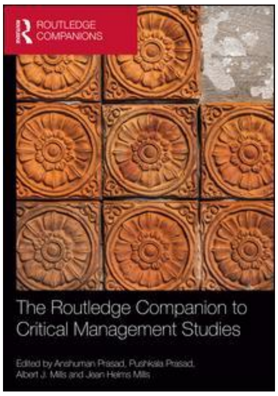

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Anshuman Prasad, Pushkala Prasad, Albert J. Mills, Jean Helms Mills

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Nimruji Jammulamadaka
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Microfinance

A neoliberal instrument or a site of the 'other's' resistance and contestation?

Nimruji Jammulamadaka[1]

> I share with you a deep enthusiasm for what this remarkable tool [microcredit] can be in the future of poverty eradication.
>
> (James Gustave Speth, administrator, United Nations Development Programme, October 2, 1995)

> Microcredit programs have brought the vibrancy of the market economy to the poorest villages and people of the world.
>
> (James D. Wolfensohn, president, World Bank, July 11, 1996)

> [M]icrocredit makes life at the bottom of the pyramid worse. Contrary to the hype about micro-credit, the best way to eradicate poverty is to create jobs.
>
> (Karnani, 2007)

> *Why Microfinance Doesn't Work: The Destructive Rise of Local Neoliberalism*
>
> (Bateman, 2010)

> "The Tools of Empire? Micro-Finance, Neo-Liberalism, and the Vietnamese State"
>
> (Delaney, 2010)

> Bangladeshi rural women's honor and shame are instrumentally appropriated by micro-credit NGOs in the furtherance of their capitalist interests.
>
> (Karim, 2008)

As these quotes eloquently convey, microfinance/microcredit[2] is an 'instrument'. For champions[3] like the World Bank, United Nations Development Programme (UNDP), United States Agency for International Development (USAID), the Bill & Melinda Gates Foundation or the Ford Foundation, microfinance is the magic bullet that breaks the vicious cycle of poverty leading to empowerment and growth. Dissenting voices have called it a blunt instrument which may improve incomes for some but fails to target the very poor (Buss, 1999; Hulme & Mosley, 1996, 1997; Karnani, 2007; Rahman, 1999). For critics, microfinance is a tool that furthers neoliberal interests: its "primary function . . . is to link the *unification movement at the supranational level*[4] with local social policy. Consequently, the *rules and norms of the global unification movement* are extended to the level of individuals within local communities"[5] (Weber, 2001: 5; emphasis added). Given that a detailed review of these literatures and positions is not possible here,[6] this summation at the risk of oversimplifying the nuances in the positions mentioned above moves ahead.

Of those positions, some are closer to each other than they appear at first sight, and some are polar opposites. In spite of the conceptual distance between these positions, what ties them together is their view of the *Other*. These positions cast the *Rest of the world*, the places where microfinance is actually being practised, as passive. To the extent that entities like Grameen Bank or Self Employed Women's Association (SEWA) Bank (India) are mentioned,[7] it is only that – a mere mention. These places and organizations are cast as experiments, as pilots, which worked/did not work and therefore can now be used/not used by the West. For instance, the Declaration of the Microcredit Summit (Washington, D.C., 1997), ostensibly made by 3000 participants from 137 countries, states, "There now exist both a substantial *track record of accomplishments* . . . poor people are a *good credit risk* . . . bad loan ratios are comparable to or below those of *conventional banking. . . . Industrialised nations are developing models* for organizational sustainability that will further accelerate . . ." (p. 9; emphasis added). The language and its articulation evident in these excerpts make it apparent as to who is *speaking*. The World Bank's Consultative Group to Assist the Poor (CGAP) organized and paid for this summit. The 'experiments' have worked, and *They* (Summit Campaign,[8] RESULTS[9] and CGAP) can now drive the program to put '100 million poor people out of poverty'. The speech and impetus are shifted silently to the Western agencies.

The critics of this 'neoliberal tool', on the other hand, have seen the *Rest* as passively falling in line as they do not have the choice, the capacity or the power to resist. "[T]here is a virtual absence of the state in the rural economy . . . They [Grameen Bank and others] constitute a modern landlord with a global vision" (Karim, 2008: 12), so the poor and their countries have no choice, and even though the poor do exploit the NGOs, "the balance of power is with these NGOs [Grameen Bank]" (Karim, 2008: 9). The analysis of Weber (2001) on the complicity of microfinance to the Washington Consensus also alludes to this 'choicelessness' of the Rest. "The way in which the Post-Washington Consensus policy framework is consolidated means that it actually aims at delegitimating the politics. . . . This is tantamount to an attempt at 'social closure'. Genuine political struggle – political contestation – of development is undermined" (Weber, 2001: 26).

