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### **Micro-credit, Trust, and Social Solidarity in Bangladesh: A Socio-philosophical Analysis**

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#### **Abstract**

Drèze and Sen are not entirely right in their apparent glorification of the roles of nongovernmental organizations in Bangladesh in *An Uncertain Glory: India and Its Contradictions* because they leave out and/or de-emphasize some important issues, especially those that are related to the problematic trusting relationship between nongovernmental organizations in Bangladesh and rural poor women. Nongovernmental organizations' use of trust disturbs social solidarity in rural Bangladesh mainly because of their massive supervision mechanism that they undertake to sustain the so-called trusting relationship between them and their debtors. The massive supervision mechanism damages social solidarity also because it creates a tension between local norms and nongovernmental organizations' neoliberalist values of "discipline, efficiency and competitiveness," which nongovernmental organizations try to inject into villagers by their numerous social engineering programs, which are state's responsibility. Nongovernmental organization monitoring has some psychological impacts on their clients that also contribute to

shaking social solidarity. The absence of a proper trusting relationship between nongovernmental organizations and rural poor women reduces the capabilities of the latter as a result of which Drèze and Sen's glorification of Bangladeshi nongovernmental organizations and Sen's capabilities approach are in tension. However, there are strategies that Bangladeshi nongovernmental organizations should employ to address the issues raised due to their massive supervision mechanism.

## **Introduction**

Though Bangladesh is considered one of the poorest countries in the world, its recent successes in many important aspects of the living standards of its population get considerable attention in a recent book by Jean Drèze and Amartya Sen entitled *An Uncertain Glory: India and Its Contradictions* (2013). In this book, Drèze and Sen offer a comparative discussion on the economies of Bangladesh and India. They point out that Bangladesh does better than India in many aspects of social development though India is twice as rich in per capita income as Bangladesh (Drèze and Sen, 2013: ix). In their attention to Bangladesh, they leave out and/or deemphasize some points, especially those that are related to the role of the micro-credit model<sup>1</sup> of many non-government organizations (NGOs). They give credit to public and NGO sectors for their various programs that contribute to Bangladesh's social achievements. It is this glorification of the roles of NGOs in Bangladesh that motivates Drèze and Sen (2013) to leave out and/or deemphasize some important issues which will be the primary subject-matter of this study.

In defending my thesis, I make use of the insights of three philosophers: Michel Foucault on power/knowledge and governmentality, David Harvey on neoliberalism, and Sen on a capabilities approach. In criticizing Drèze and Sen's glorification of the roles of Bangladeshi

NGOs, I use these notions to construct my theoretical framework. Adopting this framework is necessary to criticize Drèze and Sen's glorification of the roles of Bangladeshi NGOs and their micro-credit activities on the basis of the empirical works of Lamia Karim, Rashedur Chowdhury (and Hugh Willmott), Palash Kamruzzaman, Anu Muhammad, and Jude L. Fernando. Organizing the paper in this way offers me an opportunity to develop existing theories on NGOs and their micro-credit programs by arguing that i) the typical micro-credit model of NGOs of Bangladesh is based on the idea of trust, which is questionable because it leads to the destruction of social solidarity in Bangladesh (which will be discussed in the fourth section), and ii) the absence of a proper trusting relationship between NGOs and rural poor women reduces the capabilities of the latter (which will be discussed in the fifth section). I believe that my discussion on these two arguments shows that Drèze and Sen's glorification of NGOs in Bangladesh is not entirely correct. But before justifying this claim, in the following two sections, I will discuss my theoretical framework and NGOs' role in Bangladesh's progress following Drèze and Sen (2013), respectively. Then, I will explain the organizing principle of micro-credit programs of Bangladesh, and their relation to its social solidarity. In the last section, I will discuss some practical implications for the NGOs (and their micro-credit programs).<sup>2</sup>

### **Theoretical framework**

Bangladeshi NGOs in their micro-credit activities employ the mechanism of surveillance to sustain the so-called trusting relationship between them and rural poor women. In doing so, they create a power relation between the watcher and the watched where the former executes their power through knowledge they acquire during surveillance. This way of understanding micro-credit activities of NGOs is theoretically supported by Foucault's idea of power/knowledge. According to Foucault (1978), *power* exists only in exercise or in activity. That is, power is something to be

exercised. For Foucault, knowledge is inseparably related to power, and is always an exercise of power. They come together in discourses, which are systems of knowledge creating unequal power relations by determining what is believed to be true and what is not (Foucault, 1981: 57-58). According to Foucault, every community has its own discourses in the form of social norms<sup>3</sup> by which it controls people's conduct. As Foucault (1980: 131) says,

[C]ontrary to a myth whose history and functions would repay further study, truth isn't the reward of free spirits ... nor the privilege of those who have succeeded in liberating themselves. Truth is a thing of this world: it is produced only by virtue of multiple forms of constraint. And it induces regular effects of power. Each society has its own régime of truth, its 'general politics' of truth: that is, the type of discourse which it accepts and makes function as true; the mechanisms and instances which enable one to distinguish true and false statements, the means by which each is sanctioned; the techniques and procedures accorded value in the acquisition of truth; the status of those who are charged with saying what counts as true.

