowering Women or Institutionalizing Social Conflict?

NGOs claim that the involvement of women in the process of group liability and its functioning leads to empowerment and the development of leadership skills (Kelker et al 2004; Nath 2004). However, my research shows that the selection criteria and the responsibilities of a group leader do not support this claim. I observed that the workers followed specific criteria when they chose a woman as the group center president. They selected a woman who comes from an economically advantaged family, who has commanding social power. She is often vocal and is able to manage time for assisting workers in recruiting new members and collecting the loan installment. NGOs thus consider the existing social, economic and symbolic capital of the women in order to

select group's center leaders instead of empowering those women who lack these capacities (cf. Bourdieu 1986; 1990). These women assist NGOs in choosing reliable borrowers and the collection of loan installment in a timely fashion. However, these practices are also responsible for creating personal and social conflicts between these group leaders and borrowers. A fieldworker of the Grameen Bank, for example, describes:

It is obligatory for a group's center leader to collect the loan installment of every borrower for me. As a group leader, she recommends providing a loan to a borrower. Then, I approve the loan. The group leader is liable to collect the loan installment of this borrower. Sometimes it happens that after borrowing the loans from us, a borrower cannot repay her loan. The group leader and other members may co-operate with this borrower to manage money to repay her loan installment once or twice, but not subsequently. This defaulting borrower might have problems such as the income earner becoming sick, or sustaining a loss in business. So, the group leader and other members may deny repaying the loan installment for the defaulter. In this situation, we cannot do anything even by creating pressure on them (the group leaders and members). Since we have to maintain a good repayment rate, we have to keep continuing pressure on the borrowers. That is why we empower the group center leader to collect the loan installment from the borrowers. (Khokon Hasan, 10 March 2011)

Using these women as a means of collecting necessary information about the prospective borrowers and fiscal enforcement, this statement exemplifies that the group leadership is responsible for protecting the interests of these microcredit NGOs. These group leaders are crucial to the timely collection of loan installment. Empowering the group leader facilitates the loan recovery process for the NGOs, but this practice can lead to the exclusion of the poor from microcredit programs, and to the breakdown of friendly relationships between borrowers. The following ethnographic example clarifies this.

Vignette 2: Group Leadership, Exclusion, and Social Conflict

Rupa is a middle-aged woman with two children who lives with her husband. Her husband serves in the government office of the Power and Water Development. Rupa has been a group leader of ASA, BRAC, Grameen Bank and IDF simultaneously for several years. In my discussions with her, Rupa made clear that even though group leaders' are not paid, they do a lot of work, and that makes it a difficult job. As a group center leader, Rupa's responsibility is to ensure that every borrower brings the full amount of money on the day of weekly loan installment. Rupa says that now most of the NGOs recruit new

members following a thorough verification process, especially concerning whether they are able to repay loan installment on time, and excluding borrowers who face difficulty doing so. Rupa helps the workers to select reliable candidates who will maintain the criteria of group lending. Sometimes she informs NGO worker or the loan officer about prospective loan seekers secretly instead of confronting them at the village NGO center. Based on her recommendations the NGO worker decides on every borrower's loan application. In other words, the decision of loan approval or rejection is mainly dependent on the nature of recommendation provided. Rupa feels that if she opposes a woman from obtaining a loan directly, this woman will likely blame Rupa for being denied. That is why Rupa tries to inform the loan officer that she is not going to take liability of a particular person. Rupa argues that she has to do it to protect herself because she and all other borrowers have to suffer if someone cannot repay loan installment on time. While working for the NGO workers, Rupa might have both friends and enemies in the village. Rupa's statements indicate at least two important points that are helpful in explaining the consequences of the roles and functions of NGOs' group leadership. First, the NGO workers influence the group center leaders to act in favor of the institutional interests of these microcredit NGOs, such as the selection of reliable borrowers who can repay loan installment on time rather than act collectively to find ways of helping the poorest of the poor to get out of poverty. NGOs are aware of the potential social conflict and thus follow a confidentiality strategy of loan disbursement to avoid any personal conflict between group leaders and members at the group's center. Even the borrowers may be involved in arguments with workers at the group's center. Second, although the NGO workers and the group center leaders may be able to avoid possible observable conflicts by excluding the defaulters from microcredit programs, they cannot restrain this at the community level. If borrowers are loaned an insufficient amount of money, or are refused a loan because of a lack of support from the group leader, they may come into conflict with the group leader. This may affect their personal, familial and community relationships especially because they live in a small community. The social relationships of the village NGO center leaders are also affected when they act in the interests of the NGOs. Moyna, a group center leader of ASA microcredit NGO describes:

There is a family in our neighborhood (Then, Moyna showed me, pointing her finger). Two women, mother and daughter, from this household borrowed from

four NGOs. Every week we had to go to this household asking them to repay the loan installment. When we went to ask them to attend the meeting and to make loan repayments, they showed their anger to us ... After collecting the loan from this household; we told the loan officer that we could no longer take the liability of this household. We could not sign the loan approval form for the people of this household. Thereafter, they did not get any more loan application approved. Now, this family is blaming me that they are not getting a loan from an NGO because of me. The head of this household is blaming, or speaking ill of me to my neighbors and relatives. That day one of my relatives was telling me that the household head of this family was speaking ill of me while he was sitting in a tea stall in our neighborhood.

This exemplifies how a group leader acquires enemies and often loses friends while working for the NGOs. While protecting the interests of the NGO, Moyna became involved in personal and social conflict with her neighbors. It is the group leaders, rather than the loan officers (who usually have the ultimate power to approve or reject a loan application), who are blamed when borrowers fail to receive a loan. Therefore, such NGO practices may adversely affect the social harmony and amicable relationships in society. It is not just the fact that NGOs are leaving transactional responsibility on a group of women and thus are making microcredit program profitable venture, group liability is often leading to create antagonistic community relationship.

I had a conversation with Nabila Begum, a program officer of NGO Forum Bangladesh, Rangamati Office, about the effectiveness of the group leadership role of women in NGO in empowering women. Nabila also worked for different microcredit NGOs for more than a decade and thus she was experienced about it.

Ashraf: NGOs claim that they are developing the leadership skills of women through the provision of group liability. What do you think? Is it really working for the development of leadership skills of these women or they are just playing this leadership role for NGOs?

Nabila: Yes, NGOs are saying that they are developing leadership skills of women but actually that is not happening. These women are being used by the NGOs. They have been subjected to domination. Women's group leadership roles can rarely help them to strengthen their social status in society. Instead, there is a possibility for these women to be disempowered, detached from the rest of the society, and thus they lose their social position and friendly relationship with neighbors and community members. A woman may lose her friends and well-wishers and may become an enemy to other women with whom she (group leader) is now misbehaving to ensure regular weekly installments for NGOs. I am saying this because once a microcredit NGO may close its program and go away but these women have to stay in their villages. Non-cooperation, jealousy, conflict

or antagonistic relationships that are emerging from contemporary NGO practices can be last long and social position and the economic situation of many of these women can be affected. I am not saying that microcredit program is bad but the way it is implemented and the strategies they are following can bring negative outcomes. If they [NGOs] think about it carefully and they really want to help the poor in the alleviation of poverty they should change their current development approach. (Nabila Begum, 28 July 2009)

If this is the situation (i.e. microcredit becomes unpleasant or a source of social conflict) for the women-playing role as group leaders, then, the question can arise: why do these group leaders stay in their position? The answer to this question requires a little background. As I have described before, NGOs provide microcredit mainly to women. In most cases, women take out loans from NGOs to give to their male relatives such as husbands, sons, brothers, or in-laws. Even women from the non-poor households may have to borrow money for the expansion of their micro-entrepreneurship, businesses, agricultural and for many other purposes such as a dowry payment, the education of children, and for sending relatives overseas for job opportunities. Most of these women have some education and communication skills, and as a result NGOs prefer these women as group leaders. Since these women cannot leave their position at an NGO unless their households' economic situation is substantially changed, they have to continue working as group leaders even if it is unpleasant. From this perspective, these women need access to microcredit for their households, but how does their participation in-group leadership help them to enhance individual freedom or social and cultural power? Or more importantly, are these women further brought into the subjection of the NGO workers and NGOs that give these women some power to control other women the village loan center? Do the NGOs workers treat the group leaders differently from general borrowers? Certainly, group leaders derive some symbolic/cultural/ social power through their active participation in various functions related to microcredit operations, as noted above (see Vignette 2). Sometimes the group leaders may influence the NGO workers in taking various microcredit decisions such as who should get enrolled in NGO and who should not, or how much should be given to a member or not. In fact, most of the group leaders come from the non-poor family and they have already some symbolic, social and cultural capital because they have already some education and economic assets in their households. Being leaders sometimes add some more social power as they NGO select

their houses as NGO loan centers and women from their neighborhoods assemble there for attending weekly meeting. This creates an opportunity for the group leaders to create a kind of positive social and economic relationship with some of the members in the NGO center. As I have found in my research, some of the group leaders lend money to other women in their neighborhoods and so they can make some economic profits. Sometimes some borrowers accompany group leaders to go to the NGO branch offices in Rangamati Town on the day of borrowers' loan receptions from an NGO. For this purpose, the borrowers bear the transportation cost and offer some food in local restaurants. From this perspective, some group leaders sometime benefit personally, socially and economically. But this does not mean that the group leaders are not exploited by the NGO because women's individual freedom is often restrained while performing NGO related activities. Sometimes these women are not able to exercise their free agency because of the domination of the NGO workers, which in turn can affect women's psychological and social state of wellbeing. For example, the NGO workers may ask the group leader stay in the loan center for collecting or may ask for looking for the loan defaulter instead of going home. If a group leader has to do thing because of the pressure of the NGO worker even she performs this action her role cannot be considered voluntary one. In fact, the group leaders lose their valuable time, some extra money for NGO loan center operation and their longer stay in the NGO center may destroy their peaceful family relationships. This is possible to explain with the personal experiences of Rupa, a group leader, who has been serving this for different NGOs for the last several years. I asked her sharing her experiences of working as group leader, especially she was feeling about position as a group leader, and if she was benefited or not. Rupa describes:

We (she means herself and other senior members) take a lot of risks by taking the liabilities of other women's loans. We invest more time, as we have to spend every week in the group center until every installment is collected. We work hard to collect defaulted loan installments by involving in conflict with neighbors and friends if they fail to repay loan installments on time; all we do for the NGOs. What is the benefit for us then? Often I have to spend 3 to 4 hours at the group center to collect loan installment for them. But they don't consider these issues. Unfortunately, even we have to purchase the attendance registry books, papers and other articles for the loan center by our own money. Just yesterday we had to collect Tk. 2 to 5 from every member to buy a registry book. Don't we feel bad when we work so hard for them, but we have to pay for everything but don't give us anything? And there is also the cost of electricity of mine. You know that this

is the group center and on the day of weekly loan installment I have to keep the electric fan on for several hours, but none of the NGOs consider it⁷⁶...They never consider giving remuneration for our hard labor and our sacrifice. If they would have a system of paying something monthly we might be inspired to get there more. Regrettably, they treat me like other general borrowers although I am a group center leader and I have to take liability of at least 50 women's loans. In fact, I have to work harder than they do (NGOs workers). For example, I have to call every member at least twice on the day of weekly installment and so I have to go to a member's house if she is late for attending group center. Even they (NGO workers) will not approve my new loan application if there is any outstanding loan of a member in my group center. The loan officer creates pressure on me to collect the defaulted loan as I have signed everyone's loan application. Consequently, I have to struggle to solve problems often because not everyone can maintain weekly loan repayment schedule accordingly. What is my benefit? I don't see if there is any? (Rupa Das, 11 May 2011)

Then, I asked her.

Ashraf: Did you tell NGO officials for paying something for your labor?

Rupa: I have told many times; I don't feel comfortable to tell about it any more!

This story tells a lot about how NGOs exploit the group leaders like Rupa to operate microcredit programs in my research area. NGOs consider it is a voluntary job, but actually it is not. Like Rupa, most of the women do not willingly choose to work hard or to create enemy for serving the interest of NGOs. Clearly, Rupa is looking for some economic benefits from NGOs but they deny it. I asked the NGO branch managers if they have any institutional policy to pay for the group leaders' labors. All the NGO officials told me that they do not have anything for this. Here I directly quote the question that I asked and the response I got from a branch manager of a major microcredit.

Ashraf: I have seen that the group center leader has to spend a lot of time for collecting loan installments from each group member in an NGO loan center and if any member can't manage loan installment the group leader has to wait at the group center until the problem is solved. Do you give any remuneration for her time and labor?

A NGO Branch: No, we don't give anything like this. And yes, we keep constant pressure on the borrowers to get our loan back because it is the nature of the people that if we allow one member to give loan installment in late other members will do the same things. So, it will affect our microcredit program operation badly and we might not able to continue it. (Mehmud Reza, 16 May 2011)

76 One of her living room is used as the NGO loan center where I was talking to her.

Needless to say, group liability a mortgage or a collateral for the NGO loan and it is the group leader and other members who play significant roles for protecting NGO's interests even at the expense of their own interests. It is not just about someone's personal loss of time, energy, and resources but there are also some significant social cost for such as NGO practices that many poor women have to pay in their every day life. It is important that microcredit NGOs do not only use these women's free labor but they also extract money from poor women in various ways to reduce NGOs' operational cost. In my research, I didn't directly ask my female research participants if they had to pay or to spend money for microcredit programs' operational costs. This information was revealed when they narrated issues related to different questions. My research participant Ruma Akter, for example, said:

Ashraf: Would you tell me how a village group center is formed?

Ruma: At first, NGO workers come to us and suggest meeting at someone's house in our neighborhood. Then, we gather in a house and the NGO officer and worker talk about the benefit of microcredit, how they will give us loan, and how we have to repay the loan, etc. Then, we become members of an NGO. Some women become member for loans and other women may enroll in NGOs without any dire need of money (for saving some money). I became member with payment of Tk. 50. Out of this Tk. 30 was counted as my savings and Tk. 20 was used as expenses for buying mat for *samity ghor* (Village NGO center house), *khata* (registry book), pen, etc. Every woman member has to pay this amount money at the beginning of a new group formation or when a woman comes to become a group member. After two or three weeks of group formation the NGO (here ASA) begins to disburse loans to us. (Ruma Akter, 12 June 2009)

According to this female research participant, every woman has to pay Tk. 20 for NGO's administrative expenditure such as purchasing mat, registry, book, and other articles. Needless to say, this practice helps NGOs to save program operational cost and to maximize profit.

Below I focus on how coercive language is used to shame the women borrowers for making the NGO's loan repayment process smooth and easier and for making the domination of the NGO invisible.

“Why can't you pay if you can eat?” The Culture of Shaming as a Loan Recovery Mechanism

Common loan recovery strategies of microcredit NGOs include creating social and psychological pressures on borrowers, shaming the defaulters using codes of honor and

dignity, confiscating sale-able assets, and bringing legal action against the defaulters (Karim 2011; Rahman 1999). When women breach the pledge of group liability my research shows that NGOs humiliate the defaulters by using coercive and shameful language. The use of such language along with negative bodily gestures or facial expressions often emotionally hurts the borrowers who fail to manage the loan installment for NGOs. Therefore, NGO workers influence the group leaders to reproach the default borrowers to collect defaulted loans. The use of coercive language by the NGO workers and the group leaders has been a common means of mounting pressure on the borrowers to repay the loan installment in a timely fashion. In other words, the ultimate goal of the NGOs is to collect the loan installment in order to maintain a good repayment rate. This is a part of the group liability where the NGO workers exercise their power indirectly through the group. As we have seen, if any borrower fails to repay loan installment, no other member of that group's center is allowed to have a new loan approved, thus group members deploy all sorts of efforts to ensure that they will have their loan approved from NGOs. The NGO workers influence the group leaders to be harsh on the loan defaulters and sometimes on the relatives of the borrowers. These behaviors negatively impact the personal and social lives of the people, regardless of the loan defaulters, group's center leaders or other members. I asked my informants to describe what happens when they fail to repay their loan installment. Most indicated that the NGO workers and group leaders would use offensive language. The most common question intended to produce shame is: "why can't you pay if you can eat?" The consequences of the use of such language are widespread including humiliation, social conflict, the exclusion of the poorest from microcredit, and thus the perpetuation of poverty. Vignette 3 and 4 demonstrates how some poor women in my research setting felt ashamed because of the use of such language and how their individual and family wellbeing are compromised for managing the repayment and other household needs.

Vignette 3: Encountering Offensive Language, Chronic Poverty, and Compromised Family Wellbeing

Kamini is a middle-aged woman with a teenage son and her husband. They live in Tanchangyapara neighborhood the research locale. They are all daily laborers. Kamini and her husband sometimes manage their livelihoods by collecting fuel woods, wild

plants, and vegetables from the forest in the hills. While I was conducting this research Kamini had participation in microcredit programs of Grameen Bank and BRDB. Previously she borrowed money from IDF and BRAC, however, she left these two NGOs. She wished to leave the Grameen Bank and BRDB as well. Kamini used these loans to bear the cost of the treatment for her daughter's illness, to repay debts to people, and to maintain household expenses (e.g. purchasing food). Kamini told me that she had left these NGOs because she could not manage her loan installment. Chronic poverty, meager or irregular household incomes, lack of permanent economic assets such as land, and lack of opportunity to utilize the microcredit, were constraints on Kamini to repay the loan installment following NGOs' rigid weekly loan repayment schedule. There was also another concern that forced Kamini to leave these NGOs, that is, the use of abusive language by the NGO workers, group center leaders, and members. It was a matter of shame for Kamini if they insulted her because of her failure to repay the loan installment to NGOs on time. Both the workers and the group center leaders became furious when Kamini could not repay her loan. They would use coercive language such as "Why can't you pay if you can eat it?" "Why do you borrow money if you are unable to repay?" or "We will take your house away if you fail to repay your loan installment." Kamini noted in our interview: "Do I feel good about such humiliating behavior?" NGO staff and group leaders sometimes threatened to confiscate Kamini's household items such as utensils, bowls, cooking pot, or the corrugated tin of her house to compensate the defaulted loan installment. Kamini indicated these concerns and NGO practices are why she left IDF and BRAC and wanted to leave the Grameen Bank and BRDB. She added:

That is why I am afraid of such behavior of NGO people. I have only a couple of bundles of corrugated tins over my head, and if they take it away how will I live here? So, I always try to manage money for NGOs first. Then, I think about managing food for us. I do it so that no one can reproach me. I eat my rice with salt to manage the money for the loan installment first. I see sometimes the NGO workers urge the borrowers to repay the loan installment by borrowing money from other women, relatives, or even by selling utensils of their households. I do not like this type of strange behavior. That is why I am trying to repay my loan installment by earning from our daily laboring. (Kamini Tanchangya, 25March 2011)

Household poverty, lack of household income or the failure to repay loan to NGO on time does not only affect this poor woman's individual social, psychological, and economic

wellbeing but also her children's education. In order to manage her household needs Kamini and her husband had asked their teenage son to earn money instead of going to school. Kamini further said:

We can't send our son to school because of our wants. He should have continued his study, but we were forced to prevent him from going to school when he was in primary school just because we are unable to manage our household needs. My son is 14 years old, and is now working to earn some money, though his income is very paltry. It is our bad luck that we couldn't support his education. He would need books, school dress, tuition fees and other cost. It is really difficult for us to manage such financial need by working as daily laborers.

Thus, eating reduced amounts of food, cutting food budget or sending the young children to work is more or less common among the very poor and the poorest families in my research area. In some extreme cases, as my research shows, failing to provide food and other needs the poor parents send their children to other households to work and to live in.

Let's take an example: Neha Das⁷⁷, a Bengali Hindu woman, and her husband lived in the research area and they had two children: a daughter and a son. Neha's husband is a daily laborer and Neha bought chaff, husks of trees from a local sawmill and then she sells these things to households in her neighborhoods. A full sack of chaff can be sold from Tk. 30 to 35 (\$ 0.50). If she buys from owner she has to pay for it about Tk. 20 (\$. 0.30). She also collects fuel woods from this saw mill to sell to other people. What Neha and her husband can earn is very paltry and thus their income is really very small to manage their basic needs. So, Neha often works as maidservant in other households.

Moreover, Neha used some loans for rearing hens and ducks and some other loans for her household expenditure (e.g. food) by borrowing from ASA, BRAC, and Grameen Bank and IDF. However, she could not succeed any of her livelihood development efforts. Overtime,

Neha's debt to NGOs bubbled up, as she had to borrow more loans from other NGOs to repay her old loans and to manage her household needs. Her problem became so severe that she was forced to send both of her teenager children to a wealthy household in her

⁷⁷ Neha Das and her husband migrated to Rangamati from Rangunia of Chittagong District during the early 1980s as part of the Bangladesh Government Resettlement Policy.

neighborhood to work and live with them, as she is unable to provide food and other needs to them.

In brief, participation of these women in microcredit programs rarely helps them to escape humiliation and poverty. Microcredit experience of Kamini Tanchangya in particular shows how NGOs often create a terrifying situation for her, as she fear losing her honor and dignity, not to mention her daily sustenance and shelter. This is a clear example of structural violence because such a fiscal enforcement of NGOs leads this poor woman to starve.

NGOs even shame the relatives of the borrowers if they fail to repay the loans. Such practices of shaming can affect the family members of the loan defaulters personally and foster social conflicts between families living in the same community. Rigid weekly loan installment schedule is central to why NGO workers and group leaders often become aggressive not only toward the defaulted female borrowers but also their male relatives. In vignette 4 below, I demonstrate how a husband of a female borrower encounters unpleasant NGO practice in my research area.

Vignette 4: Rigid loan repayment schedule, NGO workers, and a male relative's experience of unpleasant NGO practice

Sazib Bahadur, a husband of a female borrower, lives in Assambasti and he serves as a fourth class employee in Rangamati Forest Office. His wife Minu Chettri has been borrowing from BRAC, ASA, IDF, Proshika, and the Grameen Bank for more than last five years. Sazib used some of these loans to purchase a small plot of land and he used some other loans to repair his home. Sazib also used in livestock development (e.g. rearing hens, ducks and some pigs), but his effort could not succeed as most of these animals died.

He is the primary income earner in his family. However, his wife Minu had also some income from her handicraft production (e.g. vanity bags of plastic materials). This household is now in debt and thus it often faces difficulty for making timely loan repayment to NGOs. Sazib narrated why they face problems for repaying the loan and how NGO workers mistreat female borrowers and their family members when one fails to repay the loan on time in the following way:

Sometimes even we have to repay our loan installment without taking medicine although we may be suffering from illness. And what I have experienced about NGO is really bad. You must have to repay the loan installment every week and so they will not consider whether you have money or not. They may sit at home from morning to evening to collect money. You or your family member is sick and who is being taken to medical and they will stop you! They will insist you to repay loan installment at any cost. They will argue, “First, repay the loan installment and then you go to hell, we don’t care”...Most of us are living in poverty here and we may have many problems for that we may not able to repay the loan installment on time. If some people miss one or two installments they should have options that the borrowers can repay the missed installments in the following weeks or so. I don’t think that there should be any problem if we repay the entire installment within a year because it does not conflict with NGO’s current policy. (Sazib Bahadur, 27 March 2011)

Once it happened to Sazib that he could not give money to her wife to repay the loan to an NGO and then a group of women came to his home for collecting the loan. They were looking for his wife and using various shaming language. Sazib was present at home at that time and he reacted when the group leader and members became aggressive toward him and his wife. It also happens for other people in his community. Sazib said:

NGOs give loans to women, but not to men. My wife takes out a loan because I ask her. If I do not ask her to enroll in NGOs or to take a loan, she will not proceed. If they mistreat my wife, I will try my best to repay the loan installment at any cost. Nowadays, NGOs do not provide the loans to women without the photos and signatures of husbands, or male guardians (e.g. father, brother). As usual, I have to sign as a guardian of my wife. Interestingly, while collecting the loan repayment, the NGO staff does not look for me, they look for me my wife and they reproach her if we cannot repay one or two loan installment. Can I tolerate if they reproach and insult my wife in front of me? It happens many times that people have to collect money for the loan installment by mortgaging the ring of ears and other gold ornaments of their wives and daughters. Now people have to pay interest to two parties, the moneylenders and the NGOs. Sometimes people have to sell their household items to get money to repay the NGOs. A group of three to four people including an NGO worker, group leader and members come to the house of a borrower and reproach that borrower badly. You can’t imagine what kind of language they (NGO worker and group leaders or sometimes members) use to collect the loan. When someone reproaches you in front of your wife, your daughter, mother or other relatives or neighbors, how will you feel? Thousands of worth things seems to be nothing for you because you may not want to lose your personal or family honor and social image in your society. Thus, NGO workers and group leaders sometimes get involved in fighting, usually verbal, with the loan defaulters. If they do not find the borrowers, they may get involved in an altercation with other members of the borrowers’ household. Once it happened to me too. My wife was sick. She was admitted into the Chittagong Medical Hospital. I could not repay my loan installment for some reasons. The

NGO worker, group leader and other members came to my house to collect the loan installment from my wife. They asked me to repay a missing loan installment on the spot. Some of these women were so offensive that it was difficult for me to control myself. They were using very coercive language. The situation made me very angry and I also became agitated. (27 March 2011)

This account demonstrates that NGOs provide loans to women and not to men, consider women as subordinate to men, and influence group leaders to use threatening language even toward the family members to collect the outstanding loans. Showing dishonor or shaming a family member for failing to repay the loans may also affect other members, children and relatives in the household. The conflict between NGO and borrower extends from the NGO group center to the community level. This unscrupulous action of fiscal enforcement is legitimized by NGOs is a form of structural violence.

Structural violence is apparent when borrowers are represented as irresponsible because they are not using the loan in income generating activities. In this context, NGO officials capitalize on local people's perception about causes of poverty. From this perspective, the poor are to blame for their sufferings. This makes structural violence invisible. For example, in local social cultural context, the interrogative sentence "why can't you pay if you can eat?" is associated with negative attributes about an individual's personal, social and economic life. It is an accusation that the person lacks the ability to support him or herself, depends on others economically, and that if this person borrows something from people he or she cannot return it (e.g. money, food, or any other materials). Other members of the community would generally consider breaking the pledge of loan repayment between each other to be shameful. When the NGO workers or group leaders use such language they imply that poor women or men are not repaying because of their uncontrolled lifestyle (e.g. using the money from NGOs for consumption, such as buying jewelry, entertainment technologies such as TV, etc.), or that the loan defaulter is lazy, lethargic, stupid and incapable of managing his or her own livelihood. Since such implications would leave local people feeling guilty and embarrassed, their honor and dignity damaged, NGOs capitalize on this social pressure as a means of loan enforcement. Many borrowers internalize this and act against other loan defaulters. Such a loan recovery strategy may contribute to the development of a norm of violent behavior between borrowers, leaving the socially and economically disadvantaged in an even more vulnerable situation. Women learn and perpetuate norms of intolerance, disrespect, or

humiliation, as they are seeing the practices of using such language occurring in the NGO center or community. Sazib, observes in an NGO center in his neighborhood:

Actually, the current approach of group pressure is really bad for the poor. If a poor borrower fails to repay her loan installment, other women in the group use coercive or shaming language. It affects her both psychologically and socially. There are also some other adverse consequences of this trend of attacking other people with sharp and fierce attitudes. As one woman starts to reproach the loan defaulter, other women in the group's center join it. Most of these women are modest, amiable and non-talkative, but they often adapt to this type of coercive language to hurt the poor women by seeing other women. For example, you rebuke someone seeing this I also rebuke another. This is our nature. These women are hardly cooperative toward each other for overcoming the economic problems they encounter in their everyday lives. (27 March 2011)

This statement explains how NGO practices socialize the female borrowers to act in favor of NGO interests. Female borrowers have little or no opportunity to organize themselves to protect their personal, social and economic interests. Socializing the group leaders into a culture of shameful language is one powerful way to collect defaulted loans. In short, these women gradually adapt to this situation and accept such behaviors as natural. This exemplifies how NGOs use language to both affect people socially and psychologically and legitimize structural violence by blaming the poor. Such a group lending system is often responsible for inciting personal conflicts between the borrowers and their families. And through this, NGOs propagate unequal power relations both between the workers and the borrowers and among the borrowers themselves (i.e. the group leaders and the general borrowers who are relatively poor). This also exemplifies how structural violence in the form of forceful NGO practice is responsible for perpetuating unequal power relations between the rich and the poor thus reproducing poverty.

Conclusion

These research findings suggest that the rosy image of microcredit as the solution to poverty alleviation and the mechanism of women's empowerment need to be rethought. In this chapter, I demonstrated how local people experience and perceive the practices of microcredit NGOs in the CHT, Bangladesh. I reflected on how NGOs coerce female borrowers in the name of the solidarity group as part of what has been called group liability. NGOs intentionally create a space for unequal power relationships between group leaders and general borrowers in order to use those group leaders as a means of

recruiting reliable clients, collecting loan repayments, and ensuring the continuity of microcredit programs. These NGOs choose the non-poor for their programs for leadership roles rather than the poorest because they consider the less-poor more capable to serve their institutional interests (e.g., timely loan repayments). NGOs strategically select group leaders from the non-poor households based on the criteria of symbolic and economic capital (e.g. social power and strong economic background). Later, NGOs use these group leaders as fiscal enforcers. Most of the group's center leaders comply with the institutional ideology of these NGOs. However, it is often not their choice to be submissive nor is all of them unconscious of what they are doing. NGOs foster unequal power relations between workers and borrowers in order to serve their institutional interests such as the expansion and the continuation of the microcredit programs and the reduction of operational costs by using these women as free labor as fiscal enforcers.

Current NGO practices do not enable an environment of sustainable social and economic change but instead, are often responsible for breaking down the interpersonal and community relationships and for perpetuating poverty. Developing a shared norm of shame within the borrowers, as opposed to a shared norm of social and economic empowerment, is one of the central issues reflected in the ethnographic details presented throughout this article. Proponents claim that microcredit empowers women to become economic and social actors, uplifting their entire community through women's involvement in entrepreneurship, building social solidarity and social capital; thus microcredit NGOs help the poor reduce their dependency on relief, aid, and charity (See Kelkar et al. 2004; Yunus 2004). NGOs usually cite the repayment rate to illustrate the success of microcredit in the alleviation of poverty and women's empowerment, but my research findings show that a high repayment rate does not prove that the poor borrowers have been able to experience social and economic emancipation.

Importantly, my research findings discover a paradoxical image of empowerment as opposed to the dominant notion of women's empowerment prevailing in microcredit discourses. NGO workers give some powers to a group of women who can develop their personal communication and leadership skills by becoming involved in different activities related to microcredit NGOs such as: attending NGOs' weekly group meetings, organizing and leading fellow members in the group's center to socialize NGOs' fiscal

disciplines, and performing administrative functions such as collecting and keeping records of the economic profile, loan and repayment information of each borrower. All these practices enhance their position in the NGO center, family, and in the community to some extent. Yet this empowerment is also the cause of disempowerment of other women because they assist NGO workers to exclude some borrowers from microcredit programs, who are considered unsuitable for adapting to fiscal disciplines of microcredit NGOs. Instead of using this empowerment to uplift the entire community through their active participation in microcredit programs, developing their capabilities, enhancing economic capacities, or to help build social capital, these women may play a divisive role by creating social conflict while enforcing the repayment obligations of NGOs.

My ethnography demonstrates how the group center leaders participate in the culture of shaming, manipulation, and social conflict while protecting their own and NGO interests. The NGOs' empowerment of women encourages developing a shared norm of degrading and depriving the poor of equal economic opportunity by blaming the poor for their inability to repay the loans. Coercive language and socializing the borrowers about the causes of failure (e.g. laziness, lethargy, or consuming the loan without investing in productive purposes) in repaying the loan installment is also a part of encouraging women to legitimize these coercive measures of fiscal enforcement and to perpetuate poverty, humiliation, and suffering in the poorest. The empowerment of the group leaders through experiences of abuse, shame, coercion, and social conflict cannot help challenge the existing social and structural constraints for the poor population, especially for women in a patriarchal society, in Bangladesh.

However, the question arises is: then, why do many of the poor women participate in microcredit program if they find it oppressive and ineffective for alleviating poverty? In the next chapter, I will address this question with ethnographic data. I will also highlight how both the NGO workers and female borrowers have been subjected to domination of microcredit corporations.

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4 Microcredit and power: examining how and why women encounter domination in Bangladesh⁷⁸

Introduction

As part of my doctoral program, I conducted my dissertation research on how local power relations affect the effectiveness of microcredit programs and peoples' abilities to escape poverty in the Chittagong Hill Tracts (CHT) of Bangladesh. I spent more than ten months conducting the research area situated in Rangamati Hill District in the CHT in two phases between May 2009 and July 2011. The CHT is situated in the southeast corner of Bangladesh, and has been the home of twelve indigenous groups for thousands of years. As the socioeconomic condition of rural Bangladesh significantly differs from urban areas, there are some rural regions that are still far below national or global standards in terms of quality of life, literacy rates, and economic, healthcare, and education opportunities. My research setting is a place where most of the population is struggling to survive with little social and economic security. Some economic and political policies of the governments of Pakistan (1947-1971) and Bangladesh (1971-present), such as the Kaptai hydroelectric project in Rangamati in the early 1960s and resettlement policy in the CHT during the 1970s, displaced thousands of the indigenous peoples from their ancestral lands and collapsed their economic base. The resettlement policy of the Bangladeshi government, which allowed the Bengalis from the plains to settle in the lands of the local indigenous people, led to the indigenous peoples' resistance movement against the Bangladesh army and in-migrant Bengalis between the mid-1970s and the late 1990s (Mohsin 2005; UNDP 2009).

Consequently, most development agencies, from local to international non-governmental organizations (NGOs) could not reach the CHT until the late 1990s. While I was

⁷⁸ This paper has been published in *Development in Practice* 24 (3): 327-338 [Ali 2014]. The policy recommendation part of this paper has been moved to conclusion, and data sources and research methodology section has been removed to avoid reiterations. I have a detailed discussion about these issues in chapter 1/introductory chapter.

conducting this research in Rangamati I found the following institutions that were operating microcredit programs: the Association for Social Advancement (ASA), Building Resources Across Communities (BRAC), the Proshika Human Development Center (Proshika), Grameen Bank, Green Hill, Integrated Development Foundation (IDF), Shakti Foundation, Center for Community Research and Development (CCDR), and Padakhep.

NGO branch managers and workers operate microcredit programs at the village level. Branch managers supervise the NGO workers who are also known as the 'loan officers', or 'center managers.' I found that most of the branch managers and workers were men. While branch managers were required to have a bachelor degree, the educational level of workers ranged from higher secondary certificate (HSC) to a bachelor degree. All the borrowers were women, and they mainly belonged to middle and lower income groups. Most of these women were illiterate, some of them completed their primary education, and few had secondary school education.

Microcredit NGOs provide microloans to women 18-55 years old, regardless of ethnic affiliation, as long as the individual meets a set of conditions determined by the lender. Every woman must comply with the provision of joint group liability to get a loan. A group liability is the oral security pledged for the repayment of a loan, that is, the collateral of the borrowers to the loan providers. The Grameen Bank originally developed this idea of group liability and now most NGOs replicate this model. Most NGOs ask the potential women borrowers to submit photos of their husbands or male relatives, and their national identification numbers. Furthermore, their male relatives are required to sign the application form. Traditionally, NGOs provide a loan of Tk. 5000 (63 USD) or 10,000 (125 USD) to a first-time borrower. Loans are usually provided for income-generating activities such as investment in the development of microenterprise, agriculture, and livestock projects. NGOs start to collect the loans after the first week of the loan delivery. Borrowers must repay the total loans within 44 to 46 weeks from the week of the loan disbursement. The interest rate ranges typically between 15% and 20% based on a flat method, where interest rate is calculated per annum against the total loan money from the very day of the loan disbursement. Most of the women have to go to different NGOs for

male relatives because NGOs give microcredit mainly to women, not to men⁷⁹. These women may suffer from starvation and NGO maltreatment when their male relatives cannot help them repay loans. NGOs charge female borrowers, not their male relatives, to collect the loans.

Recent research on microcredit in Bangladesh has demonstrated that although some people have benefited from microcredit programs, many of the poor are still poor, and are often poorer after participating (Faraizi et al. 2011; Fernando 2006; Jason and Paprocki 2010; Karim 2011). These studies show that the rigid conditions of a group lending system, high interest rates, service charges, and the increasing burden of debts for poor borrowers result in few benefits from microcredit participation. These scholars also argue that microcredit is a part of the neoliberal economy and NGOs often deploy oppressive loan recovery strategies (see Karim 2011; Rahman 1999). These findings are useful for understanding why microcredit NGOs deploy oppressive loan recovery strategies, why most of the poor cannot escape from poverty despite their access to microcredit, and the unequal relationship between different actors in the microcredit enterprise. However, none of the studies on microcredit in Bangladesh or elsewhere explain why women continue to participate in microcredit programs if it is seemingly oppressive and so rarely benefits women.

My research assumes that power and lack of power are central to understanding why women comply with the domination of microcredit personnel, and seemingly accept social and economic inequalities. While there are multiple ways of defining power, one influential perspective in the post-development era is that of Foucault, who sees power as both productive and repressive, both enabling and constraining (Allen 2002:135). From this perspective, power relations between individuals are mainly unstable involving constant change and reversible processes. I recognize that Foucault's notion of power is very influential for understanding that all people have some sort of power and even the poorest and the marginalized can exercise power in some way. However, the question here is not just to examine how much a poor woman can exercise agency to improve her

⁷⁹ As I have described in chapter 2, microcredit is provided only to women but microenterprise loan or the amount of the that is more than 40, 000 [USD 515] is given to men by mortgaging landed document. For more detail about loan types and eligibility see chapter 2 (at page 51).

wellbeing but also to what extent she can overcome the structural power embedded in institutional practice and in society. Power as a form of domination is also reflected in symbolic, cultural, social, and economic forms of capital (see Bourdieu 1986; 1990 and Lukes 2005). I want to demonstrate that few poor women can exercise power over their male relatives, NGOs, or over the wealthy community members because of their lack of social, cultural and economic capital as well as other structural constraints (e.g. gender discrimination, coercive NGO power, etc.). From this perspective, power as domination, which is embedded in social norms, language, ideology, gender relations or in social structures, seems to best understand how structural factors affect the poor and disadvantaged population both within development programs and in society. The notion of power as repressive is also relevant to explain as to why many of the women continue to participate in microcredit programs despite it seems less effective for them.

Therefore, in this chapter, I examine how power as domination, embedded in oppressive NGO practices and in unequal gender relationships, which affects female borrowers to accept the domination of the NGO workers and their male relatives. I use the term ‘domination’ to refer to those social, psychological and economic pressures on women resulting from the practices of the NGO workers, men’s failures to cooperate with women to repay the loans, and the rigid preconditions of NGOs’ group liability.

Therefore, I aim to examine: (a) how NGOs create unequal power relations between NGO workers and borrowers and why the NGO employees, both workers and branch managers, often become oppressive toward their female borrowers including the group leaders, and (b) what influences female borrowers especially the poor, including group leaders and general borrowers, to continue to participate in microcredit programs even if it seems oppressive.

First, I will examine these questions based on ethnographic data and then, I will conclude this chapter by summarizing the key findings.

Power dynamics within NGOs and resultant loan recovery strategies

My research findings demonstrate that NGOs do have a hierarchical administrative system, which creates an unequal power relationship between the workers and other officials. In the Grameen Bank, for example, there is a hierarchical administrative system entailing zonal managers, area managers, branch managers, and the center manager. The

center manager is at the bottom of this hierarchical system. Other microcredit NGOs, such as ASA, BRAC, or IDF, also have similar hierarchical administrative systems. Therefore, the power structure within microcredit programs can be shown in the following way (see Figure 4.13 below).

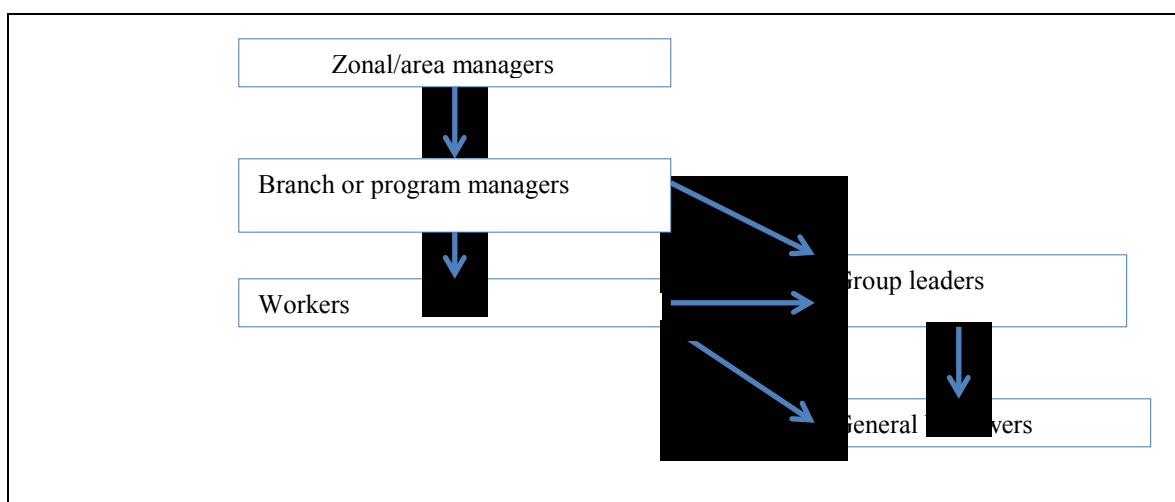


Figure 4.14 1: Power structures within Microcredit NGO programs

The zonal or area manager remains at the top of the administrative power ladder, and supervise several local branches of a microcredit NGO in a specific geographical zone. Usually, this person has no direct contact with the borrowers in local community regarding loan disbursement recovery. Branch managers are responsible for implementing microcredit and other social and economic development programs such as non-formal primary education, health, water and sanitation programs (e.g. BRAC, IDF, Green Hill), student scholarship program (e.g. the Grameen Bank) under their jurisdiction. Some NGOs have microcredit program managers (e.g. IDF, Green Hill) who focus mainly on

the implementation of microcredit programs. Branch or program managers may have direct contacts with the group leaders and borrowers while recruiting new members, disbursing or collecting loans.

Most microcredit NGOs have similar rules to recruit clients, to deliver loans and to collect repayments. Under the provision of group liability, microcredit NGOs create a subgroup and group leader (see Group Liability). The Group leader holds the most important position among all the female borrowers because this person has to take the liability of all the borrowers' loan repayments. My research shows that workers use group leaders as a means of enforcing fiscal obligations deploying oppressive measures to create pressures on female borrowers.