This chapter takes objection to such a view of the Rest. It argues that the Rest is anything but passive. By engaging with the Indian experience and its enmeshing with global microfinance, the chapter argues that microfinance is not merely an instrument that can be *deployed on* the Rest but is a site of *active politics* – of appropriations by the West, of imaginative wresting of spaces, of the deployment of possibilities by the various actors on all sides and an unperturbed resistant ground-level practice. By drawing on several published materials like reports, review papers, and case studies of practitioners, government and global agencies, this chapter (through critical discourse analysis) constructs an account of microfinance as it has emerged in Indian community space, its engagement with the Indian state, its encounter with the West and its continuing aftermath. The analysis looks at the implications of this experience for the reading of global microfinance as a harmonizing and hegemonic practice of the West.

Emergence of microfinance in India (late 1970s and the 1980s)

The 1970s marked a period of great turbulence in Indian public space. The young nation's enthusiasm for and expectations of its sovereign government were being replaced by considerable disillusionment. The public was beginning to realize that the government was ineffective in coping with famines and providing for the security and development of its people, and that at this time, voluntary and civil effort was required not to free the nation from British domination but to free it from the clutches of poverty and deprivation. As a result, the voluntary action, which was very popular during India's freedom struggle but which had slowed down after independence, saw a revival.[10] The development stalwarts of today (e.g., SEWA, SWRC (Social Work and Research Center), BCT (Barefoot College Tilonia), PRADAN (Professional Assistance for Development Action),[11] Seva Mandir, etc.) all had their genesis during that period. These were formed by people seeking to build the nation.

By the late 1970s, several such NGOs[12] in India were grappling with the issue of mobilizing people. They were exploring mechanisms for social intermediation that could mobilize the latent social capital among the poor and use it for improving their material conditions. They were also dabbling in forming groups based on various criteria. These NGOs realized that they had more positive experiences working with groups of women even for issues other than women's empowerment and that women, unlike men, were keen on lifting their families out of poverty. Building on these experiences, the NGOs encouraged the women to save tiny amounts of cash or kind in their groups to help tide them over tough times and avoid expensive borrowing. Such micro savings were used to support a needy member by lending to her in times of crisis. The following montage conveys these efforts and origins without going into a detailed cataloguing of the origins of microfinance in India:[13]

- BCT, an NGO from Andhra Pradesh in South India, encouraged women to save 10 paise per week in the late 1970s.[14] Some of the women saved this money by putting away a fistful of rice from every meal they were cooking. The savings by the women's group reached Rs.3000 within a matter of a year for a single village. This process continued, and the women's groups deposited over Rs.50,000 in a bank in the second year and used it to finance their consumption and production needs through lending amongst themselves (*The Week*, 1988).
- SEWA bank, a "*confluence of three movements – the labour, cooperative and women's movements*" (Shetty, 2012: 207) was founded when the 4000 members of the Self Employed Women's Association, a women's trade union formed in 1972, contributed Rs.10 each to start a cooperative bank in 1974 in Gujarat, Western India, to meet their needs for savings and credit products.
- Myrada, an NGO working with Tibetan refugees in Karnataka, South India, was forming credit management groups of the community in 1984–1985 to mobilize capital and help the refugees manage their own lives and needs. Myrada named these groups as self-help groups (SHGs) in 1987 (Tankha, 2012).

Thus, across various parts of India, NGOs, working with communities, were experimenting with multiple approaches to mobilize and create people's institutions. These SHGs were the innovations of the local people, mechanisms that they stumbled upon and created through trial and error to cope with the challenges of their lives in order to build solidarity amongst themselves and to tackle their consumption or production needs while freeing themselves from usurious informal credit. These were not donor-induced interventions, nor were they blindly mimicking the Grameen Bank's[15] microcredit model of borrowing based on joint liability. It is important to note here that the Grameen Bank model is only one among many different models of microfinance practised around the world.

Around the same period, the government of India too was actively looking for mechanisms to improve access to rural credit. The All India Debt and Investment Survey 1981 showed that the informal sector provided 38% of total rural household debt. The poor were particularly dependent on the informal sources, and bank financing (both credit and savings) had very high transaction costs for banks and rural poor alike (Siebel & Dave, 2002). All the previous governmental efforts, such as cooperative credit societies, bank nationalization (done in the 1960s) and subsidies through commercial and rural banks (done in the 1980s) had failed. There were massive defaults, and the target population was being excluded from the formal financial system. The government realized that it could not provide the much needed credit to the rural poor in a cheap and cost-effective manner and was actively scouting for mechanisms to enable this. It formed NABARD (National Bank for Agriculture and Rural Development), an apex bank, in 1983 for this purpose. NABARD saw productive possibilities in the SHGs being formed and facilitated by NGOs and entered into a dialogue with them.

The government of India was among the first to lay claim to and appropriate the 'SHG innovation' of NGOs and the community. In 1982, it launched the Development of Women and Children in Rural Areas (DWCRA) program for forming women's groups and routing subsidized credit to them (Bishnoi & Singh, 2007). It was felt that, through this process, at least some of the money would be in the hands of the women who could use it to improve the condition of their families. The voluntary organizations played along, and in most cases facilitated this large-scale program.