So, for Foucault, the discourses or 'truths' are not initially 'top-down,' they are rather historically constructed through repeated institutional support. He argues that through the use of the power mechanism of discipline, society regulates the behavioral patterns of its members. As Foucault (1980: 93; emphasis original) says,

There can be no possible exercise of power without a certain economy of discourses of truth which operates through and on the basis of this association. We are subjected to the production of truth through power and we cannot exercise power except through the production of truth. This is the case for every society, but I believe that in ours the relationship between power, right and truth is organized in a highly specific fashion. ... I would say that we are forced to produce the truth of power that our society demands, of which it has need, in order to function: we *must* speak the truth; we are constrained or condemned to confess to or discover the truth. Power never ceases its interrogation, its inquisition, its registration of truth: it institutionalises, professionalises and rewards its pursuit. In the last analysis, we must produce truth as we must produce wealth; indeed we must produce truth in order to produce wealth in the first place.

In his later works, Foucault (2001), however, suggests that power/knowledge in modern society is replaced with the concept of *governmentality*, which is the creation of various rules and procedures that aims at achieving certain goals through surveillance. Foucault (2012) shows that

modern society exercises its power in governing conducts of its targeted populations in various institutions – such as schools, prisons, militaries, hospitals, etc. – through various disciplinary means of which surveillance is an integral part. In governing its populations toward certain objectives, modern states/societies execute their power understood as an inseparable relationship between sovereignty, discipline, and government (Foucault, 2001). The Foucauldian concept of governmentality “articulates with the work of NGOs that govern rural populations, particularly women, through a range of tactics, instrumentalities, and programs; but most notable among these practices is the regularization of microfinance as an instrument of power between a resource-rich institution (NGO) and its poor clientele” (Karim, 2011: xvii).

In this regard, Harvey’s understanding of neoliberalism is important. It is connected with Foucauldian concepts of power/knowledge and governmentality, which is particularly evident in the context of micro-credit activities of NGOs in Bangladesh. Harvey (2007: 2) defines neoliberalism as “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.” That is, it “rests on the idea that human interest is best served through the withdrawal of the state from welfarist policies. It is an economic order based on competition, efficiency, and entrepreneurship” (Karim, 2011: xiii). Since the turn of 1970s, neoliberalism becomes “hegemonic as mode of discourse” in almost all states (Harvey, 2007: 2-3). “Deregulation, privatization, and withdrawal of the state from many areas of social provision have been all too common” (Harvey, 2007: 3). The hegemony of neoliberalization is so destructive that it destroys “[not only] prior institutional frameworks and powers (even challenging traditional forms of state sovereignty) but also ... divisions of labour, social relations, welfare provisions, technological mixes, ways of life

and thought, reproductive activities, attachments to the land and habits of the heart” (Harvey, 2007: 3). Applying Harvey’s neoliberalist insights to micro-credit activities of Bangladeshi NGOs, it can be shown that because of its lack of economic sovereignty, the Bangladesh government cannot meet the requirements of its rural people. As a result, the Western-sponsored NGOs were able to help people gain access to many services such as education, healthcare, employment, credit, etc. Hence, we see the weakening of state sovereignty, and the replacement of the state as the providers of many services with “a kind of parallel government” (Chowdhury and Willmott, 2019: 133). The weakening of state sovereignty happens when NGOs control the elected government and question the state as a single development agent because of their monetary power obtained from various donor countries and agencies. In this sense, when NGOs first come to provide many services the state does not provide to citizens, their activities may be complementary to the state. But these supplementary actions diminish a state’s authority over its people over time as a result of which we experience the loss of state sovereignty or state control and NGO services become obligatory or imposed.<sup>4</sup> The neoliberalist attempts of deregulation and privatization subject Bangladeshi citizens to neoliberalist principles of “discipline, efficiency and competitiveness” (Karim, 2011: xvii), and thus, destroy their traditional social relations, which are based on harmony and cooperation. As neoliberalist agents in Bangladesh, NGOs through their micro-credit activities shape the behaviors of their borrowers so that they become subjects to neoliberalist principles.

Another important concept is the capabilities approach offered by Sen (1979, 1985, 1992, 1993, 1999, 2003). It “attempts to walk a line between welfarism and liberalism as the two major competing camps of modern political thought” (Tobias, 2005: 69-70). The capabilities approach gives importance on the freedom to achieve well-being, which is to be understood in terms of people’s capabilities. According to Sen, all human beings should be on equal terms regarding

capabilities. He argues that a person's well-being is dependent on what he is "able to do or to be." It is not just dependent on his possessions or income. Sen (1999: 3) defines development as "a process of expanding the real freedoms that people enjoy." By freedom, he means "capabilities of persons to lead the kind of lives they value – and have reason to value" (1999: 18). Hence, development, according to Sen, is "the expansion of capabilities of persons to lead the kind of lives they value – and have reason to value" (1999: 18). Sen (1999: xii) thinks that freedoms or capabilities are both the primary end and the principal means of development. Freedoms as the end of development are constitutive of development in the sense that they enrich human life by removing substantial 'unfreedoms' or increasing substantive freedoms, such as avoiding starvation, under-nourishment, avoidable morbidity and premature mortality, enjoying political participation and free speech, having literacy and numeracy, and so on. Freedoms are instrumental to development in the sense that they enable other kinds of capabilities and allow people to pursue the goals they desire. Sen (1999:, xii, 10, 38-40) offers a non-exhaustive list of instrumental freedoms which are distinct, yet interrelated. They are political freedom, economic facilities, social opportunities, transparency guarantees, and protective security.

