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

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**Abstract:** Using ethnographic data, 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 describe how loan officers use the provision of group liability to implement microcredit programs, create an unequal development opportunity and legitimize the coercive actions of repayment enforcement by blaming the poor. Finally, I conclude the article by summarizing the findings.

**Keywords:** Bangladesh, loan repayment, microcredit, NGOs, poor, power

**Résumé :** À partir de données ethnographiques, j'examine les contradictions qui ont cours entre les revendications du taux de succès quasi total de remboursement de prêts des institutions de microfinancement, dont la Banque Grameen, récipiendaire du Prix Nobel, et la manière dont ces institutions définissent les causes de la pauvreté en fonction de la capacité des personnes pauvres à rembourser leurs prêts. Je décris comment les agents de crédit emploient la clause de la responsabilité de groupe pour établir des programmes de microcrédit, créant des opportunités de développement inégales et comment ils légitiment des modalités coercitives de recouvrement forcé, en blâmant les pauvres. Je termine l'article avec un sommaire des constats.

**Mots-clés :** Bangladesh, remboursement de prêts, microcrédit, ONG, personnes pauvres, pouvoir

## 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 (M. 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 prioritized microcredit initiatives to alleviate poverty. Consequently, 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 and this trend continues (Leve and Karim

2001:54). 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 installments reliably (Engler 2009:82). In other words, if the borrowers can repay the loan installments on time, advocates of microcredit assume that poor people have been able to improve their economic capacity. Evidence exists that, while women borrow loan money, the actual users of these loans are 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 indicators of the global popularity of microcredit, poverty alleviation and women's empowerment and, hence, the basis of enormous success stories and appreciation.

The question raised is this: 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 fieldworkers) 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 the 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 mem-

bers. 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 unutilised or under-utilised; 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 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. 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, which is the consequence of 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, having children out of wedlock, abusing drugs or committing crime (Mead 2003; Royce 2009). 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 struc-

tural 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, when the World Bank and International Monetary Fund (IMF) imposed structural adjustment programs 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 (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, less 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 continue with the microcredit (Datta 2004; Fernando 2006; Cons and Paprocki 2010).

Consequently, the role of the NGO 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 and they are able to control 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 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. 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 define 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 serve NGOs' capitalist interest, such as the expansion and the continuation of the microcredit programs and the reduction of operational costs by using these women's free labour. 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.

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 mass population, especially peasants and urban people, to become industrial labourers or proletariats. Later, David Harvey (2007) 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" (34). State is the central to both Marx and Harvey for analyzing the processes of capital accumulation by dispossession. Instead, I focus on microcredit NGOs, examining their hegemonic attitudes and how they deploy various coercive measures

to their benefit. Major microfinance NGOs are actually capitalist and accumulative rather than being agents for sustainable and equitable social and economic development. 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 labour for reducing NGOs' operational cost.

I observed that there is a latent competition among microcredit NGOs in order to recruit new members and to expand microcredit programs in my research locality. That is why most NGOs encourage their root-level officers and fieldworkers to recruit reliable borrowers by offering various job benefits such as promotions and bonuses for maintaining a good loan recollection rate or expanding the program's catchment area. Such aggressive market-oriented approaches influence the NGO officials to choose better-off families as the potential clients, or to become oppressive with the poor borrowers who fail to repay loans on time.

Unscrupulous treatment of NGOs, humiliation, conflict with peer group members, and starvation become an unavoidable experience for many of the poor women, especially those who cannot not repay the loans on time. While some women may not face any problem for repaying loans, still they have to comply with NGO domination. For example, a woman who is a group leader of a village NGO centre may often have to assist the loan officer in recruiting new clients, verifying the financial profile of the potential clients and collecting loans from borrowers. These women may have to spend from three to four hours every week for such NGO-related activity, though none of the NGOs pay a single penny for their labour. This helps NGOs to save money because they do not have to hire many paid staff for implementing microcredit programs at the community level, as they would have to do otherwise. It is clear that microcredit NGOs' practices resemble the practices of ruthless corporations, which look for profit accumulation. Therefore, I term this process of microcredit NGOs' profit accumulation *accumulation by violence*.

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. Following a brief description about the research community and methodology, I 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.

### Research Setting and NGOs

I conducted my research at “Osompur” (a pseudonym), which consists of three neighbourhoods in the Hill District of Rangamati in CHT. The CHT is situated in the southeast corner of Bangladesh and has been the home of 12 ethnic groups for thousands of years. One of the significant aspects of this locality is its socio-cultural diversity, as both the Bengali majority and other ethnic minorities reside there. The indigenous people of CHT, also known as the Pahari, are largely dependent on shifting (*jhum*) cultivation, agriculture, natural resources found in the hills and forests and, most importantly, their cultural capacity to produce traditional dresses on waistlooms and other handicrafts. Common sources of livelihood for most of the Bengali and indigenous people are small businesses or entrepreneurships, service in local government and NGO offices, fishing and daily labouring.