Some NGO practices often lead to perpetrate discriminatory social attitudes and behaviors, and many women have to follow the instructions of the NGO workers against their choice. Rekha, a female research participant, said:

We feel bad when we have to stand up and give salute to the fieldworker when he or she enters *Kendra Ghor* [Grameen Bank's village Center House]. I often argue with them, "Why will I have to give salute to you and stand up when you enter the group center?" Then, the fieldworker replies: "Our big boss asks to obey this rule." I say, "You are younger than me. Why will I salute you?" The fieldworker says: "You have to obey this rule if you want to stay with us." Even they (NGO workers) behave very badly with the senior women. I will tell you an incidence. Once a senior woman addresses a male fieldworker by "Baba"⁸⁰, but the fieldworker says, "Hey, not call me Baba. You must call me sir." (Rekha Das, 26 July 2011)

Giving salute or calling "Sir", or "Madam" is not a traditional cultural norm, but is incorporated to local cultures by the NGOs, especially the Grameen Bank. This type of NGO practice creates impersonal rather than personal relationships between the workers and borrowers. My personal conversation with some workers of the Grameen Bank reveals that when the Grameen Bank trainers provide training to the new staff it is taught them how to behave with the borrowers in order to protect institutional interest. Maintaining impersonal relationship of the NGO workers is thus one of the important

80 In Bangladesh, the elder people may use this Bengali term to call any male, especially the younger people. It may carry the meaning of father or son. People usually use this word for the close people and there is a personal attachment or deep affection and emotion to it.

strategies making easier to become oppressive with the borrowers, especially when they fail to repay the loan.

Furthermore, NGO workers often use abusive language and disrespect the senior women in order to collect the defaulted loan. Rekha said:

They (NGO workers) are so indecent that they behave unscrupulously with the senior women. They use abusive language, which is very disturbing and embarrassing for us. If a senior woman can't manage her loan installment the fieldworker may ask, "Why don't you pass a night with someone? You can easily manage this amount of money by having sex with somebody?" Sometimes, the fieldworker asks the group leader, "bring the (defaulting) woman by her hair, uncovering the cloth from her body. (Rekha Das, 26 July 2011)

Consequences of such oppressive NGO practices may be devastating for the poor women and their families who have no income or saleable assets to repay default loans. In 2009, for example, a poor woman allegedly committed suicide for failing to repay the loans to NGOs. My informant Promila, who was living in the same neighborhood, described:

There was a woman in our neighborhood who committed suicide by taking sleeping pills for failing to repay the loans. She borrowed from several NGOs for her husband, but her husband abandoned her with two teenage daughters and he did not cooperate [with] her financially. NGO workers and a group of women continued to insult her. She was living with mental stress and anxiety, as she did not have enough income to manage her household needs and repayments... One night she took some sleeping pills and in the next morning she was found dead. (Promila Barua, 29 March 2011)

The stress of being unable to make payments was understood locally to be the main cause of the death of this poor woman. Constant social and mental pressures applied by the NGO workers and group leaders allegedly led this woman to take such action.

Paradoxically, the workers empower group leaders to enforce the repayment obligations for NGOs, and thus they create a space for a group of women to dominate other female borrowers in the village. As I have described in chapter 3 (see Vignette 2), for example, the main responsibility of Rupa as group leader was to assist the loan officers of each NGO in recruiting new borrowers and collecting the loans. Depending on her recommendations, the loan officer made decisions on loan applications. Without Rupa's signature no borrower could have a loan approved from an NGO. Rupa played a very important role in enforcing the repayment obligations. She used to spend three to four hours in NGO's group centers for collecting loans four days a week, but none of these NGO paid for her labors. Instead, the workers victimized Rupa if any borrower failed to

repay their loans. Rupa, a group leader of four microcredit institutions namely IDF, ASA, BRAC, and the Grameen Bank simultaneously said:

Once a borrower could not repay some of her loans. Group members and I went to this borrower's house. We had to ask her to repay the loans by selling whatever saleable assets she had. We had to sit at the group center and we couldn't come home until she repaid her loan. There was a question of our honor and dignity as the fieldworker used to reproach us for not being able to collect the loans from this borrower. Actually, it was not our choice that we had wanted to force her to repay the loans by selling her household assets. We felt bad, yet we did it. (Rupa, 11May 2011)

This statement of Rupa demonstrates NGO workers sometimes force group leaders and other members to collect loans. What Rupa did for an NGO here is not something "choosing freely" to sit at the NGO group center. Rather she is "being forced" to stay, to go to a loan defaulter's house to collect loan and thus she is being prevented from going home until every loan is repaid. This type of NGO practice, in fact, is an instance of violation of one's "process freedom" (Sen 2005:153) because Rupa would certainly not force the loan defaulter woman to collect the loan for NGO and so Rupa's actual choice has not been reflected here. Rupa explained to me that sometimes the NGO worker might reproach her, saying: "You requested me to give the loan to this woman, didn't you? Why don't you collect it now?" That is why sometimes she might have to be hard on the defaulters.

Although using a group of women as fiscal enforcers and confiscating saleable household assets were also evidenced in recent study in Bangladesh (see Karim 2011), none of the past studies demonstrated how the NGO workers dominate the group leaders in particular. Rahman in his study on the Grameen Bank, which was conducted in the plain district, shows that "the [Grameen] bank workers maintain a strong clientele network with one or two influential members in each [loan] center in order to achieve smooth loan operations. These influential members are often favored by the bank worker and they are in a position to influence loan operation" (Rahman 1999:83). Rahman's work on the Grameen Bank thus indicates a position relationship between the loan officers and the influential women in the village who are mainly in the position of group leaders. Rahman describes a couple of ethnographic case studies which shows that the group leaders can influence the bank worker to make various decisions where they should set up a loan center, who should have access to loan center for borrowing loan based on the relationship of those group

leaders' with other families in the village. However, Rahman's work does not help to understand how the NGO workers often dominate the group leaders and how the branch managers dominate the field-level workers, or how the branch managers feel about their work. Below I provide some ethnographic examples demonstrating what influence the NGO workers and branch managers to be coercive toward their poor borrowers, either group leaders or general borrowers.

Why do NGO workers often become oppressive toward the poor women?

While conducting semi-structured interviews with NGO officials, I asked why NGOs adopt such a coercive loan recovery strategy including shaming language, confiscating household assets or confining the women including the defaulters and the group leaders at the village NGO centers. Some of the NGO officials argued that they had no role in confiscating household assets from the loan defaulters. Rather the group leaders and members dealt with the issues and the loan defaulters might sell off their assets or mortgage their assets to repay the loans. However, some workers acknowledged that they might have to be forceful with borrowers to protect their own economic interests because if they failed to show a near 100 percent repayment rate they might lose their jobs. I talked with a male fieldworker who had been serving for nine years in a microcredit NGO, who shared his experience:

I ask the group leaders to collect the loans from every member maintaining the weekly repayment schedule. The office does not allow me to drop any loan. Sometimes the group leaders and members tell me, "sir she [female borrower] has no ability to repay the loans", and as a center manager I also understand this. Yet, I might have to urge them [group leaders] to collect the loans at any rate because the branch manager continues to create pressure on me to maintain a near 100 percent repayment rate. I might have to enforce the borrowers to collect loans either by selling their saleable assets such as furniture, utensils, or livestock. In some cases, if I cannot collect the loans even by creating pressures on group leaders and defaulters, I have to pay from my pocket to show the office that every loan is repaid. As a loan officer, I am liable to the branch manager to collect the loans from every borrower in any circumstances. If I say I couldn't collect the loans because the borrower has no ability to repay the loans and I don't have money even to cover this, then, the manager may react: "Leave the job and go away; you don't need to work here." Sometimes, the branch manager may say: "you should remember this is a business; if someone didn't repay the loans, you have to borrow from other sources, or invest from your money to recover it. When a borrower cannot repay the installment, you should pay with your money and

when the borrowers will give their loans you will collect your money. (Khokon Hasan, 10 March 2011)

This statement makes it clear as to why the NGO workers are often oppressive toward borrowers to collect the loans. NGOs keep continue to create pressures on employees to meet NGOs' institutional goals of market expansion, program sustainability, and growth. Consequently, top and mid-level NGO officials encourage their lower level staff to act in accordance with the competitive logic of capitalism. This, in turn, influences many of the branch managers to manipulate their field-level workers and these workers manipulate a group of female borrowers to survive. If an NGO worker fails to collect an installment, he/she must adjust this from his/her own money, or else the branch managers deduct the amount from his/her monthly paycheque.

Moreover, the NGO workers might have to visit loan defaulters several times a day or week thereby spending their own money for transportation, especially if a worker does not have his or her own motor bike. Note that none of the NGOs provide travel allowance for the workers for revisiting the loan defaulters' village. Power hierarchies between branch managers and workers and inequalities within NGOs practices affect the workers economically, and potentially with serious financial consequences if they had to adjust the defaulted loans from their own paycheques, or to bear the transportation cost for revisiting the loan defaulters.

Sometimes field-level NGO workers may have to lose their jobs if they fail to maintain an expected loan repayment rate. I had an opportunity to talk to some of the NGO workers of the Grameen Bank and BRAC who had lost their jobs failing to meet NGO requirements. Through my personal connections I learned that many NGO workers had to leave their jobs or had to flee from their workplace failing to collect loan from borrowers. Leaving job by the NGO workers is very high in NGOs such as ASA, BRAC, and IDF in research area. Grameen Bank provides better job benefits for its employees; especially after ten years of service an employee receives a good amount of retirement money. This type of job benefit is markedly absent in other NGOs. However, the Grameen Bank worker will lose such benefit if he/she is fired or if he/she voluntarily leaves the job before the completion of ten years of service. Personally, I know some people who have lost their jobs for failing to fulfill the target of loan collection set by the Grameen Bank branch manager.

Corresponding with the widespread positive impression of microcredit as an effective tool in the alleviation of poverty, many people might have the impression that NGO officers and workers go into this field out of a passionate desire to help others and alleviate poverty along the lines of Dr. Muhammad Yunus' dream that poverty should exist only in museums. This might be the case in some places, but my research in the CHT has rarely found that NGO employees choose to work with the poor people just from an inner passion to help solve poverty.

In my research in Rangamati in 2009, I met with some branch managers and workers but I found few of them when I went to Rangamati in 2011 for my final phase of research. Some of them had been transferred to other branches and some others had to quit. In May 2011, I went to the Tablechari branch office of BRAC NGO after making an appointment with this branch manager. Then, I asked the current manager about the previous manager of this branch whom I met in 2009. I came to know that the manager I met in 2009 had left his job and took a new job in a multinational company in Chittagong. I also noticed that most of the NGO workers were new and ethnically Bengalis. By this time, I was aware of the fact that many NGOs were hiring local Pahari to implement microcredit programs in the hill as those NGOs were encountering resistance from local Pahari political organization UPDF.

I questioned BRAC branch manager, telling him that I had learnt that some NGOs were hiring local Pahari men to implement their microcredit programs in Rangamati. What about his organization? The BRAC Manager answered:

Actually, BRAC wants the Paharis to work here to implement its microcredit program. I would not be here if someone from Pahari community could do this work that I am doing now. But the problem is that there are few qualified Paharis—I mean the people with BA or MA degrees—to hold this position⁸¹. Since they (BRAC Human Resource Department) can't find Paharis to take this responsibility we have to come from the plain lands. Last year, the BRAC Head Office recruited about 34 field level officers for the CHT region, but everybody has been dropped off within a year—during the probationary period. Actually, this job is little bit hard and it needs people to work really hard to sustain here. I think that either they can't work hard or they may not want to develop their future career in this field. Although job requirements are a little relaxed for the Paharis in comparison to Bengalis, still it is hard to find them for this job. (Mehmud Reza, 16 May 2011)

81 Here he means a "branch manager" position.

This statement reflects that few Paharis are interested in working with microcredit NGOs. While BRAC NGO relaxed staff recruitment criteria for the Paharis and some of the Paharis entered this development profession, few could sustain. It is clear that BRAC wants to implement microcredit program by local Paharis. Since I did not have chance to talk to those Paharis who had left such job, it is difficult to assume why they left such job. However, my personal conversation with several Paharis who were currently working in ASA, Proshika, and BRAC revealed that it was not their actual choice to work in this field. Rather they were working for microcredit NGOs in Rangamati, as they had no other suitable employment opportunity at that time. Some of them were trying to find job in various international non-profit NGOs such as United Nations Development Programme (UNDP), the World Vision, Caritas, the World Food Program (WFP) and so on. UNDP was implementing capacity building and livelihood development projects in Rangamati through a number of local partner NGOs such as Center for Indigenous Peoples Development (CIPD), Shining Hill, Taungya, and others and almost all the mid-level officers and lower-level development workers were the Paharis. From this perspective, we cannot say that the Paharis do not have any passion to help the poor, but most of the Paharis have no or little interested in working with microcredit NGOs. Part of this reason is reflected in the statement of BRAC manager here: people need to work very hard to sustain in this job. The second possible explanation is that there is a lack of employment opportunity for the Paharis outside microcredit NGOs. Thirdly, even if we accept the notion that some of the Paharis do have an inner passion to help the poor Paharis, still they might have little interest in microcredit NGO for professional career because of the overall negative impression about microcredit program impact in the alleviation of poverty, which is reflected in the resistance of the UPDF against microcredit program operation in many areas in Rangamati (see Challenges for Microcredit NGOs in chapter 2). However, I am not arguing that this is the general scenario in Bangladesh. There might be some people who have the passion to work hard for the poor population in Bangladesh. NGOs usually do not recruit people for the position of loan officers and field-level workers unless they have higher than secondary school education. However, failing to implement microcredit programs because of lack of manpower from local community and because of the resistance of the UPDF some NGOs are now hiring the UPDF political

activists with minimal educational qualifications. I asked the Area Manager of IDF if they hire political activists of the UPDF to implement microcredit program in the remote hill. He says:

Yes, we have to do this for our [microcredit] program expansion and sustainability. If we don't recruit the relatives and local Pahari men who have linked with UPDF it becomes difficult for us to collect our loan installments. In this case, we maintain good relationships with local UPDF leaders and according to their recommendations we recruit either relatives or supporters of the UPDF who can work for us. We have to follow this type of strategy for the interest of our organization so that we can expand and continue our programs, especially in the remote areas. In this case, we don't need the people with higher education. It is fine for us if they can just write a report and collect loan installment from the borrowers. If I hire a BA pass man for a position of a fieldworker I have to pay about Tk.10, 000 (USD129) per month plus other facilities. But if I can hire a local young man who has passed SSC or HSC⁸² I don't have to pay that much. Since such people are local they will have more influence or power to implement our microcredit program than those employees who we hire from outside. In fact, the recruitment of local people enhances power networks that we need now. (Faiez Ahmed, 16 May 2011)

This statement explains several important points. Firstly, NGOs recruit local political activists or relatives of the influential people in Rangamati region in order to expand the microcredit program and to ensure its sustainability because many NGOs have already withdrawn [or pulled out of] from many remote places in Rangamati because of the resistance of the UPDF. Secondly, this top NGO official clearly says that NGOs need to recruit local people recommended by the political elites in order to serve their organizational interests. And related to this point, obviously, like the official mission of the microcredit NGO these managers have intention to the alleviation of poverty through microcredit program expansion in the remote hill. However, this does not mean that these managers are personally passionate toward the poor to help them to get out poverty because their motivations of expanding microcredit program is basically shaped by their job condition—immense pressures from top-level NGO officials to fulfill monthly target of loan delivery and repayment collection. Many of NGO managers admit that they care of the poor and they are here to help the poor, not just serving the organization's interests. However, my research finds little evidence that they can serve this goal of helping the poor. I have a detail discussion in chapter 2 (see section unsuccessful case studies) and in

82 Secondary School Certificate and Higher Secondary Certificate respectively

chapter 5 (see **Error! Reference source not found.** and **Error! Reference source not found.**) and these ethnographic examples indicate that many of the NGO managers are often less sensitive toward the development needs and interests of the poorest of the poor. Thirdly, why do the Pahari young people who take this type of job in an NGO for a while and why do the political elites, who previously were against the implementation of microcredit programs in the remote area, now recommend their people to work in NGOs? Needless to say, it is mainly the interests of local political elites and their own people rather than the interests of the poor. Fourthly, related to third point and the statement of the BRAC manager as well, it is reflected in the statement that these Pahari do not continue their jobs for long time. Yet, it is beneficial for these NGOs because they enhance their power networks and can continue to work with consent of the political elites and their supporters. If they have passion for helping the poor they should continue with this field.

Furthermore, I found some Bengali people who often leave their jobs or they have been fired from their positions because of their failure to fulfill the NGO's loan collection target. According to the official policy of the Grameen Bank, for example, a loan officer cannot adjust any missing or defaulted installment from a borrower's savings account. So, when the audit team of the Grameen Bank checked and found this type of act the responsible loan officer is fired from his or her position. I personally know some people who have lost their jobs in Grameen Bank and BRAC recently for this reason. Even some current employees express their severe dissatisfaction with their jobs while speaking with me personally and informally outside NGO offices. I have conducted many recorded interviews with the area managers, program or branch managers, and loan officers in Rangamati Town. Sometimes I have also talked to some of the branch managers and workers outside their office hours. Interestingly, I have found a significant difference in their views about microcredit program implementation, especially about fiscal enforcement, when I did not use my digital voice recorder.

I had a personal conversation with Mubarak Hossain (a pseudonym), a former field manager of BRAC in a restaurant of Bonrupa Bazar, Rangamati Town. Mubarak has served about seven years in the microfinance program of BRAC in different parts of Bangladesh. Recently, he left his job because of a conflicting relationship with his

immediate senior officers regarding the loan collection issue. Mubarak recognizes that the original objective of BRAC and other NGOs were good but he believes that now they have moved from the objective of alleviating poverty to making money. Mubarak says that it is commercial purpose of these NGOs contributes to create tensions among NGO staff and borrowers. He says that most of the time he had to pay money from his pockets to adjust any missing loan repayment. He knew that many of his poor clients were in a bad situation and it was difficult for them to pay the loan on time. His relationship with the BRAC manager and other top officials deteriorated because he often failed to collect all the loans from his clients on time. He says: “Sometimes I approached my boss and tried to tell him about the real problems preventing poor people from repaying loans on time and how these problems could be solved. But every time he stopped me and replied: ‘do you know more than me about that?’ It is really difficult to work in such a situation, and so I left my job.”

However, it is not the case that the branch managers are free from such injustices that the field level NGO workers encounter everyday. The only difference is that the branch managers rarely share their personal stories with outsiders. I had an opportunity to talk a big NGO manager in Rangamati who shared his personal job experience with me outside his office. In the 22nd of June 2011, I went to the ASA branch office twice to talk to the branch manager during the early hours of the day. But this NGO branch manager was not available in the office because he had go to a loan center to solve a problem between the loan officer and borrowers there. An office employee suggested that I go to this branch office after 4pm if I wanted to talk to the manager. I did it and I found him with an employee and he gave consent to talk to me. I recorded the interview with my digital voice recorder. When I finished the interview he invited me to take tea with him. He took me with him and we went to Tablechari Bazar by his motorbike. While having our light snack and tea he started to ask me about my personal issues such home district, family, etc. At one point of our conversation, he began to talk about his personal life, job

experience, and his family. Here I reflect on some parts of his narratives from my personal field note⁸³. He said:

Poverty kills me. I got an admission at University of Chittagong and I wanted to complete my higher studies, but my other brothers suggested me otherwise. My elder brothers suggested my father that I didn't need to go to a university for my higher study because it would take many years to complete it. Instead I should find a job as early as possible by completing a BA⁸⁴ degree from a college and that would be a wise decision, they contend. My father was not educated and so he was convinced with my brothers' decisions because of his poor financial condition. He thought that if my brothers didn't give me financial support I couldn't continue to study. So, I had to shun my dream of studying at university.

In fact, this NGO manager was very dissatisfied with current job in ASA and so when I asked about his current situation, he said:

I am still poor and NGOs want us to remain poor. They don't want to see we lead a happy and free life. They always try to keep us busy and under mental pressure. We can't get out of our financial crisis for even a moment. We have lots of responsibilities and duties that we have to do everyday. We have to repay the loan installment from our pockets if any member can't give it on time. The top-level officials always put new targets on us to accomplish for organizational interests and thus for their job promotions but they don't care about us. There is no future of it. I often feel bad with this job. Actually, NGOs can't do that much for poverty alleviation. Many people become poor by taking loans from various NGOs.

Clearly, many of the NGO managers and workers go into this field not because they have desire to help the poor people but because of their own poverty and, like the poor women, they continue to serve for the NGOs to manage basic needs despite the dissatisfaction with their jobs. They often become oppressive toward the poor women not because they are bad, insensitive or careless about the poor but because they have little option to give some space to other people around them (i.e. workers, group leaders or general borrowers).

Therefore, these circumstances may force the branch managers to be oppressive toward the NGO workers and then the NGO workers toward both group leaders and female

83 Although I didn't use my digital voice recorder to record this conversation, the statements given here reflects the exact view because some of these sentences I wrote in my fieldnotes and the rest other sentences I documented in my laptop within a couple of hours of this conversation.

84 In Bangladesh, there is a difference between a Bachelor of Arts (BA) from a college (without honors, a two-year length course) and a BA (with honors, a four-year length degree) from a university. Here by higher education this NGO manager indicated both BA with honors and MA from a public university.

borrowers to ensure that every borrower has repaid the loans following NGOs' repayment schedule. Karim's (2011:89) work on the economy of shame also informs that NGOs may deduct money from the fieldworker's monthly paycheque for failing to collect loans from borrowers. However, it does not elaborate the unequal relationships between branch managers and NGO workers, and the NGO workers' relationships with the group leaders in particular with ethnographic details.

So far I have described how NGOs create unequal power relationships between NGO workers and a group of female borrowers and how and why these NGO workers use these women as fiscal enforcers. It is clear that while some female borrowers suffered for failing to repay the loans, group leaders and other borrowers also had to face maltreatments from the NGO workers despite the fact that they had repaid the loans on time. NGO workers might urge these women to comply with the provision of group liability threatening to not approve any new loan to any member in the group center if any loan remained unrealized. Now the question is: why do these women continue to participate in microcredit programs without confronting or resisting such oppressive acts of these NGO workers?

Why do women continue to participate in microcredit if it seems oppressive?

Microcredit and women in Bangladesh

In my research in the CHT, I found that all the borrowers were women and most of them enrolled on behalf of their male relatives. This is supported by other studies that have also shown that women borrowed the loans mainly for their male relatives (Karim 2011; Rahman 1999). Why do NGOs prefer women to men as their clients if women do not use the loans directly? Hulme and Mosely (1997:119) identified two major factors: First, NGOs prefer women to maintain the financial viability of their institutions because female borrowers are proven as more reliable than male borrowers. Second, NGOs choose women because the donor agencies want NGOs to provide the loans to women so that these women can improve their socioeconomic situation. The Asian Development Bank (ADB 2004), for example, adopted a two-pronged approach, 'Gender and Development Strategy 2005-2010' to achieve the Millennium Development Goal3 (MDG3), that is to 'promote gender equality and empower women,' in Bangladesh by

2015. In brief, the inclusion of women in microcredit programs was one of the preconditions prescribed by international donor agencies. Women have been participating in microcredit programs and in mainstream economic activity such as formal and informal employment sectors. However, women remain far behind men in many respects because patriarchy or women's subordinate position in society, weak legal and social protection in the event of abandonment and divorce, and gender based violence are still major challenges in achieving the MDG3 by 2015 in Bangladesh (BPC 2012).

However, the effectiveness of microcredit programs on women empowerment in Bangladesh is questionable especially because NGOs prefer women to men as clients to serve their ideological interests. When I asked why NGOs did not provide loan to men, a microcredit program manager said:

Previously we used to allow men in our microcredit programs. We no longer provide loans to men because they created various problems after borrowing the loans...Women are more responsible than men. They [women] come to our village NGOs center to repay the loans, but you cannot find men at home until night. Actually, it is very difficult to get anything back from men, beyond just our money. Men seem more aggressive than women, and men are not sensitive in using and repaying the loans maintaining our organizational principles. (Mukti Marma, 27 July 2009)

In general, this statement implies that NGOs stopped providing the loans to men because it was difficult to collect the loans from male borrowers. In local social-cultural contexts in the CHT, NGOs found women's availability during the day, women's subordinate position and sensitivity about their personal honor and dignity more appropriate for group lending requirements. My findings confirm the findings of other anthropological studies on microcredit in Bangladesh (Karim 2011; Rahman 1999) that demonstrate that NGOs' preferences for women underlay their institutional interests, though may not for exploiting these women intentionally.

Therefore, microcredit NGOs' policy of providing the loans to women instead of men makes it mandatory for women to borrow the loans for their male relatives. Consequently, women may have to continue to participate in microcredit programs even if they encounter unpleasant NGO practices. Besides male domination, poverty and cycles of debts may affect many poor women to continue to participate in microcredit programs. I explain this issue with ethnographic details below.

Male domination, poverty and cycle of debts

My research shows that 15% households once involved in microcredit programs had left these programs, finding it ineffective for socioeconomic change. Yet a significant majority of households (85%) continued microcredit participation. Unlike the non-poor households⁸⁵ (23%), most poor households (77%) often encountered problems in making repayments. Among these poor households, at least 35% households reported deteriorating economic status because of the cycle of multiple debts, borrowing in order to repay past loans. Male domination together with household poverty may force women to continue with microcredit programs. This can be explained with the following two ethnographic examples:

Hasi Tripura, a 45-year-old woman, lived in Assambasti. When Hasi first enrolled in ASA in 2003, her husband was serving in the police force as a constable. He asked Hasi to borrow for him. Then, Hasi enrolled in IDF to borrow more loans. Her husband used to help her to repay the loans. Hasi could also earn some money by rearing livestock such as hens and pigs. Everything was going well. But her husband abandoned Hasi when he took a second wife in 2007 and began to live with her. He no longer helped Hasi to repay these loans. Hasi had to borrow from three more NGOs (ASA, Grameen Bank, and BRDB) in order to both repay the old loans and meet household expenses. While I was conducting this interview in May 2011, Hasi owed more than Tk. 20,000 (257 USD) to various NGOs and was living in poverty. Hasi described:

We had everything; there was no want in our family. But now we couldn't even manage our livelihood. We are passing our days through hardships. I was not used to working as a daily laborer like today. I borrowed from an NGO for my husband, but he did not support me financially to repay these loans. Rather he took another wife, leaving me alone. I feel bad when the fieldworker(s) and other women in the NGO center rebuke me if I cannot make repayments. Now I have to work both to repay these loans and to manage my livelihood. Sometimes I have to take money from the landlords in advance to meet my needs. Now I borrow, spend it and again I borrow more loans to repay the loan. I am rolling around this kind of debts. I buy groceries from local stores and I pay them by borrowing money from NGOs. What I earn by daily laboring is not enough to support my family or to repay the loans. (Hasi Tripura, 13May 2011)

85 By the non-poor households I mean those households economically somewhat better than the poor households. For example, such households may have some land, multiple source of incomes and rarely face problems in meeting their basic needs especially food and other households expenses.

In another case study, Bashanti, a 35-year-old Bengali woman lived with her husband Deb along with their five young children, four daughters and one son, in a rented house at Assambasti. Bashanti borrowed for her husband many times and every time he suffered a loss in business. Conflicts between Bashanti and Deb over loan repayments arose. Bashanti wanted to leave all NGOs forever because she did not like the maltreatments suffered at the hands of the workers and group leaders of her village and NGO centers. Yet, she was borrowing loans from several NGOs. I asked her why she was continuing her microcredit participation if she would face problems, Bashanti replied:

It was not my choice or decision to borrow from NGOs. Rather my husband wanted me to do this. I never feel good to continue this any longer; but my landlord insisted. I could not refuse him because we are living in his place and I am working as a maidservant in his household. I have been borrowing loans from BRAC, IDF, and CCDDR for him for the last four years. I give him all the loans after borrowing from NGO and I repay loans by collecting money from him.⁸⁶ (Bashanti Das, 10 May 2011)

In these two ethnographic examples power as domination, embedded in unequal gender relations and unequal structural relationships between rich and poor, forced these women to both participate in microcredit programs and experience a range of social and economic sufferings. Hasi's husband's discriminatory attitude (e.g. abandonment, not providing financial support) pushed Hasi into multiple cycles of debts. Hasi did not benefit from her microcredit participation. Yet, she was (and still is) continuing with these NGOs. In fact, at this time it would be quite impossible for Hasi to leave these NGOs unless she is able to repay all her debts.

Bashanti had to continue her microcredit participation due to her husband's repeated business failures and household poverty. Bashanti would not have had to go to NGOs on behalf of her landlord if her economic situation were better. What she may receive in exchange for this favor to her landlord is a *saree* (dress for women), or a dividend of the

⁸⁶ I had also a conversation with the group leader of ASA and BRAC, Moyna Begum, who was the neighbor of Bashanti. Moyna told me that Bashanti was forced to leave all NGOs and she was not recommended for getting loan from any NGO. However, when Bashanti's landlord told Moyna that he would borrow money through Bashanti Monya and other NGO group leaders in the area allowed her to borrow from these NGOs. Moyna also told me that Bashanti had also been borrowing loan from different NGOs for other people in the community (Moyna Beguma, 25 July 2011).

NGOs' obligatory savings, which is rarely useful for escaping the chronic poverty because these are very small. Instead, Bashanti took higher risk by getting involved in proxy borrowing. The consequences might be devastating for her if the actual loan receiver(s) do not return the money. Yet she continues to do this. Poverty is the main reason poor people, like Bashanti, submit to the demands of those of higher status, such as Bashanti's landlord. Therefore, three factors, male domination, household poverty and multiple cycles of debts, simultaneously affect why these poor women continue their microcredit participation despite negative social, psychological and economic experiences and consequences.

One could raise the question: Are NGOs aware of such proxy borrowing or why is proxy borrowing tolerated by NGOs? In my research, I asked NGO branch and program managers why they allow proxy-borrowing practice because it does not help the actual borrowers to improve their economic situation. Mehmud Reza, a branch manager of BRAC in the research area, said:

In fact, our top officials and head office strictly instruct us that we must not allow proxy borrowers in our program. If we know that a borrower is borrowing money for other, then we must stop providing loans to this borrower after collecting the outstanding one. Now we verify every piece of information before providing a loan through our loan officer and we try to make sure that no one is involved in such a practice. We discuss with the husband about how the loan will be used and repaid before issuing a loan to a female member. But it will be difficult for us if the people (i.e. borrowers, or group leaders) hide the real information. (Mehmud Reza, 16 May 2011)

However, my research does not support this NGO manager's claim. I found some cases where the group leaders, workers and branch managers were aware of the fact that some of the wealthy people had been borrowing from NGOs through some of the poorest women like Bashanti. In this case, the objective of helping the poorest to alleviate poverty is secondary.

Conclusion

My research findings question the established truth about the role of microcredit in the alleviation of poverty and gender equity in Bangladesh. Throughout this paper, I illustrated why these female borrowers continued to participate in microcredit programs despite discriminatory NGO practices. Power as domination (Bourdieu 1990; Lukes

2005), embedded in both NGO practices and gender relations, is mainly repressive rather than enabling. Power as domination has been reflected in all these instances either in the group's leaders compliance with the NGO workers' commands, in the use of shaming language by both group leaders and NGO workers, and men's indifference toward financial responsibility to their wives. Ethnographic examples demonstrate that NGO workers' motivations and actions are largely shaped by what the NGO wants them to do and to protect its interests rather than by an intention of solving poverty.

Top-level NGO officials continue to exert pressure on the branch managers and the branch managers then create pressure on the NGO workers to ensure a near 100% loan recovery. NGO workers create a space for unequal power relations between the group leaders and general borrowers as they use group leaders for recruiting reliable clients, collecting loans, and perpetuating microcredit programs. Consequently, a group of female borrowers dominates other borrowers, and they become opponents of each other. All women have to experience the maltreatments from the NGO workers if any borrower breaches the pledge of group liability. However, neither these women nor the branch managers and the NGO workers can reverse their power relations and can take up the position of a subject to challenge the status quo.

From this perspective, NGO managers, the NGO workers and female borrowers are subjected to domination of microcredit corporations. Furthermore, women may have to act in accordance with the needs of their male relatives, or they may become victims of male domination. So, the relationship of these women both with the NGOs and men is one of dependency and subordination. My research shows that while there are some stories of resistance against male domination or against the unscrupulous NGO practices (e.g. leaving NGOs), few women can get rid off such inequalities unless their socioeconomic condition is substantially changed.

The participation of these poor women in microcredit programs has little effect in improving their economic situation. Instead, they create a higher risk of sliding into the vicious cycle of debt and poverty. It seems that these poor women are repaying the loan to NGOs accordingly and thus they benefit from microcredit programs. In practice, they are either going to other NGOs to repay the previous debts or they are playing roles as

proxy borrowers. In this regard, there is no or little relationship between the loan repayment and poverty alleviation.

In the next chapter, I examine, the contradictions prevailing between the claims of microfinance institutions' achievement, including the Nobel Peace Prize winner, Grameen Bank, of near-100 per cent loan repayments and how these institutions define the causes of poverty in relation to poor people's ability to repay the loans. I also demonstrate how and why NGOs blame the poor for their failure to escape poverty and how they legitimize coercive loan recovery strategies.

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5 Blaming the Poor and Legitimizing Coercive Loan Recovery Strategies: Unveiling the Dark Side of NGO Practices in Bangladesh⁸⁷

Introduction

Microcredit, a model of social and economic development from below, originated and developed via a pilot project at Jobra Village, situated adjacent to the University of Chittagong in Bangladesh, by Professor Dr. Muhammad Yunus in 1976. Dr. Yunus realized that a lack of access to credit was one of the main causes of poverty in rural Bangladesh. Yunus experimented with his idea of providing small loans, usually starting from US\$40, in other parts of Bangladesh, notably in Tangail district, with financial support from the government of Bangladesh. The successful experiment of the microcredit model led Yunus to establish the Grameen Bank in 1983 (Counts 2008:3). The Grameen Bank began to provide collateral-free small loans to jointly liable groups of poor people in rural Bangladesh, thereby aiming to alleviate poverty. Following the example of the Grameen Bank, many other national and local nongovernmental organizations (NGOs) started to implement microcredit as their core program all over rural Bangladesh. By the late 1990s, the Grameen Bank model of microcredit received international recognition as an effective tool of development for poverty alleviation and gender equity. Yunus and his Grameen Bank jointly received the Noble Peace Prize in 2006 for contributing to social and economic development from below (Nobel Prize 2006). Dr. Yunus also received the Congressional Gold Medal in 2013, the highest civilian award of the United States, in recognition of his efforts toward combating global poverty with microcredit, especially in Bangladesh (Rahman 2013).

Impressed by the success stories of microcredit NGOs in mobilizing poor women to participate in income- generating activities in rural Bangladesh, international

87 A version of chapter has been published in *Anthropologica* 56(1): 179-93 [Ali 2014]. Please note that sections “Research Setting and NGOs” and “Methodology and Research Participants” have been removed to avoid repetition. I have a detailed discussion about these issues in chapter 1.

development agencies and many donor countries prioritized microcredit initiatives to alleviate poverty. Consequently, the proliferation of NGOs in Bangladesh has been tremendous.

According to recent data, the Bangladesh Microcredit Regulatory Authority received 4,221 applications from microcredit institutions for government approval, and around 700 NGOs have received licenses to operate microcredit programs in Bangladesh so far (Microcredit Regulatory Authority n.d.). Despite the ubiquitous presence of microcredit NGOs in Bangladesh and participation of the poor in microcredit programs, many of the poor are still poor—often even poorer—trapped in a cycle of NGO-provided loans (Cons and Paprocki 2010; Karim 2011). Recent data shows that almost half of the population (49.64 per cent) in Bangladesh cannot earn more than US\$1.25 per day (Ministry of Finance 2011:193). This is disappointing and raises questions about the effectiveness of development activities, including microcredit, which has been operating for more than two decades.

Microfinance institutions adopt the loan repayment rate as one of the key indicators of poverty alleviation and women's empowerment (Engler 2009; Nath 2004). Grameen Bank (2011), for example, claims that the repayment rate is 97 per cent. Similarly, other major microcredit NGOs also claim that borrowers repay loan installment reliably (Engler 2009:82). In other words, if the borrowers can repay the loan installment on time, advocates of microcredit assume that poor people have been able to improve their economic capacity. Evidence exists that, while women borrow money, the actual users of these loans are usually men (Karim 2008 and 2011; A. Rahman 1999). Karim (2008:15) found that men used 95 per cent of total loans borrowed by women from NGOs. In this perspective, there is little relationship between women's microcredit participation, higher loan repayment rate and women's social and economic empowerment. Yet the repayment rate has been one of the key reasons for the global popularity of microcredit and its reputation for successful poverty alleviation and women's empowerment.

The question raises is: What makes microcredit NGOs so successful in maintaining such an impressive loan repayment rate? Anthropologist Karim (2008; 2011) shows that NGOs use a group of women to shame the loan defaulter and her family to collect the outstanding loans. Fearing their loss of honour and dignity, the borrowers comply with

the NGO's fiscal discipline. Karim terms this the "economy of shame" (2011:xviii); that is:

The honor and shame codes act as the collateral of these loans. It is the honor of the family that is at stake, and which the woman represents. If the woman gets publicly shamed, the family is dishonored. In a face-to-face society, men and their families try to maintain the sanctity of their family honor by observing the honor of their women." (2008:10–11)

Thus, the NGOs manipulate a group of women borrowers to be oppressive with the loan defaulters to collect outstanding loans. If any loan default occurs, the women march off together to scold and shame the defaulting woman and her family members or to confiscate saleable household assets (e.g., gold nose-rings, cows, trees) to recover the loans. If the amount of the defaulted loan is large, the group of women may get involved in selling off the loan defaulter's house, which is known as house-breaking (*ghar bhanga*), to cover outstanding repayments (18–19). Furthermore, according to Karim, NGOs rely on both traditional community powers (e.g., the village adjudicating board of rural elites) and state powers (e.g., courts or police) to force defaulters to maintain repayment obligations. Ironically, in some instances, microcredit NGOs are so unscrupulous in Bangladesh that many poor have to sell one of their kidneys to pay off loans from them (BBC News 2013).

My dissertation research explored how local power relations affect the effectiveness of microcredit programs and people's abilities to escape poverty in the Chittagong Hill Tracts (CHT) of Bangladesh. I spent over ten months conducting field research in Rangamati Hill District in the CHT in two phases between May 2009 and July 2011. Using this ethnographic data, I demonstrate that NGO claims of achieving a repayment rate near 100 per cent and, thus, poverty alleviation are contradictory because the poor may have to get another loan to repay outstanding loans. While inaccuracies in NGO claims of nearly 100 per cent repayment rates were reported in previous studies (see Engler 2009; Karim 2011; Nath 2004), there is not a single ethnographically informed study that explores this issue in terms of the prevailing contradictions between NGO official claims and poor borrowers' actual ability to repay loans as reported by NGO officials (branch managers, loan officers or workers) in rural Bangladesh. The ability of the poor to repay their loans, the frequencies of loan defaulting reported in the narratives of NGO officials and the nature of loan repayment strategies question not only NGO

claims for a near 100 per cent repayment rate but also the global recognition of microcredit as a mechanism of poverty alleviation.

Certainly, Karim (2008) gives very important insights as to why and how NGOs deploy oppressive loan recovery strategies that manipulate local people's notion of shame and honour, and how the poor are trapped into multiple cycles of debt. However, while it is true that a group of women became furious with loan defaulters and shamed them in public by scolding, Karim did not specify the kinds of language women used to shame the loan defaulters and their family members. In my research, I observed that women often use shaming language such as "Why can't you pay if you can eat?" to create social and psychological pressure on the loan defaulters. Such language seriously affects people's personal honour and dignity, I observed; thus, NGOs instrumentalize shaming as an effective technique of loan recovery. There are also significant knowledge gaps about why local NGO officials blame the poor for their suffering, how the officials legitimize their coercive loan recovery strategies and how NGOs create unequal development opportunities for the poor. My research shows that oppressive NGO practices negatively impact the personal and social lives of the female borrowers. In extreme cases, such practices have pushed some impoverished borrowers to suicide. Thus, I explore why microcredit realities are more complex than is often reported in the literature. To set the context for this discussion, I review past research on microcredit and theories of poverty alleviation, especially the theory of the Grameen Bank.

Microcredit, Power, Poverty and Blaming the Poor: A Theoretical Perspective

Dr. Yunus, the founder of the Grameen microcredit model, believes that the poor are not poor because of a lack of skills or that the poor create their poverty. This conviction inspired Dr. Yunus to bring the idea of microcredit to the forefront by expanding the activity of the Grameen Bank, not only in Bangladesh but also globally. Thus,

Grameen credit is based on the premise that the poor have skills, which remain unutilized or under-utilized; it is definitely not a lack of skills, which make poor people poor. Grameen believes that poverty is not created by the poor; it is created by the institutions and policies which surround them . . . Grameen brought credit to the poor, the women, the illiterate, the people who pleaded that they did not know how to invest money and earn an income. Grameen created a methodology and an institution around the financial needs of the poor and created access to

credit on reasonable terms enabling the poor to build on their existing skills to earn a better income in each cycle of loans. (Yunus 2004:21–22)

Recently, Dr. Yunus reiterated the same view in slightly different way:

The more time you spend among poor people, the more you become convinced that poverty is not the result of any incapacity on the part of the poor. Poverty is not created by the poor people. It is created by the system we have built, the institutions we have designed, and the concepts we have formulated. (2010:xii)

Therefore, Dr. Yunus believes the poor have skills but lack capital, and it is the latter condition that makes them poor. In this sense, a lack of access by the poor to institutional opportunities, such as credit, is one of the main causes of poverty. Dr. Yunus believes that poor people's access to microcredit will help them in escaping from poverty. Thus, poor people go through "the virtuous circle of low income, credit, investment, more income, more credit, more investment, more income" (Hulme and Mosley 1997:115). However, this model of economic development faces challenges. Some scholars argue that this linear approach not only overlooks the multidimensional and relational aspects of poverty but also ignores the differing capabilities of poor borrowers, their current economic endowments and social positions in relation to others, and their access to various opportunities to utilize loans to be economically beneficial (Hulme and Mosley 1997; Cons and Paprocki 2010). Thus, people's access to microcredit does not warrant that they will be able to overcome other structural factors in society.

Needless to say, Dr. Yunus's conception of poverty is closely linked to the structural perspective, which explains the causes of poverty in relation to a host of economic, political, cultural and social factors that remain beyond the immediate control of the poor. A lack of employment opportunities, unequal access for individuals to institutional credit or fair market price for their goods, and wage discrimination based on gender, ethnic or racial identity are some of the social and economic forces that may reproduce and perpetuate poverty in society (Royce 2009). Thus, the structural perspective defines poverty as a social problem resulting from the unequal distribution of power and discriminatory social, economic and political policies and practices (14).