Thus, the Senian capabilities approach considers capabilities as necessary for people to choose the lives they value by removing all sorts of unfreedoms and expanding favorable conditions for social choice about the things they value, capabilities to pursue those things, and set priorities from a list of things and capabilities. Sen's idea of development is the sort of development that favors the expansion of human capabilities, or freedoms so that both individuals and groups of individuals flourish. Sen's capabilities approach is important to show how micro-credit activities of NGOs in Bangladesh often reduce the capabilities of rural poor women by denying/undermining different instrumental freedoms. Due to the failure of the state which is

supposed to work for the expansion of human capabilities or removal of external obstacles to human capabilities, we see the rise of NGOs as neoliberalist parallel states in Bangladesh that govern its rural women borrowers toward becoming the followers of the principles of “discipline, efficiency and competitiveness” (Karim, 2011: xvii) that destroy our traditional social cohesion. Hence, the use of the Senian capabilities approach to determine the truth of Drèze and Sen’s glorification of Bangladeshi NGOs reveals that they leave out and/or deemphasize some important issues that reduce rural women’s capabilities.

### **Drèze and Sen on NGOs’ roles in Bangladesh’s progress**

Being one of the poorest countries in the world, Bangladesh’s population struggles to meet basic living necessities. Hence, “it remains one of the most deprivation-ridden countries in the world” (Drèze and Sen, 2013: 59). At the same time, it is also true that Bangladesh, as Drèze and Sen (2013) assert, is making rapid progress in many important areas of living standards, such as child survival, life expectancy, immunization, fertility, school enrollment, etc. In the last twenty years, despite having a poorer economy than India, Bangladesh has overtaken India in many aspects of social achievement. Thus, we observe a puzzle if we compare economies of Bangladesh and India: though India is twice as rich in per capita GDP as Bangladesh, Bangladesh maintains a considerable lead over India regarding many social development aspects.

Drèze and Sen (2013: 58-64) find three roots of why Bangladesh has made significantly more progress in social development despite being economically poorer than India. They are a) positive changes in gender relations, b) focus on the fundamental needs of healthcare and primary education, and c) realization of the importance of social norms, public communication, and community mobilization. I will now focus on them.

Both Bangladesh and India are traditionally male-dominated societies, and are still very patriarchal in many ways. However, at the same time, there are many strong signs of transformations in gender relations in Bangladesh. Drèze and Sen (2013) think that since the role of women's agency and gender relations is an important factor in explaining development, it can account for the fact that Bangladesh is doing better than India in many social development indicators despite the former's poorer performance in economic growth than the latter.

The second point that Drèze and Sen (2013) mention as the root of Bangladesh's better standing than India with respect to many social development indicators is particularly relevant to health achievements of Bangladesh. They think that the wide range of NGO activities and sensible moves by the government in Bangladesh help lower the costs in regard to health-related issues. As examples of health-related practices, they mention the use of sanitation facilities, family planning, full immunization of children, and oral dehydration therapy for diarrhea treatment.

The third factor that helps Bangladesh do better in social achievements despite its poorer economic growth than India is related to "the importance of social norms in health, education and related fields, and to the role of public communication and community mobilization in bringing about changes in social norms" (Drèze and Sen, 2013: 64). Drèze and Sen think that most of the successes Bangladesh achieved in the areas of health and education are due to the importance it gives to relevant social factors. They mention actions of grassroots health and community workers as examples of roles of public communication and community mobilization. Grassroots health and community workers are mobilized by government and NGOs. They go to houses and villages to help child immunization, arrange nutrition supplementation programs, encourage school enrollment, explain contraception methods, counsel pregnant women, and promote improved sanitation, among other things. In this respect, India falls behind though it has also initiated such

programs. But, according to Drèze and Sen (2013), it has many things to learn from Bangladesh about public communication and community mobilization.

Now, if we look back to what Drèze and Sen (2013) say about the three important factors that are responsible for Bangladesh's social achievements, we will also see that for realizing these factors they credit to both public and non-profit institutions. They say, for example, about Bangladesh's success in low-cost pharmaceutical distribution, "Bangladesh has ... made early strides in the development and distribution of low-cost generic drugs through public or non-profit institutions" (Drèze and Sen, 2013: 64). Their appraisal of NGO activities and their role in augmenting Bangladesh's social progress is evident when they say that, "Bangladesh's endeavours have been helped by flourishing NGO activities, from comprehensive development efforts to specialized micro-credit initiatives (led by organizations such as BRAC and Grameen Bank)" (Drèze and Sen, 2013: 62). They also give a lot of credit to NGOs in helping build women's agency. They notice, "Very large numbers of Bangladeshi women have been mobilized as front-line health workers (both by NGOs and by the government)" (Drèze and Sen, 2013: 61). Sen (1979, 1985, 1993, 1999, 2003) sees development as a process of expansion of human capabilities or freedoms. So, we should understand Drèze and Sen's discussion of the comparison between economies of Bangladesh and India from the standpoint of a two-way relationship between economic growth and the expansion of human capability. As Drèze and Sen (2013: x) explain,

Growth generates resources with which public and private efforts can be systematically mobilized to expand education, health care, nutrition, social facilities, and other essentials of fuller and freer human life for all. And the expansion of human capability, in turn, allows a faster expansion of resources and production, on which economic growth ultimately depends.