Most of the population is struggling to survive with little social and economic security. Some economic and political policies of the governments of Pakistan (1947–71) and Bangladesh (1971–present), such as the Kapital hydroelectric project in Rangamati in the early 1960s and resettlement policy in the CHT during the 1970s, displaced thousands of indigenous peoples from their ancestral lands and collapsed their economic base. The resettlement policy of the Bangladeshi government, which allowed Bengalis from the plains to settle in the lands of the local indigenous people, led to resistance movements (between the mid-1970s and the late 1990s) by the indigenous peoples against the Bangladesh army and in-migrant Bengalis (Mohsin 2005; UNDP 2009).

Microcredit originated at the Jobra Village in the Chittagong in 1976, a neighbouring district of Rangamati, but microcredit programs did not reach this locale until the late 1990s. Political conflict and ethnic insurgencies in the CHT were part of the main reason for late intervention in this region. Unlike other microcredit NGOs, Grameen Bank is a specialized rural bank in which the government owns at least 5 per cent of its equity (Grameen Bank 2011). Here, I use “microcredit NGOs” to indicate all microfinance institutions, including the Grameen Bank.

### Methodology and Research Participants

I used standard anthropological data-collection techniques, including participant observation and semi-structured focus group interviews, which were recorded with a digital voice recorder. I had informal conversations with community members in local tea stalls, in front of grocery stores or in the school field to talk about the overall social and economic situation of people involved in microcredit programs. In those cases, I entered the key points in my notebook as soon as I was able to. I applied a purposeful sampling method (snowball or chain-referral sampling) to collect evidence to answer my research questions. In May 2009, I entered the field to establish initial contact and develop rapport with the study community and conducted a preliminary household census of 64 households in June 2009. By August 2009, I had 30 semi-structured interviews with research participants.<sup>1</sup>

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 fieldworkers. I selected 103 women and 46 men from different ethnic groups (Bengalis, Chakma, Tripura and Tanchangya) to capture different ethnic and socioeconomic backgrounds. All of the participants' households were directly involved with different NGOs for at least two years.

While the data collection process was going on, I transcribed interviews captured with a digital voice recorder from the research participants' spoken language, Bangla, into English. I used ATLAS.ti.6.2 qualitative data analysis software to manage and analyze the data. I shared the preliminary results with some research participants, including borrowers, community leaders and NGO officials to check my findings. Below I discuss how NGOs, implementing microcredit programs, create unequal power relationships among female borrowers through the provision of group liability.

### Group Liability and Coercive Loan Recovery Strategies: Accumulation by Violence

I observed that NGOs urge borrowers to come under the provision of a joint group liability to get a loan. A group liability is an 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 this idea of group liability, which most of the microcredit NGOs now follow. Group liability is also well-known in the microcredit literature and in practice as “social collateral” (Khandker 1999). Usually, an NGO

group centre or a solidarity group consists of 15 to 40 or sometimes 50 women, depending on the density of the population. The solidarity group should have a specific place to meet every week. The meeting place might be in the house of the group centre leader or a general member. The Grameen Bank calls this meeting place “Kendra Ghor” (Centre House). At the village level, a group centre is composed of several subgroups of five women each. Every subgroup has a group leader and there are several informal administrative positions for the women borrowers, such as president, secretary and cashier. Each group leader has to give consent for and to take the liability of her fellow group members’ loans.

NGOs usually select group centre leaders from relatively better-off householders who possess the leadership skills and social power to dominate others. These leaders must comply with the instructions of NGO officials regarding the recruitment of potential borrowers, the disbursement of loans and the enforcement of repayment obligations. Confiscating saleable assets, breaking houses and selling the corrugated tins, confining the defaulters at the village NGO centre, shaming the borrowers and using coercive language are some of the common loan recovery strategies most microcredit NGOs deploy in my CHT research setting. Some of these oppressive loan recovery strategies (e.g., shaming, breaking houses and confiscating saleable household goods) are reported in other ethnographic research in Bangladesh (e.g., Karim 2011; A. Rahman 1999). Consequences of such NGO practices are mainly adverse for the women who simply pass the loans to their male relatives. A female research participant, Mohi, described her situation:

I borrowed some loans from different NGOs for my husband. My husband invested these loans in poultry, pigs and goat-rearing projects. We faced a loss because of the death of some of the hens. We had no income in the early few months from this livestock project but we had to repay the loan installments every week ... Once I could not repay some loan installments to BRAC. One day, the branch manager of the BRAC came to my house, accompanying the group’s centre leader and some other group members. They insulted us, using abusive language. They were very aggressive. They confiscated a television and some furniture. They even forced us to sell the corrugated tin of our living house. I had a showcase and a wardrobe in house. They were also looking for it [to sell]. [Mohi, 26 March 2011]

This account explains why this household failed to improve their economic situation, despite participation in

microcredit programs, and how an NGO became oppressive with poor women borrowers. Both NGO officials and a group of women directly engaged in coercive actions to collect loans from this borrower. While I was interviewing Mrinal, husband of Mohi, he 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. This household’s economic loss was so severe that Mrinal had to sell a portion of land to repay some of these debts. Note, Mrinal was a police constable and he received money from his retirement fund in 2003. He purchased a plot of land with this money in 2005 to build a house for his family and start a poultry project (Ali 2013). This is one of the many households in CHT that became poorer after participating in microcredit programs. Persistent poverty, lack of 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 this 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.”