Conversely, NGO officials of major microcredit NGOs, including the Grameen Bank in my research area, define poverty from an individualistic perspective: the poor are poor because of their bad choices and actions such as working irregularly, spending loan for consumption or in getting involved in gambling. Using 2002 U.S. Census Bureau

statistical data, Mead (2003) argues that the percentage of long-term poor—those who remain poor for two or more years— was higher (51 per cent) among poor families with working- age adults (e.g., both mothers and fathers) and their children than for other single mothers (18 per cent) or all families in the general population (59). According to Mead, “long term poor families tend to become poor because of the behaviors that make poverty controversial: Women have children out of wedlock, and then they or their spouses do not work regularly to support their children” (59–60). Thus, in the United States, Mead argues that poverty is an individual rather than a structural problem. The key problem with Mead’s argument is that this approach overlooks structural forces that may potentially affect the capabilities of the poor.

In fact, an individual perspective on poverty is closely linked to neoliberalism’s blaming the victim. Individual capacity or self-governing is the key to neoliberalism. A neoliberal economic system encourages the withdrawal of the state from social and economic protections for its population and considers that the poor are capable of achieving their financial sustainability participating in free and self-regulated markets (Elyachar 2005). Structural adjustment programs (SAPs), for example, became an integral part of the neoliberal economic system in the early 1980s, imposed by the World Bank and International Monetary Fund (IMF) on developing countries. The adoption of SAPs by the government of Bangladesh in the mid-1980s affected the poor, especially women, socially and economically because of decreased public spending on education, health and food subsidies (Mohsin 2005). Microcredit NGOs emerged to replace the state’s role and responsibility for providing social services for the poor by promising they would serve the interests of the poor through developing social and human capital locally.

But global and state economic policies (e.g., SAPs), along with the activities of microcredit NGOs, actually create social and economic insecurity for the poorest of the poor, as numerous scholars have shown (for example Bateman and Chang 2012; Faraizi et al. 2011; Fernando 2006; Karim 2011; van Rooyen et al. 2012; Wood 2003). These scholars argue that microcredit is part of the neoliberal economy, which may push the poor into a cycle of debt and further poverty. Bateman and Chang (2012) analyzed data on the expansion and impact of microcredit programs on poor people from developing countries, including Bangladesh, Bolivia, Peru, Mexico and India. Based on their

analysis, they conclude that microfinance fails to play any crucial role for uplifting the poor, especially because microcredit cannot contribute to the creation of new employment and the growth of local economies that could compete with the large-scale national or global economic system. Instead of challenging the existing power structures and inequalities, microcredit tends to lock local people and communities into a “poverty trap” (Bateman and Chang 2012:14). Similarly, Karim (2008, 2011) shows that NGOs in Bangladesh enforce various supervision and surveillance strategies on female borrowers to ensure the capitalist interests of NGOs are being met. Some studies on microcredit programs in Bangladesh suggest that contingencies (e.g., sickness or death of the income earner), natural calamities, lack of capacity or skills and lack of access to market facilities may be constraints for borrowers. Other studies indicate that the rigid conditions of the group lending system and the high interest rate and service charges set by microfinance institutions might cause the failure of the poor to benefit from microcredit (Datta 2004; Fernando 2006; Cons and Paprocki 2010).

Consequently, the success of such NGOs in uplifting the entire community by organizing poor people’s bargaining power relative to markets or the state is rare (Narayan et al. 1999). Instead, many poor become even poorer by their participation in microcredit programs. Being part of the neoliberal economic system, microcredit NGOs consider individual behaviour central to escaping from poverty. Thus, when the poor fail, the blame goes against the victims. I contextualize both the individualistic and structural perspectives of poverty to examine the contradictions prevailing between NGO claims of a near 100 per cent repayment rate and how local NGO officials define the causes of poverty in relation to poor people’s ability to repay the loans.

Power and the lack of power are central to the structural analysis of poverty. It is clear that what happens to poor women participating in microcredit programs in Bangladesh is never divorced from the actions of the powerful (the NGOs). While the poor do have power in regards to controlling their lives to some extent, the powerful control the wider social, economic and political structures that create constraints for the poor. My research shows that NGOs in Bangladesh instigate violence through a set of certain institutional practices that create unequal power relations, therefore, unequal opportunities, among different actors in microcredit programs. According to Galtung (1969:170), “violence”

may occur through lies, threats, brainwashing or indoctrination of various kinds, which may place constraints on the development of human potentialities. There are two types of violence: direct (personal) and indirect (structural). Direct violence involves an actor but there is no such actor in structural violence. However, Galtung argues,

Personal violence is meaningful as a threat, a demonstration even when nobody is hit, and structural violence is also meaningful as a blueprint, as an abstract form without social life, used to threaten people into subordination: if you do not behave, we shall have to reintroduce all the disagreeable structures we had before . . . There may not be any person who directly harms another person in the structure. The violence is built into the structure and shows up as unequal power and consequently as unequal life chances. The important point here is that if people are starving when this is objectively avoidable, then violence is committed, regardless of whether there is a clear subject-action-object relation, as during a siege yesterday or no such clear relation, as in the way world economic relations are organized today. (1969:171–172)

According to Galtung, structural violence influences the unequal distribution of power, threatens people into subordination, promotes sufferings and, thus, creates unequal life chances. In my research, I found that microcredit NGOs commit violence in both ways, direct/personal and indirect/ structural. Blaming the poor by hiding the real causes of poverty, creating unequal power relations among borrowers, manipulating a group of women to use them as a means of collecting loans and excluding the poor from microcredit programs are just some of the concrete examples of violence committed by NGOs in my research setting. Microcredit NGO practices can be explained from Galtung's perspective of both "personal violence" and "structural violence."

In what follows, I characterize the direct and indirect involvement of NGO officials in the enforcement of coercive loan recovery strategy as "violence." First, I explore how microcredit NGOs foster unequal power relationships between loan officers and female borrowers in order to maintain the capitalistic logic, such as the expansion and the continuation of the microcredit programs and the reduction of operational costs by using these women's free labor. NGO officers manipulate a group of women to act oppressively with the loan defaulters to collect loans, and they are also involved in aggressive acts (visible actions) directly, such as confining borrowers in NGO offices or shaming people to collect the outstanding loans. In short, NGO officials adopt coercive measures to serve the capitalist interests of the NGOs.

In my research, the term “accumulation” has been used to indicate how NGOs gain financially through both direct and indirect means. Collection of interests on loans, hidden institutional service charges, insurance deductions and obligatory savings are some of the direct means through which microcredit NGOs can accumulate capital. NGOs also benefit indirectly, as they can use a group of women as fiscal enforcers and exploit these women’s free labor for reducing NGOs’ operational cost. Moreover, NGOs leave many other operational cost such as purchasing registry books, pen, floor mats, and other articles for village NGO center.

While collection of interest and hidden service charges, and the provision of insurance premiums are some of the instances of continuous accumulation practice, the use of women’s free labour to reduce NGOs operational cost is indirect and distinct means of NGOs’ capital accumulation practice. The use of female borrowers as loan enforcers and propagation of unequal power relations between group leaders and general borrowers is also distinct accumulation practice, especially because these practices can contribute to structural violence.

I contend that there is nothing wrong with the profit-making motivation of any commercial organization if it does not produce any negative consequences for some people, regardless of their socioeconomic backgrounds. Let’s consider the operational case of large private or state-owned commercial banks or the international credit companies such as Master Cards and Visa. Commercial banks and international credit companies provide loans to an individual based on his or her personal financial background and information and if a borrower fails to repay the loan the concerned bank may confiscate assets of the loan defaulter or the credit card company will take legal action against this person. This process will not affect other people of the loan defaulter’s community as it happens in case of microcredit in Bangladesh. Using coercive language, forcing the loan defaulters along with other members to sit at the village loan center or confining the loan defaulters, dismantling houses and confiscating household assets through a group of women can produce devastating social, psychological and economic consequences. Since NGO officials are concerned mainly with institutional interests they

capitalize on an unequal relationship, which is enacted through debt relations, between NGOs and female borrowers.

Second, I consider the ways in which NGOs commit structural violence by blaming the poor and manipulating local people's cultural beliefs about poverty in order to legitimize coercive loan strategies that perpetuate social inequality. Third, I examine how NGO officials create unequal development opportunities between the poor and better off. Structural violence toward poor people, in the form of gendered NGO practices, has a significant impact on the ability of the poor to acquire credit and on the response of creditors to poor people who fail to repay their loans. Now I will discuss these three points within the ethnographic data collected during my fieldwork in the Chittagong Hill Tracts (CHT). Finally, I end by summarizing key findings.

Group Liability and Coercive Loan Recovery Strategies: Accumulation by Violence

In chapters 3 and 4, I have elaborated on how group liability functions at the community level, how unequal relationships among the NGO workers, group leaders and other female members are created and institutionalized. It has also been documented how a group of women, group leaders and members in the loan center, is being used to implement NGOs' fiscal enforcement strategies and how this practices produces various forms of harmful social and economic consequences, especially for those who are poor. Confiscating saleable assets, breaking or dismantling houses and selling the corrugated tins, confining the defaulters at the village NGO (see **Error! Reference source not found.**) center, shaming the borrowers and using coercive language are some of the common loan recovery strategies most microcredit NGOs deploy in my CHT research setting (see Vignette 3). Some of these oppressive loan recovery strategies are reported in other ethnographic research in Bangladesh (e.g., Karim 2011; A. Rahman 1999). In my research, I have found several cases demonstrating that the non-poor households have become poorer as they have to sell their farming and dwelling lands for the loans repayment and some of those households are still bearing the burden of debts (see Vignette 1 and Case Study 5). Others plan to sell their lands to get out of the debt cycle (see Case Study 6). As I have elaborated in chapter 3, Mohi's husband's poultry business failure led Mohi and her household to experience a devastating situation. Her household's

debt had increased, her husband had to sell some land to repay the loan to an NGO, and household furniture and TV were confiscated by another NGO manager and group leaders to collect the defaulted loan. Mohi and her husband had also to repay some of other loans to NGOs by selling corrugated tin by dismantling their house.

On 26 March 2011, I interviewed both Mrinal and Mohi sitting on the veranda of their broken house and I inquired about their past and current economic situation as well as their personal view about the impact of microcredit programs on their personal and economic lives. Here I reflect on some of the extracts taken from our conversations.

Ashraf: What was the economic situation about 10-15 years ago?

Mrinal: Then, my economic condition was good but now I am downward [I skipped some of his descriptions here, as it has also been noted in chapter 3 (see Vignette1)].

Ashraf: What is your current source of income?

Mrinal: There is nothing for me here now. Now I work as a day laborer and sometimes I catch fish in the Kaptai Lake to manage our livelihood. I am trying to improve my condition by recovering the loss but I can't make any changes yet. What I earn is spent for purchasing food for my family. I can't save anything to grow my capital.

Ashraf: What are the sources and scopes of income for the people here?

Mrinal: There are some of self-employment opportunities and people can undertake some livestock development projects such as poultry project, cow-fattening and pig-rearing projects, or fishery development project. But not all people can become successful from this type of livelihood development project unless they have sufficient capital, land, and labor force. For example, for undertaking a fishery project you need an appropriate place, enough money, and experienced people and power networks. There are some people here in our locality those who have some fishery projects and they are about 8 to 9 people and without their consent no other people can start such a project here (i.e. Khippapara and Assambasti). How will the poor people be able to participate in such activities if other people create problems?

Ashraf: What is that?

Mrinal: There may be conflict over the distribution of the profit among the participants' members earned from such fishery projects. It happens that some influential people who grab the project income depriving of other participants. For instance, there was a fishery project in Assambasti (near Khiyang, a temple for the followers of Buddhism) and the executive members expropriated the money they got by selling the fish. Later, they told us that this project suffered a loss. Actually, the executive committee members grabbed the money from this project. Resentment was created among those who had been deprived of economic benefits. I was one of the victims of such a community fishery project. We are

humble people and want to unite and to act cooperatively so that we can develop our condition— we can make a better future for us. Unfortunately, we face many problems to achieve this goal.

Ashraf: How do you feel about the effectiveness of microcredit?

Mohi [she promptly responded before her husband]: By participating in NGOs we had to sell our land, all the furniture, a TV and the corrugated tin from the roof of our house to repay the loans. Now we are penniless; there is nothing in our house. Now we do not have any ability to make even a chair. We have to spend what we can earn by daily laboring. If we cannot earn we cannot eat anything. What more will I say (*ar ki bolbo*)? Is there anything to say after this (*er por ar ki kichu bolar ache*)?

Mrinal: As I told you before, I had started a poultry farm by building a house, but I could not become successful because of the NGOs' weekly installment and my insufficient capital. I could not provide adequate feedings and proper treatment that was needed for the chickens and so many of them died. This was one of the main reasons that the production of eggs was very low. Moreover, there was an epidemic of bird flu in Bangladesh during that time in Bangladesh and so the market price of chicken was very cheap. I had to sell a kilogram of chicken just for Tk. 60 whereas the normal market price should be Tk. 120. Consequently, I sustained a loss in this endeavor and now I am economically very weak.

This how both Mrinal and Mohi told me that the NGO's weekly loan repayment system, along with the death of the hens, was the main cause for his business failure and increasing burden of debt. He argued that a gradual shortage of capital for repaying loans to NGOs forced him to ask Mohi to borrow more loans from NGOs and local moneylenders. Mrinal had also experienced capital loss for fishery project jointly undertaken by the community leaders. This is one of the many households in my research that became poorer after participating in microcredit programs. Lack of social power and economic opportunities, meager household income, rigid NGO loan repayment policies and business failure are the most common reasons that the majority of the poor, like this household, are unable to experience a positive change. None of the microcredit NGOs consider these multidimensional aspects of poverty for why this household failed to repay the outstanding loans. I consider the NGO manager's action—collecting the defaulted loans by accompanying group leaders and members to harass Mohi, while ignoring the actual reasons why she failed to repay loans on time—to be “violence” (see Vignette 1 for detail how NGO manager and group leaders became oppressive toward this household members to collect the defaulted loan). I will further analyze the causes of the failure of

poor people like Mrinal Chakma in the next section of this chapter (see **Error! Reference source not found.**).

Now the question arises as to why these group leaders and members become a part of the NGOs' oppressive activities. These women are compelled to follow the instructions of these NGO officials under the provision of joint group liability. NGO officials threaten group leaders into subordination; if the group leaders fail to collect the outstanding loans, they might be deprived of getting their own loans in the future. Thus, NGO officials manipulate the relatively vulnerable social and economic situation of these women to use them as a means of enforcing others to repay. Meghla, whom I interviewed three times between June 2009 and July 2011, had been participating in microcredit programs for over a decade. She served as the group leader for loans from IDF, ASA, BRAC and the Grameen Bank several times in the past.

According to Meghla, if a borrower fails to repay her loans, the group leader must take the responsibility to collect the default loans. The first step is to pool money from the other four members of the five-member group to cover any missed payments from the borrower. If Meghla and other members fail to execute this responsibility, loan officers may take various coercive actions, including reproaching the defaulter, confining her in the branch office or not issuing new loans to any member in the group center. Consequently, all the borrowers suffer. Meghla said that, once, an IDF loan officer took a woman from her village and confined her in IDF office in Rangamati for the day. Meghla was then the center leader of the IDF in her neighborhood. She requested that the IDF people not take the woman because she had small children at home, but they persisted. Later, Meghla went to the IDF office, accompanied by other members. The branch manager asked Meghla to collect the defaulted loans at any cost. As group leader, Meghla had to take the responsibility. The loan defaulter's adolescent son, who went to work to repay loans instead of going to school, played a key role in saving his mother from NGO mistreatment (Meghla, 25 March 2011).

This ethnographic example illustrates NGOs' policy that, if group leaders fail to collect the defaulted loans, no one in the group center will be allowed to receive further loans. This is both threat and manipulation of a group of women; therefore, these women become forceful with other poor women to maintain their own access to NGO loans.

Clearly, “violence,” as a threat toward a group of women in a village NGO center or the coercive acts of confining the loan defaulters at the NGO branch office, helps NGO officials to protect NGO interests. Although nobody is physically hit or hurt, this kind of violence promotes psychological, social and economic suffering for the victims. My research findings partly confirm the work of Karim (2008:19), who observed that NGO officers influenced a group of women to commit aggressive acts to collect loans by threatening to withhold future loans if the women failed to recover defaulted loans. However, Karim did not report NGO officers participating directly in aggressive acts. But, as noted above, my findings show that NGO officials—branch managers or loan officers—are often directly involved in oppressive acts such as confining a loan defaulter, confiscating saleable assets and accompanying a group of women to harass the defaulter. Moreover, others have reported NGO officers participating in violent acts, such as physical assaults, to collect the defaulted loans reported in the plain districts in Bangladesh (Melik 2010). Using shameful language by the loan officers and the group leaders is another common means of mounting pressure on borrowers to repay loans on time. I found “why can’t you pay if you can eat?” to be the most frequently used shaming language in the NGO centers to create social pressure on the borrowers. A poor woman related that:

If I fail to repay my loans, the group leader and other members reproach me. They use abusive language such as, “Why cannot you pay the loan installment if you can eat it?” Do I feel good and comfortable when they rebuke me in public? Even the members speak louder than the fieldworker. They may be very aggressive and ask, “Why do we have to sit in the NGO center for you? Why do we suffer for you?” (Kamini, 25 March 2011)

Demanding, “why can’t you pay if you can eat?” is clearly violence because it seriously affects the defaulter socially and psychologically. Violence in the form of threats or inflammatory language affects self-esteem and degrades the social image of the person concerned (Galtung 1969). Consequences of such oppressive NGO practices can be devastating for the poor women and their families, who have no income or saleable assets to repay loans. For example, my research participants told me about a poor woman in my research area who, in 2009, allegedly committed suicide because NGO workers and a group of women insulted her for her failure to repay defaulted loans. This woman borrowed funds for her husband but he abandoned her without repaying the loans to

NGOs. In another incident, a man committed suicide over a conflict with his wife for failing to repay the loan to the Grameen Bank by the end of 2009. Hasi told me:

My sister's husband committed suicide for failing to make repayments. She borrowed some loans from Grameen Bank for her husband. The next day, Tuesday, was the day to repay weekly loan Installment to Grameen Bank. My sister and her husband were involved in conflict over how to manage the money on Monday night. Her husband beat her; he beat her and expelled her from house. Later, her husband committed suicide by hanging himself on the branch of a tree. I have never seen such a pathetic death in my life. (Hasi Tripura, 13 May 2011)

These narratives exemplify how oppressive NGO practices, especially immense group pressures for fiscal obligations, may instigate gender violence and familial conflict, even leading to suicide. Needless to say, NGOs' profit-oriented approach largely contributes to produce such an unwanted incidence in the society. Ideally, these NGOs are supposed to enhance a positive and peaceful social relationship among microcredit participants, but in reality the scenario is often contradictory.

In fact, the choices of most of the poor women are not reflected in the current approach and practice of the microfinance institutions in my research area⁸⁸. Group leaders and other members often get involve in conflict with the loan defaulters not because of their own choices but the choices are shaped by the NGO policies and practices. This is a "forced choice" because, directed by the principle of group liability, women in the program must take on the liability of other borrowers. They have to give consent to this NGO principle in order to obtain a loan. Therefore, NGO officials commit violence in at least three ways. Firstly, in addition to participating directly in violent acts, NGOs officials influence group leaders to be aggressive with loan defaulters and, thus, create unequal relationships among borrowers to protect NGO capital. Secondly, NGO officials promote more suffering for loan defaulters by overlooking the actual causes of poverty (e.g., rigid loan repayment schedule, business losses). NGO officials deploy such coercive measures to ensure a near 100 per cent loan repayment rate. NGOs always try to leave not even a single loan installment defaulted. Thirdly, this type of development approach and the actions of NGOs not only demoralize the poor but also create conflicting relationships

⁸⁸ Here choice means the group leader and other member freedom to participate in an NGO's loan collection process. I found most of the women do this job against their will (see example of the group leader Rupa in chapter 3) and some women leave the NGO just because they do not like this type of NGO domination.

among households, which result in the poor losing informal sources of social and economic support in their local community (for more detail ethnographic examples please see Vignette 1 and Vignette 4 in chapter 3). Thus, many of the poor become poorer because they must repay the loans by borrowing further loans from other NGOs or moneylenders, by selling whatever assets they possess (e.g., furniture, land, etc.) or by starving. This is one of the main reasons I characterize NGOs' self-serving acts of economic accumulation at the expense of the poor population as accumulation by violence.

In the following section, I demonstrate how local NGO officials blame the poor and point out the inconsistencies prevailing in NGO claims of a near 100 per cent repayment rate.

Blaming the Poor: Perspectives of Microcredit NGO Officials

While conducting semi-structured interviews with the branch managers, program and area managers of all the microcredit NGOs in my study locality, I asked why the poor often fail to repay their loan installment on time. In response, most NGO officials said that the loan defaulters use the loan for purposes other than income-generating activities. For example, a center manager (loan officer) of Grameen Bank said,

You know ours is a poor country. Most people live in want. Some people are good and others are bad, vagabond and dishonest. I am a center manager. I have to move from one part of Bangladesh to another in order to perform my job responsibilities. Somehow, these types of people enroll in our microcredit program pursuing the group's center leader. Following the recommendation of a group leader, I may approve the loans for such people. It might happen that these people have already borrowed money from other NGOs. After taking the loans from us, they may repay the old debt instead of using it for income-generating activities. Consequently, such people may fall into the cycle of multiple debts. Thus, they not only put themselves at risk but they also leave the whole group in a vulnerable situation. In the end, such people may flee without repaying the loans. Of course, the percentage of such people is very insignificant. There are also other factors for why the borrowers cannot repay loan installment. For instance, there are many cases that borrowers apply for loans to invest in business. After taking loans, they pay dowry for the marriage of their daughters or they spend these loans to celebrate a daughter's marriage ceremony. Some of the borrowers may lend the loan to their relatives but, if the relatives do not return the money, these borrowers have to face serious consequences for failing to repay the loans to us . . . Borrowing money, some people purchase ornaments, dresses, TVs, mobile phones, bicycles, etc. This type of people also face problems in repaying the loan installment to us. In addition, there are some lazy, lethargic or sluggish people who work one day and pass three other days doing nothing. That is why; these

people become poor over time and cannot improve their economic situation, despite their microcredit participation. (Khokon Hasan, 10 March 2011)

This loan officer constructs the causes of poverty in relation to local people's perceptions of the poor and why they remain poor. To this NGO official, the poor remain poor because of their individual idiosyncrasies or attributes and self-destructive behaviors (e.g., being lazy, spending the loans for nonproductive purposes). This view echoes neoliberal blaming of the victims (see Graeber 2011; Harvey 2005; Mead 2003). The fact that the poor use the loans for dowry payments or their daughters' marriage costs is part of social and cultural practices and has nothing to do with an individual's personal choice. I asked NGO officials about the impact of their microcredit programs on the economic situation of the borrowers. The area manager of a microcredit NGO in the research locality said:

From my evaluation, at least 60 per cent of people become successful in their efforts and 40 per cent of people cannot. There are many reasons. For example, some borrowers' husbands have several wives [co-wives]; some borrowers' husbands are lethargic; some borrowers' husbands are drug addicted. The success depends on how these borrowers use the loans. Obviously, there are some women who do not depend on their husbands. They take an initiative themselves to make a change. Such women borrowers start a small business (e.g., a tea stall or a small grocery store) by borrowing from us. This category of borrowers does not face any problem in repaying loan installment to us. (Habib Hasan, 19 June 2011)

This short statement implies that the wives borrow the money, but they transfer it to their husbands. Since their husbands do not use the loans for the proposed purpose, at least 40 per cent of households cannot benefit from microcredit. The statement suggests that the successful alleviation of poverty of such households depends on how people use the loans. Those husbands who take several wives, are addicted to drugs or get involved in gambling are responsible for their sufferings and hardships.

Thus, NGO officials give a list of 15 reasons for the poor population's lack of success in using microcredit to alleviate poverty. They are as follows: (1) use of the loan for purposes other than income-generating consumption goods, such as household consumption and purchasing ornaments, dress, entertainment and communication technologies; (2) use of loans to repay old debt; (3) lack of required skills and experience; (4) laziness; (5) illiteracy and lack of future vision or effective planning for economic investment; (6) a tendency for dependency on relief, charity and aid; (7) polygamy and

lack of mutual understanding between husbands and wives; (8) addiction to drugs and gambling (usually by male relatives such as husbands); (9) social-cultural factors, such as paying dowry or divorce costs; (10) loss in businesses and death of livestock; (11) damages to crops due to natural calamities and disasters, such as hailstorms and floods; (12) accidents, illnesses or death of the income earner; (13) involvement with multiple NGOs and burdened with the multiple debts; (14) proxy borrowing or forwarding loans to other households; and (15) lack of access for the poor to pursue market opportunities. This account of why the poor fail to make repayments on time and why the poor remain poor implies that the poor are responsible for their own sufferings (as in 1–9). According to these NGO officials, the poor do not create all factors (as in 10–15), and they have no control over these factors. My research findings show that most NGO officials indicate factors 1 and 2—using funds for consumerism and repaying of old debts—as the main reasons for loan defaults and, thus, the inability to alleviate poverty. However, as we have seen in the case of Mrinal and many other poor’s business failure (see chapters 2, 3, and chapter 6) it is mainly structural factors (i.e. lack of social power or economic exploitation by powerful community members) rather than the poor people’s individual negligence that leads them to suffer from the burden of debt and poverty. This does not mean that no poor has ever become poor for own fault. Sometimes cultural factors may influence the poor to use the NGO money in purchasing consumer goods, which can contribute to increase their household debts. But in this case, this situation would not be like Mrinal, Parvin Akter, Promila, Meghla, and other people who had to sell their lands and become poorer for their business failure shaped by structural factors. I further elaborate why I am saying that it is structural rather than individual factor for the poor’s unsuccessful with microcredit in chapter 8 (See **Error! Reference source not found.**).

In brief, these accounts by NGO officials are inconsistent with the NGO claim of a near 100 per cent loan repayment and the view of microcredit founder Dr. Yunus. Theoretically, the NGO officials’ construction of the causes of poverty conforms to the arguments of the individualistic perspective that the poor remain poor because of their bad choices and actions (Mead 2003). Conversely, Dr. Yunus indicates that structural factors, such as discriminatory institutional policies that bar the poor from equal access to credit, are the cause of poverty. Local NGO officials adopt the individualistic or

neoliberal view of blaming of the victims to make their coercive actions (i.e., power) invisible from social life. Below, I explain how NGO officials manipulate local people's cultural beliefs to naturalize power.

Manipulating Cultural Beliefs and Practices: Naturalizing Power

NGOs manipulate cultural beliefs and practices to normalize their domination over female borrowers, that is, by making power invisible.

Cultural beliefs are the ideas and thoughts common to several individuals that govern interaction—between these people and between them, their gods and other groups—and differ from knowledge in that they are not empirically discovered or analytically proved. In general, cultural beliefs become identical and commonly known through the socialization process by which culture is unified, maintained and communicated. (Greif 1994:915)

Cultural beliefs are an important element of a given society that people learn through enculturation and share while interacting with other community members to give beliefs a collective or social meaning. Such social meaning is reproduced through socialization, which governs individual thoughts and actions. I operationalize “cultural beliefs and practices” as the conceptions and people's learned behaviors, reflected in this context in how they construct the causes of poverty and how they reproduce these understandings in everyday personal and social interactions (e.g., degrading the poor by using shameful language). My research findings show that many economically the non-poor people, and even the poor themselves, believe that people remain poor mainly because of their own failings. A male research participant and husband of a female borrower, for example, said:

People become poor because of their own faults, bad habits, and how they live their life. I am poor because my own bad habits. As I am telling you, the creator has given you hands to work you have to try to improve yourself. If you work one day and pass two days idly, it is obvious that you will be responsible for your poverty situation. NGOs give me Tk. 20,000 (US\$257) as a loan and, after having this money I go to market to buy meat, fish and other food. Will I not be responsible for my own poverty? (Mukesh Tripura, 13 May 2011)

Interestingly, this statement reflects the comments above of the center manager of the Grameen Bank. Other research participants also believed that people's experience of poverty is inevitable because it is pre-determined by the Creator. One of my male research participants, for example, said:

Who will eat what and how, how will people live life, is pre-determined by God? You can neglect me, you can speak ill of me, but I have to accept it because it is my destiny. I have no control over it. The people who are poor cannot develop or change their situation because of their destiny! It is decided by the Creator that they will be poor...The poor can just destroy; they can't create. They can't make change whoever it is; Bengali, Pahari or, Muslim, and Hindu all are equal. I have experience about this; I have seen it. (Fingering Shanta⁸⁹, another male research participant who was sitting in his small grocery store right there), I lent him Tk. 18, 000 (US\$220) saying, "Invest this money in your business, make profit and just pay back the basic capital to me that I am giving you." What did he do? He wasted all the money. Not only he is now in a big trouble, he also pushes me into a financial crisis. Tell me, what will I do now? (Probir Tanchangya, 28 February 2011)

Similarly, another Pahari research participant said:

People become poor because of their forefathers' sins. There are many people who do not have any lands but other people have. It depends on how fathers or grandfathers of these poor people lived their lives. If they did good deeds and transferred some properties to their children these [poor] people should have something today. Since they didn't get anything from their parents or forefathers, they have nothing. There are some people who received property [mainly land] from their ancestors but these people are poor because they wasted this property. (Bhushan Chakma, 14 May 2011)

Clearly, according to these two persons, the people may become or remain poor not only because of their moral failures to protect the material assets such as land that they inherit from their parents but also because of their bad luck, religious pre-determination or their individual faults. The poor may have to accept humiliation and injustices in their lifetime, especially if it is written in destiny. Since their forefathers had sins and did bad deeds, they were cursed by God and could not transfer any material assets (e.g., land) to their descendants. And although some people received some assets from their ancestors, they misused them and became poor. In this context, individual action is the key to whether people will become rich or remain poor. If people do good deeds, God will bless them. Deb, a Hindu man, for example, took out loans through his wife from several microcredit NGOs to invest in small vegetable business. Despite his efforts, he could not succeed. He said, "By carefully reading my horoscope, a Brahman [a priest in Hindu religion] told me that I couldn't become successful in business." When I asked him if he believed what the

⁸⁹ I have some more detail discussion about this research participant [Shanta Tanchangya] in chapter 6 and chapter 7. Note that Shanta suffered from his business failure and he had debt both to NGOs and to this landlord and moneylender.

Brahman told him, he replied, “Everybody believes it, why not me?” These cultural beliefs and practices that blame the poor for being poor do not occur in a vacuum. Social and physical environment, worldview, level of education, social and economic hierarchies and other social-cultural elements influence the social construction of becoming or remaining poor. Needless to say, poor people rarely realize that they may become poor for structural factors.

Interestingly, NGO officials and workers reproduce these cultural beliefs in women, especially group leaders, to motivate the women to be hard on defaulters and to legitimize their own coercive actions. A prominent example of how NGOs manipulate existing cultural beliefs and practices to legitimize their coercive loan recovery strategies is NGO workers encouraging a group of women to use shaming language such as “Why can’t you pay if you can eat?” to collect defaulted loans. When the group’s leaders or NGO loan officers use such language, they imply that poor women or men are not able to repay the loan timely because of their uncontrolled lifestyles or that the loan defaulter is lazy, lethargic, stupid and incapable of managing her own livelihood. Such implications leave local people feeling guilty and embarrassed, their honour and dignity damaged, and NGO officials capitalize on this social pressure as a means of loan enforcement and thus naturalize their violent actions (see Vignette 4). I asked group center leaders of different NGOs why they support the coercive tactics of the loan officers. An ASA group center leader said,

Now many people take loans from NGOs but they spend this money for consuming [food], purchasing TV, furniture, clothes or jewelry. These people face problems to make loan repayments on time. When the workers create pressure on them to collect loan installment, these people (loan defaulters) blame the NGO officers. But actually these people are themselves responsible for their own deeds. Before approving a loan to a borrower, every group member has to take the oath that everyone is responsible for each other’s loan repayment. When a borrower fails to repay the loans, the fieldworker asks other members and group leaders to repay it. Why would we blame the workers? (Usha Marma, 27 March 2011)

According to this woman, what NGO officials do to collect loans from the poor is justified because the poor misuse the loans and so they have to suffer. Like this woman, many other group leaders are indoctrinated to cultural beliefs that failure by borrowers’ to make repayments on time is due to the borrowers’ bad decisions about their loan use. My research shows that while some poor borrowers sometimes try to protest against

oppressive NGO practices or raise their voice in favor of a flexible repayment schedule, group leaders and other women with better economic situations stand up for current NGO policies and practices. Some women suppress the voices of the majority of poor women to serve NGO interests. Some the non-poor women can benefit from a weekly loan repayment system by lending money, with high interest, to poor borrowers who face problems repaying loans to NGOs. Since these women's households have multiple sources of income and can do business as moneylenders, they prefer the current NGO policy of a weekly repayment schedule. All these factors contribute to NGOs' coercive loan recovery strategies, to hiding the actual causes of people's failure to escape from poverty and, most importantly, to making NGOs' violent acts invisible. These NGO injustices are mainly adverse because the poor are often deprived of an equal development opportunity. The next section describes how NGOs commit structural violence by creating unequal opportunity of access to credit for the poor in my research setting.

Discriminatory NGO Practices: Depriving and Excluding the Poor

My research found an emerging trend of undemocratic NGO practices that affect poor borrowers. I observed that every prospective borrower had to apply for a loan through the group's center leader, who forwarded the application to the loan officer. The loan officer usually approves or rejects a loan application based on the recommendations of this group leader. NGOs emphasize personal relations with a group leader, kinship or the existing economic capital and past fiscal records of a loan seeker to decide about a loan application. This kind of communication between workers and group leaders is usually confidential and kept secret from prospective borrowers. Previously, NGOs used to take such decisions in the group meeting but now they exclude the loan aspirants from the decision-making process.

Since NGO fiscal enforcement strategies instigate personal and social conflict in the community, group center leaders recommend that NGO workers not provide loans to those borrowers who have little economic capacity to repay the loan on time. Sometimes, NGO officials visit the loan applicants' house to evaluate their current economic situation. One of my research participants describes her experience with microcredit NGOs in the following way:

They (NGOs) do not want to give loans to poor people. NGO people inquire if we have any saleable asset, such as a color TV or furniture in our house, before enrolling us. They also want to know the condition of our living house. That is, whether we live in houses of bricks and cement or bamboo and thatch. The people who live in the bricks and cement houses have color TVs and other saleable assets and will get more loans than others. NGO people (ASA), for example, visited our house. They inspected our house and made a list of assets belonging to us. They were not interested in giving us the loan. I asked them, “Why are you looking for these assets? We pay your money back by working hard.” They (NGO people) reply that we cannot repay the loan because we have nothing; we are poor and we depend on daily laboring. If they know that I am poor and I do not have a color TV, good furniture such as cots, electric fans in my house, they will give a very small loan. (Group interview, 14 May 2011)

Similarly, another research participant said:

NGOs do not provide sufficient loans to the poor [laughing]! I wanted to borrow a loan of Tk.10, 000 (US\$126). Then NGO workers inquired how many cows and goats I have at home or if there is any expensive cot, TV and good furniture. What is the condition of my living house and so on? Do poor people have these assets? When they find nothing in poor people’s house, NGO workers hesitate to approve a loan. Even if a group leader recommends it, a poor household might get some loan but the amount they provide is insufficient for undertaking a livelihood improvement project. If a borrower proposes a loan of Tk. 5,000 (US\$63), the NGO might give her a loan of Tk. 3,000 (US\$38) based on her existing economic situation. (Rana Tanchangya, 23 June 2011)

These accounts exemplify how microcredit NGOs under contemporary capitalism have developed and institutionalized a system through functions of NGO staff, microcredit loan repayment schemes, group formation and socialization of a group of women about NGOs’ organizational approach that discriminates against the poor population.

Providing insufficient loans based on borrowers’ existing socioeconomic condition or excluding the poorest from microcredit programs is a clear instance of structural violence, which deprives the poor of their access to an equal opportunity for socioeconomic development. Such discriminatory NGO practices contribute to increasing income disparities and, together with a breakdown of traditional forms of social and economic security, increasingly lead the poor to further social and economic vulnerability. NGOs perpetuate the difference between the wealthy and low-income groups of people based on their social, cultural and economic capital, and this affects the lives of the poor, socially and economically.

Shipon Marma lived in my research locale with his wife and two children. Shipon and his wife had been working in local textile factories since 1987. Upon hearing some success stories of microcredit participants in his community he decided to do small-scale business and accordingly quit his job. He asked his wife to enroll in microcredit NGOs in 2006 with a bright dream for becoming a successful entrepreneur. His wife on his behalf borrowed from ASA, BRAC, and IDF to set up a waist loom to produce clothes to sell in the markets of Chittagong, Sylhet and Dhaka. He did this for several years, but could not succeed because of his small capital and exploitation of the Bengali merchants. He had to sell his products directly to the Bengali merchants at cheap rate. Besides, they did not pay him in full amounts for his clothes and consequently, he faced capital shortage for the next round of production.

Shipon stated that Bengalis' exploitative business strategies and his own limited capital prevented him from translating his dream into a reality. In order to repay debts to the NGOs, his wife started working in a local textile factory and he had to find himself work as an auto rickshaw driver. He could potentially earn adequate money, but it was not possible for him because he had to rent the vehicle, and to have use of one every day, he had to deposit security money, which he could not afford. He tried to acquire a loan of Tk. 50,000 (USD 670) from microcredit NGOs for this purpose through his wife, but his wife could not manage it for him. Shipon said:

I have been borrowing from the IDF and ASA since 2006, and from Grameen Bank since 2008 through my wife, as NGOs give loans only to woman. At first, IDF gave me a loan of Tk. 5,000 (USD 64), and when I repaid the loans, they gave me Tk. 10, 000 (USD 128). I received Tk. 12,000 (USD 154) and Tk. 15,000 (USD 193) from the IDF in the third and fourth year. Other NGOs follow the similar loan disbursement procedures. Actually, they [NGOs] do not give sufficient loans to poor people like me. The ASA, IDF, Grameen Bank and other NGOs give larger loans (e.g., Tk. 100,000 or more) to the people who own land or other permanent assets. Since I do not have this kind of property or assets they give me very small amounts... I am growing older and as time goes by, my patience, physical strength and stamina are declining. I may be sick, may fall in chronic illness, or anything can happen that may threaten my life. If NGOs would give me a loan of Tk. 50,000 (USD 670), I could rent a CNG auto-rickshaw. I have to wait more than five years to be eligible for getting this amount from NGOs. This has made me frustrated! (Shipon Marma, 28 March 2011)

I asked the branch of BRAC NGO in Tablechari Rangamati why they did not they give sufficient amounts needed for business success to their poor borrowers. This NGO official replied:

It might happen that we select some people for our programs. Some people deserve to get Tk. 5,000 (USD 64), but we give them Tk. 10,000 (USD 128). Such people do not have capacity to invest and to manage this amount. They cannot use this money in right place, or they may spend it for consumption. If they use in the income earning activities it is certain that they will benefit from it. For example, somebody borrows Tk. 20,000 (USD 256) from us. But this person has also borrowed some money from other sources. After taking a loan from us, he repaid his old debt. Such people cannot use the loan in economic production and thus they cannot benefit from microcredit. This situation creates problems both for the borrowers and for me, especially if the borrower(s) cannot return the money. So, we have to be careful about delivering loans to our borrowers. (Mehmud Reza, 16 May 2011)

This is how most other microcredit NGOs including the Grameen Bank officials defend and legitimize their actions. According to this NGO official, if the poor use the loans in income generating activities they must benefit. However, in reality there is no guarantee that poor people will be able to benefit from microcredit, as I have illustrated in different chapters with ethnographic details. Yunus argues that microcredit is specifically for the poorest of the poor and that they are honest and hardworking people who repay the loans on time (see Yunus 2004; 2010). According to Yunus, the poor also have skills that remain unutilized or under-utilized. Interestingly, this sharply contrasts with how NGO officials perceive the poor and how they deprive the poor of an equal, inclusive and sustainable development opportunity. Excluding the poor from microcredit programs due to a lack of social and economic capital contradicts the core philosophy of microcredit pioneer Dr. Yunus and his conception of the causes of poverty. Instead of creating an enabling environment for the poor to build on their skills to escape poverty, such NGO practices often contribute to perpetuating poverty because of their overwhelming emphasis on capitalist interests.

Conclusion

My research findings thus unravel how NGOs actually operate microcredit programs in rural Bangladesh. This research shows that the construction of the causes of poverty by Dr. Yunus and by current microcredit NGO officials is contradictory. Whereas Dr. Yunus

implicated flawed institutional systems and policies as the primary causes of poverty, contemporary NGO officials mainly argue that the successful alleviation of poverty depends on how poor borrowers actually use their loans. NGO officials overlook structural factors (e.g., intra-household power relations, unequal access to economic opportunity) and other external factors (e.g., illnesses, accidents, loss in business) in determining poor people's inability to make timely repayments. The rigid repayment system also affects poor borrowers. Many NGO officials know that the poor might default on their loans because of the rigid loan repayment system, high interest rates, business losses, illness or death of income earners, damage to crops and structural factors such as market manipulation by local merchants, as well as cultural practices like dowry. Yet, they generalize that the poor remain poor because of their own bad choices and actions.

I argue that NGO officials tend to blame the poor for two specific reasons: (1) to legitimize their own coercive loan recovery strategies and (2) to exclude the poorest from microcredit programs by considering them unsuitable because they often fail to make loan repayments. NGO officials manipulate local people's cultural beliefs about the causes of poverty to make gendered power invisible. Since many people, including the poor themselves, believe the poor suffer for their own failings, NGOs have a space to reproduce these beliefs through the oppressive behavior toward loan defaulters by other women in the village NGO centers. While these oppressive practices help protect NGOs' capitalist interests, many poor become poorer. I have termed this process of economic gains of the microcredit NGOs accumulation by violence.

My findings clearly show that many of the poor struggle to follow NGO repayment schedules and to repay loan installment. This is reflected in the statements of NGO officials and borrowers, as well as in how NGOs incite the center leaders to be forceful with the borrowers. NGO officials state that many of the poor fail to repay the loan installment because they do not use the loans for income-generating activities. This is logical, since if the borrowers cannot earn income, they will not be able to repay the loan. In this context, NGO claims of nearly a 100 per cent loan repayment rate are questionable. Even if we accept the argument that the poor can repay the defaulted loan installment by selling their saleable assets or by borrowing from other NGOs and

informal sources, such as moneylenders, relatives and neighbors, the poor cannot escape from poverty. Instead, they fall into a cycle of multiple debts and further poverty.