As mentioned above, Drèze and Sen (2013) illustrate how NGOs work to empower Bangladeshi women by giving them opportunities to work as health and community workers at the

grassroots level. They expand women's capabilities by providing them with the means to develop their resources through proper education, healthcare, etc. As Drèze and Sen mention,

Tens of thousands of grass-roots health and community workers (mobilized by the government as well as by NGOs) have been going from house to house and village to village for many years facilitating child immunization, explaining contraception methods, promoting improved sanitation, organizing nutrition supplementation programmes counselling pregnant or lactating women, and much more (2013: 62).

Thus, it is clear that Drèze and Sen (2013) give a lot of credit to NGOs for Bangladesh's social achievements despite its poor per capita GDP. This credit-giving has a connection with Sen's overall ideas of development and capabilities approach. It becomes even more apparent when Drèze and Sen recognize Bangladesh as "one of the most deprivation-ridden countries in the world" (2013: 59). So, Drèze and Sen would say that Bangladeshi people are still deprived because they do not have the power of agency. As a result, they are not capable of making their choices. But to augment people's, particularly women's, capabilities, NGOs play a significant role.

But I think Drèze and Sen miss an important point: though NGOs in Bangladesh do many positive things that help augment Bangladesh's social achievements, giving credit to NGOs only along with reasonable public measures and overlooking other significant sectors in social development – such as foreign remittances and readymade garments industry<sup>5</sup> – is epistemologically and politically flawed. The glorification of the roles of NGOs by Drèze and Sen (2013) overlooks many contested roles of NGOs in Bangladesh, especially their micro-credit programs. But in this paper, my primary focus is on one of the major roots – i.e., the trusting relationship between NGOs in Bangladesh and rural poor women – of such contested roles of micro-credit programs of NGOs in Bangladesh. At this point, I will demonstrate how the trusting relationship between Bangladeshi NGOs and rural poor women ruins social solidarity in Bangladesh. But before that, I will discuss the organization of micro-credit programs of NGOs in Bangladesh which is required for the subsequent discussion.

## **Organizing principle of micro-credit programs and social solidarity in Bangladesh**

Most micro-credit programs of Bangladeshi NGOs follow almost the same organizing principle with some differences that are not important for the present discussion.<sup>6</sup> However, my discussion of this organizing principle is mainly based on the structure of Grameen Bank (GB). In GB, a Center consists of forty women who are further divided into eight smaller groups. Each Center has a leader who is elected by its members. Its regular meetings take place in a female member's house. The leader of a Center is responsible for collecting members' regular installments and handing them over to the NGO officials. If she finds any eligible person for a new loan, she recommends her to the NGO officials. As Fernando (2006: 21) reports,

[I]n order to assess creditworthiness, group leaders make detailed assessments and inventories of household wealth, e.g. bicycles, flashlights, rickshaws, furniture, trees in the gardens, the number of chickens owned, electric goods, presence of at least one income-earning male member, the number of unmarried daughters and widows in the household, the ability to obtain employment and to borrow from the moneylenders.

One of the unique characteristics of micro-credit programs is that all other members of a Center are jointly held responsible for the repayment of an individual loan. So, when a member becomes a loan defaulter, other female members must pay on her behalf; otherwise, they lose access to any future loans. Bangladeshi NGOs adopt this forceful approach because they want to “(a) maintain tight fiscal control over repayments; (b) police women borrowers' financial conduct after they received a loan; and (c) enforce payment through collective punishment for individual defaults” (Karim, 2008: 17).

When women members of a Center see any wrong uses of loans by an individual member, they relay this information to the NGO officials. This vigilance results in a kind of spying and causes unfortunate strife among group members (Karim, 2008: 18; Chowdhury and Willmott,

2019: 124). Karim (2008: 18-19) reports that when a member fails to repay, the rest of the group members publicly insult her or her husband. Often, they publicly shame the defaulter and her family by taking away her gold nose-ring that symbolizes rural women's marital status, the removal of which is equivalent to divorcing or widowing. Sometimes they take away the defaulter's cows, chickens, and trees and make her family bereaved of any means to food accumulation. Moreover, this public shaming takes an extreme form of homelessness if the defaults are large. Other members may then sell off the house of the defaulter which is known as *house-breaking* (in Bengali, *ghar-bhanga*).<sup>7</sup> Sometimes borrowers are forced to leave "their villages just to get rid of the loan burden. It is evident in the increasing of rural urban migration" (Muhammad, interviewed in Chowdhury and Willmott, 2019: 134). Sometimes we see newspaper reports suggesting that due to the failure to protect family honor, defaulter or her family member commits suicide.<sup>8</sup> There are also reports that suggest that sometimes the organ-selling incidents occur to repay loans.<sup>9</sup> A study conducted in 12 Cyclone Sidr-affected districts shows,

Sidr victims who lost almost everything in the cyclone, experienced pressure and harassment from non-governmental organisations (NGOS) for repayment of microcredit installments. Such intense pressure led some Sidr-affected borrowers to sell out the relief materials they received from different sources. Such pressure of loan recovery came from large organisations such as BRAC, ASA, and even the Noble Prize winning organisation Grameen Bank.