On the international scene, Germany was implementing its own domestic version of informal financial intermediation. Observing the developments in Asia, namely Indian, Bangladeshi and Indonesian experiences, GTZ (one of the German donors) turned to Asia and participated in the APRACA (Asia-Pacific Rural and Agricultural Credit Association)[16] (Siebel, 2005). In 1986, GTZ shared their bank-linkage idea with the APRACA at Nanjing Workshop, and in Kathmandu in December 1986 the linkage approach was adopted by the APRACA (Tankha, 2012). Some Indian organizations, including NABARD, were members of APRACA. Back in India, informed by its exchanges with NGOs and the APRACA, NABARD supported an action research project of Myrada in 1987 by providing a grant of $21,978 (Rs.1 million) for onward lending to credit management groups of women in Myrada's intervention areas. The lessons learnt in this project paved the way for microfinance in India (Rao, 2008).

These early steps in microfinance were being taken at a momentous time for India. In 1991, India had sought help from the International Monetary Fund (IMF) to tide over its macroeconomic crisis. Liberalization and privatization ensued bit by bit. Initially, these developments had not touched microfinance, but in the later years, they became a key driver for its acceleration. The following account of developments in this area covering a period of roughly 20 years has been divided into four quinquennia for the sake of convenience.

1990–1995: Hesitant and modest moves

In July 1991, NABARD started a pilot project to lend to 500 SHGs promoted by NGOs. The guidelines specified that the groups should have been in existence for six months and have demonstrated a capacity to manage themselves as well as their savings. The credit ratio was fixed in the range of 1:1 to 1:4 (savings to credit) per group, but ideally that ratio was not expected to be more than 1:2 (Tankha, 2012). During these early years, 1991–1995, a total of 2122 SHGs were linked and Rs.0.02 billion was lent to them (NABARD data cited in Tankha, 2012). NABARD was funding this scheme by refinancing the commercial banks who were actually lending to the SHGs. Other national and international agencies, like Friends of Women's World Banking (FWWB) (India) and International Fund for Agriculture Development (IFAD), were also funding some of these NGOs and SHGs. The size of the groups varied from 15 to 25 and then settled on 20 members.

The SHGs promoted by the NGOs in the late 1970s and 1980s had emerged as quite mature and competent groups. These voluntary organizations were actively co-creating federations of SHGs as community-based and -owned membership organizations to manage both their savings and credit and other developmental activities. Sri Padmavathi Mahila Sangham (in Andhra Pradesh) was the first SHG federation to be registered in the country. SHG promotion was still a non-mainstream activity; not many NGOs were engaged in this. The vocabulary in use during this period was 'SHGs', 'capacity building', 'revolving loan fund' and 'thrift'. The terms 'microfinance' and 'microcredit' were conspicuous by their absence; so too were the emphases on scaling up, and operational and financial self-sufficiency. The most prevalent model at the time was the NGO-promoted SHG-federation model. Federations were primarily mechanisms to ensure that decision-making remained in the hands of the community (and thus built their competence), not simply a method of achieving economies of scale or disbursing credit.

1996–2000: Crisis and campaign

In 1996, both the Reserve Bank of India and NABARD had specified that lending to SHGs was to be treated as part of regular operations of banks and should be incorporated into their plans. Bankers were encouraged to promote SHGs. Training for both promotion and assessment of SHGs for bank financing was provided to bankers through NABARD. Later, NABARD explicitly prohibited retention of SHG's savings as explicit or implicit collateral by banks. Slowly, lending to SHGs was gathering momentum. In 1996–1997 alone, close to 4000 SHGs received funds for onward lending. For the first time, the Grameen Bank model was being mentioned in some places in India and being practised by a few like SHARE of Andhra Pradesh.

These positive experiences were occurring in the midst of an unfolding crisis in agriculture and rural India. The structural adjustment policies mandated by the IMF led to neglect of infrastructure building in agriculture along with rising input costs and subsidies. (Chand, n.d.). Post–World Trade Organization (WTO), the impact on agriculture was even more severe. "GDP in agriculture rose at the rate of 3.16 percent during 1990–91 to 1995–96 [i.e. before WTO reforms] and at the rate of 1.75 percent during 1996–97 to 2001–02 [i.e. post WTO reform period]" (Chand, n.d.). The steady decline in agriculture led to a vast loss of livelihoods in the rural areas (Gupta, 2005), posing a great challenge to the liberalization agenda of the government of India. Elections in some of the key states showed that the voters rejected *liberalization* and IMF-sponsored policies.