NGO power lies in capital accumulation and perpetuates poverty instead of helping the poor to improve their economic capacity. NGO officials dominate female borrowers to implement their microcredit programs and to protect NGOs' organizational interests. For example, NGO officials and group leaders, who generally come from the non-poor families, give insufficient loan amounts to the poor or exclude the poorer households from microcredit programs on the excuse of their inability to repay the loan installment on time. Structural violence underlies the recruitment of borrowers and disbursement of loans based on existing social and economic resources. Therefore, the major flaw in the contemporary microcredit NGO practice is that microcredit appears as a modern form of business, remaining available mainly to the non-poor people who can repay the loans on time. Thus, my research findings confirm other studies in Bangladesh and in other developing countries that find microfinance as an integral part of global capitalism (see Bateman and Chang 2012; Karim 2011).

The tendency of microcredit NGOs to choose the non-poor households and to exclude the poor reinforces the existing structural inequalities between these groups of people. This structural violence certainly has widespread and durable effects on people's lives, particularly those who are the poorest of the poor. Excluding the poor or the loan defaulters from microcredit programs does not help establish social cohesion, collectivity, peace, integrity and equity among the people who participate in microcredit programs. Instead, these microcredit practices contribute to instigating communal conflict and the disintegration social harmony. Structural violence is evidenced in a lack of intention of the NGO officials to listen to the poor about why they become unsuccessful and a lack of effort in taking effective alternative measures to deal with or alter their economic situation. Moreover, by making the real causes of poverty invisible or being reluctant to take effective action to deal with how the poor can escape from poverty, NGOs contribute to structural violence. Thus, the poor are deprived of social justice and are excluded from an opportunity for economic development.

In chapter 6, I elaborate further with ethnographic narratives how the NGO officials construct the success and failure of the microcredit participants in relation to neoliberal

subjectivity. Using ethnographic data, I compare and contrast the view of the NGO officials about the causes of failure of the microcredit users and the actual experiences of these microcredit users, especially why the Pahari fail to improve their economic situation despite years of microcredit participation. The central focus of chapter 6 is how the asymmetrical power relationships between ethnicities affect the capabilities of the poor population in the CHT.

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6 Why do the Paharis fail to utilize microcredit? Interethnic Power Inequalities, Violence, and Capability Deprivations in the CHT⁹⁰

Introduction

In introductory chapter (chapter 1), I have indicated that the indigenous Paharis in the CHT had a conflict of interests over various political and economic rights both with the Bangladesh state and Bengalis, who are the majority ethnic group in Bangladesh, for a long-time. Paharis involved in a resistance movement against the armed forces of Bangladesh and in-migrant Bengalis in the late 1970s. This ethnic insurgency in the CHT region ended with a peace agreement, known as the CHT Peace Accord, which was signed between the indigenous political representative and the then Government of Bangladesh in December 2, 1997. These indigenous Paharis reacted against both Bengalis and Bangladesh state as they had been displaced from their ancestral lands and had been deprived of many other economic and political rights because of the implementation of the resettlement policy in the late 1970s. However, in recent times, there have occurred some changes in the Pahari-Bengali relationships as most Pahari are in interactions with the Bengalis for various social and economic necessities. For example, service in government offices and in NGOs, doing business in partnerships, participation in economic development programs (e.g., microcredit programs or capacity building projects of the UNDP) and other forms of everyday social and economic interactions act as a means of lessening interethnic conflict and it contributes to building mutual trust with each other. Sometimes the relationships between Paharis and the Bengalis are situational and negotiable where both a Pahari and Bengali may maintain a positive and cooperative social and economic relationship with each other. This is a kind of positive interethnic relationship prevails where some of the economically weaker group of Pahari interacts with the Bengalis for common economic interest. Chakmas are not only the majority population but also, as a group, are the most educated, and often occupy government and

90 A version of this chapter has been submitted for publication as a book chapter. Ali, H.M. Ashraf (under review). *The State against Indigeneity: Peace and Conflict in the Chittagong Hill Tracts*, Nasir Uddin, ed. New Delhi: Orient Blackswan.

NGO jobs. Chakmas have traditionally been influential socially, economically and politically in relation to other Pahari. Conversely, there are some transmigrants Bengalis in my research area who are landless and work in local textile companies and furniture factories, or have low-earning jobs. While I recognize that internal power asymmetries, domination, and deprivation are some of the common predicaments for many of the Pahari and for some Bengalis, in this chapter I focus on how the economic domination of Bengalis affects the capabilities of the poor Pahari participating in microcredit programs in particular.

As mentioned in chapter 1, microcredit entered the CHT region more than a decade later than the plain districts and so far no anthropological research has been conducted on how local power relationships affect the effectiveness of microcredit in ameliorating poverty. In this chapter, I demonstrate how the participation of Paharis and Bengalis in microcredit programs as well as in other economic activities contributes to create a new form of social and economic relationships between the Pahari and the Bengalis. However, this type of Pahari-Bengali relationship can be cooperative as well as exploitive and thus sometimes conflicting. The central research question that I address in this chapter is: why does the majority of the Pahari fail to escape from poverty despite Paharis' participation in microcredit programs for years? The success and the failure of the Pahari are examined in relation to the neoliberal perspective of individual subject, autonomy, self-determination, and risk-taking behavior.

While microcredit NGO officials often explain that the Paharis' failure to escape from poverty as a result of their own shortcomings (e.g., a lack of diligence, bad choices), my research shows that the political-economic domination of the Bengalis remains the major constraints for the Pahari. I argue that an individual's capacity to become a successful entrepreneur is also shaped by particular ecological, economic and sociopolitical contexts and other external factors rather than merely an individual's disposition and work ethic. I also demonstrate how discriminatory NGO practices affect the capability (e.g., lack of abilities to expand social and economic network due to insufficient economic capital) of the Pahari to achieve economic success. My exploration of this issue is presented in three parts: (1) I describe how microcredit NGO officials explain the failure of the Pahari in achieving economic success, using neoliberal economic theory; (2) I then present Paharis'

explanations and experiences with entrepreneurial development activity, and the consequences for the economic standing; (3) and finally, I compare Pahari and NGO official's perceptions and contextualize their viewpoints with histories of Bengali domination in the CHT. In addition, I incorporate how the Pahari internalize resistance against the Bengali domination and how they try to accommodate them in local economy, especially in business sector in order to protect their socioeconomic interests.

I build upon the theoretical perspectives critiquing assumptions of the neoliberal or entrepreneurial subjects and of blaming the victims (see Graeber 2011; Harvey 2005) to examine how NGO officials construct the success and failure of the loan users and how they overlook structural factors of the causes of business failure and poverty⁹¹. I want to demonstrate that people may fail to capitalize on microcredit to improve their own wellbeing not because they are inactive, lethargic or imprudent. Instead, power inequalities, structural constraints, existing economic assets and social networks, local environment, economy, livelihoods and above all, traditional lifeway affect people's capabilities.

My research contributes to the theoretical perspectives of Harvey (2005) and Graeber (2011) by incorporating new idea how and why the poor Pahari themselves, who fail to utilize microcredit, assimilate hegemonic views that blame the victim (see also in chapter 5). From this perspective, my research differs from the contemporary and earlier understanding that only the capitalist (e.g. the creditors), the colonial rulers, nation-state, local elites or landlords blame the victim and how they may construct the mass of the poor population so that the status quo can create an asymmetrical power relationships with the underprivileged groups. In wider socio-historical and political context, for example, the representation of the Pahari both by the colonial British and governments of Pakistan and Bangladesh has largely been ethnocentric. During the colonial period (1760-1947), the Pahari were often treated as *tribal*, *backward*, *uncivilized*, *simple*, *naked* *savage* or *primitive* (Schendel 1992; 2002). The government of Pakistan followed a similar path. This ethnocentric biased representation of the Pahari has also been reflected in how NGOs construct the success and failure of the Pahari and Bengali as entrepreneurs

91 For more detail theoretical discussion see chapter1: A theoretical framework of study.

or as consumer citizens. However, there is little reflection in the contemporary literature of the neoliberal blaming of victim how Pahari themselves assimilate or resist this perspective.

Amartya Sen's view of "development as freedom" understands development in terms of expanding substantive freedoms. The removal of substantial constraints to development, such as poverty, poor peoples' lack of access to economic opportunities and lack of social deprivations is central to understanding this view of development (Sen 1999; 2007). Sen argues:

A denial of opportunities of transaction, through arbitrary controls, can be a source of unfreedom in itself. People are then prevented from doing what can be taken to be—in the absence of compelling reasons to the contrary—something that is within their right to do... Deprivations can result when people are denied the economic opportunities and favorable consequences that markets offer and support... Policies that restrict market opportunities can have the effect of restraining the expansion of substantial freedoms that would have been generated through the market system, mainly through overall economic prosperity. (2007:519-20).

I assert that this is an important argument, for unequal access to markets can affect peoples' capabilities to achieve the overall economic prosperity. However, even there is no visible government interference or national policy related restrictions on national or local markets unequal social, economic or interethnic power relationships can affect the capability of some people depending on particular contexts and situations. Building upon Sen's capability theory, I explore the repercussion of antagonistic interethnic relationships on the capabilities of the Pahari participating in microcredit programs and in various entrepreneurial activities.

Moreover, I want to demonstrate power derives from a host of structural factors such as ethnic identity, social, cultural and economic capital (Bourdieu 1986 & 1990; Galtung 1969; Farmer 2005).

Bourdieu's (see 1990) idea of "symbolic violence" implies that structural factor or social and cultural practices can affect social and economic power relationships between different groups of people¹². Cultural capital (e.g., education, knowledge and higher social status) is considered one of the most important sources of social power because it can be used both as constructive and destructive purpose, that is, power can be both enabling (*power to*) and constraining (*power over*). However, Bourdieu is interested in

the latter form of power, and considers the capacity to use cultural, social or symbolic capital by the dominant groups, “symbolic violence”. Possession of these cultural, social and economic capital not only give a group of people ability to control and mobilize these resources to maintain and enhance their position in the existing social order, but also these capital enables some actors to influence the marginalized to accept domination as natural.

The notion of “structural violence” is also very important for explaining how structural factors (i.e., gender or ethnic identity, racism, etc.) constrict the agency of the poor and marginalized and how those people are socialized to accept or adapt to various forms social and economic inequalities and injustices (e.g., poverty, discrimination). It was John Galtung (1969) who first coined the concept “structural violence” to describe the adverse effects of social structures on the reproduction and perpetuation of poverty and social inequality, including racism and gender inequality (Farmer 2004; 2005). According to Galtung (1969:170), “‘violence’” may occur because of lies, threats, brainwashing or indoctrination of various kinds, which may place constraints on the development of human potentialities. Structural violence refers to a kind of violence where social structure, institution or institutional policies and practices purportedly harm people through various indirect ways (Galtung 1969). In short, the effects of structural violence can be destructive, widespread and prolonged.

Having contextualized the critical analytic concepts I use in my analysis, I first analyze the perspectives of the NGO officials before contrasting this with the experiences of the Pahari microcredit users.

Neoliberal Subjects and Social Construction of the Success and Failure

I interviewed 17 officials including loan officers, branch, and program and area managers of various NGOs operating in the area. I found most of the top NGO officials were men and ethnically Bengalis. I found only three Paharis, two males and one female, in the position of branch manager and microcredit program manager. I visited branch and area offices of ASA, BRAC, Grameen Bank, IDF, Green Hill, Proshika, Padakhep, Green Hill and Center for Community Research and Development (CCDR) in Rangamati Town. Sometimes I had conversations with some loan officers of these NGOs in the village NGO centers. I had also some informal conversations with several NGO workers in

different social situations such as in local restaurant, tea stall, and in shopping malls in Rangamati town and in the research locale. I shared some of my research findings with the NGO officials while conducting semi-structured interviews for cross-checking field data, collecting data for further explanations on certain questions and issues, such as microcredit program implementation and its effectiveness in helping poor people, especially the Pahari. Since the very beginning of my preliminary research in the CHT in May 2009, I began to learn that the majority of Pahari research participants were unhappy with microcredit programs. While both Paharis and the Bengalis had access to microcredit programs, more Pahari than Bengali research participants reported that they could not benefit from their microcredit participation. Among the Pahari, more Tanchangya, Marms, Tripuras, and Ahamiya (also called Assamese) than Chakmas said that they could not benefit from microcredit. Therefore, one of the central questions that I addressed while talking to them was: why could many of the Pahari not do well with microcredit and why did they fail to become successful in business, although many of the Bengalis were able to do? Most of the NGO officials indicated that the Paharis' own limitations resulted in their inability to do well with microcredit. They used the Bengali terms "*chalak*" (clever), "*dokakha*" (skilled), "*ovigghaan*" (experienced), and *attantabishawasi* (self-confident) to represent the Bengalis as active, competent, self-assured, adventurous, or risk-takers. These are essential attributes for a neoliberal subject to become a successful entrepreneur. The Paharis, on the other hand, were characterized as *buka* (fool) or unintelligent, incompetent, unskilled, or people who have a lack of confidence, willingness, or capacity to take a risk for initiating and expanding business endeavors. The Paharis are also characterized as imprudent or spendthrift by many NGO officers and they think that it is one of the main factors preventing many of the Pahari from experiencing positive socioeconomic change. In my research, I found that almost all the research participants, whether Bengali or Pahari, men or women, undisputedly recognized that the Pahari could not do well in business like the Bengalis. Later, I endeavored to inquire about this issue while I was conducting semi-structured interviews with different NGO officials at the branch or area offices in different parts of the Rangamati Town. I asked Habib⁹², the area manager of Proshika why the Pahari were

⁹² All the names of the research participants have been changed to pseudonyms for research participant's privacy, confidentiality and

behind the Bengalis in terms of business development or entrepreneurial activity. He argued:

Actually, the Pahari are unwilling to take a risk. There are many Bengali settlers who migrated to Rangamati barefooted, just wearing a lungi and a shirt. They used to work as day laborers and porters, and many of them are now millionaires. They exploited both natural resources (timber, bamboo, and others) and the Pahari to accumulate wealth. Few Pahari have been able to advance their socioeconomic situation like them...Lack of willingness to take a risk in business and lack of experience and skills led many of the Pahari to remain on the back foot. Still today, most of the Pahari feels that the hill is their homeland, living place and the epicenter of social, economic, and political activity. There is nothing outside this region, and they might think that if they go outside Bengalis would exploit them. The Pahari do not trust the Bengalis. I think there is a problem of their self-confidence. Unless the Pahari develop their self-confidence and mutual trust and expand social networks, it will be hard for them to change the existing socioeconomic situation. (Habib Hasan, 19 June 2011)

This research participant voiced characteristics of Bengalis making them ideal neoliberal subjects. Conversely, the Pahari are thought to have a substantial lack of these neoliberal ideals and characteristics. The Proshika area manager indicates that the relationship between Bengalis and Paharis is conflictive rather than based on a mutual trust and cooperation. This participant recognizes that Bengalis became wealthier at the expense of the Paharis and these Paharis failed to keep pace with Bengali businessmen in Rangamati because of their own limitations (e.g. lack of self-confidence, risk-taking abilities and a lack of interaction with outside world).

While most NGOs officials claim that microcredit programs have a great impact on the Paharis' social and economic betterment, a contradictory picture about microcredit is revealed when they depict the life ways of the Pahari in such a stereotypical manner. Shamim, a microcredit program manager of the IDF NGO, for example, said:

The Pahari men do not work hard like their women. Here [Pahari] women work harder and do more tasks than their men. Most of the Pahari men pass time idly and they do not try to change their condition. Sometimes when I go to villages to visit our NGO centers I see on the way that women are working in land while men are sitting under the tree. Men often waste their time and women have to work alone. (Shamim Ahmed, 27 July 2009)

Even some Pahari NGO officers indicate that the gendered work practices of Pahari as a barrier to socioeconomic advancement. A Pahari microcredit program manager of Green Hill NGO, Mukti Marma, said:

I have seen some Pahari families that cannot change their economic situation because there is no mutual cooperation between husbands and wives in these families. Pahari women work very hard for managing their families, but men often pass time idly by sleeping at home, by sitting at local tea stall and watching TV, or gossiping with other men. In this situation, women may face problem if they borrow from us [NGO]... I often go to remote area and I see women are working in *jhum* land or in the garden but their husbands are not there. Although Pahari men go to *jhum* land, they hardly work as much as their women do. (Mukti Marma, 27 July 2009)

Both the Bengali and the Pahari NGO officers argue that gendered work ethics, especially men's reluctance to work and a lack of cooperation to household economy are central as to why the Pahari often cannot advance their socioeconomic situation. Interestingly, the Pahari NGO officers themselves recognize that unlike the Bengali men many of the Pahari men have a lack of commitment and self-determination of their own future. Such stereotypes about gendered work ethics do not merely neutralize structural violence but also personalize failures, erase structural factors of failure and thus help perpetuate inequalities.

Some of the NGO officials argue that the Pahari who fail to capitalize on microcredit do not use the loan in economic production but rather spend more money on consumption than they can earn. They also argue that many of the Pahari are indifferent about future savings as well as they have a lack of capacity to make an effective plan for their economic advancement. Most of the NGO officials thus view that the poor people, regardless of their ethnic identities, are often responsible for their own actions (e.g., failure to do well in business, the use of NGO loans for consumption). Momen, a branch manager of the Grameen Bank at Reserve Bazar in Rangamati, said:

If you borrow Tk. 20,000 (USD 260) loan from us and you spend Tk. 5,000 (USD 65) for your consumption how will you repay our loan? People sometimes do not use money properly in the economic production for which they borrow it. Many of them do not have any target or specific plan for what to do. If a borrower buys a calf by borrowing Tk. 10,000 (USD 130) or 15,000 (USD 194) and if she can repay the loan installment by earning money she should be able to improve her economic situation. We give money for the creation of wealth, not for the destruction. So, if it happens that some people are facing problems due to

borrowing money from us, then these people are responsible for their suffering. (Momen Ali, 27 July 2009)

This statement of the Grameen Bank branch manager illustrates neoliberal ideology, where rational decision-making by the individual subjects is the key to become a successful entrepreneur (see Harvey 2005; Joseph 2010; Lemke 2001). Accordingly, if a poor borrower fails to bring about an economic change capitalizing on microcredit, he/she is supposed to take the responsibility for it. Similarly, Mehmud, a branch manager of BRAC in the research, said:

Pahari have less caliber and capacity than the Bengalis. They are not clever and cannot play a trick to protect their personal interest, and they do not know how to apply business skills and so they cannot protect them from the tricks of the Bengali businessmen. Second, Paharis have a lack of interpersonal communication skills, and very few of them maintain a regular contact with the outside living place and community. Recently, the situation has begun to improve but they are still behind the Bengalis because few of them maintain social and economic relationships with people outside Rangamati. Third, unlike Bengali, Paharis are rarely serious about their future savings. They spend almost whatever they earn as if they will die tomorrow. (Mehmud Reza, 16 May 2011)

Needless to say, the statement of this NGO official is not independent of individual judgment because he overlooks the structural factors, which are embedded in the unequal power relationships between the Pahari and the Bengalis. Furthermore, such social construction of the causes of failure of the Pahari by the NGO officials fits with local beliefs in the CHT and the neoliberal ideology of blaming the victims (see Harvey 2005). Thus, it seems that NGO officials are influenced by both neoliberal ideology and local peoples' beliefs about the causes of poverty. Constructing the Pahari as unskilled, inexperienced, imprudent, lethargic or idle is one of such ways that reflects the social power of the NGO officials and the unequal relationships between NGOs and the poor Pahari, especially those who are struggling to escape from poverty. Unequivocally, there are some practical reasons as to why these NGO officials overlook the structural factors of poverty or failure of the Pahari to become successful entrepreneurs, which I have already elaborated in chapters 4 and 8 (please see NGO workers often become oppressive and **Error! Reference source not found.**).

Nevertheless, many of the local people, both Pahari and Bengalis, believe that lack of experience, skills and effort as well as imprudent economic behaviors are the main reasons why most of the Paharis fail to experience a positive socioeconomic change.

Interestingly, there is a significant relationship between how NGO officials and local people perceive as to why Paharis often fail and how the neoliberal state, international financial institutions, and NGOs determine the causes of success and failure of the individual subjects.

In fact, the majority of the non-poor people can only see the individuals' own limitations or imprudent economic behaviors as the significant causes of failure to escape from poverty. Structural constraints, such as unequal power relationships between the rich and the poor, the Pahari and the Bengali, or unequal or limited access to marketplace and other opportunities, cannot be understood without knowing the grounded social life and interpersonal or intergroup relationships and everyday happenings at local levels. Since many of these happenings are not ethnographically visible, it is necessary to voice the peoples' discontents and suffering, especially the Pahari who encounter various constraints while performing economic activities. I have documented a significant number of personal interviews that reflect on how many of the Pahari have been victims of power inequalities and the domination of the powerful Bengalis. Based upon this ethnographic evidence, I will examine experiences of the Pahari after a brief description of the contexts of antagonistic interethnic relationships between the Bengalis and the Pahari and the shifting occupational focus of the Pahari during the last decade.

Contexts of the Interethnic Enmity and Changing Economic Life of the Paharis

Some past studies (e.g. Halim et al. 2005; Karim 1998; Schendel 1992) in the CHT shows that the relationship between the Bengali and the Pahari began to deteriorate since the late 1970s when the Bengali in-migrants were involved in various unlawful activities such as kidnapping, rape, killing, extortion and transgressing the lands and natural resources of the Pahari. As described earlier, many of the Pahari lost their land and homes and became refugees as a result of the social instability created by relocation of Bengali people into the CHT region. From 1979 (during the regime of President Ziaur Rahman) to 1985 (during the military rule of H M Ershad), more than 400,000 poor Bengalis were uplifted from the plains districts to settle them in the lands in the CHT that the indigenous Paharis "considered to be their communal and ancestral lands" (Mohsin 2005: 76; UNDP 2009:5) Over time, many Bengalis began to control over land, water and forest resource in the CHT. By the late 1980s, a new economic "class" from the Bengalis emerged as they

began to expand business of timber and bamboo and agricultural goods outside Rangamati by the blessings of law enforcement agencies, local administration and by their existing social or ethnic network outside the CHT. A group of Bengalis became socio-politically and economy stronger than other Bengalis and the majority Paharis to exploit forest resource, water resource (e.g. fish in Kaptai Lake and its local and regional markets) and local agricultural market economy. It was also the Bengalis who took the absolute control in the infrastructural development sectors of Rangamati Hill Districts (e.g. constructions of new local Government Office, roads, bridges and private sector real estate development, gas stations, etc.). Thus, the role of the Government of Bangladesh especially its resettlement policy, and ethnic and “class” distinctions contribute to shape the contemporary market economy in Rangamati, especially how Bengalis control trade and are able to shape Pahari access to markets.

While political conflict has significantly decreased since the late 1990s in the CHT, hostile interethnic relationship between the Pahari and Bengali is still observable among microcredit participants in many areas in Rangamati, including my research area. I observed that NGOs require borrowers to come under the provision of joint group liability to get a loan. Group liability is the oral security pledged for the payment of a loan, that is, the collateral of the borrowers for the microcredit NGOs. A village NGO group center consists of 15 to 40 or, sometimes 50 women, depending on the density of the population. To participate in microcredit program every woman has to cooperate and to take the liability of each other’s loan. However, sometimes women from both the Pahari and Bengalis show a lack of interest in taking liability of each other’s loan. This has been reflected in the following statement of a branch manager of BRAC:

Apparently, relationship between these two groups of people is good but I observed that they have no trust in each other. We have two group centres in Kali Bari and Baluchara, comprising of both Pahari and Bengali women. There are about 30 members in these two centers, with almost equal representation of the Pahari and Bengali women. Interestingly, Bengali women do not want to take the liability of loans for the Pahari women. Similarly, the Pahari women often refuse to become guarantors of loans for the Bengalis. (Barun Kumar, 26 July 2009)

This statement exemplifies that both personal and group relationship between Pahari and Bengali women is still hostile. I noticed sometimes that Bengali women involved in *jhagra* (quarrelling) with Pahari women over loan sanctions and repayments. I also

observed that Bengali women were blaming Pahari women for not repaying loans on time. Such hostile relationships also affect economic life of the Pahari when they interact with Bengalis for various purposes (e.g. economic transactions, business, etc.). With some exceptions, social, economic and political relationship between the Pahari and the Bengalis is still unfavorable for positive socioeconomic change. Besides, since the Paharis are new to economic activity outside their living places they face significant constraints they attempt to undertake any business initiative.

Traditionally, the Paharis subsisted via *jhum chash* [shifting cultivation], and they were not involved in market enterprise that the Bengalis have practiced historically and to this day. When the construction of the Kaptai hydroelectric project drastically reduced farming lands of Pahari in Ranagamati in the early 1960s, many of them began to engage in small businesses (e.g., retail stores, grocery, restaurants) as a means of survival. They faced further impediments when Bangladesh government imposed the resettlement policy in the late 1970s, which allowed the Bengalis from the plain districts to settle in the lands of these Pahari. In short, these factors together with the increasing population growth and unemployment forced many of the Pahari to find an alternative way of living. A Pahari research participant Ripon Tanchangya, for example, said:

Our grandparents or my father didn't do business as I am doing today. They didn't need it because there were huge natural resources in the hills, upon which they depended to meet their needs. My grandfather told me that if people cultivated and harvested paddy once a year, they could eat them for two years. This was one of the main reasons the Pahari did not feel the need to engage in business activity in the past. But now the situation has changed. Most of these cultivable lands are now under the water of Kaptai Lake. The population was small and there was no such want, as many people are experiencing today. Both the land and productivity of the land has decreased. So, many people are now looking for alternative ways to survive. I have completed my graduation, but I have not been able to manage a job. That is why; I have started this retail grocery store here to manage our livelihood. (Ripon Tanchangya, 1 March 2011)

This statement clarifies why the Pahari are new in business enterprise. My research shows that while some Paharis have been involved in small business within the CHT for the last decade, their experiences of trading, or other form of economic activity outside the CHT is a very recent phenomenon. Ripon Tanchangya had completed his college education from Rangamati Government College about ten years earlier. He is one of five brothers and sisters, all of whom are married. Ripon tried to find a job but he failed. He has some

lands in the hill, which he has inherited from his father. In 2008, he started a grocery shop at Assambasti by borrowing from ASA, BRAC and Grameen Bank through his wife. When I was conducting this interview with Ripon in his store in the month of March 2011, he was very disappointed with his business. He was considering closing his store because he encountered problems collecting money from his customers and thus he was unable to repay loans to NGOs lenders. I asked him why he could not do better with his business while many other Bengalis were doing well in the same place. Ripon described:

I am running this business by taking loan from some NGOs. But most of the customers buy things in due and I have at least ten customers who regularly buy groceries from my store in due and each customer has more Tk. 2,000 (USD 26) outstanding balance. They are supposed to pay at the end of every month but several of them are not paying their arrears accordingly. How will I repay my installment to the NGO? Sometimes I can't collect my money from these customers. How will I collect this money? Should I force them to pay back my money? I am afraid if I misbehave with them they may become angry with me and they may refuse to pay it. [You] see that there is a grocery store in front of my store. He has much more capital than mine. Why and how do they get it? It is because they are doing business for generations and they know how to deal in business. Like me most of our people have lack of capital and business experiences because we are new in such businesses. We feel shy to talk with customers. We don't know how to please customers when they come to buy things in our stores so that they can come again to our stores. Still I think I am lucky that I am surviving with this business despite my limitations. Many of our people have to close their business within less than a year of business start after experiencing capital loss. (Ripon Tanchangya, 1 March 2011)

While it is recognized that the Pahari are new in business, many of them lack business skills and experiences as well as a lack of sufficient capital, economic or cultural. Besides, a lack of social power is one of the significant causes that prevent this Pahari from being hard on the defaulted customers. There is little possibility that Bengali businessmen will remain silent or behave amicably with their defaulted customers. Bengali ethnic identity itself is cultural capital for these Bengali businessmen because few Pahari dare not to pay their dues. Besides, traditionally, Bengalis are used to doing business, and their experience can be considered part of their cultural capital (see Bourdieu 1986; 1990). In fact, such structural factors enable the Bengalis to control any business situation more effectively than the Pahari. Below I will elaborate how such structural factors prevent the Pahari from developing their capabilities, especially from developing business skills and hence, from improving their socioeconomic situation.

Power Inequalities and the Failure of the Paharis

Why can the Pahari not do well in business? In response to this question, all of my Pahari research participants, including the Pahari community leaders⁹³, female borrowers and male microcredit users, referred to Bengali domination. However, like the Bengalis and NGO officials, some of the Pahari indicate their own limitations as among the main causes of their lack of business success. Rava⁹⁴, my research participant, was describing that the Bengalis control various small marketplaces (see Figure 6.15 **Error! Reference source not found.**) in my research area as well as in Rangamati Town and why the Pahari could succeed in their business efforts. He said:

If you go to Bonorupa, Tablechari or Reserve Bazaar⁹⁵ in Rangamati, you might find some Pahari businessmen but the Bengalis actually control the marketplaces in many ways. There are few Paharis who have control over various market related decisions (e.g. setting procurement price, sitting arrangements, toll collections, etc.). I am not telling you about the ethnic apartheid or racial discrimination. Even if you notice in Assambasti⁹⁶ you will rarely see that Paharis have businesses. Bengali people can control market because they are experienced in it and they know how to do it. We, the Paharis, don't have much patience, intelligence and other attributes required to become successful in such endeavors. Traditionally, Paharis are used to leading a simple life. In order to become successful in business people are required to be strategic, clever, and able to tell a lie. For example, if Promit Marma⁹⁷ starts a grocery business and if you [indicating me] have a grocery store it will be easier for me to buy groceries from him on loan than from you because you are Bengali [a roll of laughing]! Pahari can't sustain in business for long time because they lose their capital as they sell things on loan and they cannot collect the arrears from their customers. Most of the Pahari are, in fact, softhearted, simple and trust other people very easily, either

93 Pahari community leaders include Chakma and Tachangya Headman and Karbaries, the landlord, wealthy, educated people with higher socioeconomic status in the neighborhood.

94 Rava was living in the neighborhood of Assambasti when I conducted this interview on 2 March 2011. He was from Ahmiya ethnic group and a retired NGO worker. However, he died at Chittagong Medical College Hospital on 24 March 2011 after having his leg injured.

95 Bonorupa bazar, Tablechari bazar and Reserve bazar are the major wholesale marketplaces in Rangamati Town

96 This research participant mentioned a couple of small marketplace in my research area. The original names of these marketplaces have been removed to maintain anonymity

97 Promit Marma, a Pahari man, was my research participant and was sitting beside me when I was talking to Rava. This interview was conducted in the house of Promit March and Rava was his neighbor.

from other own community or other ethnic groups, and thus others often deceive them. (Sunil Rava, 2 March 2011)

Such views about the Pahari and Bengali domination in everyday social and economic life are very common. This kind of social image of Bengalis' and Paharis' abilities to deal in business is not just embedded in peoples' mindset and everyday narratives but its actuality is revealed when the peoples' experiences of failure or success in some economic activities is analyzed (see the case study of **Error! Reference source not found.** above).



Figure 6.15 1: A small grocery store in Assambasti marketplace
Photo copyrights: Author

I found many instances where the Bengalis adopt deceptive and coercive means to exploit the Pahari economically. Perhaps, ethnic identity as Bengali and their sociopolitical positioning in relation to the state and the mainstream society in Bangladesh gives the Bengalis more psychological strength and social power than the Pahari to act in everyday social and economic life. In some cases, the Bengali traders might engage in direct violence to serve their economic interest. On February 28, 2011, I was talking to some people at a tea stall in Tanchangyapara, all of who were Tanchangya. I had both individual and group based face-to-face conversations with them about the effectiveness of microcredit programs on the lives of the Pahari in general. They told me that they invested the loan in agriculture to produce ginger, turmeric, paddy, eggplants, potatoes,

bananas, litchis and other cash crops, but few of them could benefit from their investments because they had to sell their products to the Bengali middlemen at a lower price. When I asked if there were any Pahari businessmen in their area, my research participant Probir Tanchangya replied: “No, they can’t do business.” Then, I asked: *Why?* He explained:

How will they [Paharis] benefit from business? If I take my cow to Ranirhat (a market place), the Bengali broker will forcefully take the rope of my cow away to the other side saying “*ai shala* (dirty fellow), where are you going with your cow, come to me! I will pay you a good price give your cow to me. Thus, they do business with their muscles. Can a Pahari do business this like this Bengali? No, we cannot do business this way. This happens in other businesses too. If a Pahari takes a truck of jackfruits (See Figure 6.16 **Error! Reference source not found.**) to the Chittagong market, the Bengali brokers, crooks (cheaters), or businessmen force him [usually men involves in such business] to sell his jackfruit at a cheap rate. Even they may snatch it if a Pahari does not agree to sell his jackfruits to them at cheap price. If they snatch, what would be the solution? What will I say? Is there any way to answer? Whose country is it? Is it the country of Bengali or Pahari? If we protest any injustice of Bengalis, conflict is created... Few days ago, a Bengali trader purchased some vegetables from a Pahari agreeing to pay Tk. 500 (USD 6.5) in Tablechari [a market place in Rangamati], but after grabbing it the Bengali paid Tk. 450 (USD 5.80) to the Pahari seller. When this Pahari asked for the rest of the money, the Bengali trader refused to pay. The Pahari demanded his money back and thus the situation became worse. Other Bengalis and Pahari came to the spot and both groups involved in fighting [i.e., beating, striking with hands]. We often encounter such situations when we sell anything to Bengalis (Probir Tanchangya, 28 February 2011).

This story illustrates how, Paharis attempt to protest and stand against the Bengali exploitation lead to conflict. Bengalis enjoy a superior sociopolitical position to the majority Pahari in the CHT, especially because of their positive relationships with local government institutions and agencies (e.g., law enforcement agencies). This is not to say that local administration or law enforcement agencies directly help the Bengalis to serve their economic interest. Instead, many of the Bengalis take advantage of lack of effective government offices and agencies. Evidence exists that Bengalis have violent interactions with Paharis, while law enforcement agencies remain indifferent and the Bengali miscreants are not punished.



Figure 6.16 1: Pahari farmers are taking jackfruits to local markets for sale
Photo Copyrights: Author

Another Pahari research participant, Shanta Tanchangya, told me that they could not advance their economic situation because of the violent domination of Bengalis:

Bengali people control everything here. They dominate business and job sectors; they grab land, wealth and properties of the Pahari by force. There are many instances that a Pahari planted paddy by working hard, but Bengalis harvested it; a Pahari reared up a cow but a Bengali had stolen it from his or her home yard... Still they are burning Paharis' houses, snatching assets and grabbing lands. Two weeks ago, for example, Bengali settlers burned many houses of our Pahari in Longadu⁹⁸. If you inquire why the Pahari are behind the Bengalis and why the Pahari are deprived of justice you have to inquire about the source of power of these Bengalis. It is the [Bangladesh] army who gives them the power to do this (committing violence against the Paharis). I believe that the Pahari would not remain poor if they had an equal opportunity, or they equally were treated everywhere. (Shanta Tanchangya, 28 February 2011)

My conversation with Shanta continued as I further asked him to share his experience with microcredit programs and to say whether they had any positive impact on his

⁹⁸ In February 2011, a group of some 200 Bengalis attacked a Pahari village and damaged about 23 houses on the allegation that a Bengali was murdered by a Pahari in Longadu. See more at Bangladesh: Indigenous Peoples engulfed in Chittagong Hill Tracts land conflict. <http://www.amnestyusa.org/news/news-item/bangladesh-indigenous-peoples-engulfed-in-chittagong-hill-tracts-land-conflict> (accessed 25 June 2014).

household economic advancement. When I was conducting this interview with Shanta he was running a small tea stall in the research locale. He was borrowing from ASA, IDF, and Proshika NGOs through his wife and mother. It was about more than four years of his microcredit NGO participation when I was talking to him in February 2011. At first, he used these loans for farming (as a sharecropper) and then he tried to do a small business (e.g. selling fruits in local markets). However, after failing in these ventures, he started a small business of tea stall combined with grocery store.

Shanta told me that he was not happy with his business. He lost some capital when he invested the loan money in farming and fruits businesses. He had to borrow more loans from NGOs as well as a moneylender to recover this loss. As he was repaying his old debt in conjunction with current loan repayment as well as managing his household needs, he faced financial problems. I asked him why he could not succeed in his previous efforts of farming and business. He explained:

Not only me but also almost all the Paharis have similar experiences of business failure. We cannot benefit from business because of the Bengali traders. If we go to sell our goods in market we don't get the actual price. We have to sell our things at a cheap price to the Bengali traders. We, Chakma, Tanchangya or Pahari whatever you call it, don't have house in Chittagong or in Dhaka where we will go and stay safely and sell our goods at a high price. Unlike the Bengalis, even if we try to do business here in Rangamati we face various problems. For example, a Bengali trader purchases three plum trees with full of plum planning to harvest some days later here in our village. If it is known that these plum trees are belonged to a Bengali nobody will dare to touch even a single plum. Why can't we do business like the Bengalis? If I want to do the same business like a Bengali in their area [outside Rangamati] I will not be successful. I will never get the plum, as a Bengali businessman will have in our locality. How will we do business?

Ashraf: Why do the Pahari fear of the Bengali people?

Shanta: No, they don't fear them; morality, and humanity does work here.⁹⁹

Ashraf: Then, why don't you do business here in your own locality like a Bengali?

Shanta: A Bengali trader will get the actual price of their plums or whatever things they purchase and sell. I can purchase a plum tree here but when I will go to Rangamati market after harvesting I will not get the actual price like a Bengali trader. I can go to the Tablechari bazaar at best, but cannot go to the Chittagong. Nobody can run a business by suffering a loss. Bengali traders do have a wider

⁹⁹ Shanta further argues that Pahari think that the Bengali businessmen will sustain economic loss if their assets or properties are wasted and so they value their business and try to take care of them; they try to cooperate with the Bengalis to run their business smoothly. But it will be quite the opposite if the Pahari try to engage in such business in the Bengali villages in the plain districts.

business network and so they can do it. Sometimes they play tricks and take an unfair means to cheat other people. For example, a Bengali trader is selling potatoes in local market and the market price for a kilogram of potatoes is Tk. 22. But this Bengali trader may sell a kilogram of potatoes for Tk. 22 to some customers and for Tk. 20 to others depending on the bargaining behavior of the customers. Despite this trader will make profit because he will steal some potatoes while scaling it technically and the customer who pays Tk. 20 will receive less than a kilogram of potatoes. Since we cannot deceive people in this way we often fail to benefit from business. Moreover, if you go to Tablechari bazar, Reserve bazar, or Bonorupa¹⁰⁰ you will see Bengali businessmen everywhere. Say, I go to one of these marketplaces in Rangamati with a basket of mangoes and some other fruits to sell there. A Bengali is selling his things and I find a space to sell my things too. But this Bengali trader may force me to sit in other place where it is difficult to get customers. (Shanta Tanchangya, 28 February 2011)

These accounts exemplify how violence in the form of threat, intimidation or deception (see Galtung 1969) of the Bengalis affects capabilities of the Pahari. In this example, Shanta has been denied substantial individual freedom to access the marketplace according to his choices; a situation Sen (1999; 2005; 2007) calls a lack of “process freedom.” It also tells about how power inequalities between the Pahari and the Bengali prevent the Pahari from expanding their business activity within and outside Rangamati. Although the Pahari may have access to different marketplaces, they are often deprived economically because of various manipulating business strategies of the Bengalis. So far I have demonstrated how the Pahari encounter problems for doing business within Rangamati and why they may fail to benefit from their efforts. Now I will provide two ethnographic examples illustrating the Paharis’ business efforts outside Rangamati and how and why they suffer serious financial loss.

Ruhan Tanchangya, my research participant, had been borrowing loans from different microcredit NGOs for several years through his wife and daughters. He invested his loans in different small and medium size businesses such as buying and selling timber, jackfruits, pineapples and bananas. However, he could not become successful in his efforts. He explained why:

I started a jackfruit business by borrowing some loans from NGOs. I purchased some jackfruits from local farmers and I went to Riazuddin Bazaar in Chittagong City to trade off. I had some profits this time. Then, I invested more capital in

¹⁰⁰ Tablechari bazar, Reserve bazar and Bonorupa are the major marketplaces in Rangamati Town. Distance of Tablechari marketplace is about one kilometer from my research area, Bonorup is about five kilometers and Reserve bazar is about four kilometers.

jackfruits business and as usual, I went to Chittagong to sell the jackfruits again. Surprisingly, this time nobody came to my loaded truck to inquire what was in it... I don't know why! I could not sell it because no businessman showed any interest in my things. I had to get back to Rangamati with jackfruits. I had to sell it less than a half price of my purchasing cost. Consequently, I lost almost all of my capital. Sometimes it happens that we can take our products to Chittagong and Dhaka and the Bengalis businessmen buy them from us but they do not pay thereafter accordingly. At last, we had to come back home in tears. (Ruhan Tanchangya, 24 March 2011)

Paharis are ethnoculturally different (e.g., racial origin, language, religion) from the Bengalis. When Paharis go to urban centers (e.g., Chittagong, Dhaka), they may encounter problems for dealing in business, especially because the Bengali traders try to exploit them. Pahari farmers produce a variety of fruits and other cash crops including jackfruits, pineapples, bananas, litchis, mangoes, ginger, and turmeric. These products have a high demand in local, regional, and national markets, but these farmers are deprived of fair market price. The Bengali businesses syndicates maintain their monopoly by manipulating markets to deprive the Pahari economically and to destroy any hope of becoming businessmen. The price of this loss for Ruhan was great, as he had to borrow more loans from different NGOs to repay his old debts. He had some land that he had to lease to other Pahari to manage money for loan repayments. It took several years to repay all of his debts to different NGOs. For the last couple of years, Ruhan has been receiving remittances from his elder son who is now living in Japan¹⁰¹. This financial support helped him get out of NGO debts and other financial problems that he faced because of his business loss. Recently, Ruhan asked his wife and daughter to leave these NGOs. Needless to say, Ruhan's experience of microcredit and business did not help him to improve his socioeconomic situation. His business loss could have led him into a cycle of debt if he had no land or remittance from his son. People who have no such economic advantages must suffer from serious financial problems, especially if they face business failures like Ruhan.

In fact, almost all of the Pahari participants invariably state that the Bengalis dominate in the economic sector in Rangamati and because of the coercive power few Pahari can expand their business activity both within and outside Rangamati. Unlike the arguments

101 At first, his son went to Sri Lanka to study with the financial assistance from a Christian Missionary in Rangamati and then he migrated to Japan in 2008.

of the NGO officials, the Pahari do not lack diligence, enthusiasm and self-confidence. Instead, I suggest that the Bengali representations of successful entrepreneurs can be viewed as deceptive, and, therefore I have termed their violent acts of market manipulation and economic exploitation an instance of structural violence.