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 the her in the branch office or not issuing new loans to any member in the group centre. 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 centre leader of the IDF in her neighbourhood. She requested that the IDF people not take the woman because she had small children at home, but they refused. 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, interview, 25 March 2011).

This ethnographic example shows that, if group leaders fail to collect the defaulted loans, no one in the group centre 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 centre 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, NGO officers did not participate 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, NGO officers participated 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 centres 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 centre 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 threat or inflammatory language works on 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. In 2009, for example, a poor woman allegedly committed suicide because NGO fieldworkers 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 incidence, 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 the 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 tortured her physically and ousted her from house. Later, her husband committed suicide by hanging himself on the branch of a tree. I have not ever 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, which can lead people to commit suicide. NGOs manipulate their staff to protect NGO capitalistic interests, and fieldworkers manipulate a group of female borrowers. If any loan installment is dropped, the fieldworkers must adjust this from their own money; otherwise the branch managers deduct the amount from the fieldworker's monthly pay cheque.

Clearly, the choices of the majority of the women borrowers are not reflected in the current approach and practice of the microfinance institutions in my Bangladesh study setting. 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; otherwise, they are not allowed to have a loan. Therefore, NGO officials commit violence in two ways. First, 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. Second, 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. Such a development approach and the actions of NGOs not only demoralize the poor but also create conflicting relationships among households, which result in the poor losing informal sources of social and economic support in their local community. 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 installments on time. In response, most of the NGO officials said that the loan defaulters use the loan for purposes other than income-generating activities. For example, a centre 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 centre 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 centre 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. At 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 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 installments 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 the poor over time and cannot improve their economic situation, despite their microcredit participation. [Khokon, 10 March 2011]

This account clearly indicates that many borrowers cannot repay the loans to NGOs or utilize the loans for income-generating activities. 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 behaviours (e.g., being lazy, spending the loans for non-productive purposes). This view echoes neoliberal blaming of the victims (see 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 installments to us. [Habib, 19 June 2011]

This narrative 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 activities, 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 1–8). According to these NGO officials, the poor do not create all factors (as in 9–15), 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.

Interestingly, 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 define “cultural beliefs and practices” as the conceptions and learned behaviours of the people, reflected 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 better-off people, and even the poor themselves, believe that people remain poor mainly because of their own fault. 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 do live a 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, 13 May 2011]

Interestingly, this statement reflects the comments above of the centre 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,

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 did receive some properties [mainly land] from their ancestors but these people are poor because they wasted these properties. [Bhushan Chakma, 14 May 2011]

Clearly, this person believes people become or remain poor because of religious predetermination or their individual faults. 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 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 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 fieldworkers 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 repaying because of their uncontrolled lifestyles or that the loan defaulter is lazy, lethargic, stupid and incapable of managing her own livelihood. Such implications leave the 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 (Ali 2013). I asked group centre leaders of different NGOs why they support the coercive tactics of the loan officers. An ASA group centre 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 fieldworkers create pressure on them to collect loan installments, 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 fieldworkers? [Usha, 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 try to raise their voice in favour of a flexible repayment schedule, group leaders and other women with better economic situations stand up for current NGO policies and practices. A few women suppress the voices of the majority of poor women to serve NGO interests. Some better-off 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 centre 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. Note, this kind of communication between fieldworkers and group leaders is usually confidential and kept secret from any 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 centre leaders recommend that fieldworkers 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 colour 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 the houses of bricks and cement or bamboo and thatch. The people who live in the bricks and cement houses have colour 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 labouring. If they know that I am poor and I do not have a colour TV, good furniture such as cots, electric fans in my house, they will give a very small amount of loan. [Group interview, 14 May 2011]

Similarly, a key informant 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 fieldworkers 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 like that? Do poor people have these assets? When they find nothing in poor people's house, NGO fieldworkers 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, 23 June 2011]

These accounts exemplify how NGOs deliberately act against the interests of the poor. 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 these 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. However, 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 the 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 faults, NGOs have a space to reproduce these beliefs through the oppressive behaviour toward loan defaulters by other women in the village NGO centres. 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 installments. This is reflected in the statements of NGO officials and borrowers, as well as in how NGOs instigate the centre leaders to be forceful with the borrowers. NGO officials state that many of the poor fail to repay the loan installments 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 installments by selling their saleable assets or by borrowing from other NGOs and informal sources, such as moneylenders, relatives and neighbours, the poor cannot escape from poverty. Instead, they fall into a cycle of multiple debts and further poverty.

NGO power lies in capitalist interests 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 their economic interests. For example, NGO officials and group leaders, who generally come

from better-off 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 installments 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 better-off 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 better-off 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 conflict between people, violence, breakdowns in personal and social relationships 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.

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## Note

- 1 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. I collected informed consent, either written or in some cases orally, before recording or conducting any interviews. Please note that the names of all the study villages and research participants are pseudonyms.

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