But all was not well with the IMF and the World Bank either. A United Nations Conference on Trade and Development (UNCTAD) study showed widening disparities: the rich 20% had 83% of the world's income by 1990 (Bello, Bullard, Chomthongdi, Adams & Shalmali, 2000). The failure of structural adjustment in Africa and Latin America was only too obvious. The rise in absolute poverty and the intense hardships faced by the people posed a severe threat to the legitimacy of the Washington Consensus. Amidst all this, at a meeting of the Donor Working Group in Paris in June 1994, CGAP[17] was launched for concerted and coordinated funding of poverty alleviation. With a $30 million initial grant and office space from the World Bank, CGAP began addressing poverty so that 'adjustment had a human face' (World Bank, 2004). The World Bank's Sustainable Banking with the Poor project started studying some of the models from the global inventory of 1000 microfinance practitioners it put together in 1995–1996 (Ledgerwood, 1999). Grameen Bank featured prominently in these studies as a replicable, scalable, sustainable and cost-effective model (Khandker, 1996), marking out Muhammad Yunus/ Grameen Bank as the brand ambassador of microfinance.

Poverty and women's empowerment emerged as key themes against a backdrop of structural adjustment policies from conferences held under the UN auspices (e.g., World Summit on Social

Development[18] and the Beijing Conference on Women[19]). These record-setting events effectively demonstrated that the Rest cannot be taken for granted. It was during this time that John Hatch (FINCA[20] founder), along with Sam Daley-Harris (RESULTS Foundation president), realized that programs need to be scaled up to tackle the poverty problem. Grameen's model of joint liability groups was scalable, and Muhammad Yunus was supporting their proposal. Together, they embarked upon the "100 million poor by a decade" goal for microcredit, i.e., the Microcredit Summit Campaign (Davis & Khosla, n.d.). CGAP saw this development as an opportunity to quickly deliver credit for microenterprise to the poor and thereby alleviate poverty and enhance women's empowerment. The Summit Campaign showed a way for the Washington Consensus to redeem itself as a poverty alleviator. In February 1997, with the sponsorship of CGAP and the UN, the Microcredit Summit Campaign to reach 100 million poor with microcredit within a decade was launched at a global conference of 3000 delegates (including heads of state, microfinance practitioners and civil society members).

The campaign mobilized a 'scale' frame for microfinance by focusing attention on the vastness of poverty and therefore the need to pursue models that could be 'scaled up to large numbers quickly'. The scale frame laid emphasis on "building sustainable, scalable financial institutions." (Davis & Khosla, n.d.: 19). The campaign played multiple roles: "goal-setter, progress counter, convener and conference organizer, political mobilizer and advocate, commissioner of new research and writing on core themes, packager of tools, information disseminator and best practice trainer" (Davis & Khosla, n.d.: 5). As Davis and Khosla suggest, the campaign worked on "mobilizing structures (by strengthening the networks of organizations and individuals in the field), political opportunities (by generating unprecedented international exposure) and framing processes (by giving the field a goal to rally around)" (p. 22).

The United Nations, various donor agencies through CGAP and the World Bank all actively promoted microfinance in almost all of their activities. When their microfinance approaches were criticized for prioritizing financial sustainability and *not* meeting the needs of the poor, the campaign advocated that financial sustainability would enable meeting the needs of the poor. Thus dissent was systematically seen as myth which needed to be shattered, and the campaign worked hard at it "by deliberately calling into question some of the field's dominant ideologies and (re-framing) them as opportunities to 'do better'. The campaign didn't ignore the field's myths, but rather incorporated them into their plan of action and strategy" (p. 20).

RESULTS became the agency which tracked the performance of microfinance organizations throughout the world. That, officially, RESULTS was an NGO helped the Washington Consensus remain in the background, but it should come as no surprise that CGAP (or rather the World Bank because, even after eight years, the World Bank provided the bulk of the funding for CGAP[21]) is the biggest sponsor for the summit/campaign. The campaign, through capacity-building programs, popularized poverty assessment tools and credit management tools like financial ratios to assess financial self-sufficiency. It did not explicitly push for the Grameen model but gently prodded practitioners in that direction by celebrating those organizations which achieved such sufficiency and scale (Davis & Khosla, n.d.). CGAP, on the other hand, was explicit. While its first phase (1995–1998) was aimed at consensus building and the development of common vocabulary in the field by supporting practitioners (67% of its Phase I budget went to grants to practitioners around the world), its second phase (1998–2003) explicitly focused on commercialization of microfinance and capacity building. It positioned itself as a "knowledge generator" of best practices: this expenditure increased from 5% to 47% in Phase II (World Bank, 2004: viii).

Thus *people's innovation* of self-help was *appropriated* as microfinance by the West. The campaign and CGAP positioned themselves as the "knowledge generators" through the promotion of performance metrics and best practices when in fact the innovations were being made by common people. The Summit Declaration stated that "it is difficult to incorporate a successful microcredit program into an institution that has relief or social-service approach to helping the poor," thus strategically privileging the credit supply–focused, scalable Grameen Bank model. In other models like SHGs that focused on group processes in saving-lending decisions so as to develop member competencies, credit supply started after six to twelve months of group formation. But since all performance measures and rhetoric of success revolved around recovery rates and financial sustainability, these path-dependent SHG models fared adversely on financial parameters as break-even was delayed; they were also difficult to scale as replicating group processes in large numbers is difficult.