I consider these acts by Bengalis violence because business failures result in many of the Pahari to falling deeply into debt, resulting in considerable social, economic and psychological sufferings. For example, Maya Marma, a 45-years-old woman, was married to Badal, a police constable who started a furniture business after his retirement in 2002. Maya had been borrowing from IDF for 10 years, from ASA for 8 years, and from the Grameen Bank for the last 4 years. She passed the loans from both IDF and ASA to her husband, who invested in his furniture business. In April 2008, Badal made some money by selling his furniture in Dhaka. He was inspired by this success, and wanted to expand his business by adding more capital. Maya and Badal borrowed a loan of Tk. 100,000 (USD 1290) from different NGOs and moneylenders. Badal made furniture of value Tk. 300,000 (USD 3870), the total capital comprising his own capital as well as the loans from NGOs and moneylenders. Badal loaded a truck with furniture to sell them in Dhaka in the middle of June 2008. As usual, he collected a legal permission from local administrative office that stated he was allowed to take his furniture out of Rangamati. He showed this legal permit at Manikchari police check post, a place on way to Chittagong from Rangamati. But the police stopped Badal and seized his truck with furniture on the allegation that he was carrying a fake permit. Badal got back to Rangamati and discovered that local magistrate office had issued similar permit with the same data and memo number to a Bengali trader. Badal was able to make a correction in his letter, but he could not get his furniture back from the police. While I was talking to Maya in her house in March 2011, she said:

My husband went to the Manikchari Police check post and gave his letter, but they refused to return our furniture. We were frustrated! Some people suggested us to go to the office of the Director General of Forest and Environment, which was located in Kaptai, Rangamati. My husband visited this office several times, but nothing was favorable for us! We had to move back and forth, visited many places and requested people of different positions to get our furniture back, but we failed. We became almost penniless as we spent whatever money we had and became very economically bankrupt within three months. We lost everything, our own capital, and the money I borrowed a loan TK. 100,000 (USD1290) from the IDF

NGO and other people. Lenders, especially the moneylenders came to us every day to collect the money and they behaved very badly with us. Later, I had to borrow more loans from ASA and the Grameen Bank to repay the loan to IDF and moneylenders. So, we could not use the loan of Grameen Bank and ASA in our business. I had to pay high (compound) interest for loans, as I had to extend the loan repayment period with the IDF from one year to three years. We repaid all the loans to moneylenders, but we have still debts to IDF, ASA, and the Grameen Bank. (Maya Marma, 27 March 2011)

This Pahari family had multiple debts. However, the increasing burden of debt was partly due to the compound interest on loans, which was charged by both NGOs and moneylenders. My further inquiry revealed that Badal failed to get his furniture back from local forest office because of the Bengali business syndicate. The Bengali business syndicate manipulated local administration to prevent this Pahari from continuing his venture, considering him a possible threat to their market monopoly. There was a Bengali businessman who used to collect furniture from Badal and then this Bengali man took that furniture to Dhaka for sale. When Badal began to do business in Dhaka by himself, this Bengali was not happy. I found that influential Bengali timber merchants maintained positive relationships with the officers and staff of the forest office as well as other local government offices to serve their economic interests. If these merchants find anyone outside their business network trying to expand business activity and if it seems that they (Bengalis) might face trouble in the future, they will use coercion to foil such people's plans. Certainly, if Pahari like Badal continued to supply furniture to the markets in Chittagong and Dhaka, the Bengalis may lose their absolute control in such business.

However, one could raise a question: why do the Bengalis continue to behave with the Pahari in this manner? In general, most of the Pahari research participants argued that the Bengali never wanted to lose their economic and political domination in the CHT region. Bengali traders collect bananas, pineapples, jackfruit, mangoes, ginger, turmeric, and other agricultural products from the Pahari farmers in Rangamati. Then, Bengali merchants trade these good off in Chittagong and Dhaka. They buy these products from local farmers at minimal price. If more Pahari become successful in business sector in this region the Bengalis might face challenge to continue their capital accumulation at the expense of the Pahari farmers. The Bengali merchants may not able to deprive the Pahari farmers of the actual market price for their products, or other products the Pahari produce such as handicrafts, traditional dresses, as the competition in local market may increase.

Some research participants argued that the Bengalis wanted to see the Pahari as socioeconomically and politically on the back foot. Bengalis try to suppress the Paharis' confidence and enthusiasm by preventing them from becoming successful in their economic efforts. Others think that if more Pahari become businessmen the Bengalis will find it difficult to continue as the majority of the farmers are the Pahari and the Pahari farmers naturally will choose the Pahari businessmen to sell products, timber, furniture, textile products, and handicrafts.

However, over time some of the Paharis, especially the Chakma, had begun to learn how to do business like the Bengalis and even some of them had begun to internalize the coercive business strategies to use against the Bengalis. The section below reflects on the economic exploitation of some of the Pahari businessmen affect Bengalis in my research area.

Internalizing Deceptive Business Strategies by the Paharis

Not surprisingly, people often learn from their surrounding social, cultural and economic environment, regardless of whether the experience is conducive to their own wellbeing or detrimental for others. As I have detailed in the earlier section, Bengali businessmen had often exploited the Pahari in various marketplace inside and outside Rangamati. However, many of the Paharis had not been just the passive victims of Bengali injustices. Some of them had found ways to develop their business skills and thus they often undertook joint business ventures with the Bengalis. Some Paharis had also applied similar coercive business strategies against both Bengalis and other Paharis in order to gain economically.

Why do Paharis adopt unscrupulous business strategies like Bengalis? One of my Pahari research participants, for example, contended:

Actually, Bengalis forced some of our Paharis to take such an unethical means of survival. When Bengali traders exploited the Paharis there must be some direct repercussion of it. A few years ago, a Bengali bought a pineapple garden at Baradam, a remote area of Ranagmati, with the deal of Tk. 4,000 from one of my friends. This Bengali trader collected pineapples and promised that he would pay this amount of money to my friend in a marketplace in Rangamati Town. Surprisingly, when my friend met this trader in Rangamati and asked for payment he denied. Now think about how Bengalis can exploit us. Overtime, many of the Paharis have learned such deceptive business tactics to exploit Bengalis as well. Previously few Paharis had knowledge how to steal stuff while weighing in scale,

but the situation has begun to change and now some Paharis are also applying similar business tactics. (Goy Pru Marma, 25 July 2011)

The following example reflects how a Bengali settler family had lost its economic capital because of the deceptive business strategy of a Pahari. Mira's husband, Sunil Das¹⁰² migrated to Rangamati in the mid-1980s from Putiya, Chittagong, as part of the resettlement policy of the Government of Bangladesh. Sunil started a grocery business in Rangamati Town and he became successful in his efforts within several years. Sunil began to expand his business in other sectors, including his investment in timber business. Sunil had been doing very well both in his grocery and timber business. However, during the early 2000s Sunil encountered serious capital loss as some of the Chakmas grabbed his money. Mira narrated the story how and why her husband suffered business loss:

He [Sunil] lost the total amount of Tk. 1,200,00 (USD 15,488) in timber business. Now everything is closed: no grocery store, no timber business. He gave money to several Chakmas in advance to buy logs from them, but they deceived my husband by not giving him logs or paying the money back. My husband was used to give money to them from his grocery store and they [Chakmas] were used to supply logs in our place here (Assambasti). Though they [Chakmas who grabbed his money] often visited Rangamati we couldn't do anything, we failed to get our money back from them. He often used to visit remote hill area where these Chakmas were living, and then my husband was suffering from malaria fever. He was about to die. He could not work to earn money and so it became very difficult for me to manage our household needs now. I enrolled in NGOs and borrowed some money for meeting our financial crisis. Recently, we had to sell some lands to repay some loans and to manage our economic needs. (Mira Mitra, 29 March 2011)

This narrative exemplifies how a Bengali family has lost its economic base because of the deceptive business strategy of some Paharis. Arguably, these Pahari have learnt this business strategy from other Bengalis in Rangamati. It seems that this Bengali family has lack of social and political connections, which has made them fail to compel the Chakmas to pay the money back. This business loss brought serious financial consequences for the family.

In another instance, a Bengali-Hindu family also faced economic capital loss when some Chakmas adopted unfair business strategy. Rupa and her husband, Bimol Kundu was living in Assambasti with three children. Bimol was serving in the office of the Power

¹⁰² Both Mira and Sunil are ethnically Bengalis but religiously they are the followers of Hinduism. Note that Hindus are the minority group of people in Bangladesh.

and Water Development Board [PWDB], a Bangladesh Government office in Rangamati. This family had a desire to improve its existing economic situation and Rupa enrolled in IDF microcredit NGO in 1999 to contribute to the household financially. Bimol had already some capital and he added some capital from Rupa's loan money to start a timber business. However, he could not succeed in his effort. Rupa explained:

My husband had some investment in timber business with some Paharis. He was doing both his job and this business simultaneously. It is the norm that we have to continue rolling payments for timber business. That is—some money has to be paid in advance to purchase timber from Paharis. For example, if we want to buy logs worth Tk. 100,000 (USD 1290) we have to pay in advance at least Tk. 50,000 (USD 645) to a Pahari. We had about Tk.100,000 (USD 1290) to two different Chakmas. In the meanwhile, our house was burnt because of a fire accident in our neighborhood. We had also poultry farm at our home and it was burnt too. We could not continue our timber business as we had no money to pay in advance these Chakmas. So, my husband wanted our money back from them but they didn't give us the money. Since we had no written document and no [powerful] people, we were not able to collect our money. (Rupa Das, 11 May 2011)

These ethnographic examples in general demonstrate that many Paharis are not only making spaces for them in local economy but they are also following various coercive business strategies against some Bengalis, especially the Hindu minority Bengalis. However, I did not find any such cases where a Bengali Muslim had been a victim of the Pahari' domination.

So far I have demonstrated how Pahari and Bengali men encounter various problems for doing business and why most of them cannot succeed. Now I will shift my focus a little to the experiences of the Pahari women in particular who have tried to use microcredit in the entrepreneurial activities and will demonstrate how rigid loan repayment schedule of NGO and unequal access to market affect their capability.

Microcredit and the Failure of the Pahari Women

Unlike Bengali women, most Pahari women have access to public spaces before the commencement of the microcredit program in my research area in the late 1990s. Many Pahari women have been working in *jhum* land, either in their own land or for their landlords, and thus they have been playing an important role in the household economy. Traditionally, Paharis have some cultural capacities to make various types of handicrafts of bamboo and canes and traditional Pahari dresses. Weaving traditional dresses for

women, including “thamis” (see Figure 6.17 **Error! Reference source not found.**), scarves, and three pieces, were parts of women’s leisure activities. When microcredit NGOs started their programs in the area some of the Pahari women began to invest some loans for producing such traditional clothes for commercial purposes (i.e. for sale in local textile company or to the middle men). But this effort of the women has not been as successful as they expected.

Ruposhi Tanchangay, a 25-year old young man, lives with her parent in Mittingachari. She helps her parents with various domestic tasks (e.g. preparing food, collecting firewood, fetching water from a nearby water source) and sometimes she weaves clothes. Ruposhi was with microcredit program of BRAC but she left it, as this NGO no longer has a microcredit loan center in her village. Local branch office of BRAC had closed its program in this village because of high rate loan defaulting¹⁰³. Here is a snippet from our interview illustrates her for why she could not experience positive economic change with microcredit. .

103 When I was conducting this research in March 2011 there was no microcredit program of any NGO center in this village. However, if the people of this village want they can go to neighboring villages in Tanchangyapara or in Khippapara to enrol in any NGO.



Figure 6.17 1: A Pahari young girl is weaving thami (a traditional Pahari dress for women)
Photo Copyrights: Author

Ashraf: Why don't you borrow anymore from BRAC or from another NGO?

Ruposhi: I enrolled in BRAC about 6 years ago and I borrowed TK, 4,000 for my father. Then, I borrowed for several years for my father and I used some money to purchase threads, dyes, and other dressmaking materials. But it becomes difficult for me to repay my weekly loan installment if I cannot sell my dresses. Sometimes we have to use my loan to purchase food, especially if my father has no income. So, it becomes really very difficult for me to manage loan installments every week.

Ashraf: I see you are weaving a dress. Can't you make money by selling your stuff in market?

Ruposhi: I weave some dresses for sale and some for our own use. In fact, I don't usually go to marketplace to sell these dresses that I produce because it is no longer profitable. All Pahari women who produce dresses like me have to sell them to local textile merchants who do not give us a good price for our products. Moreover, the prices of thread and dyeing materials are now very high and so we have to buy these things by paying high price but when we go to sell the final products local merchants do not pay according to our increasing production cost. For example, if I make a scarf the production cost will be about Tk. 250 (excluding my labor cost) and when I will go to sell to local textile owners they will not pay me more than TK. 260 or 270. So, I cannot benefit from this effort. If I can sell my dresses to a tourist directly I can make more money. Sometimes tourists from home and abroad come to visit this area and then they buy some of our things. However, we can't call it business because we do not have regular customers like them. That is why; we cannot benefit from it. Sometimes I want to

invest money in such business by taking loans from NGOs, but we don't have much confidence because NGO will create a lot of problems for me if I cannot repay the loan. Let's take an example: I borrow a loan of Tk. 5,000 (USD 65) from an NGO this week and after 6 days they will come to collect the first weekly installment. They will not consider if I can really invest the money or not. For this very reason, like me, most people in our village don't take loan from NGOs. Now there are no people in any NGO from our village, though they used to take loans from some NGOs previously. Now we have the realization that it [microcredit] doesn't work for us and so we can't benefit from it. (Ruposhi Tanchangya, 26 March 2011)

I document many such ethnographic examples clarifying why poor Pahari women cannot benefit from their microcredit participation and entrepreneurial activities. Rigid weekly loan repayment, casual poverty, and lack of social, economic, and cultural capital prevent many of the poor Pahari women to experience a positive economic change. My research shows that even an individual subject is free to make his or her choice, such as making dress by a Pahari woman and selling in a market, he/she may not able to improve the quality of life, what Sen calls an "opportunity freedom" (Sen 1999).

Structural Violence and Capability Deprivations

Having provided ethnographic data demonstrating how and why the Pahari experienced business failure, how some of the Pahari exploited the Bengalis, and how Pahari women are deprived of economic justice because of both NGOs' rigid loan repayment schedule and unequal access to market, I now shift to explain these findings in relation to capability theory, how the coercive power of the Bengali business syndicates and other social structures, including the discriminatory attitudes of microcredit NGOs such as providing insufficient loan to the poor, affect the capabilities of the Pahari in general. I consider those structural factors, intimidation, and violent acts of people that contribute to produce unequal economic development opportunities as well as social and economic suffering (i.e. business failure, exacerbating poverty, the burden of debt) for the poor people, regardless their ethnic and gender identities, "structural violence" (see Figure 6.18 below). To phrase it in terms of Sen's capability theory constructs, Pahari's microcredit participation can rarely help them free themselves from social and economic injustices because they have little or no freedom to exercise their agency and, in many instances, they do not have equal access to economic opportunity and fair markets.

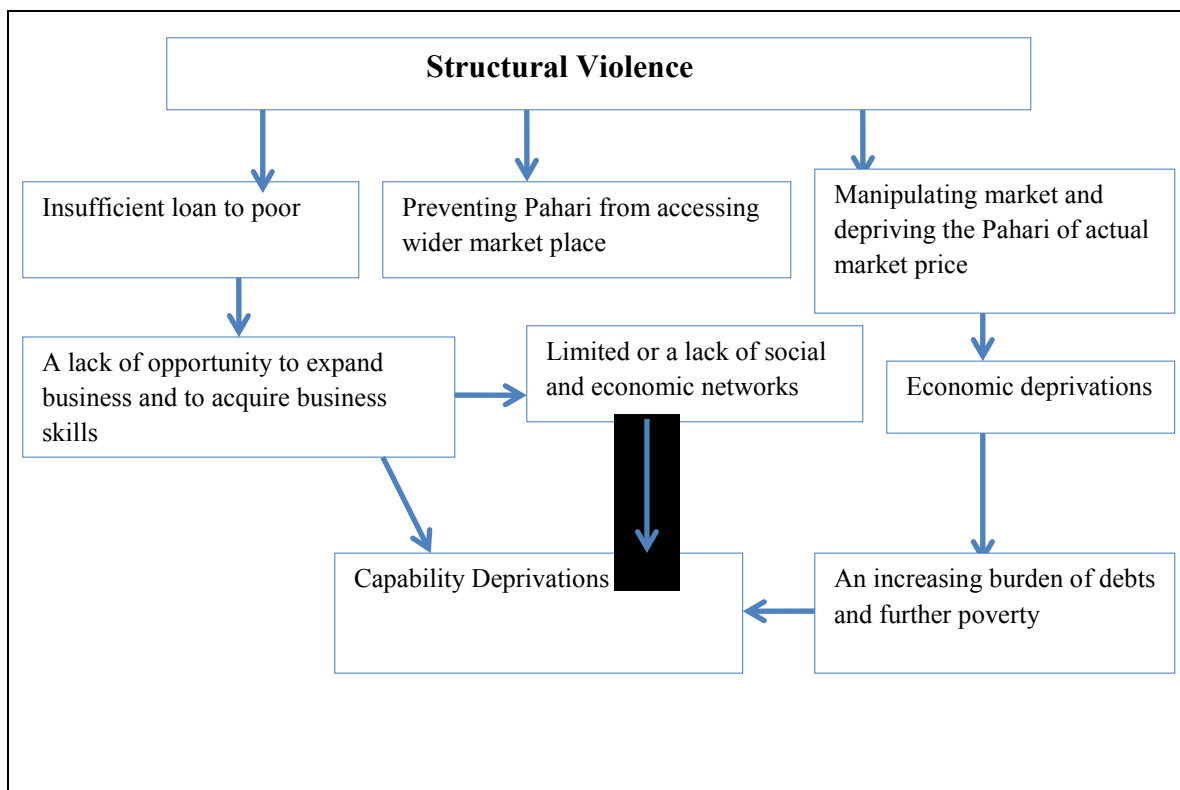


Figure 6.18 1: Structural violence and capability deprivations

Figure 6. 18 show that the coercive business strategies of the Bengalis and discriminatory institutional practices affect the capabilities of the Pahari in several ways. First, microcredit NGOs do not provide sufficient amounts to the poor through loans for undertaking a locally appropriate entrepreneurial activity (see the story of **Error! Reference source not found.**and others in chapter 5). NGOs traditionally provide a loan of Tk. 5000 (USD 63) or 10,000 (USD 125) to a first-time borrower, and in the current economic context in Bangladesh this is not enough capital to start any effective livelihood development project. A lack of sufficient capital means a lack of opportunity to make an economic investment to expand business, to learn and develop skills, or to build social capital through the expansion of social networks required for entrepreneurial success.

Second, the coercive power of the Bengalis tends to create barriers for the Pahari, which prevents them from mobilizing economic resource. Bengali traders manipulate markets, use direct violence, or intimidate the Pahari to sell their products at less than market price. Consequently, the Pahari do not have free choice in their economic activities. Many of the Bengali merchants are socially and politically powerful and they are able to manipulate

local administration (e.g., police, forest office, etc.) in order to serve their economic interests. From this perspective, the majority of Bengalis have capacity to mobilize resources and relationships but they also often become oppressive toward the less powerful Pahari in order to ensure their continued domination. Accordingly, the Bengalis tend to have more social, cultural, symbolic and economic capital (see Bourdieu 1986; 1990). Social capital, such as the Bengalis' business networks within and outside Rangamati and positive relationships with public political institutions and law enforcement agencies, and cultural capital such as business knowledge, skills and experiences enable the Bengalis, as a group, to hold a superior socioeconomic position. While many of the Pahari have some economic capital (e.g. possession of land or natural resources), the Bengalis' dominance in local economy is arguably due to their social and cultural capital and frequent use of coercive power (see also Bourdieu 1990).

Third, market manipulation and economic deprivation led many of the Pahari to experience business failure, capital loss, and an increased burden of debts, as evidenced by stories of Shanta, Maya Marma, and many others. The Pahari women's failure of entrepreneurial activities or economic deprivations because of their lack of economic capital, social power, and unequal market opportunities demonstrate that these poor women have lack of freedom to determine their economic choices. All these case studies reflect that many Pahari have failed to improve their economic situation not because of their own limitations but because of structural violence (see Farmer 2005; Galtung 1969). Some of the Bengalis have also been victims of similar unscrupulous acts of the Pahari (see **Error! Reference source not found.**).

Fourth, Paharis' lack of access to a marketplace outside Rangamati (e.g., in Chittagong, Dhaka) reduces their possibilities of learning new business skills and knowledge about how to apply such skills effectively through their direct participation in a complex marketplace. As described earlier, traditionally the Pahari did not typically do business, unlike the Bengalis. Being new in business, the Pahari were required to develop their capacities and skills. However, because of the Bengali domination as summarized in points two and three, the Pahari could not achieve this objective.

Sen's capability theory is based on two interrelated central concepts: freedom and functionings. Sen categorizes freedom into two types: "process freedom" and

“opportunity freedom.” “Process freedom” allows a person to make free choices, or to make decisions and actions, such as an individual’s freedom to make social choice to exchange and transact with others to enhance the ability to escape from poverty. “Opportunity freedom”, on the other hand, speaks to the actual chances that people have in given social and economic contexts. For example, the Pahari have some “process freedoms” that they can participate in microcredit programs and they have access to various marketplaces to some extent, but they have little “opportunity freedom” to achieve the end objective in the actual context. In other words, the Paharis’ “process freedom” such as participation in microcredit programs or in local marketplaces can rarely help them to achieve “opportunity freedom”—the poor Paharis’ abilities to improve their quality of life, ability to develop life skills such as learning business skill or entrepreneurial experiences, expanding business network, and so on. “Opportunity freedom” of the Paharis is significantly compromised both by the domination of the Bengali business syndicates in the form of market manipulation or economic exploitation through various direct and indirect means and by an unequal development opportunity created by NGOs.

Note that neoliberalism focuses a lot on what Sen calls process freedoms—treating people as free individuals—without focusing on opportunity freedoms—providing conditions in which everyone can actually achieve their goals. This is why it is often argued that structural factors or power inequalities across ethnicities, gender or economic class are largely ignored in the neoliberal ideology of market rationality or economic development process (see Chhachhi 2014). However, unlike the underlying doctrine of neoliberalism, Sen’s capability theory recognizes that people may encounter such structural constraints in their everyday lives and so he emphasizes the enhancement of individual capabilities hoping that such capabilities will contribute to the public policy reforms in favor of these poor population. In order to influence public policy directions the mass population must achieve certain capabilities capitalizing on existing “process freedom”. But we have seen in the CHT, most of the poor Paharis are not only encountering problems for developing capabilities but many of them are also depriving their existing capabilities because of unequal interethnic relationships between Paharis and Bengalis and a lack of social and economic power of many of the poor, regardless of their ethnic and gender identities.

From this perspective, my research complements Sen's analysis of inequality with regards to class and the state with an analysis of the less visible impact of community and family social relations. Thus, my research provides an important insight how such explanatory power in the form of domination or structural violence can affect individual or group capabilities despite these peoples have a certain form of individual freedom (i.e. process freedom) given by the democratic state and global capitalism.

Conclusion

Ethnographic data presented in this chapter demonstrates that asymmetrical power relationships between ethnicities and unequal development opportunities created by microcredit NGOs affect the capabilities of the poor Pahari. Bengalis dominate local and regional markets because of their strategic social-political position in society such as Bengali ethnic identity, wider social, economic and political network, and above all the blessing of the Bangladesh nation-state apparatus (e.g. local public institutions). Having opportunities to control over the social, cultural and economic capital (Bourdieu 1986; 1990), many Bengalis have been able to improve their socioeconomic condition quickly by exploiting natural resources and the Pahari in my research area. The Pahari have some "process freedom" because they have access to microcredit programs and they can choose to get involved in markets, they have very little or no "opportunity freedom." Participation in economic opportunities can only be considered effective when it is ensured that the individuals are not only able to help themselves but also are able to influence their surrounding social circumstances in which they live in order to attain wellbeing and overall progress of the society (see Sen 1999; 2007). However, there is little evidence that this is happening for the majority of the Pahari. Instead of challenging structural constraints and influencing public and institutional policies through the enhancement of individual freedom and agency most of the poor become victims of these structural factors and institutional practices (e.g. NGO practices). Therefore, my research makes an original contribution to understanding how antagonistic interethnic relationships may prevent microcredit users from achieving positive socioeconomic change and how this inability of the Pahari results from the dominant class position, ideology, and institutional practices:

(a) NGO officials' blaming the Pahari for their lack of capacity, willingness, self-determination, or spendthriftiness as the causes of their failure not only perpetuates inequalities but also makes the coercive power of different agents such as the Bengali merchants, NGOs and public institutions invisible. NGO officials' perspective is not a simply personal issue but has to do with significant class and cultural differences. It is also an inability of these NGO officials to take into account the sociocultural context the poor (potential) borrowers are living in and other structural factors underlying the power inequalities between Bengalis and Paharis. Overlooking the structural causes of poverty can perpetuate injustices because NGOs often exclude the poor loan defaulters from microcredit programs for their failure to make timely repayment, and they can create unequal development opportunity for the poor (e.g., providing insufficient loans).

(b) NGO officials failed to recognize the Pahari's enthusiasm, diligence and efforts to develop business skills, which have reflected in the ethnographic examples of Ripon, Shanta, Ruhan and Shipon and others.

While it is true that some of the Pahari were inexperienced as entrepreneurs, this was not because of their lack of willingness to explore new opportunities. Unlike the Pahari, the Bengalis acquired their business knowledge and skills through socialization as many Bengali families have been involved in such activities for generations. Being new in the field of business or entrepreneurship the Paharis encountered problems in undertaking their tasks efficiently because of the sheer oppression of the Bengali business syndicates, which not only affected many of the Paharis economically but also prevented them from acquiring knowledge and developing business skills. Paharis have some access to microcredit, but insufficient capital and other social, economic and political-historical contexts were not conducive to most of their economic betterment. Constraints that most of the Paharis faced were thus incompatible with the key characteristics (e.g., autonomy, individual choice) of the neoliberal individual subjects who could participate in free and self-regulated markets to achieve their financial sustainability (see Harvey 2005; Graeber 2011). Therefore, individual capacity to accomplish a certain task is not independent from one's sociocultural, ecological, economic and sociopolitical context. In this perspective, my research is distinctive from any other anthropological studies on microcredit in Bangladesh (see Karim 2011; Rahman 1999) especially in relation to how unequal

interethnic relationships affect the capabilities of the Pahari microcredit users in the CHT in Bangladesh.

In addition, my research shows some of the Pahari, especially the Chakmas are participating in entrepreneurial activities like their counterparts Bengalis and in some cases they are also following some coercive strategies to exploit other people, including the Bengalis in Rangamati. My research found that the internalization and application of such coercive business strategies by the Pahari is the repercussion of the Bengalis' exploitation and control of local economy and the Pahari' nature of economic interactions with the Bengalis. Now one could raise questions: How are we sure that the Pahari didn't know dishonest practices before interacting economically with Bengali? Should we take at face value when a Pahari says that when Pahari do that they're only doing it because they're influenced by dishonest Bengalis? It is a dominant belief in my research area that Paharis have begun to engage in business activities most recently and thus before the 1990s few Pahari had any business skills and experiences like the Bengalis (see above **Error! Reference source not found.**). This does not mean that the Pahari, especially the Chakmas were not dishonest and they had never exploited other people, either from their own ethnic group or the people from other ethnic groups. I have also found some cases where the influential Chakma people grabbed the land or landed properties of relatively less powerful Pahari such as Tanchangya and in order to rescue such properties the Tanchangya people went to the Bengali people such as lawyers and political leaders. There are also some instances that the Chakmas have deprived of Tachangya or member of other ethnic group by creating an unequal employment opportunities in Rangamati. In brief, my research shows that the Pahari were not traditionally traders like the Bengalis and so they were not aware of many of business tactics that the Bengalis use that the Pahari are now internalizing and using to benefit economically. What the Pahari are learning has significant resemblance to the Bengali business practices, either it is exploitative or not.

Social and economic inequalities that the Pahari experienced are widespread, persistent, and deep-rooted. A discriminatory attitude of the Bangladesh state against the Pahari and the domination of the Bengalis over the Pahari continue to create constraints for the Pahari to develop their potentialities. I consider this an instance of structural violence (see

Galtung 1969; Farmer 2004; 2005) because the Bangladesh state deliberately overlooks the plight of the Pahari that they face in their everyday life. Ironically, injustice is being reproduced and perpetuated in the society as more people including NGO workers see the success of the entrepreneurs or businessmen in terms of merely economic advancement. I argue that deception, exploitation or sheer oppression cannot be equated to the core ideals of the neoliberal subjectivities such as efficiency, self-confidence, and risk-taking. Since the society as a whole considers such coercive acts as normal, masculine, transcendental, people are encouraged to learn these norms to gain economically at the expense of moral ethical standards¹⁰⁴. Some Pahari's tendency to adopt some negative behaviors from the Bengalis in economic transactions against some other Bengalis indicate that society is reproducing various forms of inequalities and injustices instead of creating equitable, inclusive, democratic, and sustainable socioeconomic development opportunities and practices. This is how violence in the form of social and economic injustice is institutionalized and poverty is reproduced in marginalized and disadvantaged populations.

So far, from chapter two to chapter 6, I have provided detailed ethnographic data showing how microcredit NGOs work at the root levels in the CHT, how people become successful or unsuccessful in their efforts to improve their economic situation through microcredit participation, and how the failure of the poor is viewed by NGO officials, non-poor, and the poor themselves. I have also demonstrated why many of the poor people continue with the microcredit NGOs despite facing disturbing consequences. My research findings have also demonstrated that many of the poor become poorer and fall in trap debt of both NGOs and moneylenders. In some instances, the economic situation of the poor households has become worse.

This raises the question: How would the poor live if there were no microcredit programs in the research area in CHT? I will concentrate on this question drawing ethnographic data collected through intensive personal interviews from the research participants of

104 Forcing some one to sell goods at cheaper price or grabbing money without providing anything against are just some of the examples how some people are sometimes involved in immoral activities. To the NGO officials and to many other local people, these are not as unethical or immoral rather as the outcomes of the intelligence, competent, experience and risk-taking.

different socioeconomic and class positions: the non-poor, the poor, and the NGO officers/workers.

7 The Poor With and Without Microcredit: Counting Voices of those who are at the Centre of the Microcredit Efficacy Controversy¹⁰⁵

We treat them [NGOs] as good or bad based on how we experience it, if we can benefit from it or not. For example, I used some loans for my pig and poultry farms to repair my house, to pay grocery bills and to spend on other needs. So I consider NGOs as good. But sometimes it might happen that people sustain capital loss because of death of pigs, chickens, cows, or livestock for many reasons. Last time I bought fifty breeding chickens to rear at my home by borrowing a loan from an NGO, but all of them died and consequently, I lost some money. Similarly, if some poor people borrow to undertake a livestock development project they may face problems if their hens, goats or pigs die. Therefore, people will not say that NGOs are bad if they benefit from such an effort. Why and when do we treat NGO as bad? We do it because the NGO people behave badly with us when we cannot repay the loan accordingly; it is because we face critical financial problems for managing the loan for the NGOs. (Sazib Bahadur, 27 March 2011)

Now people say that they are becoming poorer after participating in NGO programs. Why are they saying this? If we don't take a loan we don't have to worry about it, we don't need to go to other people's house to borrow money; we don't have to repay that installment by the money that we get by working as day laborers. We didn't have to get involved in conflict with other people over the issue of our loan repayment and we could live in peace and without any such problems. (Chayia Tanchangya, 28 February 2011)

Introduction

There is a longstanding debate over whether microcredit is effective for poverty alleviation and women's empowerment. Proponents often claim that microcredit has overwhelmingly positive effects upon the poor while many critics contend that the poor become poorer after microcredit participation. In fact, the current debate about the efficacy of microcredit is marked by the conspicuous absence by the voices of those who are directly involved in it, sometimes for years. Except for some recent qualitative studies (see Karim 2011; Farazi 2011; Cons and Paprocki 2010; Rahman 1999; Uddin 2013), most of the past studies on microcredit in Bangladesh are sponsored by NGOs themselves and donor agencies (e.g. Counts 2008; Pitt and Khandker 1998), which rarely reflect the

¹⁰⁵ A version of this chapter is now under review in journal *Development in Practice*.

voices and the life experiences of the borrowers and loan users. I contend that it is imperative to consider the direct and personal experiences of the microcredit participants and loan users if we want to know the true impact of microcredit programs upon the social and economic lives of the poor in particular.

The question that has largely remained unexplored is what the economic life of these poor people be if there were no microcredit programs for the poor in general? In order to examine this question I use the subjective views and practical experiences of those who have been participating in microcredit programs for more than a decade. The narratives I present in this chapter will focus on the efficacy of microcredit programs especially the extent to which they work for the poor and the reasons that microcredit remains popular despite failing to lift many poor people from poverty.

I have begun this chapter with two short statements narrated by a non-poor research participant, Sazib Bahad, ¹⁰⁶ and a poor female research participant, Chayia Tanchangya.¹⁰⁷ If we accept the notion, according to the narrative of Sajib, that it is normal that there are some risks and possibilities for profit in every type of business, no borrower can blame an NGO for their failure. Similarly, Chayia's statement indicates that some people are *becoming* poor after microcredit participation. According to neoliberal ideology (see Graeber 2011; Harvey 2005 & 2007; Joseph 2010), if we accept the notion that the success or the failure of the poor depends on how they use the loan rather than the NGO that lends money to the poor, there is no point to treat NGOs as bad. That is—the poor cannot blame the NGO for their failures.

Nevertheless, it is clear that people's characterization of NGO as good or bad depends on whether or not they experience economic gain. I am not arguing that NGOs should be treated as bad if most of the people cannot benefit or if they suffer from poverty, regardless of NGO loan. Since there is a global impression that microcredit is something of a blessing for the poor, if most of these poor have something to say, then we should listen to them if we really want to help them to change their destiny. If we want to

106 A male research participant and a fourth class employee of the Forest Department [a Government Office in Rangamati]. Sazib had been borrowing loans from different NGOs when I conducted this interview with him in March 2011.

107 Chayia Tanchangya is young poor woman works as a daily laborer and sometimes produces traditional Pahari dress to make her livelihood.

understand the complex dynamics of microcredit realities and how people at the bottom experience it everyday, we need to listen to those people carefully.

In this chapter, in addition to asking how the poor people in Rangamati in the CHT would live if there were no microcredit, I also examine the extent to which the women have achieved social and economic freedoms and if this would be different if there were no opportunities for women to participate in microcredit programs. As I described in chapter 1, Sen recognizes that intra-household power relations can contribute to persistent inequalities that may hinder the women in their pursuit of wellbeing. Deprived groups in many societies may accept inequalities and injustices and thus they become implicit accomplices. Inequalities may persist despite protests (Sen 2007:461). While intra-family or intra-household inequalities are common across societies, women's experiences of inequalities in terms of poverty and microcredit participation is a new dimension for understanding how and why women accept or deal with inequalities in particular contexts. Later in this chapter, I examine the ways in which male domination prevents women from enjoying freedoms (e.g. economic) or achieving individual capability, despite their participation in microcredit programs.

This chapter has been divided into two main sections. In the first section, the poor and non-poor's personal views on the situation of the poor will be compared and contrasted with the position of the NGO officials. Then, in the second part, I will examine the personal narratives of women from various ethnic, economic, and cultural backgrounds to determine whether these women's participation in microcredit programs helped them to achieve individual capability or collective family wellbeing. In other words, women's social position in the society during the pre-and post-microcredit period will be examined not just in terms of their participation in microcredit program but also by considering the nature of the freedoms they have in their economic and social life. Finally, and most importantly, I will examine whether the availability of loan money in the area has contributed to the expansion of the culture of dowry payment in Bengali society and its emergence in Pahari society.

How would the poor live if there were no microcredit?

Views of the Non-poor

Ehsan Karim¹⁰⁸ had been working with development issues for more than fifteen years and most of his time has been spent in the CHT. We met several times during my stay in the research area and once I visited his office in Rangamati Town to talk about the overall economic situation of the people, especially in relation to the activities of microcredit NGOs in Rangamati. Here is a snippet from our interview explaining the effectiveness of microcredit program during the post-microcredit period.

I asked him whether the commencement of microcredit programs in the region had made any difference in terms of changing the poor's economic situation. He said:

Ashraf: What kind of difference do you observe in the socioeconomic lives of the poor Paharis here in Rangamati after microcredit program commencement?

Karim: If we compare the economic situation of the present to that of the past when there was no activity of microcredit NGOs, we will have a clear idea. Before the 1990s there was no microcredit here. Has the economic situation of the people changed thereafter? I don't think so! In addition to these microcredit NGOs, a number of national and international development NGOs have been working here since the CHT peace-agreement was signed in 1997. These NGOs don't have any microcredit component and if there is any change for these people credit should go to these international NGOs¹⁰⁹. So, I don't think that microcredit has played any major role in changing the socioeconomic situation of the poor people here in Rangamati. UNDP is implementing socioeconomic development projects here through local partner NGOs and they are giving Tk. 400,000 (USD 5,176) to a para (neighborhood) development committee (PDC) as grants for taking various livelihood development projects. I believe this has contributed to some extent to changing the socioeconomic situation of the poor people here. (Ehsan Karim, 24 June 2011)

Ashraf: Why do you think microcredit program has little role in the poverty alleviation here if it seems to be effective in the plain districts of Bangladesh?

Karim: There is a significant difference between the plains and the CHT in terms of geographical and environmental features, ecology, agricultural system, and some other social cultural factors. Unlike most of the Bengalis in the plain districts, Paharis face many problems using the loan properly or repaying the loan to NGOs. As we discussed before, the Paharis are not successful businessmen. Moreover, although many of the Pahari are handworkers and they invest the loan

108 Ehsan Karim was the director of a local development NGO that was implementing UNDP's capacity building and community development project in Rangamati as a partner NGO.

109 Karim meant UNDP, the World Vision, Caritas, and the World Food Program.

in agriculture or in other economic production, few of them can succeed. There are many practical reasons for why they might be unsuccessful. First, if Pahari farmers use the loan for cultivating ginger, pineapples or any other agro crops it takes at least three to six months to be harvestable. But the loan has to be repaid weekly. If they have no other source of income or assets to sell to manage the loan installments, it is obvious that they will have to face serious problems for repaying the loan. In this situation, either they have will to borrow more loans from other NGOs or they will become loan defaulters. In most cases, it happens that these people have to go to other NGOs to borrow a loan in order to repay the previous one. Second, when these farmers take their agricultural products to local markets or market places in Rangamati local traders [mainly Bengalis] deprive them of actual market price through market manipulation. Now is the rainy season and it is time for producing pineapples¹¹⁰. Local Pahari farmers produce pineapples by working hard, and most of the family members, including women and children, have contributions. For example, the minimum production cost is Tk. 2 for each pineapple. When these farmers bring their pineapples to local market they may not even get their production cost back if Bengali businessmen wish to pay them less. They [Pahari farmers] sit in the rain to have little bit more prices for their pineapples, and even they might have to wait until the sun is set. Businessmen continue to offer reduced price to these farmers and in the evening, they might have to compel to sell their pineapples in less than their production cost. Since pineapples are perishable it becomes impossible for the farmers to get them back home.

I have already elaborated in chapter 6 why the Pahari cannot succeed by using microcredit. Although my objective in this chapter is not to explore the cases of failure, it is relevant to assess the post-microcredit economic situation and ask why microcredit is less effective for the Pahari than the plains district peoples in Bangladesh.

In brief, the observation of this research participant is similar to what most of my research participants have told me and is consistent what I have seen every day happening in Rangamati. The only significant difference is that, unlike this research participant, most of the poor and non-poor research participants acknowledge that the economic life of the poor people would be harder if there were no microcredit in the area. In this context, first I provide some of narratives of non-poor research participants, and then the view of the poor men and women who have participated in microcredit programs for the last several years.

Rini Das, a 50 year-old Hindu woman, lives in a joint family in Assambasti that includes her husband and two married sons and their families. She has two daughters: one of them

¹¹⁰ It was the end of the month of June when I was talking to this research participant. June is the month of rainy season in Bangladesh.

is married and lives with her husband's family in Rangamati and the other one is unmarried and is a journalist for a local newspaper called the "*Giri Darpan*" [The Light of the Hill]. Rini's husband is a retired government employee who used to serve in the Forest Department of Bangladesh Government. Her elder daughter is a family welfare officer in Rangamati, which is under the Ministry of Family and Social Welfare of the Government of Bangladesh. Among her sons, one is working in an NGO and another has a grocery store in Rangamati Town. Rini has secondary education, but she does not have a job. Now she helps her sons' wives manage household tasks and the poultry farm at home. Rini's husband receives a monthly pension from the Government of Bangladesh and her two sons also provide financial support for household management. Rini and her two daughters-in-laws borrow from different NGOs such as IDF, BRAC, ASA, and Grameen Bank for their poultry farm. Several times in the past Rini had also borrowed by herself for rearing chickens and ducks. I asked her to share her personal experiences and observations about the social and economic life of the poor people in her neighborhood with and without microcredit. She said:

I think people had to suffer more than today. Overall, I think, the situation of people's lives has been improved. Previously there was rarely any brick house in Assambasti and most of these houses were thatched-roof houses, but now you will rarely see such houses. The people who didn't have such a good house, they made a house of corrugated tin; the people who didn't have own land for building a house they have been able to purchase it by borrowing loans from NGOs. I think that NGOs are good for me and for many other people as the interest rates are not so high like the moneylenders. In our neighborhood, there are some people who lend money but they charge very high interest. For example, if I borrow Tk. 10,000 (USD129) I might have to pay monthly interest from 10%-15% and the amount including capital and interest will be double within a year. So, I have to give Tk. 1,000 to 1,500 as interest just for a month. In this sense, NGO has much lower interest rate. The only thing is that people have to suffer a lot to manage their weekly installments and some people may have to bear some burden of debt. Actually, now I don't need to borrow from NGOs because I am capable of managing my family with the earnings we have. Now I am borrowing from these NGOs for my sons who have poultry farm...Of course, it is better for the poor not to take any loan. There will be no such tension to repay the loan every week. It is a kind of mental pressure if you can't repay it in time. I would say it is a kind of extra mental pressure if I don't have any regular flow of income. You have to be prepared to manage a loan installment at least three days before the actual day of the loan repayment, and if you don't have your own money then you have to borrow from other people to have this money ready in hand. Otherwise, you are going to encounter many problems for that! (Rini Das, 11 May 2011)

According to this narrative, while it is true that Rini and her household benefit from microcredit program, it is not equally true for her poor neighbors. Rini's household has multiple sources of income and the presence of such families would be a handful in her neighborhood, which has many microcredit participants. Rini says that NGOs are good because the interest rate is lower than moneylenders and many poor have benefited from microcredit programs because they have better houses. Conversely, she also reports that many of these poor are in debt and NGOs often become oppressive when participants fail to repay the loan on time. Paradoxically, therefore, Rini feels that it is better not to take a loan, especially for the poor who lack income opportunities. In fact, having better houses cannot be an indicator of the overall improvement of the quality of life, given the increasing burden of NGO debts and the poor's constant problems managing the loan. It is true that the interest rate of moneylenders is higher than those of microcredit NGOs, but this does not mean that most of the poor have stopped borrowing money from these moneylenders. Instead, as my research shows, now the poor often borrow from local moneylenders to repay the loan installment to NGOs, and again they repay the loan to moneylenders by borrowing from these NGOs.