Even the most severely affected people are expected to pay back in a weekly basis, with the prevailing interest rate. No system of "break" or "holiday" period is available in the banks' current charter. No expectations are made during a time of natural calamity. The harsh rules practised by the microcredit lender organisations led the disaster affected people even selling their relief assistance. Some even had to sell their leftover belongings to pay back their weekly installments (Pasha et al., cited in Muhammad, 2009: 41).

Karim (2008) also mentions that sending defaulter women to jail sometimes results in divorce for shaming husbands' families. By public shaming and dishonor, micro-credit programs of NGOs disturb social solidarity in Bangladesh. Karim (2008: 7) identifies it as the *economy of shame*. In addition to undermining social cohesion and creating or widening social division, this economy of

shame “is seen to bring further misery to the lives of the poor, and it has not brought the development, poverty eradication, and women’s empowerment that its proponents hail” (Chowdhury and Willmott, 2019: 124).

At this point, I will demonstrate how this economy of shame destroys indigenous norms of social solidarity by forming a sense of distrust among Bangladeshi poor villagers who are known for centuries for their fellow-feelings.

### **Trust, psychological effects of NGO supervision, and social solidarity**

According to Karim (2008), NGOs are means to expanding globalization and neoliberalism in rural Bangladesh. NGOs, for their micro-credit programs, get millions of dollars from donor countries and agencies “at markedly reduced interest rates” (Chowdhury and Willmott, 2019: 126).<sup>10</sup> Now, they are, in fact, more preferred than the government for developmental aid due to corruption, inefficiency, bad governance, and other factors at the state level, which are common features of any government of a postcolonial country. NGOs are now seen as more efficient in working more closely with local people and delivering services to them. In this regard, Lister (2003: 175) points out that NGOs are now viewed by many as “a magic bullet, which could be fired off in any direction and would still find its target.”<sup>11</sup> Because of its lack of economic sovereignty, the Bangladesh government cannot deliver many of the much-needed requirements of its citizens. NGOs take this opportunity and, because of the aid they get from donors, are able to work with and for “the poorest of the poor” in Bangladesh. Consequently, NGOs have become the providers of many services including education, healthcare, employment, credit, etc., which are usually a state’s responsibilities. Hence, we see “the emergence of a new sovereignty, the NGO *as a shadow state*” (Karim, 2008: 8)<sup>12</sup> “that challenged the state’s monopoly as development actor”

(White, 1999: 312).<sup>13</sup> This is a testimony of Harvey's analysis of hegemonic power of neoliberalism that challenges "traditional forms of state sovereignty" (Harvey, 2007: 3).

Because they acquire economic power (i.e., economic sovereignty) from donor countries and agencies, NGOs as shadow states are used to facilitate the process of globalization and neoliberalism at grassroots levels in Bangladesh which undermines the sovereignty of the local family system, and "replaces it with the sovereignty of the market through NGOs, contracts, courts, juridical subjects, and the remaking of subjects as a community police to safeguard their investments" (Karim, 2008: 6). In Bangladesh, NGOs work to subject their clients to follow neoliberalist principles of "discipline, efficiency and competitiveness." As Ong (2006: 4) notes, "In contemporary times, neoliberal rationality informs action by many regimes and furnishes the concepts that inform the government of free individuals who are then induced to self-manage according to market principles of "discipline, efficiency, and competitiveness." To teach the poorest of the poor of Bangladesh these neoliberalist values, NGOs initiate various social engineering programs including population control, HIV/AIDS management, primary education, voter education, etc. (Karim, 2008: 6-7; Chowdhury, 2017: 942). Their micro-credit programs are very powerful because they provide poor villagers with credit, employment, and basic living conditions. As Chowdhury (2017: 942) says,

These elite NGOs use their influence to mobilize neoliberal ideas such as privatization, deregulation, and free trade. As intermediaries of foreign donors, they exercise economic, political, and cultural manipulation through development activities such as microfinance so that the free-market ideology prevails and minimal regulation is implemented. It has been argued that NGO activities reduce the influence of a government over time, and that this enables [multinational corporations] to maximize their profits due to the weakened institutional context.

Karim (2008: 8) also points out that the mutual dependence of NGOs and rural people in Bangladesh through micro-credit programs establishes, for the first time, a connection between

rural populations and multinational corporations. This relationship transforms rural people into consumers of various products and inputs of multinational companies such as finance capital, breeder chickens, cell phones, seeds, fertilizers, and pesticides (Karim, 2008: 8-9). As mentioned, NGOs also take different social and economic programs that generate “new subjectivities and social meanings for people” (Karim, 2008: 9). Thus, we witness, as Harvey (2007: 3) says, the “withdrawal of the state from many areas of social provision.”