By selectively appropriating a 'successful' credit supply technique and the empowering effects of other models, the campaign generated the myth of empowerment through scalable microfinance. Empowerment was assumed away in the measurement and was explicit only in public speeches, where it served to depict microfinance as a mechanism of women's empowerment instead of an exploitative tool. A cursory perusal of the various capacity-building tools promoted by these agencies and widely available on the Internet reveals this. The West conveniently *usurped* an idea that did not belong to it, transmogrified that idea in a fashion that benefitted its own purposes, turned it into the standard of excellence (delinked from the local experience) and then promoted itself as the benevolent 'knowledge generator' and evaluator of the practice of these ideas in local communities. This appropriation was probably necessary to redeem the loss of faith in Western-sponsored institutions.

Back in India, the Indian government, challenged by its own people on poverty alleviation, also jumped onto this microfinance bandwagon. The hesitant steps of the early years gave way to a massive policy focus on SHG and microfinance promotion. Interestingly, the words 'microfinance' and 'SHGs' started to be used synonymously. A special microfinance fund was created to provide money for SHGs. The government's subsidy schemes were also refashioned to the SGSY scheme to make them more like the SHGs.

In the civil society space, the October 1998 conference of the Women's World Banking (WWB)[22] in India, while alluding to the global refrain on microcredit, also stressed the vision of "building strong, sustainable institutions committed to serving poor women, with poor women leading the way" (Barry, 1998). The Consensus Report (1998) of the conference on "Building India's leadership in Microfinance" explicitly recognized the vision of "Microfinance . . . through investments in institutions and people . . ." (p. 2). It acknowledged that, "in a country as large and diverse as India, different approaches, methodologies . . . are needed . . . and should be encouraged" (p. 3). The strategy involved "building a strong . . . community-based development financial institutions (CFIs) with the help of NGOs and others" (p. 3). It positively stressed that "[E]xperience in India demonstrates the success of people's structures . . . groups. . . . in which people have a stake in the ownership and governance of the organizations. . . . They create the permanent organizing structures at the local levels . . . more emphasis needs to be placed on building upon indigenous organizations . . ." (p. 6). There was a clear recognition of the benefits of intermediation provided by the NGOs, and therefore it advocated the creation of distinct organizational arrangements for managing microfinance in/by the NGOs, as well as greater policy support through appropriate legal apparatus and necessary funding. Though Washington's performance standards were acknowledged by the self-regulatory body Sa-Dhan,[23] it is interesting to note that out of the 11 founding members, all but one were community-based self-help promoters and earliest innovators of this idea in India. One can make an educated guess about the bent of the discussions on standard setting in this body.

Thus the second quinquennium, which was marked by a crisis of the state and the neoliberal regime, represented the full-scale appropriation of the idea and practice of microfinance both by the Indian government and the World Bank.[24] An extensive rhetoric and set of practices emerged and consolidated around scale and financial sustainability, and even though the Indian practice also used some of this rhetoric, it explicitly deviated by clearly acknowledging the SHG practice in India and the need for its furtherance. Thus, the Indian practitioners *resisted* falling in line with the global practice and chose to suitably modify it to meet their needs. It is a case of shrewd politics that features an overt surface acceptance of the Western rhetoric and then its overhaul to suit local needs.

2001–2005: Accelerated microfinance

Riding on the heavy inflow of funding, advocacy and promotional activity, both by the Indian government and World Bank, Indian SHGs and microfinance grew phenomenally. Several models, including the Grameen model, individual banking and commercial finance companies, were in operation now. By 2005–2006, over 2 million SHGs had been provided bank linkage (Tankha, 2012). While the largest number of new clients was added by the Grameen replicators, "federations seemed to be *a fait accompli*" with the existence of over 60,000 SHG federations in the country by 2005 (Ghate, 2007). The SHG promoters far outnumbered the Grameen microfinance institutions (MFIs). Grameen replicators, however, gathered all the attention in the media for their meteoric growth, adding thousands of clients per month. These replicators found great favor (for scale and financial sustainability) in the West, with SKS Microfinance's founder Vikram Akula meriting a book with Harvard Business Publishing.

The regulation and capacity building of Indian microfinance were still within the control of the earliest SHG innovators (Sa-Dhan), who, while consistently favoring the SHG model, kept the space and debate open for Grameen replicators. The SHG people acknowledged that their operating costs were higher but pointed out also that SHGs were more sustainable and actually led to empowerment. SHG promoters also warned of an imminent implosion in the Grameen model, noting that the over 90% recovery rates of the Grameen model would plummet once the seven or eight loan ascendency cycles were complete (refer to note 15) because the Grameen model did not focus on enhancing and facilitating the capacity and capability of the client. The 2002 edited book by India's leading microfinance experts, *Beyond Microcredit: Putting Development Back into Microfinance*, proclaimed this.