Many of the non-poor research participants think that the life of the poor would be harder without the loans. But this does not mean that the poor have benefited economically, as has claimed by the NGOs. A female research participant, for example said:

I think that the economic life of the poor would be more difficult than today. Now they can go to NGO to borrow money for mitigating their economic hardship to some extent. Since they use the loan for consumption and there are fewer sources of income, these poor still are living in poverty. If you don't have any source of income microcredit is no way helpful. If you use NGO money for your consumption it doesn't make any difference. In fact, there is little qualitative difference in the lives of these poor people after the commencement of microcredit program here. Didn't people live when there was no NGO here? Actually, people's needs and expectations of life have now has increased overtime, but people's expenditure has not accompanied an increase in scope or opportunity of income. Yes, NGOs are useful for the merchants, businessmen and who have already some capital to expand their current economic activity. It is really helpful for this category of people. But it (borrowing loans) can do more harm for the poor than good if they cannot use the loan to make money. (Ritu Singh, interview, 14 May 2011)

While people with some existing economic assets can utilize microcredit, people with little or no economic, social or cultural capital (see Bourdieu 1986 & 1990), rarely

experience positive change. Instead, the situation of many of the poor people has deteriorated because of the increasing households debts, which I have already described in the previous chapters.

In the section below, I describe and analyze some of the narratives about how the poor themselves define their economic life during the period of pre and post-microcredit activity in Rangamati.

Views of the poor

Has NGO money made the poor people spendthrift and poorer?

I analyze the perspectives of poor people on their situation with and without microcredit from two different contexts. First, many of the poor and very-poor people contend that microcredit has no positive economic impact upon their lives; rather, they have encountered trouble by participating in microcredit programs. They argue that, although their economic life might have been harder, at least they would not have to bear the burden of debt they do today. Second, some poor people think that microcredit has both positive and negative impacts and the effectiveness of microcredit depends on how people use the loan. In this case, having access to loans does not ensure that the poor people will be able to use the loan to achieve their desired socioeconomic development goals.

When asked how would she live if there were no microcredit NGOs in her area, a poor woman, for example, contended:

Of course, people would live somehow. I believe that they would live better without microcredit. People would not have to bear the burden of debt and they could live without mental stress if there were no microcredit. For instance, I borrowed Tk. 5,000 (USD 65) from an NGO. I have spent most of this money for purchasing foods, fishing nets, and other purposes. When I face problems repaying this loan I go to another NGO, or other people to take one more loan. I become obsessed with money; I am moving around money like mad; it is a kind of intoxication that takes me to fall into temptations to have more money from more NGOs. I will have to take more loans because I have to repay the old debt to NGOs and moneylenders. Now I have to depend on the NGOs' loan money to purchase foods and to meet our household needs. Loan has increased our needs, aspirations, and makes us spendthrift. Now we cannot imagine our everyday social and economic life without loans. If there were no NGOs like these we might have to manage livelihood by daily laboring and hardworking; we might have to go through hardship but we would not be trapped into a cycle of NGO debt; we would not be insulated, humiliated or harassed by the NGO people. Perhaps, we could eat food in time with what we could earn by working. But now

we take Tk. 5,000 (USD 65) loan from an NGO and it vanishes within a few days. Can everybody use it for making money? (Mohi Chakma, 26 March 2011)

This woman is arguing that life for the poor would be better because they might not fall in the debt cycle. This statement also exemplifies how the availability of NGO microcredit has increased the financial dependency of many of the poor households as they continue to borrow from NGOs to meet everyday household needs and repay the loans by day laboring.

Joya Marma, a middle-aged woman, lives in my research area in Assambasti with her parents. She has been living with her parents since her husband abandoned her about a decade ago. Joya has borrowed from different NGOs for about fifteen years for her father who has a small business of fish¹¹¹ and handicrafts. Joya and her mother also make different types of handicrafts such as plastic bags and baskets of cane and bamboo, and Joya's father sells these items in different marketplaces in Rangamati. Here I describe a brief conversation between Joya and myself highlighting her post microcredit experience:

Ashraf: For how long have you been with these NGOs?

Joya: I have been with these NGOs for the last 15 years; it is a very long time!

Ashraf: What change do you observe in your life or in the household now?

Joya: I don't see any major change but we are managing our lives somehow. We have a small business for which we take loans, and what we can earn is too small to meet our everyday need. In fact, we are just passing our days. If we want to develop more we need more capital and investment but we don't have that much capital. NGOs don't give us very substantial loans. If we want a more substantial loan, NGOs want a land document from us. We have to do many things: to show them [NGOs] the shop, the business place, and so on. But we don't have this kind of capacity.

Ashraf: Now can you tell me how would other people live if there were no microcredit here?

Joya: Once there was no microcredit here and they could manage their livelihoods somehow. But I think that they were not so bad like today because they didn't have to suffer from so many problems after getting involved in these NGOs. I want to say that they could lead life somehow but they didn't have to bear the burden of debt like today. The more NGOs are coming the more [poor] people are being trapped into debt cycle. This is a matter of money, people want more if they have chance to get it. Many of the people in our neighborhood are now ingrained with the multiple debts and they are passing their days through hardship...I think

¹¹¹ Joya's father has a fishing boat and some fishing net, which he uses to catch fish from the Kaptai Lake or from nearby river to sell in local market.

the problem has created because of the availability of so many NGOs here. I think it would be better for me if there were no NGOs.

Ashraf: Why do you think so?

Joya: Because it makes us indebted; people have become greedy of NGO money as the more NGOs are working here the more people are falling into the temptation of money. We are women and if we had Tk. 100 in the past we thought it was a big amount. After participating in NGOs and by borrowing money from them we don't feel good even with the amount of Tk. 10,000, 15,000 or Tk. 20,000. We spend the loan money faster than we can realize what we are doing; it goes so quick! The real problem we face when we have to repay it. (Joya Marma, 1 March 2011)

Joya, like many of her counter-parts, portrays microcredit as not only ineffective for poverty alleviation, but that the presence of multiple NGOs in the area and the poor's use of the loan for consumption have actually created more problems for the poor.

However, if microcredit has no positive effects, why do the poor need more loans or claim that NGOs do not provide sufficient capital? Joya noted that microcredit, as it is currently structured, is rarely helpful for the poorest people like her, not only because of their existing poverty but also because the poor lack of access to sufficient economic capital. It seems that there might be different causes of their failure (e.g. weekly loan repayment system, repaying old debts, using the loan for household consumption, etc.). Skills, experiences, and social capital and opportunities often matter as well. Since Joya could see that some of the people in her neighborhood had become financially successful she thought it was because of the loan money. This is not to argue that microcredit itself is bad for people but to question whether the poor can actually benefit from it.

Joya's view is subjective, based on her bad experiences with microcredit. If there were no microcredit she would not have to borrow for her father or from from different NGOs. Overall, Joya's microcredit participation has little or no positive impact on her social, personal and economic life. Instead, she is now in a dependent relationship with NGOs.

Numerous research participants argue that their economic life would be better if they had never participated in microcredit programs. The underlying point of their argument is that now they have nothing of their own. They live on NGO loans: the loan they repay to NGOs is borrowed either from other NGOs or from moneylenders, and their dependency on NGO loans increases day-by-day. As a result, they contend that if there were no NGOs they could at least save some money for a rainy day. Many people confess that they are

caught in a cycle of debt because of the availability of numerous microcredit NGOs.

Shanta Tanchangya, a male research participant, for example argues:

I think my condition would be better than now if there were no NGO here. If I could earn Tk.100, I could have saved at least some money every month. At that time everything was cheap. The prices of rice, vegetable, oil and other daily necessity were cheap. If I could earn Tk. 100, I could manage my daily household expenses with Tk. 60-70 and the rest of the money could be saved. If I could save Tk. 40 per day it would be Tk.1, 200 per month. But now I can't save even a penny. Now I am taking loan, spending and repaying installments by whatever I can earn. Both the price of daily household essentials and my debt are increasing. (Shanta Tanchangya, 28 February 2011)

One might argue that can microcredit NGOs can do very little if the price of daily essentials rises. Yes, it is true that microcredit NGOs have nothing to do with the prices of food and other household essentials, but the state and the global economy have a major impact. Increasing budget cuts by the Government of Bangladesh to social protections, such as health benefits and food subsidies, affect these poor people (see Graeber 2011; Harvey 2005; Mohsin 2005). In this sense, larger structural factors shape the poor's increasing need to spend loan money for food.

Some of my research participants argue that there is no difference for the poorest people, especially for day laborers or migrant workers, between life before microcredit and life after. Shamoli Marma, a female research participant, argues:

Some years ago there was no NGO here to give loans to the people like today. Now there are some new employment opportunities for the people, for example, some people can work in local textile industry or furniture workshops, and some people can drive a CNG auto rickshaw to earn their livelihoods. If there were no NGO, I think that poor people could manage their livelihoods by working in these places. Now more NGOs are coming here, but I don't think that it does help the poor that much because many people, especially those who are day laborers, are living in poverty. Some people borrow from NGOs, but they cannot do well. Since they are poor, day laborers and don't have a secured source of income and they really struggle to survive. (Shamoli Marma, 13 May 2011)

Another female research participant Shama Tanchangya said:

Ashraf: How would you lead your economic life if there were no microcredit NGOs here?

Shama: Smiling! [She was smiling] How would we live? Suppose we had to live by daily laboring, as we are doing today. We don't have our own lands that we can invest there and we don't have any other assets. We have nothing! We have to live by daily laboring and if there is any work in the hills or people call us we can

make some money to support ourselves; our children. If there is no work available I make dresses on waist loom. (Shama Tanchangya, 12 May 2011)

Countless narratives, by poor men and women, all have the common theme that most poor households have been trapped in a cycle of debts after participating in microcredit programs. For good reason, poor people say that life was better before microcredit.

In general, the ethnographic narratives that I have reported here suggest that the post-microcredit situation has increased the burden of debt for the poorest people in the research area. The picture of the current economic life is more or less bleak and participants argue that their lives would be better without microcredit.

Below I provide some ethnographic narratives in which poor people express the view that microcredit programs have both positive and negative consequences on the poor.

Positive and negative aspects of microcredit

Sanjib Kumar Chakma, a man of his early thirties, was just married in 2010 and this new couple had no children when I interviewed him sitting in his home yard at Tanchangyapara. Sanjib and his wife live in a neo-local post-marital residence and thus there are only two members in their household. Sanjib has some land where he cultivates ginger, turmeric, and other seasonal crops. He is also a sharecropper and cultivates some rice in the fringe land near Assambasti Bridge. I talked to Sanjib about the social and economic lives of various people in his own community as well as his own experience of microcredit. Here I would like to present a brief part of our conversation, which also reveals the difference in the poor's economic life before and after microcredit:

Ashraf: Are you participating in any microcredit NGO program?

Sanjib: Not now but other people in our community are participating in various NGOs including BRAC, ASA, Proshika, Grameen Bank, and IDF. I was with BRAC but I left it because I couldn't benefit from it. They charge a little more interest and they collect weekly or fortnightly installments, which is not useful for me. It is impossible for many of us to improve our economic situation with the money of NGOs.

Ashraf: Do they give loans to men?

Sanjib: No, I borrowed from BRAC through one of my female relatives.

Ashraf: How long had you been with BRAC?

Sanjib: About 2 years.

Ashraf: Why did you borrow the loan?

Sanjib: I purchased some seeds of ginger and turmeric by this money. But I was in trouble when I had to repay my loan installment. Think! How will I repay loan installment to an NGO every week if I invest all the money in agriculture? If I use the loan for farming I cannot have the return after a week or a month; it takes at least three to four months. I had to repay loan installment to BRAC by doing daily laboring and sometime by borrowing from other people. So, when I harvested my ginger and turmeric I had to repay some of my debts to BRAC and to other lenders (e.g. moneylender and relatives). At the end, I didn't have anything. So I couldn't benefit from loans that I borrowed from BRAC.

Ashraf: What could have happened to the people if there were no microcredit NGOs in Rangamati or here in your locality?

Sanjib: I think people could live their lives somehow. It is sure that some people are doing well by taking loans from NGOs, but still there are many people who are living through hardships. There was no such microcredit NGO before the CHT Peace Accord¹¹². Often I hear people talk about that before coming of these NGOs people were living in peace and their economic situation was not that much bad as they have today. Even I have heard that some people committed suicide failing to repay the loan to NGOs¹¹³. And it is a common scenario that NGO people take away or confiscate saleable household essentials such as TV, furniture of the defaulted borrowers. Why are people saying this? It is because such incidences had rarely happened before the microcredit period. I think NGOs could have followed different policies and procedures for loan collection so that these people could benefit. IDF, Grameen Bank, and ASA collect their loan installments every week and BRAC collects it every two weeks. Some people used to borrow from BRDB and Krishi Bank [when they feel that microcredit NGO is not useful for them], but the situation was not as devastating as today. Of course, there are some positive aspects. Previously most of the houses were made of straw, thatch, and bamboo in our area. After participating in NGO programs most of the people have been able to build their houses with corrugated tin. So, I will not say that NGOs are just completely bad or good; there are both positive and negative sides. Yet, it is very bad for those people who are in NGO debt. (Sanjib Chakma, 20 June 2011)

This conversation demonstrates why microcredit does not work for the poor farmers who have limited sources of income. NGOs' rigid weekly loan installment system is not useful for poor farmers like Sanjib. His statements also indicate that people have to borrow from informal sources such as moneylenders and relatives to repay loans to NGOs. The presence of microcredit NGOs does not diminish the system of traditional moneylending. Rather, microcredit contributes to its proliferation.

112 The CHT Peace Accord was signed between the Government of Bangladesh and the Political Representative of the Indigenous Peoples on December 2, 1997. I have elaborated about background of this peace accord in the chapters 1 and 6.

113 I have found total three such cases of such suicidal death. Two happened in my research area between 2009 and 2010 and another happened outside my research area, which was reported by one of female research participants who witnessed it.

My research shows that more Bengali than Pahari households benefit after participating in microcredit programs. Among the Paharis, more Chakma than Tanchangya, Marma, Tripuras, and Ahamiya [Assamese] households experience positive socioeconomic change. Factors that contribute to this difference include the households' total social, cultural and economic capital, as well as their capacity to overcome various structural constraints to entrepreneurial activities (e.g. access to market).

I interviewed many other men and women living in the same neighborhood where Sanjib lives and none of the poorest people had been able to escape from poverty. But there are still many cases of people risking NGO debt and further poverty. For example, Kamini Tanchangya,¹¹⁴ one of the poorest women, had been borrowing money from various NGOs and government microcredit agencies (e.g. BRDB) for more than a decade. Kamini, her husband, and her teenage son were all daily laborers. Here is her perspective on the usefulness of microcredit:

I would say that there is both a good and bad side of NGOs. When I borrow money I face problems for repaying it and so I have to work hard to manage money for NGO. Again, if I don't borrow I face financial crisis and it becomes difficult for me to manage my household [i.e. purchasing food]. However, if I could not borrow from NGO, it would be very difficult for me to purchase this land to build our house¹¹⁵. Some people say that if there were no NGO people would live anxiety-free life and they could save some money. Now what I am earning by daily laboring I have to pay to NGOs. I can't save anything! Everything is gone! Another point is that if there were no obligation to repay loan installments we might have to spend most of our income for consuming some expensive and nutritious food such as fish, meat, etc. However, when we have to repay the loan installment every week we might have to cut our food budget to manage money. (Kamini Tanchangya, 14 May 2011)

114 In chapter 3, there is a detail description about her family, ethnic and socioeconomic background.

115 Kamini's family had been living on her brother's land for the last 20 years. About 10 years ago, Kamini bought 2182 sq ft of land from her brother for Tk. 10,000. Note that her brother did sell this land at minimal price and it was much less than actual local land market prices. Moreover, Kamini could not pay this amount of money to her brother at the same time. She borrowed from NGOs and paid to her brother in small installments and it took several years for her to complete the payment. Now Kamini owned this land. However, Kamini is not now free of debt. When I was conducting this interview in May 2011, she had loans from four NGOs and a debt over Tk. 20,000. Moreover, she stopped her son who was just twelve year-old from going school in order to make some income for her household.

This is a real paradox of microcredit for the poorest in my research area. The poor's ability to borrow money from NGOs, to save for future needs, or to build assets such as purchasing land is a very positive side of microcredit programs. But by no means do NGOs simply solve their problems. While microcredit is not for consumption, saving money to NGOs, neither are starving to increase assets or increasing the burden of household debt, indicators of poverty alleviation.

Now I will briefly describe the view of the microcredit NGO officials on the same question that I asked the non-poor and poor people above and then I will compare and contrast some of the important issues that have so far been identified.

Views of the NGO officials

In order to have an overall idea of how they think about the economic life of the poor without microcredit in the area and to compare and contrast their views with those of microcredit participants, I interviewed NGO officers including workers as well as area-, branch-, and program-managers. Not surprisingly, all the NGO officers and workers stated that the poor must go to moneylenders to borrow money by mortgaging their land documents and would become poorer if there were no microcredit in Rangamati. They also argued that NGOs have created huge opportunities for the poor and if the poor work hard they can earn a livelihood and create assets. They could thus secure a future for themselves and new generations. The area manager of the NGO Proshika, for example, said:

I would say that the poor people would suffer more and they would be poorer. They would have to borrow from local moneylenders on high interest and it would really be difficult for them to come out of the debt cycle of the moneylenders. If you borrow Tk. 1,000 from me you have to give Tk. 120 as interest for a year. But if you would have to borrow this amount of money from moneylenders you had to pay double of what you had borrowed [had to pay Tk. 2,000 loan plus interest]. There were also some other conditions, for example, the borrowers might have to mortgage land documents or gold jewelry to borrow from a moneylender. We don't take away the corrugated tin of the living house, TV, or furniture from our borrowers' house. Rather we consult with them, we discuss how they can overcome their economic crisis or to repay our loan installment and this does work. There are some people who flee after taking loans from us. We cannot collect those loans. But the people who are permanently living in Rangamati we don't have any problem with them and they are repaying our loan installments regularly. (Habib Uddin, 19 June 2011)

This area manager's views exemplify the views I found among most of the NGO officers that I interviewed; microcredit is a blessing for the poor that increases the poor's sense of wellbeing and self-confidence. However, some of the NGO workers reflected both on the positive and negative aspects of microcredit. The branch manager of ASA in Tablechhari in Rangamati, for example, said:

NGOs create an opportunity for the people where one can borrow in the easiest way. If you go to a government bank to borrow a loan of Tk. 5,000 (USD 65), you have to suffer a lot. You might even have to give bribe to get your loan approved. But we give money to a woman by taking just a signature. However, there are also some bad examples because some people have become destitute and homeless by failing to use the loan right way. I have seen such a case in Bowalkhali¹¹⁶. A person took a loan about Tk.100, 000 (USD1, 294) from four to five NGOs through his wife to invest in a business. He lost almost of all of his capital. Failing to repay this loan to NGOs the husband fled away from home, and his wife was still living there. There are some such cases, but this is the worst one. So, loans may become very harmful if people don't know how to use them. (Ashok Tripura, 22 June 2011)

Like all other NGO officials, this NGO manager tries to say that the life of the poor would be difficult without microcredit, especially as the state run or other private commercial banks do not provide loans without collateral. However, he also acknowledges that some people's poverty actually increases after microcredit participation.

As I described above, some people said that they would live better if there were no microcredit NGOs in the area. They argued that they were now living in better houses, but that these houses were not their own. Rather they made them by borrowing from NGOs and their debt had increased, leaving them incapable of paying it off. I took these issues to the NGO officials and asked for their opinions. A loan officer of BRAC NGO said:

Obviously, there are some reasons as to why the people are thinking that they would live better without microcredit. Before participating in NGOs these poor survived on what they could earn by daily laboring or by doing some other jobs. They were more or less happy if they could buy their food, clothes, and other needs. But when we [NGOs] began to provide loans to such people, they became highly ambitious. They began to think that they should leave their previous job [e.g. daily laboring] and should do something better that has higher social status,

¹¹⁶ The name of place in Rangamati and it is not within my research area. Note that I have found many such cases in my research area that people had to sell their land, house, and other asset to repay the loan, some of which I have described in chapter 2.

and so they became indifferent to their previous form of work and source of livelihood. Instead of sticking to some specific job, they seemed to move from one job to another. These people have neither any clear future vision nor any self-determination and experience to be successful in any field. In this context, lack of education or ignorance does matter. (Nahian Hasan, 19 April 2011)

There are several points that can be compared or contrasted with the observations and direct experiences of the microcredit participants. First, according to all the non-poor, NGO officials, and some of the poor research participants, economic life would be harder for the poor if they didn't have access to microcredit. Second, while microcredit NGO officials argued that, with access to microcredit, the poor would have to borrow from moneylenders paying exorbitant interest rates, my research participants reveal that informal moneylending¹¹⁷ continues. What's more, in some instances, this kind of borrowing is increasing specifically to repay NGO loans. Most importantly, many of the non-poor and poor have become poorest after participating in microcredit programs. Third, there are some poor people who argue that their past economic situation was better than their current economic situation. These people view NGOs as bad because they think that there is no significant improvement in their household economic situation, although their burden of debt has increased after participating in microcredit programs. On the whole, the point of view of the all the non-poor and poor, across gender and ethnicities, shows that despite some positive economic and social change for the poor, more poor are living with the burden of debt now than when there was no microcredit in the area. Poor people now have access to both formal and informal sources (i.e. moneylenders) of loans and their dependency on both types of loans are exacerbated mainly because of various structural factors.

117 Moneylending is a continuous practice in rural Bangladesh and especially among the Bengalis in the CHT. While the majority of the Bengalis are the followers of Islam and taking or giving interest is against the Islamic religious norm, the expansion and the continuation of moneylending in rural communities is conspicuous. Before the arrival of microcredit NGOs to rural Bangladesh, the local elites, landlords, *mohajan* or merchants used to lend money to the poor and to collect exorbitant interest. However, the presence of microcredit in rural communities in Bangladesh further contributes to expand moneylending practice even among the middle income and poor families who are using the NGO money for forward lending. People now rarely questions the issue of taking-and-giving interest through moneylending-borrowing in relation to Islamic religious norm.

Below I will concentrate specifically on what kind of change has occurred in the lives of the women who participate in microcredit programs across economic groups, ethnicities, and religions.

Social and Economic Lives of Women in the Post-Microcredit Period across Ethnicities Religious and Economic Class Affiliations

My research locale in the CHT in Bangladesh is home to eight ethnic groups including the majority Bengali and other ethnic minorities locally known as the Pahari. Social and cultural differences between the Bengali and the Pahari population are marked by different ethnic origins, social organizations, and cultural systems (e.g., marriage, social customs, religion). Traditionally, Bengalis are the followers of Islam, Hinduism, and Buddhism. The Pahari in general are followers of Buddhism and Christianity. While both the Bengalis and the Pahari are patriarchal, the Pahari women have traditionally been seen or visible in public spaces before the arrival of microcredit NGOs in the region. So, Pahari women are used to working with men to earn livelihoods. Conversely, Bengali men are the primary breadwinners and women mainly engage in household tasks, as well as some productive economic activity such as rearing livestock. Islamic or Hindu religious rules often restrict Bengali women from actively participating in economic production like their men. It is assumed that the absence of such religious restrictions or other sociocultural practices, such as dowry, gives the Pahari women more social and economic freedom than Bengali women.

Like views of poor households' economic situation in pre- and post-microcredit periods, views on the social and economic life of women vary according to social or economic class, education levels, and personal experiences of the research participants. In this section, I will emphasize women's personal experiences of microcredit programs in terms of their social and economic freedom, their experiences of gender violence, dowry practice, and unequal wages.

Narratives of elder people revealed that there have been visible changes in the area, including increasing rates of education, improved road communication, and healthcare facilities. However, microcredit NGOs cannot be exclusively credited with these improvements because a number of government development agencies and local, national, and international NGOs have been working on education, women's rights and

empowerment, health and sanitation, and livelihood development programs in the area. These NGOs include the UNDP, UNICEF, the Centre for Human Economic and Social Transformation Activities (CHESTA)¹¹⁸, and the Hill Women's Federation. Microcredit NGOs have been working exclusively with women to improve their social and economic lives for more than fifteen years in my research area in Rangamati and it is now time to evaluate how these Bengali and Pahari women are doing. Keeping this in mind, I approached many microcredit officials to ask how microcredit programs have changed the lives of the women in the area. The branch manager of BRAC NGO said:

Definitely, some changes have occurred to the life of women although they pass the loans to their husbands. We are giving money to women, who then give it to their husbands, and through this process their husbands value these women because if we did not give loans to these women these men would not have access to loans. I think this helps to increase husbands' respect for their women. Sometimes we also discuss about various issues related to women's rights in our group meetings. Many women become aware of their rights and responsibilities. I think it contributes a lot to reduce gender discrimination here. Now husbands think before they use any abusive language to their wives and women also protest if their husbands misbehave with them. Besides, social mobility of women, particularly the Bengali Muslim women, has increased. Before their participation in microcredit programs, most of these women used to stay at home. But now they are participating in our group meetings, coming to the NGO office in Rangamati Town, or going to the market to shop. In order to enroll in our program and to apply for a loan every member has to learn how to sign her name, which is obligatory. At least all the women have learnt how to write and to sign their names. In fact, it would be impossible for many of them if there were no microcredit here because we don't give a loan to a woman until she is able to sign her name. (Mahmud Reza, 16 May 2011)

Local people say that since NGOs do not give loans to men, women have to get out of their home and participate in microcredit programs, which has increased the visibility of women in various public spaces. It is true that many illiterate and poor women have learnt how to write or sign their names because of their participation in microcredit programs. A Chakma woman, for example, said:

¹¹⁸ The CHESTA, an NGO, funded by an UK based charity organization that was working for the development of education system in the area, especially for the indigenous communities. In June 2009, I found that a British woman was visiting a junior secondary school and she provided financial support, books and other educational material for the students of this school located in Tanchangya para.

We didn't know how to sign our names. Now we can write our names with a coal on the surface of land and sign on paper with a pen. We must sign on the registry *khata* [book] of the NGOs if we want to borrow money from them. Unless we know how to sign they will not give us a loan. (Prova Chakma, 11 June 2009)

Though many women don't know the "alphabet" or letters and how to pronounce and spell them, they can remember the symbol and just write those letters whenever they need to sign a loan application, NGO office's registry book, village NGO centre's attendance books, and so on. Now the question is whether microcredit programs have had any positive impact on the lives of poor women. I will analyze the ethnographic data according to the ethnic and religious identities in order to identify the extent to which the Bengali women and the Pahari women have achieved social and economic freedoms and what constraints they still encounter in their everyday lives.

Economic and Social Freedoms of Women

In my research, I interviewed both Bengali Muslims and Hindu women who had been participating in microcredit programs mainly for their husbands and for other male relatives such as sons, brothers or in-laws. Socioeconomically, these women are grouped into poor and middle-income or non-poor families.

Some of the migrant and poor Bengali Muslim and Hindu women have been working in different textile factories in Assambasti while many other middle-class and poor women stay at home to take care of the family and perform domestic tasks. Although the latter group of women participates in microcredit programs for men and want to participate in some economic activities, some of them cannot do this because of discriminatory sociocultural values and practices. A Bengali Hindu woman, for example, said:

Officially or legally, men and women are equal but not practically. While there are many men and women working together to improve their economic situation, still there are some men who don't want their wives to work outside with other men. This is because they may have a lack of trust in their wives. That's why there are many women who can't go outside without taking permission from their husbands. I know some women in my neighborhood who wanted to work in textile factories but their husbands didn't allow them to work with other men. The same thing happened to me, too. I have a good plan but I can't realize it because my husband doesn't want me to do that. I need my husband's permission whatever I want to do. (Rekha Das, 26 July 2011)

Clearly, this woman has a lack of "process freedom" (see Sen 1999 and 2007) and she has little or no ability to choose what she wants to do in order to improve her individual

wellbeing. Many Bengali Muslim and Hindu women still encounter such structural constraints and cannot determine their choices, although they have freedom to participate in microcredit program.

Yasmin Khatun, younger sister of Meghla¹¹⁹, lives in Khippapara. I was about to leave after completing a group interview with Meghla and Nita at Nita's house in Khippapara, when Yasmin appeared there. Meghla introduced me to Yasmin. Meghla explained that her sister was in trouble for borrowing from an NGO. I was interested in knowing a little bit more in Yasmin's own words about her microcredit experience and what had made her worry.

Yasmin: I borrowed Tk. 10,000 (USD 130) from Grameen Bank for my husband and he used the loan in our business [a small grocery store]. Now what will we do? We have to purchase food and to repay loan installments through our income from this grocery store. Now I have to borrow money from other people to repay the loan. Now I am also thinking of taking more loans from the NGO ASA. But I don't know what I should do. If I borrow a loan to invest in our grocery store, how will I repay the loan installment to these NGOs?

Ashraf: Don't you have any income from your husband's business?

Yasmin: We have to spend more than we can earn from this small business. In fact, we don't know how much income we have because we usually spend from it when we need. If we don't repay the loan and don't spend on household expenses then we can estimate how we are doing, but it is not possible because we have no other source of income.

Ashraf: Why don't you do anything else to contribute to your family?

Yasmin: What will I do?

Meghla: She is a wife of an orthodox Muslim man; she can't go to work outside with men, as she has to maintain *purdah* [veiling and seclusion]. (Yasmin and Meghla, interview, 25 March 2011)

I could not continue our conversation as Yasmin's husband sent his son to call her home. I did not manage to talk to Yasmin again because her husband did not want her to talk to a stranger. But I have learnt from Meghla and other women in the area that, though he was living in poverty, Yasmin's husband did not want his wife to work outside with other men.

The cases of Rekha Das and Yasmin are not isolated incidences. There are many other men or families who do not want their women to work outside. Societal values that

¹¹⁹ See unsuccessful case study 6 in chapter 2 for more about Meghla and her family.

undermine the Muslim or Hindu women's presence in public remain dominant in this area. Despite the ubiquitous presence of NGOs and women-centred social and economic development projects, the discriminatory attitude against women still exists. Meghla¹²⁰, who has been participating in different NGOs' microcredit programs for more than a decade, narrates how she encountered discriminatory attitudes from men in her society and how she felt about this:

People say that there is no obstacle for women but it still exists here. For example, I work for an insurance company and when I go to different public places for my work many people make comments that hurt me as a woman. Some women throw objectionable comments toward me! Recently, I have had a bad personal experience when my elder daughter was very sick and I was moving around from place to place seeking people's help. I have three daughters and I have no son. My son-in-law beat my elder daughter for dowry. He [her daughter's husband] demanded Tk. 100,000 (USD 1,295) as dowry¹²¹ but I could only manage Tk. 600,00 (USD 777). Consequently, he often tortured my daughter physically. She was needed to admit into Hospital but there was no one to help me. Later, without finding any other options I requested my brother to take my daughter to the Hospital. But he was busy with something else. What should I do in this situation? Should I not go to the medical centre to treat my daughter? I went to Assambasti to refill my prepaid mobile phone in a grocery store and I saw the husband of my daughter's sister in-law. He asked me, "Why are you here? You are a Muslim woman, you should not move freely like a man." He made many such comments, which hurt me very badly. Then, I went to my daughter's husband's house and was looking for him [daughter's husband]. I found his two senior brothers and asked if they knew about his whereabouts. I told them that my daughter's condition is very critical and I needed their help in the hospital. I was a little bit excited and I said: "for dowry all of you went to my house now my daughter is struggling with her life but none of you are helping me to save her. Can you tell me what wrong I did?" Then they said "hey, don't talk that way. Go away from here or we will slap you in the face. Aren't you a Muslim woman? Why are you talking this way? Don't you have a sense of respect and shame? Get lost! Muslim women should not behave like this." (Meghla Begum, 28 February 2011)

This incidence of Meghla is a reflection of how many people and the society in general view the presence and the activity of Muslim women in public space. Women are still constructed as passive rather than active agents. Patriarchal gender ideology defines how a woman should talk and how to interact with men in public space. It seems that a woman

120 In chapter 2, I have elaborated about her personal, social and economic background as well as about her microcredit experience in terms of economic issue, especially why she could not bring any substantial economic change. See section unsuccessful stories/case studies.

121 I will discuss more about dowry in the later part of this chapter.

should not protest but accept injustice without question. While Meghla has not experienced any gender injustice within her household, she has to suffer a lot mentally because of the negative attitudes of other Muslim people in her community. Being a poor woman, she had to struggle to earn her livelihood and to manage her household. She has to take a part-time job at an insurance company and this job required her to talk to people of different strata of the society to find customers. A woman's interaction with a stranger or a man outside of her family may raise questions about this woman's moral character and modesty. She was disappointed with the differences created between the men and women by the society in general. Meghla asked:

When I was studying in a combined school why don't you make a difference between boys and girls? I studied with both boys and girls and befriended them and I managed my educational expenses myself by working in a tailoring shop. Now I am doing a job for an insurance company and I don't see any difference between men and women. Sometimes I notice that people talk about me sitting in tea stalls, restaurant or grocery stores in our locality and I think some of them respect me and others people do not like my free movement in the area. Some people use really bad words that I cannot tolerate. Why are they trying to say that I am bad woman—[questioning her moral/sexual character]—can they prove that? Am I gossiping with a man? I have a husband, relatives, and in-laws and there are some well-wishers who appreciate me and encourage my efforts to build my household's economic base.

In brief, Meghla's story exemplifies how many women in this society suffer from social and mental stress because of the negative or discriminatory attitudes of men and society. Other women in her village propagate similar attitudes too. This is "structural violence" because the discriminatory attitudes of men and of the society at large cause suffering for women in many ways (Farmer 2004 & 2005) and restricts women's freedom to participate in public space for their everyday needs.

There is a common understanding among local people and among scholars (see Halim et al. 2005; Mullick and Rafi 2010) that the Pahari women have more social and religious freedoms than the Bengali Muslim women in the CHT. My research also shows that more Pahari than Bengali Muslim women participated in public life (e.g. market places for selling vegetables, and other products) and worked with men (e.g. in the *jhum* lands) in various economic sectors long before the arrival of microcredit in the area. Pahari women's participation in public spaces is not a new social phenomenon in my research

locale. The fact is that, currently, Pahari women engage in various economic activities more intensively than at any time in the past.

My research shows that sometimes gender identity as male or female blurs the Pahari identity as Chakma, Marma, Tripura or religious identity as Buddhists, Hindus or [converted] Christians. For example, there is no rigid division of labor between Pahari men and women as they both do various household tasks (e.g. child rearing, help cooking food) and simultaneously participate in economic production or in public life. From a religious point of view, community members, who are Hindus, Buddhists and Christians, have more intimate social interactions with each other (e.g. sharing food, participating in cultural program, religious rituals or funeral rituals, etc.) than with community members who are Muslim. Moreover, Chakma, Marma, or Tanchangya introduce themselves to a stranger or other people as “Pahari” instead of using their individual ethnic identity as “Chakma” or “Tanchangya.” While it is understandable that Pahari women have more freedom to participate in various social and economic activities than the Bengali Muslim women in the study area, this is not to say that the Pahari women have equal social and economic rights to men at large. In fact, the difference between the Pahari and Bengali Muslim women is very insignificant because the patriarchal social system disadvantages both the Pahari and Bengali women on the whole. In this case, the contexts and the forms of exploitation or domination may vary but women, regardless of their ethnic or religious identities, have disadvantaged positions in the society.

Priya Tripura was a widow and was living in Assambasti with her two teenager children [a daughter and a son] when I was conducting this research in 2011. Both her son and daughter were studying in secondary school. Her husband had been serving at Border Guards of Bangladesh (BGB) before he died in 2001 from liver disease. As a the head of a female-headed household, she could take decisions over many of her personal and economic issues in her household. However, Priya does not think that men and women have equal social and economic rights in her society. She even has to follow her son’s instructions in many cases, including borrowing from NGOs. Priya feels there is a significant difference between being a girl and being a boy, or a man or a woman in her culture. Priya explained:

A man can wander to and fro freely but a woman can’t do that. If women live like men other people in the society speak ill of them. These women may be accused

of breaching traditional social norms and customs because women's code of conduct is not the same as men's. We women must obey social rules because we can't live our lives as men can. How will men and women be the same? For example, my son goes to Tablechari [a marketplace in Rangamati adjacent to her place] without informing me. He is a [young] man and I do not worry even if he comes back home at 10 PM or later. Conversely, if my daughter goes to my neighbor's house next to our home yard I will have concerns until she comes back home. Even when she is in school I am not tension-free. Although women work in textiles, farming land, in the hills or participating in NGOs' programs they cannot do anything without permission from their men, husbands or male guardians. My husband is late, and now we are three people in our household. Although I am the household head, I do not do anything without consulting with my son. I ask my son when I am going to borrow from an NGO. Sometimes my son forbids me to borrow thinking that I might suffer if I cannot repay the loan on time. My son does not want NGO workers or women in the group centre to mistreat me because of my inability to repay the loan on time. That is why he doesn't want me to borrow from NGOs. (Priya Tripura, 12 May 2011)

Dominant patriarchal societal norms, ideologies, and values differentiate between girls and boys and thus men and women in this society. A girl is seen as more socially vulnerable than a boy. This dominant social and cultural belief shapes and perpetuates gender differences here. Thus, many mothers, like Priya, are more concerned with their daughters than with their sons because their daughters seem more vulnerable, with little or no capacity to protect themselves in the same ways that their sons can. Priya's daughter is thus socially and sexually more vulnerable than her son because being a girl means she faces increased chances of being stigmatized by society for breaching societal norms (e.g. getting involved in a sexual relationship). Gender difference remains unchanged in this society because few people consider men and women as equal.

As a widow, Priya has significant economic freedom and she can make many economic decisions by herself (i.e. process freedom). In this context, a further question is raised: how do poor women, living with their husbands, experience their social and economic freedom? Do women have control over their own income? I argue that this question deserves thorough investigation in order to determine women's actual economic capability or personal, social, or economic freedom. Controlling one's own income is also very important to determine gender equality. I asked this question to many of my female research participants who had participated in both microcredit programs and in some economic activities. Their answers vary according to their households' social and economic situation, their educational status, and above all their everyday personal

experiences. Here are some of these narratives extracted from different interviews based on their social and economic class. A poor woman who works in textiles and made clothing at home said:

Although women are ruling our country¹²² it is true that in our everyday lives we women have to follow the command of our husbands. If my husband asks me to borrow from an NGO I am bound to do that. If I don't follow his command my husband will be angry with me. The women who don't have any income face more difficulties than those who do. I don't face such a problem as I am working in textiles and my husband has a timber business. We have income to manage our family. (Shamoli Marma, 13 May 2011)

An educated woman with decent employment said:

Some women give their income to their husbands and some of them can spend it themselves. It varies based on the demand of the situation and for what purpose they need to use the income, whether it concerns collective household needs or a woman's usage for personal matters. Sometimes it might happen that a husband needs some money for the family. In this situation, wife has to give it to her husband. If a woman earns Tk. 5,000 (USD 65) in a month, she might give about Tk. 2,000 (USD 26) to her husband to spend for the household and she will spend the rest of the money for her children and herself. For example, they can spend for purchasing dress, ornaments, and cosmetics for themselves and for their daughters. They might use it for buying some furniture such as a sofa set, dressing table, TV, etc. (Beauty Marma, 15 May 2011)

If women transfer their incomes to their husbands for the common wellbeing of their families, there is no question of male domination or gender power relations. It is common in this society that both husbands and wives have to contribute financially to their households and women usually leave many things to men to decide (e.g. spending the common household income). However, it is men in the poorest households, rather than women, who take the leading role in the household's affairs and controls' economic issues, including controlling women's own income. I was talking to the two poorest women, Shadhana and Maloti Chakma. Both these women and their husbands were day laborers.

Ashraf: What is the difference between men and women?

Shadhana: We have to listen to our husbands about every aspect of our daily life and we can't do anything against their will. Though we sometimes go to market, or to a grocery store to buy household items such as food for our family we have

¹²² Note that the current Prime Minister and the Leader of the Opposition both are the women, and they are ruling Bangladesh since 1991 by turn.

to get permission from our husbands. They tell us what to buy and how much to spend.

Maloti: Although we work and earn money it is not ours—we have to give it them [husbands].

Shadhana: After collecting money from our employers we have to give to our husbands.

Ashraf: Can you describe what kind of changes happened in your own lives or in the lives of other women after microcredit program participation here?

Shadhana: I don't see any such change. We women can't live our lives as we want because we are dependent on our husbands for every matter. I can't go anywhere without having permission from my husband. I borrow from NGO for my husband and my husband spends it. He buys food for the family and I cook and serve it to him and my children. If I am late for preparing or for serving food to him he rebukes me. (Shadhana and Maloti, 14 May 2011)

Women participate in microcredit programs and earn money by day laboring, but all of these decisions are made by men rather than by these women themselves. A woman may want to use her income for personal needs or giving to her poor parents, but her husband might ask her not to do so. This limits the women's personal choice and freedom to spend money as they wish, and thus it is a constraint for women's empowerment because they have little ability to choose or make decisions about social and economic issues.

As I have indicated in chapter 2 (see Case Study 3), Usha had been deprived of her economic freedom despite making important contributions to her household's overall economic improvement. Both Usha and her husband worked, but her workload was two to three times heavier than her husband's. Her husband had one job: teaching in a primary school. But Usha has to do both paid and unpaid jobs: working in local textile factory, producing handicrafts at home to earn income, as well as doing household tasks such as cooking for the family, collecting firewood, and much more. She earned income but could not dispose of it, as her husband controlled her money. She was accountable to him for her income and expenditure, and if she refused to hand over her income or to spend money as her husband commanded, this led to conflict. Usha expressed her discontent about her personal life and gender inequality in the following manner:

People say that men and women are equal, but that is not true. The difference between men and women is huge. I don't see any possibility of reducing such gender gap. There is no freedom for women. I have no freedom to spend my money, my own income to spend, as I like. My husband asks me to give details about my personal income and expenditure and so I have to inform my husband

how much I have earned and how I have spent it. He asks me “how much money have you made?” But he will never tell me how much money he earns and how he spends it. I never dare to ask him about it. He will not tell me because he is a man. He will become angry with me if even I dare to ask him about his income. (Usha Tripura, 17 June 2011)

Thus, Usha’s microcredit participation does not free her from social and economic injustice. Instead, she has been suffering from mental and physical afflictions. Her husband has beaten her several times for refusing to act in accordance with his decisions. Now she hardly cares about opposing her husband’s will, instead she tries to live her life as her husband wishes. Clearly, Usha has been the victim of male domination.