There are, however, not many studies to show how micro-credit programs of NGOs act on native norms, values, and cultural practices that result in many actions and behaviors inconsistent with maintaining social solidarity among rural people. But I think one of the roots of this inconsistency can be found in the very idea of mutual trust, which is one of the core values NGOs in Bangladesh, at least as they claim, hold in giving loans to rural poor women. Pioneers – such as Muhammad Yunus<sup>14</sup>, the founder of the GB, and the winner<sup>14</sup> of the Nobel Peace Prize in 2006 – of micro-credit programs of Bangladeshi NGOs claim that their programs are not based on legal procedures and systems, but on *mutual trust, accountability, participation, and creativity*.<sup>15</sup> These programs offer loans to the poorest of the poor without collateral unlike the conventional banks. That’s why proponents of micro-credit programs claim that these programs are primarily based on mutual trust and accountability. Though I mainly focus on GB, all other bigger micro-credit programs of Bangladeshi NGOs in many ways follow GB’s structure.

One of the major moral principles around which rural societies in Bangladesh are structured is the discourse of honor, and women are seen as the custodians of family honor. It is on the basis of this notion that villagers see themselves as morally superior to urban people (Karim, 2008: 10). So, when NGOs use the methods of shaming and dishonoring their women by taking away their nose-rings, chickens, cows, etc. because of their failure to repay installments, the entire family

takes it as the mark of dishonor to their family. Because when their nose-rings – which, as was mentioned, are a symbol of marital status – are forcefully removed, or other means of their livelihood are taken away, they experience public insult. This public insult spoils their honor and prestige. Even sometimes their houses are broken (as mentioned earlier) by their fellow villagers for failing to repay loans. All of these, as villagers understand, are due to females who take loans from NGOs. So, though GB and other NGOs do not take any collateral to give loans to rural poor women, the moral notions of honor and shame “act as the collateral for 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” (Karim, 2008: 10).

Thus, any understanding of NGOs’ success of no-collateral loans and in recovering them should be understood in the context of the use of shaming as an instrument of social control of the poor, particularly of poor women in rural Bangladesh.<sup>16</sup> Consequently, the undercover value that works from behind a veil to implement such a tyrannical policy is the so-called mutual trust between NGOs and rural poor women. But how? In the name of trust, NGOs solicit rural poor women and tell them that they believe in them despite their poverty. In doing so, they offer loans to the poor women. These poor women are forced to believe NGOs because of their poverty that results in a very asymmetrical relation of trust from the start of the interactions. Hence, when these women fail to repay the loans they are insulted, their accumulation of food is taken away, their houses are broken, and, in some cases, they are sent to jail. All of these are marks of ultimate shame and dishonor which are imposed by those who in the first told the poor that they were giving loans to them because they regarded them as trustworthy. When they fail to repay, they find themselves not only as shamed and dishonored to others, but also as untrustworthy to NGO people. So, the trusting relationship between poor villagers and NGO personnel (who are often from their

own villages or neighboring communities) breaks down. There are also many local news reports of suicides which result from these circumstances. But there are not many studies to examine whether these unnatural deaths are due to their failure of repaying loans, shame, or the breakdown of trusting relationship for which they even lose faith in themselves. There is a substantial likelihood that the breakdown of the relationship of this category affects their social cohesion. This breakdown of trusting relationship may also cause many loan defaulters unwillingly leave their own villages and migrate to urban areas (see Muhammad, interviewed in Chowdhury and Willmott, 2019: 134).

Moreover, the issue is even more serious when we consider the dire strategy of monitoring an individual borrower by the rest of borrowers of her group, as mentioned above. This tight fiscal control via surveillance of the women borrowers on behalf of the NGO results in daily strife that harms social relations. As Sherratt (2016: xvi) argues,

[T]he practice of lending to groups with mutual liability can turn borrowers from a self-helping source of solidarity to a coercive force for loan collection. ... [M]aking group liability a condition of the offer of a loan foreseeably creates the circumstances where coercion is used (whether by the loan officer, an agent of the [microcredit program], or the group itself) for loan collection in practice.

Monitoring an individual woman's activities with loans by other women is tantamount to spying. The psychological costs of being spied on, monitored, or under massive surveillance are detrimental. These costs reduce capabilities of rural poor women as well.<sup>17</sup> One of the psychological consequences of being under massive supervision is suicide. Ernest Hemingway committed suicide because of being tracked and hounded by the Federal Bureau of Investigation (FBI) (see, for details, Hoover, 2011). So, it will not be an exaggeration to claim that rural poor women and their families who take loans from NGOs go through cases of anxiety due to strict monitoring by other female borrowers.<sup>18</sup> It also makes sense that women borrowers may feel more

afraid of NGOs when they think they are being monitored. Their trust (if trust plays any role at all!) in NGOs may decrease when they see that they are being monitored.<sup>19</sup> This distrusting relationship causes what Chowdhury (2019: 3) calls “emotional wounds” which are “invisible dark marks in the collective archetypical memory of communities that, in the long run, affect interpersonal relationships of community members.”