That the government of India encouraged the rhetoric of empowerment helped. So did NABARD's comfort with and faith in the SHG model. The dual organizational model of the SHG promoting NGOs/community-owned microcredit MFIs[25] was explicitly promoted as against the Grameen replicators. Several such NGO/MFIs (federations) were formed during this period. Sanghamitra is one such MFI promoted by Myrada. In this Myrada/Sanghamitra model, the size and purpose of loans are controlled by the community group, and so are the savings. Sanghamitra explicitly contracts with federations and NGOs for capacity building of the community groups. While financially sustainable and managed by conventional finance personnel, Sanghamitra has an explicit corporate policy of not pursuing scale blindly and managing a limited portfolio of Rs.30–35 crores. It intends to spread the impact by enabling the formation of other Sanghamitras in other places (Fernandez, 2005).

This quinquennium was thus a prolific time: huge growth in outreach, multiple models, vibrant innovations and live debates. Microfinance in India was far from homogenization or harmonization by the West. The community and the NGOs continued to thrive and strongly controlled the trajectory without creating polar oppositions. In fact, much of the growth by the NGO/MFIs was achieved by tapping into the funds made available by the West's new focus on microfinance and by using the terms and ideology of microfinance as an umbrella that was opened when the NGOs needed it and closed when it became a hindrance.

2006 to 2010 and after: An implosion and reassertion

The sector's growth continued during this period. CGAP was bringing out documents on issues that NGOs need to consider while transforming into MFIs (Lauer, 2008). In 2010, Vikram Akula's SKS had successfully launched an initial public offering that was oversubscribed, opening the doors to private equity instead of grant or soft loan funding for microfinance. The top five MFIs in India were Grameen replicators who reached out to 14.6 million clients. Yet, the people-based SHG models were more popular. In 2010, while SHG membership was at 59.6 million, MFI clients stood at 26.7 million, but the MFI average loan size was higher at Rs.6870 as against Rs.4572 for SHGs. There were over 166,700 federations (Puhazendhi, 2012). Regulation was still marked by interim, ad hoc pronouncements by the Reserve Bank of India and the government, both of which were trying to straddle the twin objects of empowerment and fiduciary control (Jammulamadaka, 2011). The debate was still wide open.

Grameen replicators started showing early signs of crisis in 2009 with intermittently falling recoveries in some pockets in South India. The loan ascendency cycles were almost complete for several old clients. And then in late 2010, the crisis was full-blown, with suicides by the loanees (some were SKS clients) to avoid harassment. It was called India's 'subprime crisis'. There were also concerns that the promoters were building personal wealth using public funds (Sriram, 2010). In the race to scale up, these MFIs were competing with one another, lending to the same individuals and/or in volumes way above the repayment capacity of the borrowers (e.g. a loan of Rs.150,000 for a weekly income of Rs.600) (*The Hindu*, 2012). The state government of Andhra Pradesh reacted sharply by bringing in a very strict regulation that curtailed MFI operations. The challenges and problems of the highly scalable credit-only approach were manifest, and fiduciary regulation became strong, putting brakes on the Grameen juggernaut.

Through all this turmoil, organizations like Myrada/Sanghamitra continued to perform as per their mandate. Sanghamitra had reached only 8000 SHGs by March 2008 with an average loan of Rs.60,000/SHG even after 13 years of existence (paltry by Grameen standards). Yet they were also financially self-sufficient and even managed to achieve an A credit rating by M-Cril, the microfinance credit rating agency (M-Cril, 2008). Another NGO/SHG microfinance practitioner, SKDRDP, demonstrated that SHG-based operations did not imply 'small is beautiful' and that growth in outreach was possible by reaching out to 0.11 million SHGs. Though a late entrant into microfinance, SKDRDP is the sixth largest MFI in India and the largest NGO/MFI anywhere in the world. They continue to remain an NGO and provide a range of interventions and capacity building for managing SHGs, livelihoods, health and a host of other services. SKDRDP aims at an annual growth of 50%.

The implosion in credit disbursal and defaults in South India livened the debate among the various models. Government now saw most MFIs as the villains destroying rural well-being against whom the public needed to be protected. Capital supply for microfinance was affected, with bank lending becoming cautionary. This adversely affected even the NGO/SHG practice, and greater attention was brought onto the differential risks and benefits associated with the different models. ACCESS's annual report on the state of sector in 2012 read, "It is not necessarily because all the microfinance institutions (MFIs) were irresponsible or were not conscious of their responsibility to customers and society obligations; but like in any other industry, in microfinance industry too there were a few erring institutions that were not mindful of the hardship caused to their clients through their methods." A common code of conduct was now practiced by all, including the Grameen replicators. Myrada's founder, Aloysius Fernandez, in an interview explicitly stated, "SHGs were never intended to be financial (intermediation) institutions only . . . they were empowering institutions which included building self-confidence, social values . . . the habit of savings gave the members a degree of independence from large farmers (who are the money lenders) which got strengthened by Bank [sic] loans . . . It was the management of savings and credit which was empowering, not provision of credit per se" (Puhazendhi,2012: 35).