Ashraf: But why didn’t you bring this issue into the consideration of the NGO workers as they are working for women’s empowerment?

Usha: Nobody will feel comfortable to talk about his or her personal husband-wife relationship in an NGO centre. I don’t think that they can do anything if a woman tells them about her problem. Instead, there might be some negative repercussions if a woman reports such as internal family issue to strangers in public place. If I tell my personal problems with my husband to the NGO centre things might be worse. My husband might be angry and the situation might become more complicated. For example, he might dissolve our marital relationship. That is why many women don’t dare to do that. Social consequences of this might not be pleasant for the women. There are many husbands who depend on their wives’ income. They are bias and discriminative in their personal, social and economic behaviors. My husband is one of them.

Like Usha, many women are aware of gender injustice, yet they comply with this kind of male domination (see Bourdieu 1990; Lukes 2005). Few women seek legal action or share their personal and family relationships with other people—brave acts considering the negative repercussions of such actions (e.g. further abuse). Therefore, Usha’s microcredit participation had little positive impact on her individual freedom, especially her control over her own economic resources.

My research shows that the participation of both Pahari and Bengali women in economic activities has increased in the recent years and more women from different ethnic groups and religions are working with men to contribute to their households economically. Women’s experiences of social and economic freedom are also shaped by a number of individual and structural factors such as educational background, existing economic situation, and household type (male-headed or female-headed), and cooperation from men. While individually some women in the non-poor families have achieved some social

and economic power, women in the poorest households have very limited power and they are subordinated within their household or in the more extended family. Moreover, the discriminatory attitude of the society toward women has not changed yet and girls and women are still considered vulnerable and subordinate in many different ways. From this perspective, my research findings contrast with the view of the NGO officials that claim that women's participation in microcredit programs and in the economic activities outside their households contribute to reducing gender discrimination or economic exploitation by men.

In the following section, I use ethnographic examples of dowry to examine whether microcredit programs play a positive role in challenging or reducing this discriminatory social-cultural practice.

Microcredit, Dowry, and Gender Violence across Ethnicities and Religions

There is a common anthropological understanding that dowry tends to be typical of situation where the population is very dense, resources such as land are scarce, poverty is very high, or where women make limited or no economic contribution to the household. Conversely, the exchange of bride wealth practices prevails in society where population density is low, households are economically affluent and social status and prestige is associated with controlling of female labor (Bohannon 1955:70; Graeber 2011:179). In the context of Bangladesh society and culture, it is the former that has been traditionally practiced and in recent years the practice has become more widespread and demanding. In the mid-1950s, anthropologist Paul Bohannon argued that the introduction of a money economy led to an inflation of bride wealth among the Tiv in Nigeria, as now not only subsistence goods but all kinds of other things were available and could be demanded. Although a different context and time, the availability of microcredit and consumer goods has similarly inflated the practice of dowry exchange in Bangladesh.

All microcredit NGOs and the Nobel Peace Prize-winner Grameen Bank have some basic organizational objectives and principles such as the elimination of dowry practice from Bangladesh society, which they view as part of their mission to empower women. The Grameen Bank describes this objective of eliminating dowry in its 16 Decisions. Decision

number 11 reads: “We will not accept a marriage dowry for our son and we do not give one to our daughter at her marriage. Our centre is against this practice.”¹²³

However, not only have dowries dramatically increased among the population that has practiced it for centuries but the practice has also emerged amongst people who have not, until now, had such social and cultural practice. Some past studies on microcredit, which were conducted among the Bengalis of the plains districts, demonstrated that the practice of dowry exchange has risen significantly among all borrowers (see Karim 2011; Faraizi et al. 2011; Rozario 2002; Uddin 2013). Some of these studies show that not only do NGO managers and staff practice dowry practiced, but they also encouraged borrowers to continue the practice. For example, a decade ago, while conducting a study on the Grameen Bank’s microcredit program in Bangladesh, Santi Rozario, observed:

Despite the prominence given to the elimination of dowry in the principles ritually recited at GB meetings, hardly any families refuse to accept payments at their sons’ marriages, and none can afford to refuse to give dowry when their daughters marry. Dowry is also practiced by the staff of microcredit organizations and this is usually not a secret. (2002: 69)

Lamia Karim in her work the “economy of shame” explains:

With the availability of NGO loans, dowries were no longer tied to the tangible assets of the family (the land they could mortgage to pay the dowry) but rather to the loan-generating potential of the women in the family. Several times I heard NGO officers encouraging poor people to borrow to pay off their daughters’ dowries instead of begging. (2011:83)

In a more recent study on microcredit program conducted among the Bengalis in Sylhet, a northeastern district in Bangladesh, Jasim Uddin showed that microcredit programs have increased the practice of dowry. He describes:

I found that microcredit is strongly related to gift giving at marriages. The programme has increased the practice of giving marriage gifts, that is, now many people take microcredit to bear the cost of the marriage gifts. (2013: 83).

My research shows that dowry practice and dowry-related domestic violence has increased in Bengali society and is emerging among the Paharis, who had never been familiar with the dowry exchange until as recently as a decade ago. In other words, while

123 The 16 Decisions of Grameen Bank. <http://www.gdrc.org/icm/grameen-16.html> (accessed on 9 November 2014).

dowry¹²⁴ is a common sociocultural practice among the Bengalis in the CHT as well as other parts of Bangladesh, it has been newly incorporated into Pahari cultural and economic practices. Traditionally, the Pahari men or their families do not demand any dowry from the bride's families. I have found that, more recently, many Pahari families have to give various gifts including TVs, furniture, gold jewelry and other gifts for their daughters' weddings. In this section I describe several stories of dowry practiced both by the Bengalis and Pahari and demonstrate that the adoption and practice of dowry by the Pahari (though they call it gifts) is shaped by their cultural contact with the Bengalis as well as the presence of microcredit in the study area. There is a significant relationship between poverty, microcredit availability, dowry and the increasing rate of violence against women.

Traditionally, both the parents of the brides and grooms settle the issue of dowry and other material exchange prior to an arranged marriage. The parents of the brides try to provide as much gold jewelry and other items as they can. The issue of dowry payment is not as much of a concern for wealthy parents as it is for poor parents, regardless of whether the marriage is an arranged marriage or a court marriage.¹²⁵ Traditionally, the parents of the bride are not supposed to pay dowry if their daughter has a court marriage. I asked Anjana Baru,¹²⁶ a poor woman, if she had to pay dowry for her daughter who had recently eloped to marry. She said:

Yes, we have to give some money or at least some gifts based on our financial ability or the demand of other party. But my daughter's case is different because she fled from the Christian Mission School Residential Hostel with a boy and later

124 I have already given a brief discussion about the use of microcredit for making dowry payments and/or for purchasing entertainment technologies by the poor Bengali parents in chapter 2.

125 According to the local understanding, "arranged marriage" differs from court marriage in the sense that in arranged marriage parents have absolute authority to decide whether a marriage is possible between a man and a woman. In this case, a man and woman may have prior personal interaction or they may be known to each other and even they have had love affairs. A formal proposal for marriage from one family or parent must be done to confirm that both parents are agreed to follow legal, social and economic procedures and transactions. Court marriage occurs when both a man and a woman agree to marriage each other but there is a possibility that none of their families may accept this marriage. In this situation, if both of them are 18 years old they can go to a local magistrate court to complete their marriage maintaining all other legal and religious code of conduct. I use "love marriage" and "court marriage" interchangeably.

126 Barua is the last name of the Bengali-speaking ethnic and religious minority group live mainly in CHT and they follower of Buddhism. For more detail see at [http://en.wikipedia.org/wiki/Barua_\(Bangladesh\)](http://en.wikipedia.org/wiki/Barua_(Bangladesh)) (Accessed on 15 November 2014).

she had got married with him. She had an affair with a Barua young man, the same ethnic group we belong to. It happened about a year ago when she was studying in class 7 in the Rangamati Christian Missionary School. Her husband is a CNG [Compact Natural Gas] auto rickshaw operator. He is a good man. Since this marriage was not an arranged marriage we have not had to pay any dowry yet. However, we couldn't bring our daughter, her husband and her in-laws to our house because we needed some money for a family get-together. (Anjana Barua, 14 May 2011)

Most poor parents have to pay dowry if their daughters' husbands demand it. In case of a court marriage, the marital relationship as well as the social relationship between two families, is usually fragile. This type of marriage may not last long, especially if the bride's parents fail to fulfill the social and economic expectations of the groom's family. In this situation, many poor parents go to NGOs to borrow money to make their daughter's husband and in-laws happy.

In this section, I demonstrate how dowry payment has been a new cultural practice among the Pahari and how domestic violence against young women has increased over the issue of dowry among the Bengalis, both Hindus and Muslims. At first, I describe changing wedding rituals and cultural practices related to Pahari marriage such as bride price and the incorporation of dowry because of recent social, cultural and economic changes. Then, I describe the situation of dowry and violence against women in the Bengali community. I also demonstrate how microcredit is often used to pay dowry and to meet other marriage-related costs.

In the past, if a Pahari man such as Chakma, Tanchangya or Marma would want to marry another Pahari young woman, the parents or the guardians of the man would have gone to the woman's parents with a formal proposal of marriage. If the potential bride's parents agreed to give their daughter in marriage, the man's parents had to provide a bride price such as a pig, hens, local wine, or some other items, which were used to provide a feast for the guests during the day of the wedding ritual. Seeking the bride's parents' blessing was also a part of this process of giving gifts by the groom's family. In fact, there was a level playing field for the both parties. The Pahari brides and grooms also had to go through many different customary rituals during weddings. However, most of these cultural practices are changing or disappearing now. Some of this change has occurred because of the Pahari's intimate contact with the Bengali culture, the increasing rate of education in the community, and other social and cultural and economic changes. Change

in religious education or religious denomination of some of the Paharis has also led to changing marriage rituals in the area. Moreover, changing the wedding ritual has brought a significant change in gender and community relations because the new form of marriage ritual de-emphasizes the power of kinship and community roles, especially as social solidarity around marriage is very absent now. A Chakma man, for example, said:

There have been some changes in the marriage system. Previously we used to celebrate marriage ceremonies with great enjoyment and cheerfulness because there was the participation of the whole community in such social event. We used to serve food to the wedding guests. We used to eat food on banana leaves while sitting in the open place such as home yard in rows. However, this traditional practice no longer exists. Now people go to the decoration shop and they order chair, tables, plates and other utensils to arrange such a social event. There is also a change in the marriage rituals. Previously both the bride and groom had to seek blessings from parents and relatives by sacrificing animals and providing feasts sometime after marriage, but we left this practice because in our religion [Buddhism] it is seen a great sin to slaughter an animal. Now we use beverages such as coco-cola, sprite or other consumer goods available in local departmental stores to seek our parents or elders' blessing. (Sanjib Chakma, 20 June 2011)

Another research participant Risti Chakma, a 55 year-old man, said:

Changes have occurred in the marriage systems of different ethnic groups here. Many Chakma women and men now wear the marriage ceremony dress of the mainstream Bengali people. For instance, Chakma women or girls are now wearing tikli or a tiara [a jewelry is worn on the forehead], nakful [a jewelry is worn on the nose] and saree like a typical Bengali bride. Change has also been occurred to observing pujas [prayers] during the wedding ritual. Earlier the marriage guests, the groom, the bride and other people had to observe the wedding rituals with a great reverence following their ethnic or traditional marriage rules. But nowadays these rituals are performed just for maintaining formalities. Even in some cases, the newly married couples do not perform these rituals. Thus, many of our traditional wedding rituals are disappearing fast. (Risti Chakma, 28 June 2009)

With these changes in marriage rituals and changes in kinship or community relationships, a new form of gift-giving has been added among many Paharis such as Chakma, Marma, and Tanchagya, with gifts given either to the bride or the groom by the bride's parents and relatives. While Paharis rarely call this practice dowry, it is essentially what a typical Bengali parent does during the wedding ceremony of his daughter. Sometimes the groom's family may demand dowry from the bride's parents, but most of the rich or wealthy families willingly provide gifts or economic benefits to grooms in different forms.

According to the narratives of my research participants, although giving or demanding dowry is a criminal offence in Bangladesh, the practice has increased among the Bengalis, whether Muslim, Hindu, or Barua, and among the Pahari, I have found many cases where the Pahari parents pay dowry in consideration of the wellbeing or a happy conjugal life of their daughters. Mohi Chakma, for example, said:

Paying dowry is not a part of our traditional social-cultural practice and our Paharis don't give dowry for their daughters' marriage. However, I had to give something [gifts as dowry] to my daughter and son-in-law. I gave some gold jewelry to my daughter and some other gifts (e.g. TV, furniture, watch, etc.) to the groom's family. (Mohi Chakma, 26 March 2011)

In another instance, Shipon Marma, a male research participant, had to borrow from microcredit NGOs and from his relatives to pay dowry for his daughter's marriage with a Tripura man. Shipon said:

We are Marma but the groom is a Tripura and he follows the religion of Hinduism. We are Marma and followers of Buddhism. Actually, there is no restriction on interethnic marriage, especially among the Paharis. Women just have to follow the religion of their husbands after marriage. In our culture, we don't have to pay dowry to the groom's family, but I gave a gold ring to my son-in-law and an earring to my daughter. I spent some money to arrange a feast for guests, my relatives and neighbors. It was a small arrangement and I couldn't make it a grand ceremony because I had to manage the money by borrowing from NGOs and my relatives. (Shipon Marma, 28 March 2011)

This is how a cultural practice, dowry payment, of the Bengalis now has been integrated into the marriage system of different ethnic groups, who had never previously practiced it. Dowry is an emerging cultural practice among these ethnicities because of their increasing interactions with the Bengalis, social and cultural change, and the availability of microcredit NGOs. Giving or receiving dowry or gifts is closely related to the status of both brides and grooms' families and the bridegrooms themselves in my research area. People connect the material value of dowry a groom receives from his wife's family to the individual and social importance of the groom. Moreover, parents believe that through their paying dowry their daughters will have a respected and happy conjugal life in their husbands' houses and a good social relationship between the two families will prevail. However, a dowry does not always strengthen social bonds between families. Instead, if the groom or his families have very high expectations of the bride's parents and they are unable to meet these expectations, the situation might be worse. In such a situation, there

is the possibility of increasing domestic violence, marital breakdown, and other family or social problems.

The prevalence of dowry among the Bengalis is very high and I have found many indications of young married girls and women being beaten or abused physically and mentally both by their husbands and in-laws such as husbands' mothers and sisters in order to get a dowry. It is common among many of the poor Bengali families to borrow from different NGOs to meet the demands of their daughters' husbands or to save their daughters from the violence committed by these husbands and in-laws.

As I have discussed in chapter 2 and briefly earlier in this chapter, Meghla's elder daughter's husband had demanded Tk. 100,000 (US\$ 1,295) from Meghla so that he might go overseas as a migrant worker. In order to create pressure on Meghla, her son-in-law often beat her daughter badly. On February 27, 2011 when I went to visit her home I found her daughter was lying in bed and her forehead and nose were badly injured. Since I had very good rapport with Meghla and I often visited her place and talked to her during my research in Rangamati she was comfortable to share the story about her daughter. When I asked what happened to her daughter and why she was injured, Meghla narrated:

My daughter became romantically involved with a young man and they got married. My daughter was only 15 years old and was studying in a junior high school in class eight. On the way to her school, my daughter was involved in love affairs with this man, who was 28 years old. They [the man and his relatives] made a false birth certificate showing the court that she was 18 years old to legitimate this marriage. Interestingly, the date was even three years before my marriage. After this marriage, the guardian of this man demanded Tk. 100,000 (USD 1,295) as dowry to send him to overseas. I could manage Tk. 60,000 (USD 777) and then I requested them not to demand any more as I was already in debt. They did not care about this and my daughter is now in trouble. Her husband's sisters (three sisters) and her husband tied to force her to sign a divorce letter. My daughter did not agree. They beat her and then she was admitted to hospital. Unfortunately, now they are constantly pressuring my daughter to leave her husband willingly. Now she has been living with us and we do not know what Allah has written in her destiny! (Meghla Begum, 27 February 2011)

Like this woman, many Bengali women have to use NGO money to pay a dowry. If the parents do not have the ability to fulfill these dowry demands, their daughters may become the victims of severe domestic violence.

While it is not common, there are some cases of Pahari men marrying Bengali women and torturing their wives to have dowry. Mira Mitra, a 45-year-old Bengali Hindu

woman, had been in great trouble because her son-in-law beat her daughter seriously for dowry. When I was interviewing Mira about her microcredit participation in March 2011, her elder daughter had also been living with her family. Her daughter married a Tripura man who was living in the same community. Ethnically, they are different from each other but both families are Hindu. I had a conversation with Mira about how her daughter was beaten by her husband for dowry:

Ashraf: Why didn't your daughter live with her husband?

Mira: How will she live with him? Her husband is not a good person. He often beat her very badly. You can't imagine the intensity and cruelty of the physical violence that this man committed against my daughter. Her husband used to torture my daughter for dowry, though this marriage was a court marriage. His family member also abused my daughter.

Ashraf: Did you give any dowry?

Mira: No, I didn't give any money for this purpose but I would have given if this family had a good relationship with my daughter. Why will I give money if you beat my daughter, torture her ruthlessly? Why will I give you dowry if you don't take care of my daughter? However, I had a plan that if they would not torture my daughter any more I would give them some money according to my ability. But what I observed later was really pathetic.

Ashraf: What kind of torturing was it?

Mira: What will I say? My daughter was beaten violently by her husband even the day before she gave birth her child. He tried to kill both my daughter and our grandchild. He had almost damaged one of the eyes of my daughter, and there are still numerous signs of ruthless physical torturing on her whole body. We have kept photographs of them for records. He even used a sharp knife to try to cut her throat. Later, we decided to bring my daughter to my house and now she is living with us with her kid.

Ashraf: Did you seek support from local community members?

Mira: Oh! What are you saying? It was not one or two times, you can say it is more than hundred times we went to their doors and requested them to solve this problem. We went to local government representatives [Mayor, councilors, members], headman and other local influential people, but nobody helped us. We wanted to take a legal action against her husband. We had prepared all the legal documents and evidences of physical torturing and violence but we could do not anything because none of the community leaders supported us.¹²⁷ Instead they

¹²⁷ Note that in order to file a case in local police station this woman needed a forwarding letter or statement from local government representative or the community leader that the incidence that happened could not be settled through community arbitration. It is also a provision that this woman should have a list of three persons from her community who will express their intention that they will act as witness of the incidence of gender violence/demand of dowry. Without such documents or support it is not possible for filing a case.

threatened us not to proceed with this issue. If we had been able to go to the court, he would have been punished as we had clear evidence of critical physical torturing. We could have justice if local leadership had assisted us. (Mira Mitra, 29 March 2011)

This interview demonstrates that the practice of dowry is very prevalent in the area and it is a social expectation of the husbands' families that they will receive dowry from the brides' parents. Mira was living in poverty and in debt because of her husband's several business failures (see in chapter 6). Mira could have given some money as dowry to her son-in-law by borrowing further from NGOs, but she did not do it thinking that her daughter would not be able to live happily with this man. Now her daughter was working in a textile factory and thus she was able to earn some money for her living.

Both Meghla and Mira's daughters had court marriages rather than arranged marriages. Depending on the economic situation of the parents of the brides, they offer some gifts to their daughters and to the daughters' husbands willingly, especially if there is no demand for dowry from the grooms' families. As these two stories suggest, however, court marriage or marriage through elopement does not relieve poor parents until they pay some dowry or come to an agreement with the parents of the groom. Consequently, many poor parents resort to microcredit to pay dowry for the wellbeing of their daughters. These stories also show that both direct violence (e.g. physical torturing) and structural violence (see Galtung 1969; Farmer 2004 & 2005), either in the form of intimidation and mental or social pressure against the brides and their parents, exacerbate existing poverty because these poor parents now have to borrow more to pay the dowry, to manage medical costs, or to recover the working days they lost.

Economic consequences of dowry can be critical if the parents are very poor. Rekha Das, a middle-aged Hindu woman, shared with me how her poor mother managed dowry payments for her two younger sisters and how this pushed her into the risks associated with multiple debts. Rekha described:

My parents were very poor. My elder sister's marriage had broken up as my parents failed to pay dowry. Later, my mother enrolled in Grameen Bank and ASA to borrow some loans for her dowry payments. My mother used to work as a maidservant to repay the loans. She had to spend more money for the marriage of my younger sister. The bridegroom's family demanded Tk. 30,000 (US\$ 388), a color TV, and two set of gold ornaments (jewelry), which cost about Tk. 14,000 (US\$ 181). My mother managed most of this money from her personal savings and loans from NGOs. My elder sister and I contributed some money. My mother

has still been with the Grameen Bank and ASA. My mother and younger brothers had to work hard to manage the loan installment to these NGOs. Still they are bearing the burden of the debts for our dowry payments. (Rekha Das, 26 July 2011)

This statement shows that dowry in the Hindu community is obligatory and without paying dowry poor parents may not be able to give their daughters in marriage. Like this woman, many of Bengali women have to become involved in multiple borrowing to fulfill the dowry demand of their sons' in-laws. Previously, poor parents would give a watch, a bicycle, and some furniture such as a cot or a radio as dowry to son-in-laws during their daughter's marriage. They had to give some jewelry, usually gold, to their daughters. Now the latest model of TV is added to this long list. Consequently, poor parents face difficulties when a daughter's prospective husband demands these technologies. The availability of microcredit NGOs helps them to fulfill the demand of their son-in-laws, but these poor parents have to sacrifice a lot for it. Interestingly, microcredit emerged to empower women and to eliminate gender discrimination, but by providing loans for dowry payments these NGOs are not only perpetuating this social inequality but also pushing these poor parents to risk multiple debts. Like debt, the obligatory requirement of dowry payment is also a liability and burden for the poor. While the poor parents can pay dowry by borrowing loans from NGOs, they are also trapped into another debt obligation to NGOs. The parents are not relieved from debt relations. For most people, paying dowry for daughters' marriage and repaying the debts by working hard and starving is seen as natural and a moral obligation or responsibility. But discriminatory sociocultural practices such as dowry, a form of structural violence, not only burdens unmarried girls but also intensifies suffering for the poor and perpetuates inequalities (see Farmer 2005). On the other hand, both microcredit NGOs and the transnational companies that produce such entertainment technologies, are continuing to expand their markets and making more money.

Needless to say, microcredit has little or no role in eliminating this harmful cultural practice that perpetuates gender inequality and treats women as inferior to men. My research has not found any instance where microcredit NGOs or any other NGOs and human rights organizations take any effective roles in challenging such gender violence. If women's empowerment is meant to increase their capacity to make their own choices or to enhance their individual freedom (see Sen 1999; 2007), the stories of Meghla and Mira suggest that dowry requirements cause further disempowerment and vulnerability for both poor parents and married young women. Moreover, these poor parents are deprived of justice because of the lack of social support networks. In my research, I have found about a dozen women who were destitute and widows. There are also some cases where their husbands abandoned their wives with small children. Most of these women and their parents were very poor and these women managed their livelihoods by working as maidservants in other people's houses; some women worked in local textiles, some

made wine to sell to local people, and a few had to sell their bodies as prostitutes to survive. In most cases, these women's husbands have remarried and are now living with new wives elsewhere. Reasons for abandonment are mainly economic such as the demands of dowry. Sometimes husbands may leave their wives because their wives refuse to borrow from NGOs for them. Sometimes if a man finds that a second marriage will provide a better economic life (i.e. getting money from the wife's parents), he may leave or issue a divorce letter to his first wife. Sometimes men may hide the information about their first marriage when they proceed to their second marriage. This is particularly widespread among Bengali migrants who have migrated to Rangamati from plains districts of Bangladesh to my research area of Asambasti, either to search for employment or as part of the Bangladesh Government's resettlement policy. Sometimes it happens that both abandoned mothers and their daughters have similar experiences of discrimination, their husbands having a second marriage for various reasons.

The ethnographic examples that I have described here show that women still suffer from gender discrimination and that microcredit NGOs have little or no role in addressing this issue. These stories reveal that both violence and dowry practices are increasingly prevalent in society. In fact, setting an objective of eliminating gender inequality or discriminatory social practices like dowry is not the same as acting practically to achieve this goal (see at the beginning of this section about the NGOs' official goal).

Conclusion

In this chapter, I have provided numerous ethnographic examples drawing from a wide range of research participants across social and economic backgrounds, genders, ethnicities, and religions. This chapter was divided into two major sections. In the first section, I considered the poor populations' economic life with and without microcredit programs in the study area in Rangamati based on subjective views of the NGO officials, the non-poor, and the poor microcredit participants. Overall, according to most of the research participants from all these three categories, the economic life of the poor would be harder without microcredit. From this perspective, microcredit has some positive role in helping the poor to survive instead of dying by starvation. Microcredit also has important roles for the non-poor or for the relatively less poor population as it has enabled

them to advance their overall economic situation. However, most poor households cannot achieve the goal of financial sustainability through microcredit. Reasons of the poor's failure to escape poverty are multi-faceted. A host of structural and other factors, include NGOs policies and practices of rigid loan repayment, which are inconsistent with local economic systems, existing household poverty, lack of social power, lack of capacities of the poor, and other factors such as life contingencies and lack of opportunities explain why many of the poor cannot change their destiny with microcredit. In many cases, the poor have failed not only to bring about any positive socioeconomic change they have even increased their dependency on NGO money for survival. The poor's increasing spending on household needs, the rising price of food and other daily household essentials, and the lack of household income continues to fuel their economic dependency on NGOs.

These findings also reveal that moneylending has not disappeared, contrary to what microcredit NGO officials claim. Rather, moneylending has increased in different forms. Now even the poorest of the poor have access to moneylending because of the availability of these NGOs. This further worsens the situation of the poorest in terms of their growing debt. It seems that this burden of debt leads many of the poor and the poorest to describe their past economic life as better than now.

In the second section, I addressed the issue of women's individual experiences of social and economic freedom in their lives after their participation in microcredit programs. My research shows that women's experiences of participation in the productive economic sector are largely shaped by the existing economic situation of their households rather than just their ethnic and religious identities. Women also assess the impact of microcredit upon their lives not just in terms of their participation in public life but also in terms of the economic self-reliance they have achieved. The notion of gender equality varies vastly across contexts, ethnicities, and religious and economic class affiliations. These aspects of gender relations have never been explored in relation to the impact of microcredit in the CHT in Bangladesh or elsewhere. I have assessed whether the microcredit programs have effected any positive change in women's lives and how the women perceive this change. Despite some positive changes in the domains of women's social and economic power, women are often dominated socially and economically either

by their men or by the society at large. Many of the women are now earning income but few women can control it, especially as the men are expropriating their money.

The microcredit program has a direct link with the expansion of some negative social and cultural practices such as dowry. In particular, the practice of dowry is emerging as a new cultural and social system among Paharis despite being largely absent in the past. I have demonstrated that violence against women is often related to dowry, and microcredit NGOs has little or no role in addressing this type of violent act against women in the research locale. In fact, dowry has become a common pretext for violence against women.

8 Conclusion: Applied and Theoretical Significance to Anthropology

Some doubt whether microcredit activities have any impact on the lives of the poor. They claim that the poor are becoming poorer. GB [Grameen Bank] has 83 lakh borrowers who constitute a major part of the total microcredit borrowers in the country. Whether we did it or someone else did it, the poor are definitely not getting poorer. These poor people have Tk. 6,000 crore¹²⁸ in deposits in Grameen Bank. You cannot say there is no impact on their families. Their children are in schools, GB is giving them education and scholarships. So, a new generation is coming out of this. If you are looking for the impact, there are many ways to see that. You can look at savings, loans, deposits, children and the quality of housing. It is not that everybody has gained from it. There might be some who could not. It is as following: You open a school, you take students and in the final exams, not everybody gets first class. Some get first class, some get second, and some get third. People used the money in different ways – under different circumstances. Some lost out, some gained a little bit while others gained a lot. (Muhammad Yunus)¹²⁹

“Jar agae tar lav jar nai tar guna-er” (He/she who has something is useful but who has nothing is harmful for him/her). (Chakma proverb, stated by Binodini Chakma, 31 July 2009)

I began the introductory chapter of my thesis with two different statements (see page 1) that described a contrasting view on the impact of microcredit on the poor population: while microcredit pioneer Muhammad Yunus argues that it is possible to send poverty to museums, a Chakma woman says instead that the poor are becoming poorer. That is, proponents claim that microcredit is a blessing for the poor but local people have a different view.

Here in this concluding chapter, I have begun with a local Chakma proverb, stated by a Chakma woman, and a statement of Dr. Muhammad Yunus because these statements illustrate the opposing views of whether microcredit actually benefits the poor it was introduced to help. In my thesis, I have made an attempt to reflect on the complex

128 Crore is a unit in the Indian numbering system and 1 crore equal to 10 million (10,000,000).

129 Professor Muhammad Yunus talks with Arun Devnath and Md Fazlur Rahman of The Daily Star in an exclusive interview, the first time after his resignation from Grameen Bank. See more detail at <http://archive.thedailystar.net/newDesign/news-details.php?nid=187212> (accessed 31 October 2014).

realities of microcredit programs and the everyday social and economic conditions of the poor women and their men. It is not my intention to demonize microcredit NGOs, the Grameen Bank, or Dr. Muhammad Yunus and others who prescribe microcredit as panacea of poverty alleviation. Neither do I aim to defend those poor who spend the microloan to purchase consumer goods instead of using it in entrepreneurial production. What I have tried to do in my thesis is to reflect the actual experiences of the poor and the poorest population with microcredit and their everyday social and economic life in the research area in Bangladesh. No doubt, microcredit has many positive outcomes for the non-poor people. But I have never found a poor or very poor household that has graduated to non-poor status through microcredit. Instead, most poor households have encountered unbearable burdens of debt, dependency, and humiliation. I contend that most of the poor struggle with microcredit and cannot utilize it to escape from poverty. The sentimentality written in to microcredit program descriptions should not triumph over the realities that the poor live with and the logic of listening to them. In fact, hiding truth or ignoring the reality of the actual causes of the poor's failure to utilize microcredit, can have dangerous effects on poor and powerless people, especially in a society marked by significant social and economic power inequalities.

As I described at the beginning of chapter 1, Dr. Yunus says that it is possible to send poverty to the museum through microcredit because the poor are poor not because of their lack of skills or capacities but because of a lack of capital. Since poverty is caused by external factors rather than individual shortcomings it is possible to eliminate poverty from Bangladesh or from elsewhere in the world. However, as my research findings demonstrate, there are lots of inconsistencies regarding these issues within NGOs (e.g. blaming the poor for their failures). Inconsistency about the cause of poverty or the failure of microcredit is even observed in the words of Dr. Muhammad Yunus (see the first statement above).

Yunus' metaphoric use of "school" here is related to the concept of "process freedom" (see Sen 1999, 2005, 2007 & 2009). Yunus argues that every student in the class will not get first class and, in the same vein, it is not possible for everyone to become successful by participating in microcredit program. It seems that, according to Yunus, the success of the poor in alleviating poverty depends on how they use the loan. I am saying this

because he metaphorically uses the microcredit opportunity something like a “school” and the poor as the “students,” their access to an NGO loan like a student’s freedom to study in school. Yunus is right that having an opportunity for students to study in school does not mean that every one will get first class. As we know, all the students in a school are not socioeconomically homogenous and in the same way not all the microcredit participants are poor. Who will get first class and who will not largely depends on the existing economic condition of a student’s parent, individual characteristics such as agency, caliber or intelligence, motivation to study, surrounding environment such as educational background of the parents, peer group pressures and others. Similarly, education, existing economic and entrepreneurial experiences, social power, ethnic or gender identity and many other factors shape how well a microcredit user will do. Most importantly, getting a third class and slipping from poor to poorer or from non-poor to poor are not the same thing. There are more risks for a poor borrower/loan user than a poor student who cannot do well in his exam or for a poor woman who transfers the loan to her male relative or wealthy neighbor. For example, if a student gets third class or even if he/she fails in his/her final secondary school certificate (SSC) exam in Bangladesh he can have a chance to do better by reappearing in the final exam in the next year or so. Or he/she may not wish to sit for the exam any longer and this will not affect him/her socially and economically, in the same way that a poor person will be affected if because of his or her business fails. For example, a poor person who borrows Tk. 10,000 (130 USD) from Grameen Bank and uses the loan for rearing hens, goats, pigs or invests in agriculture or in a small business, could lose her capital because of the death of these animals, natural calamities, or other reasons. Obviously, this person will have more problems than a student who gets third class in his exam. Since Grameen Bank loan officers or the branch managers will not listen to this poor person’s problem this woman will have to go to other NGO or moneylender to borrow money to repay the loan, especially if she has no saleable assets in the household. From this perspective, local Chakma proverb “*jar agae tar lav jar nai tar guna-er*” (He/she who has something is useful but who has nothing is harmful for him/her) is very relevant.

Even if there are some poor who do not use the loan properly, one could raise the question of how it is possible for microcredit NGOs to have a nearly one-hundred percent

loan recovery. Yunus also says “these poor people have Tk. 6,000 crore in deposits in Grameen Bank” (see the first statement above). This statement raises more questions than it answers. How does Dr. Yunus become sure that all the borrowers who have deposits in Grameen Bank are poor? Even if we accept the idea that most of these borrowers are poor, this raises a further question: don’t these poor go to other NGOs or moneylenders to borrow more loans to manage money for obligatory savings? Doesn’t their burden of debt increase over time? Do Grameen Bank and other NGOs have any systematic statistical record about the amount of debt each borrower’s household is currently bearing? Most of these questions I have addressed in different chapters in this thesis (see chapters 2, 5, 6 and 7 in particular). In chapter 2, I provided some success stories in which some of the non-poor families are using Grameen Bank’s student loans for educating their children. However, my research did not find any case in which the poor or the poorest people are getting student loans for educating their children. Conversely, there are many cases in which poor parents have been compelled to send their adolescent children to work to repay the loan, preventing them from going to school (see chapter 3 and 5 for details).

My research brings the actual voices and the life experiences of the poor participating in microcredit programs to the fore and provides a comprehensive understanding of everyday realities of microcredit and its participants in the Rangamati Hill District in the CHT. The ethnographic narratives that I have presented and analyzed throughout my thesis provide an adequate cross-section of the research participants, households, gender and ethnic groups, NGO people, and local community. I have evaluated the impact of microcredit of poor households and the lives of the poor women, asking different but inextricably related questions. To my knowledge, there is no other ethnographically informed research that focuses on the poor’s experience of microcredit, which incorporates such deep, broad, and inextricably related factors, such as larger structural conditions. In my research, I argue that an analysis of power dynamics is imperative for understanding why microcredit are less effective for the poor in the CHT.

My research findings demonstrate that social and economic development offered by Grameen Bank and other NGOs is not mutually beneficial because the current policy and practices of these NGOs often lead to violence and demoralize the poor and the poorest. Ethnographic data demonstrate that power inequalities between different groups of people

and discriminatory NGO practices produce new poor instead of contributing to the reduction of poverty. NGO practices contribute to the perpetuation of poverty as the NGO officials bring together existing cultural beliefs and practices blaming the poor for their failures with neoliberal views of blaming of the victims (Harvey 2005; Graeber 2011; Mead 2003; Royce 2009).

One of the central research questions that I have examined in my dissertation is: why do the poor fail to escape poverty despite their participation in microcredit programs, sometimes for years? While examining the causes of the poor's failure I have identified how subsistence-based traditional local economic systems, local power structures and other social-cultural factors and the large neoliberal economic structural factors concurrently affect poor people's capabilities across ethnicities. I have demonstrated how local power structures and the contemporary global economic structures, rather than individual shortcomings, produce debt, dependency, and poverty for the poor majority microcredit participants (see Figure 8.19 below).

Figure 8.19 reflects on structural factors that affect the ability of the poor populations, include both Bengalis and Paharis, in Rangamati to escape poverty. Chapter 6, for example, shows how Paharis had been depending on subsistence-based *jhum* economy for generations and they have different perspectives from Bengalis on how they share economic resources with others and how they value a capitalist notion of the maximization of profit. In other words, the majority of the Paharis in the CHT have been living on subsistence form of agriculture and they lack not only the opportunity but also the social and economic contexts to maximize profit in the real sense of capitalism. A few Paharis engaged in entrepreneurial or capitalist businesses like their Bengali counterparts. Microcredit NGO availability since the late 1990s encouraged many of the Paharis to invest loans in various non-traditional economic ventures.

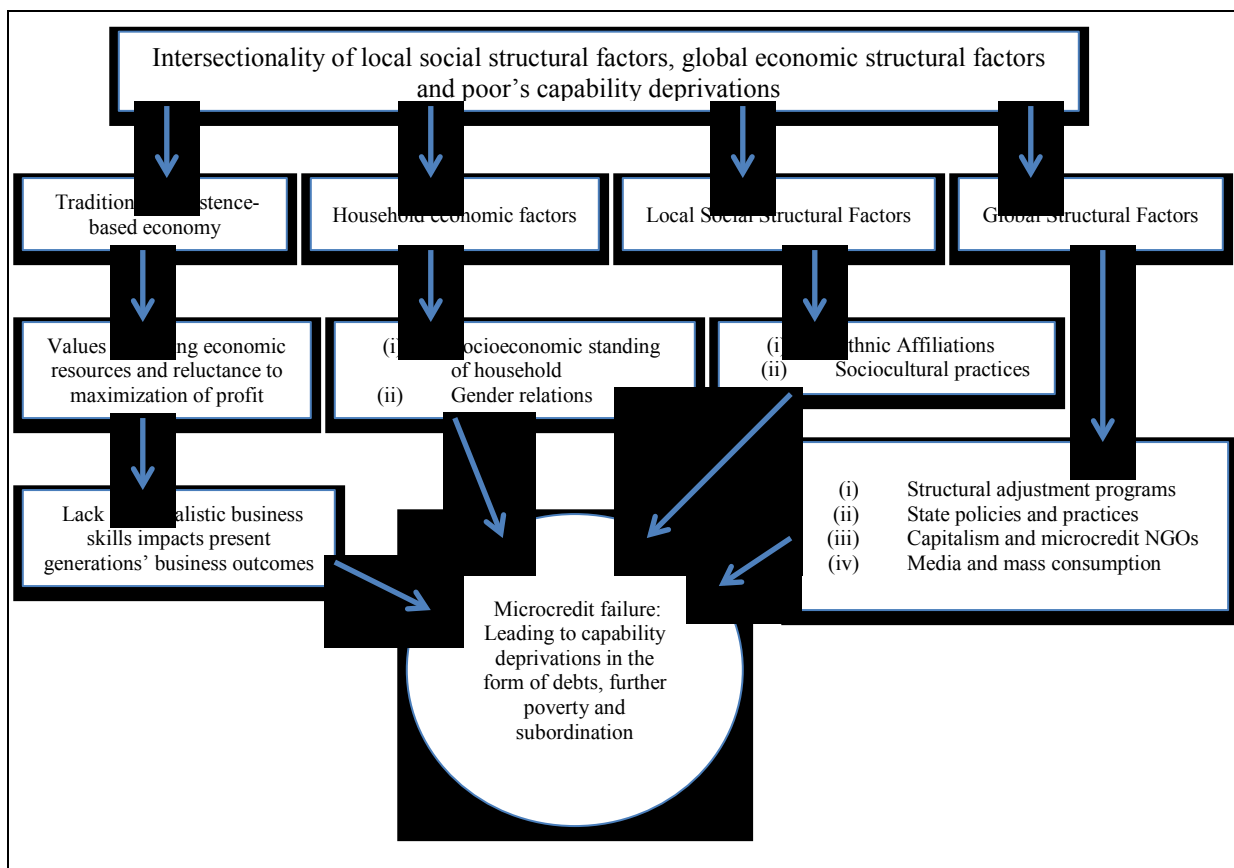


Figure 8.19 1: Interrelationships of local social structural factors, global economic structural factors and poor's capability deprivations

However, historically there has been an antagonistic relationship between Paharis and Bengalis. Paharis' lack generational knowledge about how to sustain competitive economic activities, while many the Bengalis' ability to control local and regional markets significantly affect Paharis' capability. Certainly, Paharis have some "process freedoms" because they have access to microcredit programs and they can choose to get involved in markets, they have very little or no "opportunity freedom" (see Sen 1999; 2007). However, from an evaluative point of view, Paharis microcredit participation seems futile, as they lack the ability to influence their social circumstances in order to attain wellbeing (see Sen 1999 & 2007).

There are some structural factors that equally affect the ability of both poor Bengali and Pahari: socioeconomic standing of households, gender relations, local sociocultural practices (e.g. dowry) and global structural factors (see chapters 2, 3, 4, 5 and 7). Lack of economic resources, income, and persistent household poverty shape poor borrowers'

loan use patterns (e.g. household consumption) and even if they use the loan in economic production they have more risk of business failure and debt-cycle than non-poor loan users. Male domination, female abandonment, and women's relationship of dependency with the rich neighbors lead many poor women from both Pahari and Bengali community to experience NGO debt and further poverty (see chapter 2, 4, and 7). Global neoliberal economic structural factors including NGOs' profit motivations affect the economic lives of the poor populations in many ways. Structural adjustment programs (SAPs), for example, influenced the Bangladesh government to withdraw or to reduce budgets for social services for poor (e.g. health, food subsidies) lead the poor to depend on loan money to meet many of these needs (see examples of Meghla and Shanta in chapters 2 & 7).

In chapter one, I have shown how microcredit NGOs are connected with global capitalism and in subsequent chapters I have demonstrated how the capitalist approach and practices of NGOs affect poor people's ability to utilize microcredit to escape poverty. In other words, NGO practices, such as weekly loan payments and high interest rates, collection of insurance premiums on borrowers' loans, additional service charges or extractions of money for managing NGOs' administrative cost, directly or indirectly affect many of the poor's economic outcomes. Moreover, while oppressive NGO practices help protect NGOs' organization interests, many poor are deprived of social and economic justice either because of the forced exclusion from NGO programs or for deteriorating social relationships with community members and relatives. Therefore, building upon Harvey's (2005) theoretical perspective of "accumulation by dispossession," I consider the entire process of the microcredit NGOs' economic gains by various means as instances of "accumulation by violence."¹³⁰

In chapter 2, I have examined the effects of larger economic process as well as local social and cultural factors upon consumer behavior of the poor microcredit participants. Ethnographic examples demonstrate how many of the poor are swayed to borrow for the latest models of entertainment technologies such as TV, CDS, and DVDs. The effects of economic and cultural globalization processes (e.g. influences of mass media, commercial advertisement, etc.) on poor people's loan-use patterns indicate that larger neoliberal

¹³⁰ See in chapter 5 for more detailed how my work in relation to financialization as distinct or continuous practice.

structural factors shape the populations' consumer behaviors. As a result, the majority of poor people depend on NGO money to fulfill their desires. Consequently, many of these poor encounter NGO debt and further poverty as they have no or little sustainable source of economic earning.