If people are aware that they are being monitored, they usually become more guarded in communication.<sup>20</sup> Surveillance, then, tends to create perceptions and expectations of dishonesty (see Miller et al., 2005). The growing mutual distrust between NGOs and rural poor women leads to hostility among villagers that breeds a noxious social atmosphere and individual sense of discomfort and suspicion. They may subtly change their behavior and communication to conform to the expectations of the watcher. I think this commonsensical point makes sense in the area of the NGO-rural women relationships. Sometimes the borrowers cunningly lie to the NGO officers to meet the expectations of NGOs. Karim mentions one such incident of lying. The husband of a debtor said the following to Karim during her research,

We took a cow loan. Fifty percent will be spent to pay off old debts, and another fifty percent will be invested in moneylending. If the manager comes to see our cow, we can easily borrow one from the neighbors (Karim, 2008: 16).

An *organized* incident of lying is also reported by Kamruzzaman (2013: 37). He mentions that field-level NGO officials are asked to organize meetings between central bosses and poor villagers to meet donor agencies’ demand of grassroot participation. So, they bring those villagers to these meetings who would “echo the voices from the top” (Kamruzzaman, 2013: 37). This sort of organized lying serves at least two functions: fulfilling the requirement of participation, and thwarting the happening of any awkward situation in front of higher officials. This is also true in the context of microcredit where female leaders often organize various meetings between

borrowers and NGO officials. By serving these two functions of organized lying through which important information is filtered out, local NGO officials and female microcredit leaders play *the gatekeeping role*.<sup>21</sup>

Here, my point is that this sort of simple lie can be the start of forming the habit of lying. Individual's actions over time may give rise to a new habit. As Aristotle says, "virtues ... are brought to completion through habit" (2014: 21). Thus, the simple lying about and hiding the use of money that rural poor women took as loans may result in the formation of a vice that they may apply to their other social dealings. This may result in a lack of trust and confidence in social relationships. Consequently, people may feel less willingness to promote real intimacy and mutual understanding. In this way, we see NGO's monitoring as causing problems at multiple levels for rural society.

One of these problems involves the rise of class divisions between the watcher and the watched based on the power of observation. The method of surveillance that is reputedly adopted to sustain the trusting relationship between NGOs and rural poor women is basically to amplify and exaggerate the sense of power in NGOs who do the watching because they are holders of power over financial and legal systems, and over political realms. It also enhances the sense of powerlessness in rural poor women who are being watched. So, following Foucault (2012), we can say that the scenario of watcher/watched is mainly about power. That is, the trusting relationship between NGOs and rural poor women in Bangladesh is predominantly a relationship of power which is no less than a relationship of domination and subordination. Foucault is well-aware that knowledge is insidiously related to power. Following this Foucauldian line of argument, we can say that each time NGOs monitor the activities and behavior of rural poor women, the former acquire new knowledge about the latter that likewise increases the power of NGOs.

Consequently, NGOs' power is used to shape the reality of rural society in Bangladesh. Their knowledge becomes 'truth.' The perspectives of the people of rural societies in Bangladesh, accordingly, become delegitimized, or worse, criminalized, and, in some cases, their voices are silenced<sup>22</sup>. Hence, to NGOs in Bangladesh, neoliberalist values of "discipline, efficiency, and competitiveness" become the values that are most important values that should be learned by the rural poor. The outcome of such neoliberalist truth of NGOs is that they have managed to create direct confrontations with local values of cooperation and harmonious living by instigating notions of selfishness and competition among rural poor women. One of the consequences of such value insertion takes the form of intense supervision, as mentioned above. Because of their newly learned selfishness and must-win mentality, many rural women cannot bear to willingly lose anything because of another's actions; that shows that they are on the verge of losing their sacrificial mentality. So, following the NGO instructions, they monitor other borrowers' activities that would preempt any loss of their money. In fact, they become so desperate that they do not even hesitate to *break* another's house to compensate for the amount of default loans. Moreover, they are no longer ready to sacrifice their demands that would help their neighbors who are in danger as shown by the study conducted in 12 Cyclone Sidr-affected districts mentioned above.<sup>23</sup> This is one way by which micro-credit programs of NGOs in Bangladesh damage social solidarity in the name of trusting rural poor women.

As mentioned, NGOs for micro-credit activities in Bangladesh have a mechanism by which they elect a woman as the leader of a group of females. This leader is usually very persuasive and has some influence on other women. If any woman fails to repay her loans within a given time, the leader takes various measures, one of which is house-breaking. Karim (2008: 20-23) describes a story of a leader named Jahanara who was asked, "Why do you break the houses of kin?" At

first, she replied, “Why shouldn’t we? They have breached their trust with us. If they cannot pay, then we will have to pay. Why should I pay for them? (Karim, 2008: 23).” Then she added as mentioned by Karim (2008: 23),

It is not good to break someone’s house, but we are forced to do it. This is how we get loans from Grameen Bank and other NGOs. They put pressure on us to recover the money, then we all get together and force the defaulting member to give us the money. We don’t care how we do it.