Community-based federations became strong institutional options for institutional sustainability of microfinance. This zeitgeist was reflected in the Microfinance India summit awards of 2010. SKDRDP was awarded the Microfinance India Institution of the Year (the previous year's winner had been a Grameen replicator). In the same ceremony, Aloysius Fernandez, the founder of Myrada/Sanghamitra, received the Individual Who Made Significant Contribution to the Sector award, and Ela Bhatt of SEWA received the Special Jury award. In 2011, Sanghamitra received the MFI of the Year award in the small and medium category alongside Ujjivan, a Grameen replicator in the large MFI category. Things had come full circle. There was now pressure on NABARD to examine ways of providing policy support to NGOs for developing and strengthening the capabilities of such federations and other community-based SHGs, especially given the renewed focus of NABARD on SHGs in its SHG-2 program (Srinivasan, 2012).

This period of the last quinquennium and after has thus seen the microcredit bubble burst. There was a crisis of survival and everybody suffered. The Summit Campaign too had some fretful moments brought on by this crisis. But the sector has shown signs of recovery. There has been a reassertion of the SHG and its empowering effects, as well as its rediscovery by the mainstream microfinance community in the country. The Summit Campaign may not have paid much attention to these shifts in meaning and practices on the ground in India, but it all still remains part of *microcredit*!

Conclusion

From the vantage point of 'hegemony' or 'ideology critique' (Mumby, 2004), it is difficult to accommodate any notion of resistance since domination is complete and the agency of the Other is limited to futile attempts at localized interpretations of 'fixed meanings' and 'ideologies'. Thus resistance itself gets narrowly framed and is seen as operating within the interstices of hegemonic domination. This appears to be the view shared by the *critics* of microfinance, and therefore their understanding of 'the Other in microfinance' is reduced to one of passivity. But the Indian tale of microfinance is far removed from such a hegemonic view of global microfinance that limits the agency of the Rest. This tale of Indian microfinance is a tale of resistance through 'informed and knowledgeable action' by the NGOs/SHGs with insights into the 'discursive and political conditions' of the discourse of microfinance, or what Mumby (2004) calls dialectics of power and resistance.

As our discussion shows, the NGO/SHGs were engaged in an ongoing effort with the government, fellow Grameen replicators and Summit representatives and others to fix and refix meanings and practices of microfinance. The NGO/SHGs were thus both participants in and creators of the discourse of microfinance in India. While NGO/SHGs let the West or even the Indian state appropriate a practice that was theirs without much noise, the NGO/SHGs retained control on those aspects that mattered most to their world, namely, the way microfinance was understood and practiced in India. The West did seek and continues to seek to 'discipline' this field through the discourse of performance management, but the Indian practice remains resistant by building in structural defenses and enablers in Indian policy. The account here has amply demonstrated that Indian SHG pioneers are anything but naïve. The manner in which Sa-Dhan (i.e., the SHG/NGOs) in coordination with the government-enabled plurality of practice, even though several key members of Sa-Dhan differed radically with the other Grameen replicator models, is a profound statement on voice and representation. They did point out the dangers of alternate models but never sought to homogenize or harmonize the field. Instead, they kept an animated debate alive, demonstrating how democratic politics can be practised.

One could argue that this resistance does not mean much, because, as things stand, the deep structure of domination is still in favor of privileging the West and that the West continues to seek to discipline and 'civilize' the Rest. Given that no domination can ever be total, these ground-level resistances are only to be expected, and this just provides further evidence of oppressive structures because these resistances remain only in the margin, on the periphery, and are not permitted to be the voice of the Centre. That Myrada/Sanghamitra[26] has been a persistent and perennial practice in India does not alter the fact that the Summit Campaign continues to frame and exemplify microfinance globally – that the 'Centre' remains forever the 'Subject'.

But this argument misses a point. This Centre is a Subject in a frame where it has appointed itself as the Centre/Subject. In a similar fashion, Myrada/Sanghamitra is a Subject in a frame which matters (more) to Myrada/Sanghamitra's life-world, namely, Indian microfinance. There is no reason or purpose for Myrada/Sanghamitra or for any of the other NGOs/SHGs of India to eschew this Subjecthood for being a Subject in the Centre created by the West, for this would then imply a simple trading of the Centre and periphery where the periphery is the new Centre. The domination continues; only the tyrant is now different. The very fact that Myrada/Sanghamitra has resisted this reversal underlines the transformative character of the politics being played: it is a displacement of the Centre-periphery in favor of multiple centres-peripheries, a recognition and acknowledgement of the fact that life-worlds in Africa, Latin America or elsewhere in Asia could throw up different possibilities and that *they* – the NGO/MFIs of India – do not have a legitimate right/locus to intervene. That the West is unable to see *this* as transformative politics and instead views this as naïve localism is because of its implication in Eurocentrism and the resulting inability to imagine multiple subject positions.