Another central question that I have examined throughout my dissertation is: why do the poor people continue to participate in microcredit programs if it seems ineffective for escaping from poverty or if they witness destructive consequences? Factors that shape women's choice to continue or not to continue with microcredit NGO programs have been visualized in Figure 8.20.

My research findings demonstrate that poor women's continuation with microcredit program is shaped by structural factors such as microcredit NGOs' mandatory policy of providing the loans to women instead of men and male domination (see chapters 3 and 4), poor people's intense desire for a better socioeconomic life, a households' current socioeconomic standing, dowry payment requirements, and increased household debt resulting from male relatives' business failure and the use of loan for consumption (see chapters 2, 5, 6 and 7 for detailed ethnographic descriptions).

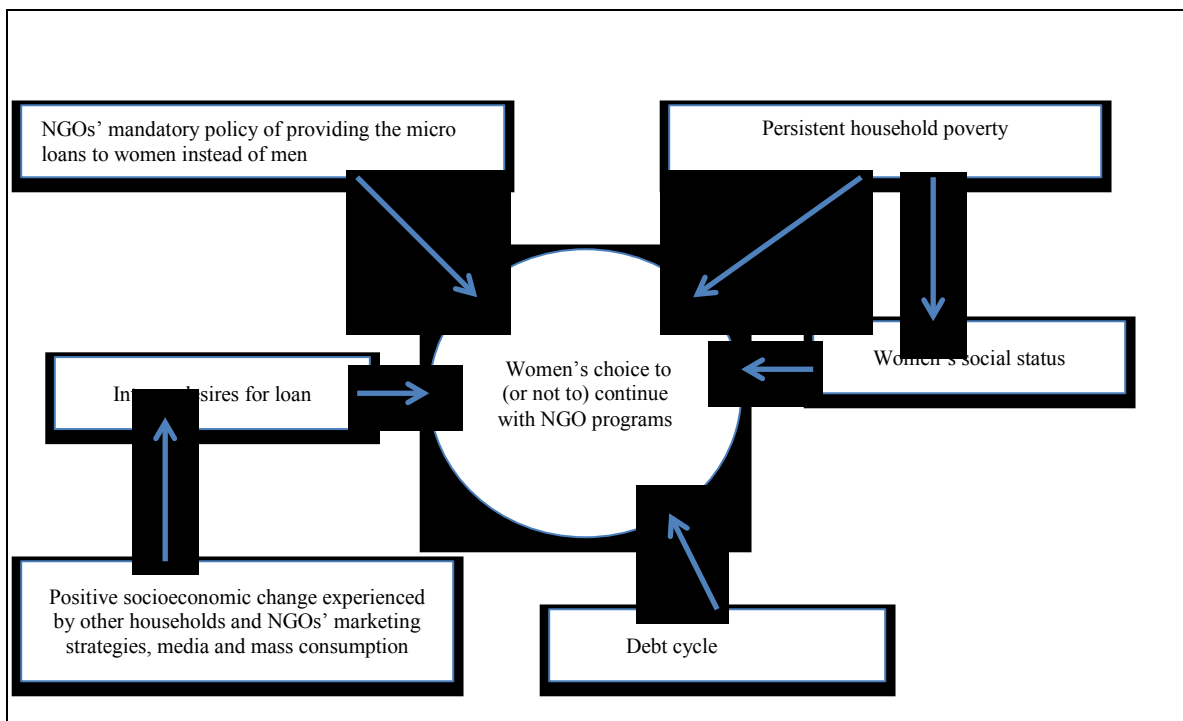


Figure 8.20 1: Factors shaping women's choice to (or not to) continue with microcredit programs

In chapter 7, I examine the third central question of my dissertation: “How would the poor live if there were no microcredit in the area?” which has never been investigated before in the CHT in Bangladesh. I used the same question for the poor, the non-poor and the NGO workers. Based on the subjective perceptions of participants from different economic classes, ethnicities, genders, and educational and cultural backgrounds I provide a comprehensive analysis of the social and economic life of poor households and women before and after microcredit participation. My findings provide paradoxical insights because most of the research participants believe that the economic life of the poor would be harder but they would not have to bear the burden of debt of NGOs and moneylenders. However, microcredit plays significant positive roles for the non-poor people as many of them can utilize the loan to expand their business or entrepreneurial activities. Poor people have also experienced some positive changes as they now can live in better houses, buy a TV, and fulfill some other needs. However, the poor’s increasing spending on household needs, rising price of food and other daily household essentials, combined with a lack of household income continues to create their economic dependency on NGOs.

The inclusion of women in microcredit programs was one of the preconditions prescribed by donor agencies, especially for achieving the Millennium Development Goal (MDG) 3, to “promote gender equality and empower women” in Bangladesh by 2015. It is assumed that women’s microcredit participation will emancipate them socially, economically and politically (see Mayoux 1999). However, my research shows that gendered power and discriminatory attitudes of society and men continue to deprive women of their economic rights and freedom, though they may be involved in income earning activities. The poor households, on the other hand, struggle with poverty and with the increasing burden of debt.

While dowry practice is a very common sociocultural practice between the Bengalis Hindus and Muslims and some previous studies show (see Rozario 2002; Karim 2011; Uddin 2013) that this practice has increased in the plains districts in Bangladesh because of the availability of microcredit. My research shows that the practice of dowry is a new experience and social phenomenon for many Paharis. My research also shows that,

according to the research participants, dowry-related violence against women has also increased (see chapter 7).

In fact, my research in the CHT makes some important and original contributions to microcredit literature, gender and poverty studies and particularly development anthropology. Some recent ethnographic studies (see Karim 2011; Mannan 2010; Rahman 1999; Uddin 2013), which have been conducted in the plains districts of Bangladesh, suggest that microcredit NGOs trap poor women into debt and subordination in order to serve NGOs' capitalist interests. These previous studies also suggest that almost all the female borrowers transfer their loans to male relatives and the majority of poor households cannot succeed in escaping poverty because of a lack of income opportunities, business skills and experience as well as life contingency (e.g. illness or death of income earners), chronic poverty, and injudicious use of loan. Karim informs us that poor women's experience of debt cycle is shaped by male relatives' business failure because of lack of skills or their injudicious use of the loan. Rahman (1999: 141) identifies following as the major causes of spiraling debt cycle poor in rural Bangladesh: (1) lack of loan investment opportunities, (2) seasonal price fluctuation of agricultural goods, (3) familial or life-cycle effects (e.g. households' dependency on loan for household needs), and (4) life contingency and natural calamities. Other studies also identify similar factors of poor people's microcredit failure in the plains districts of Bangladesh (see Mannan 2010; Uddin 2013). In my research, I explore how local power structures, social cultural factors and the larger neoliberal economic structural factors affect the poor's ability to utilize microcredit to escape poverty (see Figure 8.19) and no other study has so far examined poor's microcredit failure from such a broad and inclusive context. There is no other previous study that provides us with a thorough understanding of why poor women continue to participate in microcredit programs despite their experience of disturbing consequences (e.g. debt, domination of NGOs and male relatives) (see Figure 8.20). My research is also different from all other previous studies of microcredit in terms of the pattern of loan across households, gender and ethnic groups (see Table 2.5 and Figures 2.11 & 2.12 in chapter 2).

Karim, in her ethnographic research on microcredit in rural Bangladesh, for example, argues that "the access to microfinance loans has created new forms of subordination and

oppression for women both at the household and community levels. While the loans are given to the women, the real users remain the men. Hence, the men control and use the loan, while the wives remain contractually obliged for the payments to the NGO” (2011: 197). While Karim (2008, 2011) found that men used 95 percent of loans borrowed by women from NGOs, my research found that men in my research area used 59 percent of the loans borrowed by women while 30 percent of the loans were used jointly by men and women (See Figure 2.11). Although more women in the CHT than women borrowers in the plains districts use the loans (see Karim 2011; Rahman 1999), I found few poor women who could capitalize on microcredit as a route to escape poverty and to challenge the inequalities embedded in intra-household power relationships and in the larger society. Many of the women could not use these loans or enjoy the benefits because their husbands expropriated the loans, but the women have had to sacrifice a lot to obtain them. While my research confirms some of the important conclusions of Karim (2011) and Rahman (1999), especially the ways in which microcredit NGOs are now integrated with global capitalism and that microcredit makes poor women dependent on NGOs and community members, my research also shows that women’s experiences of such injustices vary with differences of their ethnic, religious, and economic class identities as well as the geographical variation even within Bangladesh. Rahman, for example, argues, “women become the primary target of the microcredit program because of their sociocultural vulnerability” (1999:48). I partially disagree with Rahman’s argument because my research shows that while most Bengali women continue to keep inside households and depend on their husbands, Pahari women have been participating in economic production and public life before microcredit NGOs came to Rangamati. Most of these Pahari women do not depend on their men for their sustenance and many of these women have education, self-determination or agency and some of them can directly use the loan for economic production (see examples in chapters 2, 3, and 7). I have gone further than both Karim and Rahman and explained why many of non-poor women, who are group leaders in village NGO centres, and who are not socio-culturally vulnerable, comply with NGO domination (see Vignette 2).

Karim (2011:198) shows that NGOs prefer the wealthy class to the poorer or low-income households as their clients to reduce the risk of loan defaulting. Since the wealthier

clients, such as traders, richer farmers, and petty officials, can repay the loans on time and they can assist NGOs to collect loans from other borrowers, NGOs tend to shift their focus from the poorer people to the richer class. In my research, I have also found that moneylending has not disappeared, contrary to what microcredit NGO officials claim, but rather it has increased in different forms. In the post-microcredit period, my research shows, even the poorest of the poor have access to moneylending because of the availability of these NGOs, which further worsens the situation of the poorest in terms of their expanding volume of debt. However, in my research I observed that NGOs still lend money to the poorer class, or the poorest of the poor but the loan is too small to undertake any effective livelihood development project.

Moreover, according to Karim, non-poor households borrow from NGOs through proxy borrowers and they benefit from their economic activity, including moneylending. Karim describes,

Often, richer women would hire poorer women to act as proxy members. A large number of women had become professional proxy members, joining as many NGOs as possible to get loans. The job of these poor women was to travel from one NGO meeting to another to collect loans on behalf of their richer clients. The member would get the loans in their names, and transfer the money to the person who had hired them. (2011:75).

However, it is not clear from Karim's work whether it is the choice of these women who spontaneously give consent to become professional proxy-borrowers or it is against their individual choices. Moreover, Karim did not explain what happens to these poor women if their rich clients refuse to repay the loan that they receive from them. In chapter 4, I have demonstrated with ethnographic detail how poor women have to become proxy-borrowers for the rich community member against their will and how it produces a four-way debt relations (see example of Bashanti).

I make a significant original contribution to the literatures of microcredit, poverty studies and development anthropology by providing rich ethnographic detail of how NGOs' marketing strategies, local social cultural values to material goods (e.g. new entertainment technologies) and non-material aspects of social life (e.g. social status), and the effects of local social change resulted in the increasing integration of local population into global economic and cultural globalization processes concurrently shape poor's loan use patterns and experience of experience of positive socioeconomic change. These are new ideas that

I have brought to the contemporary microcredit literatures. Further, I have shown how the interactions between local and global social and economic systems continue to create new possibilities for capital accumulation for microcredit NGOs and transnational corporations. According to the post-development theorists and critiques of global capitalism (see Escobar 1995; Harvey 2005 & 2007; Graeber 2011), Western countries, commercial institutions and transnational corporations are the main agents exploiting the developing countries and the mass of the poor populations economically and politically through various predatory means and through naturalization of power inequalities. I consider microcredit NGOs' economic gains by various coercive means as instances of accumulation by violence, including the use of coercive loan recovery strategies, women's free labor, forcing women to pay for NGOs' program operational cost, and blaming the poor while overlooking the structural constraints of microcredit failure or poverty.

Furthermore, my research contributes to the poverty and development studies by revealing how and why poverty and power inequalities among different groups of people are tolerated and justified within development institutional norms, systems and practices. My research demonstrates how the poor's microcredit failure (consequently, debt cycle and further poverty) is shaped by their social and economic class positions, and institutional ideology. As I have elaborated with ethnographic narratives in the chapter 5 and 6, there is a significant inconsistency between the neoliberal ideology upon which microcredit is based and the actual experience of the poor Pahari with microcredit. According to the NGO officials, cultural practices, bad work ethics and individual behaviors of the Pahari are incompatible with the neoliberal subjectivities (see Harvey 2005 & 2007; Joseph 2010). Interestingly, many of the poor assimilate this hegemonic explanation of microcredit failure and poverty and, therefore, it is not the fact that only the capitalist or the status quo blames the victim (see Harvey 2011; Graeber 2011) but also the poor themselves often take it for granted. From this perspective, my research makes an important original contribution to understanding how an antagonistic interethnic relationship may prevent the microcredit users from achieving a goal of positive socioeconomic change and how this inability of the poor Pahari is constructed by the dominant class, ideology, and institutional practices.

My research also contributes to Amartya Sen's capability theory (see 1999 & 2007) by providing understandings as to why many of the poor cannot escape poverty although they have substantial "process freedom." In other words, my research brings some important new ideas to current understanding of capability theory by examining: (a) how local power structures and neoliberal economic structural factors contribute to capability deprivations in the form of debt, poverty, dispossession, humiliation and dependency despite the poor enjoy individual substantial freedom (e.g. process freedom) to participate in development program and (b) how individual human agency is shaped both by the larger structural factors (e.g. globalization process) and by local sociocultural factors and psychological impulses rather than by the poor's economic rationality.

Structural Violence, the Poor, NGOs and Neoliberal Structural Factors

In my thesis, I describe NGOs' discriminatory actions toward the poor as examples of "structural violence." These actions include providing insufficient loans to the poor and the poorest households and excluding them from microcredit because of failing to repay loans or because of conflicting relationships with the NGO workers and group leaders (see chapters 3, 4, and 5). Structural violence is also suggested by the fact that after participating in microcredit programs many of the poor have become poorer and are blamed for failing to escape from poverty.

From this perspective, however, one could raise the question: If including the poor in microcredit makes them poorer, how is excluding them a form of structural violence?

As I have described above in chapter 5 (see section "poor have skills") and at the beginning of this chapter, Dr. Yunus contends that the poor remain poor because they lack not skills but capital. Accordingly, if the poor are given capital they will eventually be able to improve their economic situation and so the poor do not need training, skills, or prior experience related to entrepreneurial activity. That is, every (responsible) poor person will invest the loan in the entrepreneurial production and will be able to make economic profit. Practically, this is not possible for most of the poor according to my research. Most of the poor I have encountered do not have sufficient training, skills, experiences, and social power, which are required to become successful. All the microcredit NGO officials are also very aware that most poor people lack entrepreneurial skills. NGO workers know that a poor person cannot start a cow-fattening project with

TK. 10,000 (USD 130), yet they are giving loans for this purpose. Many people are very much aware of the fact that not every borrower is going to use the loan in the stated purpose but they still provide the loans.

While interviewing various microcredit NGO officials, I asked the branch, program, or area managers if they were aware of the actual loan use by their clients. An official of Proshika NGO said:

Before taking loans from us, every [woman] member signs a designated form where it is clearly mentioned how she will use the loan. For example, a female borrower usually tells us that she will undertake a livestock or a poultry project. Borrowing loans from us this woman may buy a goat, and she shows us. After a few days if she sells that goat and buys a TV what can we do in this case? This is one of the main reasons people often fail to repay the loan installments to us and become unsuccessful in changing their economic situation. (Ramiz Haq, 25 July 2009)

However, there are many instances when the NGO people know ahead of time that the borrowers may not use the loan in income generating activities. Still the loan officers overlook such cases. It is possible to explain with the following statement of a male research participant:

ASA NGO has a group centre in our house. I notice many times that when this NGO worker asks women: “what will you do with this loan?” Most of the women say that they want to buy goats, some women say that they will buy hens, others say that they will buy cows or cultivate ginger, turmeric and [things] like that. This is really a farce when people take the loans for cultivating ginger in the month of March or April. You know that actually this is the harvesting time of ginger not for planting. NGO workers obviously know about that. Though they know that their clients are not going to use the loan money in the proposed fields, and these people might face problems for repaying loan installments, still they are doing the same thing. (Suhen Tanchangya, 11 May 2011)

What is important here is that the NGOs do not care how the loan is used, if the amount of the loan is sufficient for the stated purpose, or whether the loan users have the skills or previous experience to use the loan properly. From this perspective, the problem is not the poor's easy access to loans but the question of whether the poor borrower can utilize the loan in the stated field. The poor use the loan for consumption or for purchasing consumer goods like TVs, when they see that their neighbors are eating rich food, wearing good clothes, watching color TV, and using other modern amenities. Perhaps it is natural that the poor will desire to have those amenities their rich neighbors are using. This is a kind of basic psychological need for all the people, not greed. When a hungry

and starved person gets cash money from an NGO his/her logic of using the money for profit may not work as NGOs presume. Not all the poor people bear the profit-making attitudes in their everyday life that they will invest the loan in economic production. Moreover, because of chronic household poverty, household food shortage, a lack of income during lean periods (i.e. in the rainy season or in other period specific to local condition and context) and the increasing price of food in local markets many of the poor households are pressured to spend the loan on household consumption. From this perspective, NGOs or NGO workers are in no way responsible for those poor's suffering. But what happens when poor people invest the loan in the economic production and they experience business failure because of lack of entrepreneurial skills, market manipulation or lack of social power (see the case of Mohi and Mrinal, Meghla, Promila, and others)? If a poor person experiences business failure because of his lack of skills and experience, it is not his fault but microcredit NGOs because they argue that the poor already have skills and so NGOs do not need to provide any skills training. In this case, they deliberately hide the truth and push the unskilled poor into a debt cycle. NGOs will also be responsible for giving false hope that the poor will be able to alleviate their poverty through their participation in microcredit programs (see chapter 2). And if the NGOs exclude the poor from microcredit programs because of business failures resulting from a lack of experience and skill training, this is structural violence because NGOs overlook the actual cause of the poor's failure. As a result of the deteriorating social relations of loan defaulters with the NGO group leaders and workers, the poor are going to lose their traditional and informal forms of social support during a time of emergency (see Vignette1 in chapter 3). If the NGOs' objective is to help poor people to change their lives through microcredit, it is the sole responsibility of these NGOs to ensure that every borrower has the required skills to use the loan to change their life. Excluding the poor from microcredit programs or providing insufficient loans is not a solution to achieve this goal. My research shows that while some NGOs such as Proshika, BRAC, and IDF used to provide some skills- training to some borrowers in the past, now no NGO has this type of training options for the borrowers. Why do these NGOs not provide any training to borrowers? It is mainly because of the integration of microfinance into neoliberal policy and the withdrawal of development aid for the NGOs from Western countries and donor

agencies. Many NGO managers told me that they have to cut skills-training, education (non-formal education program of BRAC, and Proshika) and social awareness programs such as educating women against gender discrimination because of lack of funding or development aid. From this perspective, NGOs or NGO people cannot be blamed because they are a part of the larger structural process, that is—the neoliberal structural policy. Some of the NGO officials still feel that skills-training for the loan users is much needed. A field-level officer of BRAC in response to my question:

Ashraf: Why can't the poor change their economic condition despite their participation in the microcredit program?

Nahian: I think it is because of their lack of skills. At first, we need to develop their skills and capacities if we want to alleviate poverty. We are giving loans to the poor without knowing anything about how the loan would really be used and if the poor could really benefit from it. There are many poor people who have never seen Tk. 20,000 (USD 260) together and when they get loan from NGOs some of them are bewildered about with what to do with so much money. Either they don't have a better plan or can't understand how to use this money productively. They don't have any useful experience that they can utilize for their benefits and the percentage of this kind of people is much more than others. And this category of people becomes the extreme poor from the poor. I think the key objective of the NGO—poverty alleviation—is to be served rather than just serving profit-making purposes. If we could train the poor clients for developing their skills in using microcredit based on the nature of entrepreneurial activities they might get better results. NGOs could train people on different income generating activities such as livestock rearing, training technical and vocational works so that the poor people can invest the loan money in those sectors. For instance, we have our own internal training department to improve the skills of the NGO's staff. Likewise, if there were such a training option for our borrowers to develop their skills to use loans properly that could help people have entrepreneurial skills. (Nahian Hasan, 19 April 2011)

Unlike the argument of Dr. Yunus, this statement recognizes that the poor people need proper skill development training for the successful loan use. While training is just one condition of the effective use of the loan, still it is required to provide training to the people who come to NGOs to borrow for undertaking any livelihood development project. If the educated people do need training to work in NGOs would not the poor who have no experience in managing poultry farm or cow-fattening project need training in these activities? Many people told me that they started cow fattening and poultry development projects and they experienced capital loss just because they didn't have any prior knowledge and first-hand experiences in such project management. Some poor

people saw their non-poor neighbors starting a poultry project and decided to do so themselves. They borrowed from NGOs and then added more capital from their own money or from relatives for this purpose. Since they had no clear idea how much capital they might need for making a chicken house, how much it costs to provide feed and medicines, they had to borrow more to meet these additional costs. In the meantime, their volume of debt became very high and because of lack of income during the initial project period they faced further problems repaying the loans to NGOs. This type of incidence could be avoided if NGOs would provide the necessary information to this type of borrowers before disbursing any loan. Therefore, microcredit corporations should consider these questions if their objective is truly to alleviate poverty in Bangladesh.

Why do the NGO officials and workers often blame the poor?

One could argue that my analysis seems to be lenient on the poor and harsh on NGOs and their officials. No doubt, ethnographic details presented throughout my thesis provide strong evidence that most of the NGO officers and workers indicate that the success of microcredit depends on how the people use the loan. So, if the poor fail it is their responsibility, a key neoliberal ideology. This raises several questions: Is this their real feeling about the individual behaviors of the poor? Are they forced to blame the poor because of their job requirements? Or are there unseen reasons? As I have already explained (see chapter 4), both the NGO managers and the workers are victims of structural power relations within each NGO corporations. The top-NGO officials continue to keep mental pressure on their subordinate officers to ensure a near-one hundred percent loan repayment rate. Many NGO workers become oppressive toward the poor loan defaulters to save their jobs and to avoid any financial repercussions that they might face if they fail to collect any loan. From this perspective, these NGO managers and officials are victims of the unequal power structures as well as the profit-making approach of these NGOs. It seems that Dr. Yunus and other proponents of microcredit have convinced the donor countries and agencies that the poor are creditworthy—lending to the poorest is profitable and thus it is possible to achieve financial sustainability for NGOs. The Grameen Bank has already achieved financial sustainability (see Yunus 2010) and other major NGOs such as BRAC and ASA have sufficient funds to lend to poor people not

only in Bangladesh but also in other countries in the world (see Karim 2011; Roy 2010). Some other NGOs such as Proshika, IDF, Paddakhep and the local NGO, Green Hill depend on both international and domestic funding to operate microcredit programs. Consequently, it is natural that the NGO managers and workers themselves are under a lot of pressure to demonstrate that this is a sustainable (that is, not money-losing) practice, which implies having the highest repayment rate possible, or else they might lose money and cease to exist or lose funding from various investors, governments, and international NGOs.

Moreover, NGO officials' perspective is not simply a personal issue but has to do with significant class and cultural differences and other structural factors underlying the social power inequalities between the wealthy class and the poor. In the local social and cultural context of Bangladesh, especially as we see in the research area, there is a dominant belief among different economic class and groups of people that the poor remain poor because of their own faults. This understanding of the causes of poverty is embedded in the social, cultural, and economic relationship between the rich and the poor people in Bangladesh. Traditionally, a patron-client relationship between the landlord and the agricultural laborers is the prominent example where the landlord often exploits the poor socially and economically. It is not uncommon in Bangladesh society that a privileged group often exploits the relatively less powerful and the disadvantaged group to serve their social, economic, and political interests. While the NGO officers are not directly exploiting the poor socially and economically like the traditional landlords, the dominant social and cultural beliefs about the poor remain the same. This stereotypical characterization of the poor people can contribute to unequal relationships between the rich and the poor, the powerful and the powerless, whether it is practiced consciously or not. This may also happen when a young poor person becomes educated, gets a better job and changes his or her social and economic situation or class identity. It is not my intention to defend those poor who misuse the loan for household items or consumer technologies, although, as I have shown, there are strong cultural factors that shape peoples' economic behaviors. But there is a potential danger for the society as a whole if we accept the dominant neoliberal notion that the poor who cannot become successful are

responsible for their own bad choices and actions. This explanation can prevent us from finding a solution and lead instead to a tolerance of injustice and inequality in society.

Therefore, as my research findings show, unless microcredit NGOs change and reform their current policies and practices, few poor can capitalize on microcredit to escape from poverty. I still think microcredit is needed for the poor population in Bangladesh, and in the CHT in particular, but the microcredit program requirements must be designed according to local social and economic contexts and diversities, physical environment, sources of livelihood, capacities, skills, and aspirations of the people. Based on the experiences and suggestions of my research participants I recommend substantial policy reform for NGOs, development policy-makers, and government agencies in order for them to effectively create democratic, inclusive, and sustainable economic development opportunities for the poor and the poorest of the poor.

Policy Recommendations

In fact, the goal of poverty alleviation cannot be achieved by blaming victims, creating an unequal development opportunity for poor, and by excluding the poorest from economic development programs. Therefore, I provide a substantial policy recommendation, which aims to help develop an inclusive development paradigm by eliminating power inequalities within development programs and in any given society in the world.

Most of the scholars who researched microcredit programs emphasize the transparency and accountability of internal management, capacity building of NGOs and collaboration with formal sector banks and government for financial sustainability. They also emphasize the consideration of heterogeneity of the poor and promotional as well as protectional policies for them (Hulme and Mosley 1997; Islam 2007; Rahman 1999; Sharif 1997). Other scholars emphasize the structural changes in agricultural and land reforms by NGOs mobilizing the poor for sustainable development (Hedrick-Wong et al., 1997; Wood 2003). Though some studies emphasize multidimensional aspects of poverty and wider sociocultural contexts as critical considerations for the NGOs, they lack substantial policy contents that could better work for the poverty alleviation in a society with complex social, political and economic reality like the CHT in Bangladesh (see Rankin 2002; Thornton 2008). Some studies identified the rigid repayment system and high interests rates as some of the major constraints, which cause the poor's failure to

escape poverty (Fernando 2006; Datta 2004; Karim 2011; Rahman 1999). In addition to changing the rigid repayment system, to reduce the interest rates and to retain the poorest of the poor in microcredit program, my study highly recommends considering the following areas of concerns:

Refraining from reproducing unequal power relationships

NGOs must prevent their NGO staff from creating social tensions and conflict among borrowers in general. The relationship between the NGO workers and the borrowers in general is not appropriate for achieving an equitable development goal. NGO workers' strategic use of group leaders in selecting reliable borrowers, collecting the loans, or excluding the defaulters from microcredit programs ignoring the actual causes of the poor's failure cannot help uplift the entire community socially and economically. Instead, it critically affects women's perceived social and psychological wellbeing. So, NGOs must change the current approach and practices of manipulating a group of women against others, and create an equitable development opportunities for all.

Considering women as independent entity

NGOs must change their discriminatory attitude of considering women as subordinate to men. For example, NGOs now collect photos and signatures of their husbands and consider men as the guardians of these female borrowers. So, women are not considered independent of men. Besides, NGOs do not provide loans to the unmarried young women assuming that they might leave their natal village any time after marriage. My research shows that some of the young and unmarried Pahari women make *thamis* and other traditional clothing for commercial purposes. They often borrow money from moneylenders to invest in their textile business. Dr. Yunus often says that access to [micro] credit is a human right. From this perspective, every woman who is 18 years or older has a right to have access to a microcredit program. I understand that unmarried women are more likely to leave and default after marriage, but since there is a group liability system and female members of each village NGO center knows each other personally it is possible to keep track of such young women who are going to leave the area after marriage.

Providing loans to the actual users

NGOs must provide loans to the actual users based on borrowers' capacity to invest the loans in income generating activities. NGOs should not provide loans to women if the actual users are men or their husbands. Every NGO worker collects detail information about a female borrower's household economic situation through the group leader and it is possible to know who is going to use the loan and how the loan will be used and in which area. If an NGO can collect loan through the provision of group liability it is also possible for them to form a committee by incorporating men in every neighborhood to monitor and enforce the policy that the loan is used in the stated purpose by the borrowers. This policy may prevent many poor women from being victimized because of male domination and coercive NGO practices. NGOs consider men as the guardians of women and men are thus required to sign the loan application form, and the actual users of the loans are most often men. Women's participation in microcredit program merely to borrow and repaying the loans to NGOs by attending weekly meeting at village NGO center does not help them to escape from male domination and gender discrimination, or to improve their individual wellbeing. It is no longer justifiable for microcredit NGOs to stick to their approach to provide loans merely to women if women do not use these loans in economic production.

NGOs should also prevent their borrowers from engaging in proxy borrowing. While some women volunteer for their relatives to become proxy-borrowers, there are many instances where the powerful and the wealthy people exploit the poorest women to borrow from different NGOs for them. If the alleviation of poverty becomes the principal objective of these NGOs, they must be sensitive to the consequences of such practices upon the poor. This research shows that even though NGOs' workers and officials are aware of such loan use, they hardly take this issue seriously and they do not care how the borrowers use the loans. NGOs have policies not to allow proxy borrowing, but that is just official not practical because I have found some instances where a rich person directly consults with the NGO worker from whom he is going to borrow through a poor woman in his neighborhood. NGOs need to be more sensitive in implementing their existing policies and in reformulating those policies that seem inconsistent in a particular context. So, I propose to provide loans to both men and women based on their needs,

capacity, and potentiality and feasibility of any livelihood project they wish to undertake to improve their economic situation.

Developing a sense of shared responsibility and providing skill training

If it seems difficult to figure out for NGOs who are going to use loans in the household they must involve male relatives in sharing responsibilities of using and repaying the loans accordingly, especially if they continue to prefer women to men for microcredit programs. NGOs must investigate on an individual basis if the users have the required skills and training to undertake a particular livelihood development project. While some NGOs in the past provided skill development training to prospective borrowers, no NGOs in the CHT today offer such training opportunities to microcredit participants. Proper training and improving the capacities of loan users are essential along with the required amount of loans to assist them in coming out of poverty. As I observed in my research, most of the poor men and women lack cultural capital. In this case, providing required skills training and information to the borrowers might help before they undertake any small or medium livelihood development initiatives. NGOs must also consult with the borrowers and male members in the households, follow-up, and monitor from time-to-time the activities and progress of their development projects. While NGO officers meet with women in the weekly meetings, their focus is on collecting and delivering loans. They rarely talk about these things, as I observed in my research area. Thus, developing a sense of shared responsibility of using and repaying the loans between female borrowers and their male relatives, proper training, investment and better economic outcomes may prevent the female borrowers from experiencing the difficulties they usually face in making repayments.

Flexible loan repayment schedule, reducing interest rate, and eliminating hidden service charge

The conventional approach of the microcredit model of the plains seems incompatible in the local context of the CHT because of the geographical, social, ecological and economic differences between the hills and the plains. Attention should be given to ensure the borrowers could utilize the loans for their economic benefit. NGOs should change their policy regarding loan repayment after the first week. I found that more than 80% research

participants think that NGOs should allow more time so that borrowers can repay the loan after getting returns from their investments. My research shows that most of the Pahari in the CHT depend on *jhum* cultivation, horticultures, and agriculture in the lowland and few people have multiple sources of incomes (e.g. incomes from land, business or jobs simultaneously). Most of the poor people have limited resources and capital and they cannot use these loans properly because a week, or even a month, is not enough time to get a return from many investments such as livestock and other projects. Consequently, many of the Pahari suffer from the increasing burden of NGO debt because they may have to go to other NGO to repay their old debt. So, economic development policies and program implementation processes must be adjustable and relevant to the diversified socioeconomic features and needs of the local people for the most effective outcomes.

While all of my research participants agree that the interest rate charged by microcredit NGOs is lower than that charged by informal moneylenders, NGOs should reduce the current interest rate as well as eliminate all other hidden charges for greater benefit of the poor. NGO workers often charge their clients to pay money for purchasing various articles for the management of village NGO center, for their transportation cost, and for other purposes.

Besides, NGOs' approach to maintain a near 100% repayment rate seems unrealistic because at least 25% borrowers cannot repay the loans following a weekly repayment schedule. To collect these default loans, NGOs become aggressive. Therefore, microcredit corporations should rethink current business models to account for a percentage of defaulted loans, as other commercial banks do in Bangladesh or elsewhere.

Developing internal coordination among NGOs, preventing NGO overlapping and providing sufficient capital

NGOs must also find ways to prevent poor borrowers from taking out multiple loans simultaneously. NGOs hardly consult with each other about how to better serve the poor population through their services. Consequently, the same people may participate in several different NGOs at once to borrow, and NGOs may have more clients than the total population in a particular locality. From this perspective, microcredit NGOs are required to provide sufficient amounts through loans for undertaking a locally appropriate income generating activity because insufficient capital does not help the poor in undertaking an

economic development project. NGOs traditionally provide a loan of Tk. 5000 (63 USD) or 10,000 (125 USD) to a first-time borrower, but this is not enough capital to start a business or a livestock project of hens, pigs, goats or cow. In order to collect the required amount of capital, a poor borrower often goes to several NGOs hiding the information that she is already involved with another NGO. Since there is no central data bank tracking the actual involvement of borrowers in different microcredit NGOs, people can borrow money from multiple NGOs at the same time. This practice does not benefit the poorest borrowers. The borrowers have to deposit obligatory savings to get a loan approved, and this is also applies if a borrower goes to second or third NGO. Consequently, it becomes impossible for the poor borrowers to manage initial savings. In addition, there are also insurance deductions, hidden institutional service charges and other costs such as transportation and loss of working days.

There is a Bangladesh Government agency, Microcredit Regulatory Authority (MRA), for regulating and monitoring microcredit NGOs but even this agency does not have any central data bank to figure out if any borrower is involved with multiple NGOs. In order to prevent the poor from falling into a debt trap NGOs must develop internal coordination among themselves, just as MRA should create a central data bank for all microcredit clients in Bangladesh. In this case, an NGO must be sensitive to the needs of their borrowers, especially if any borrower fails to repay her first loan because of business failure and other unavoidable reasons. Since there is now a paper trail (if this proposal is implemented) such a borrower may face problem in repaying the loan. So, an NGO needs to allow this borrower a flexible installment option to repay the previous loan and if necessary should provide a new loan to this borrower. A borrower can have multiple loans only if she has an ability to use and repay these loans. If it is a case that a poor borrower has problems repaying a loan to an NGO and if she goes to another NGO the problem will not be solved permanently. Instead borrowing from one NGO can solve the problem and NGO people need to be humanistic as well rather than just profit-seekers. This process will prevent the borrower from going to other NGO and moneylender and thus it helps this borrower to save some extra money (e.g. depositing obligatory savings to a new NGO, or paying high interest to moneylenders). Therefore, increasing the amount of loans for the poor and keeping the central records of borrowers' involvement

with NGOs may help the poor in escaping the cycle of multiple debts and thus may prevent the poor from the risk of experiencing further poverty.

Showing respect and being fair

All microcredit NGO officers and workers must be trained and educated in how to respect and value people equally at levels of their interactions with microcredit participants, regardless of their ethnic, gender, religious, and class identities. My research shows that NGOs officials and workers are discriminatory toward the poor, create unequal development opportunities between the wealthy and the poor, and blame the poor for their failure to escape poverty while overlooking the structural factors. Such institutional practices contribute to reproducing and perpetuating social and economic inequalities between the rich and poor. Therefore, NGOs should take effective steps to educate their staff if they really aim to create an equal development opportunity for all.

At this point, one could arise the question: why do I recommend these solutions for microcredit NGOs as correct frame although my arguments in this dissertation suggest that neoliberal assumptions and practices are antithetical to equity and justice? Or framing the question differently: why do I suggest NGOs, which I have already characterized as profit-seekers, to reduce interest rate for poor?

In fact, in my dissertation I have reflected upon the actual voices and perspectives of the majority of my research participants who have been participating in microcredit programs for many years. They strongly believe that microcredit should work better than now if these issues are considered. I recommend these locally relevant solutions for all parties concerned with the alleviation of poverty and gender equity in Bangladesh in general, such as Government of Bangladesh, international development agencies and institutions or donor countries. They can influence significantly in reformulating the current microcredit NGO policies and microcredit program implementation processes. I argue that NGOs still can be profit-makers like other financial institutions by reducing interest rate because they are relying on poor women to operate microcredit program at the community levels. A commercial bank has to charge high interest on loan but such bank has its own staff to operate credit programs. Moreover, commercial bank has flexible loan repayment schedule (maximum loan is to be paid within one year). Conversely, NGOs can maximize profit by deploying weekly loan repayment schemes and reduce

their operational cost by using those female borrowers' free labor. In addition to interest, NGOs have income from insurance premiums, additional service charges, and marketing of many other non-credit products. From this perspective, NGOs should consider these issues if they honestly want to create a "win-win" situation so both lenders and borrowers can benefit.

Enacting and implementing effective laws against gender discrimination

Despite women's participation in microcredit programs for decades they remain far behind men in many respects in Bangladesh. Patriarchy, or women's subordinate position in society, weak legal and social protection in the event of abandonment and divorce, and gender based violence are still major challenges in the CHT as well as in other parts of Bangladesh (BPC 2012). My research found that abandonment, or divorce, dowry and dowry related violence against women are some of critical areas where women are deprived of justice. Since these women and their parents are poor, and public institutions (e.g. police department, court) are often dysfunctional and corrupted they are deprived of their social and economic rights and justice. My research identifies dowry is one most of the discriminatory sociocultural practices responsible for increasing violence against women and for perpetuating poverty for the poor population because many of the poor and poorest women have to go to NGO to borrow for dowry payments. It is imperative that both NGOs and government law enforcement agencies (e.g., police) work together to eliminate such discriminatory social practices through effective legal action. NGOs can play an important role in eliminating this practice as they work in the grassroots levels and it is possible for them to stand against dowry practice. Social awareness, consultation and other community based educational programs may be effective to motivate local people against any form of gender inequalities and injustices both in the families and in society.

Addressing structural constraints and establishing rule of law and justice

Many poor people experience business failures because of their lack of power and lack of equal access to market place and fair prices for their products. Credit is just one component of any socioeconomic development process. So, there remain many other issues and concerns that need to be considered. My research in the CHT shows that

unequal interethnic relationship between indigenous people and Bengalis and market manipulation appear as the constraints for many people utilizing microcredit opportunity. Most of the poor people do not have equal access to market places and fair prices for their agricultural or textile products especially because the Bengalis dominate the business sector in this region.

Therefore, the relationships between the Pahari and the Bengalis remain hostile. So, it would be impossible to achieve the goal of the alleviation of poverty unless a positive and just relationship between the Pahari and the Bengali is developed and established. In this context, the Government of Bangladesh can play an important role for establishing economic justice for the disadvantaged and the poorest of the poor through the implementation of the CHT Peace Accord and the resolution of conflict over land issues. The collaboration of government agencies and NGOs may be useful if economic development programs are designed and implemented based on local natural resources, physical environment, and aspirations and cultural capacities of local people.

My research shows that the Pahari women produce traditional dresses, handicrafts, and many other items for commercial purpose, but that they cannot benefit from such economic activities because of the exploitation of the Bengali middlemen and merchants. There is no central market, or place where they can sell their products for competitive price. Either a Bengali middleman goes to the Pahari women's house to collect these items, or women individually go to local merchants to sell their things. Women have to sell their products at whatever price these businessmen offer them. There is no internal communication among the Pahari women, and they are not organized and united to protect their economic interest. Therefore, in order to ensure fair market price they must be organized to develop their bargaining power and to resist any form of economic injustice.

Reviving government's social protection for the poorest of the poor and creating equal employment opportunities

Many of my research participants view that they want government support for improving their economic situation. Education for children remains the first priority for the majority of the poor people in my research area and they want government support to educate their children. Most poor parents cannot afford their children's educational cost because of

their persistent poverty. A lack of education and unemployment of their young children further increases their social, economic and psychological suffering. Special social and economic development program for the poorest of the poor can help them educate their children and build human capital to eliminate poverty. My research participant, Ruhan Tanchangya, a community leader and a landlord in Tanchangya para, for example, said:

For the socioeconomic development of the poor people, government should give interest free loans. Government should also give stipends to the students of the poor parents so that they can continue their study. Government should give stipends only to the poor families, not to the students of the rich families because they can study without government support. Now the Government is giving stipend to all the students in primary school. I don't think this is a right policy. If my son gets Tk. 300, the student of a poor parent should get Tk. 600. The rich people don't need this amount of money and this money should be given to the poor families. Otherwise, the social and economic inequality between the rich and the poor will continue to increase. If this system is not changed, these poor will remain poor for generations. (Ruhan Tanchangya, 23 June 2011)

Therefore, special development programs are required for the poorest of the poor so that they can educate their children and create human capital for the next generations. However, in Bangladesh, having educational qualifications is not enough to get employment because of widespread corruption and nepotism. So, it is also required to create an equal employment opportunity in both public and private sectors so that children of poor parents can find a job after completing their education.

Local government agencies still are working on poverty alleviation through government funds, relief, venerable feeding group funding, and other financial support. However, most of these funds are not properly utilized because of the corruption of local political representatives, local elites, or public institutions. My research findings suggest that if the government system were more transparent and democratic, few people would feel the need for microcredit NGOs in the CHT. Thus, the poor population could help themselves if the economic system worked fairly for them and if they could have access to various social and economic opportunities.

In my research, I have found many poor people who are hard workers, energetic, enthusiastic and thus they have agency and motivation to change. Most of the poor I talk to do not want charity but an enabling and peaceful social environment, cooperation, and fair play. I have heard and seen that the antagonism in interethnic relationships between the Pahari and the Bengalis has recently begun to lessen in Rangamati because of the

increasing interactions between the Pahari and the Bengalis, who are now working together in various NGO and government offices, participating in development programs of the UNDP and other NGOs (e.g. microcredit NGOs), and engaging in business partnerships together. It seems that participation of both the Pahari and the Bengalis in these different social situations will contribute to increased mutual trust and social and economic cooperation, which will possibly contribute to enhancing overall social and economic progress in this society in Rangamati in the future. Instead of blaming each other, hiding the realities or structural factors that lead many of the poor and the poorest to experience economic development failure we need more anthropological researches to identify those areas in order to find the way to improvement. In order to create mutually beneficial and peaceful social and economic development opportunities and overall environment we need to consider the lives of the poor from both local social cultural and larger structural perspectives and contexts. I have focused primarily on the structural factors as the cause of the poor's microcredit failure. We also need to consider how culture shapes an individual's economic behaviors and human agency on the whole and therefore, more anthropological empirical research is needed in order to explore those areas that remain unexplored.

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