Notes

1 The author wishes to acknowledge the feedback received from Jessica Heinemann-Piper and Pragyan Rath and the comments received from anonymous reviewers in improving this essay.
2 The term 'microfinance' refers to the provision of a range of financial services to the poor, including savings, credit and insurance services. Microcredit, on the other hand, is distinguished by an exclusive focus on provision of credit to the poor. The terms 'microfinance' and 'microcredit' have been used interchangeably in this chapter unless otherwise specified in the text.
3 A cursory look at the websites of all multilateral, bilateral, private donor agencies and international NGOs reveals this posture.
4 'Supranational unification movement' refers to the convergence in global institutional and legal frameworks, policies and practices of the global trade regime and global development architecture. It draws upon private international trade law.
5 See Weber (2001) and Karim (2008) for the critical views.
6 See the working paper by Murdoch and Haley for a good summary of the various studies on microfinance: http://www.microfinancegateway.org/gm/document-1.9.29382/analysis%20of%20the%20effects.pdf
7 Refer to the Microcredit Summit Declaration of 1997: http://www.microcreditsummit.org/declaration.htm. Accessed 1 March 2013.
8 The Summit Campaign is a registered nonprofit based in the United States. The campaign was launched at a conference organized in 1997 by the RESULTS Foundation with the explicit aim of promoting microfinance for poverty alleviation and reaching 100 million poor. See http://www.microcreditsummit.org/about-the-summits2.html.
9 RESULTS is a political advocacy organization based in the United States. Headed by Sam Daley-Harris, it spearheaded the campaign and continues its monitoring to date.

10 See Jammulamadaka (2009) for an overview of NGOs and their development in India.
11 All of these are grassroots NGOs in India.
12 'NGOs' ('nongovernmental organizations') is the common nomenclature today to identify organizations like these. However, all such organizations were called voluntary organizations to acknowledge their altruistic nature. The term 'voluntary organizations' draws attention to the fact that these organizations and their workers are part of the community in multiple ways, and the distinction between the community and the organization as an external agent is extremely difficult and probably superfluous.
13 Refer to Tankh (2012), Shetty (2012) and others for an overview of the origins of microfinance in India.
14 It is difficult to even pinpoint the exact date because it emerged through a series of casual conversations amongst the NGO members and the community.
15 Grameen Bank model uses groups of five members who receive loans within weeks of group formation. Members repaying loans automatically qualify for larger loans, leading to a series of seven or eight progressively larger loans or loan ascendency cycles and thus providing an incentive for loan repayment. The savings credit and member management is done by the bank staff.
16 APRACA, formed in 1977, is a Food and Agriculture Organization–supported association of central banks and rural banks to promote rural finance.
17 The ten members who founded CGAP in 1995 are the World Bank, UNDP, African Development Bank, Asian Development Bank, UNCDF, U.S., Canada and the Netherlands. Initially known as Consultative Group to Assist the Poorest, it was later rechristened as Consultative Group to Assist the Poor.
18 March 1995, Copenhagen, Denmark.
19 Held in 1995, this conference highlighted the vulnerability of women and their ability to manage money (credit and enterprise).
20 FINCA provides financial services to the world's lowest-income entrepreneurs. It is an anti-poverty organization whose work is aimed at creating employment and reducing poverty worldwide. It is headquartered in Washington, D.C. (www.finca.org). Both FINCA's and RESULTS' websites reveal that they are very closely connected with USAID and the World Bank and thus part of the key ideation group in microfinance. FINCA's founder was a USAID staff member, and he was actively involved in poverty alleviation projects in Latin America. The RESULTS' board includes key U.S. policy-makers.
21 See the Consultative Group to Assist the Poor, the World Bank Operations Evaluation Department.
22 WWB's affiliates from 60 countries, along with practitioners and government representatives from across India, participated in this conference.
23 Sa-Dhan was informally launched in August 1998 and formally in 1999 as a standards-setting body for microfinance practitioners in India in the wake of global and national policy developments on microfinance. SHARE is the only Grameen replicator out of the 11 founding members, which included PRADAN, Myrada, RGVN and FWWB.
24 'The World Bank' is being used here to refer to the West broadly.
25 The NGO and the MFI federation worked in close co-operation with each other. This organizational model served to situate decision making within the hands of the community and enabled capacity building support by the NGO even while pursuing fiduciary and legal compliance.
26 'Myrada/Sanghamitra' is used as a general term for NGO/SHG practitioners.

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