Traditionally, in Bangladesh, it has been unthinkable that one kin breaks another’s house or forces that person to leave his or her own village to serve the purpose of a third party. Now, forced by NGOs, they are breaking another’s house because of which one kin cannot rely on other. There grows a sort of distrust, which disturbs social solidarity. This is the type of solidarity for which one villager stands beside another when s/he is in danger. Now, they destroy another’s house because of the pressure of collecting default loans exerted by the NGOs. But if micro-credit did not exert pressure, one kin would not destroy another’s house when she defaults on her loans. This is due to the neoliberalist lesson of selfishness that helps form a *comprador class*<sup>24</sup> in the village ready to do anything for multinational corporations and donor agencies because it becomes a matter of survival for them. As Fernando (2006: 22-23) says,

Peer group pressure, the substitute for conventional collateral, is derived from existing institutional and power relations. The issue at stake from the point of view of empowerment is whether the use of peer group pressure weakens or strengthens the institutions that are oppressive to women. The field officers of NGOs, women, and those institutions that are implicated in microcredit programs, are aware of the fact that their mutual survival depends on the ability to maintain the required rates of loan repayment. The exerting of any pressures on potential defaulters are legitimate actions sanctioned by the community. Lives of women and their households enjoy less “autonomy” from the larger society, resulting in serious consequences for women in terms of their economic and social well-being as they bear the ultimate responsibility for repayment of loans.

In this connection, the instrumental value of trust is imperative. Trust helps create an environment necessary for cooperation (Gambetta, 1988). It enhances cooperation (Skyrms, 2008).

Cooperation through promising (such as the NGO-rural women relation) is impossible without trust (McLeod, 2015). As Friedrich and Southwood point out, “making a promise involves inviting another individual to trust one to do something” (2011: 277). It is true that the promise of paying loans back in a timely manner and using them properly functions within the trusting relationship between NGOs and rural poor women. Hence, NGOs in Bangladesh deploy the mechanism of supervision to oversee whether rural poor women keep their promises. This sort of monitoring makes the association forceful<sup>25</sup>, which hinders the development of trust because it does not promote intimate interactions between NGOs and rural poor women. Stolle (1998) argues that “membership in voluntary associations should increase face-to-face interactions between people and create a setting” (Stolle, 1998: 500).

The above-mentioned story about Jahanara shows that though she was initially happy, she did not need to pay other borrower’s loans because she was breaking that particular borrower’s house to sell. Her happiness faded away the moment she discovered that she was forced to do it and she was also monitored. So, such newly acquired values do not necessarily bring the desired happiness to many borrowers. In Bangladeshi rural societies, one of the sources of happiness is the ability to do something for others. That is, the mentality of cooperation is seen to be one of the primary sources of happiness in rural societies in Bangladesh. But the objective of using surveillance to sustain a trusting relationship between NGOs and rural poor women generates, at least in many cases, the opposite: a society of selfish, competitive, and unhappy citizens whose sense of individualism chronically increases because of which native *social moral values*<sup>26</sup>, which are necessary to strengthen social solidarity and harmony, have started to fade away.

I will now examine how the economy of shame that destroys indigenous norms of social solidarity by forming a sense of distrust among Bangladeshi poor villagers, who are known for

centuries for their fellow-feelings, reduces capabilities of rural poor women. This discussion will give us a clearer perspective on how I extend the work of Lamia Karim, Rashedur Chowdhury, Anu Muhammad, and others to criticize Drèze and Sen's glorification of NGOs and their micro-credit activities. I show how Drèze and Sen's glorification of NGOs and their micro-credit activities are problematic using Sen's capabilities approach that I explained above.

### **Drèze and Sen's glorification of NGOs and Sen's capabilities approach are in tension**

Sen, on the one hand, prescribes measures to avoid starvation in order to increase substantive freedom, and on the other hand, glorifies the role of NGOs in Bangladesh to help people avoid starvation and undernutrition or malnutrition. Unfortunately, the same NGOs leave people with no food by taking away their cows, chicks, rice, grain, plants, etc. which they use as food or accumulate to buy food when someone fails to repay the loans they took from the NGOs. NGOs also, for failure to repay loans, break people's homes, and make people homeless. Thus, sometimes NGOs in Bangladesh work to reduce economic and social opportunities by making them vulnerable to unexpected morbidity and mortality. NGOs are also responsible for leaving people without any access to economic resources for consumption, production, or exchange. Besides, NGOs fail to provide rural poor women with social safety as they expose them to starvation, malnutrition, homelessness, etc. In this way, NGOs in Bangladesh deny protective security to rural poor women, though they come to allow them access to social safety nets so that they can avoid great sufferings in the camouflage of shadow states.

Political freedom, in Sen's political philosophy of development, is one of the most important components, since it ensures public participation in political processes through election, free speech, etc. In Bangladesh, the very NGOs, who through their social engineering programs

motivate people to vote in various national and local elections (and thus, increase people's political freedoms), depoliticize political possibilities. Knowing their influence on rural poor women, political parties maintain a friendly relation with NGOs. Accordingly, NGOs urge borrowers to cast their vote in favor of more NGO-friendly candidates (Karim, 2008: 11-13). For this reason, national political parties see NGOs as their vote banks (Karim, 2001: 99). But, "while NGOs can subject the poor to their will, they do not control the choices people make [through] the financial imperatives of NGO lending institutions, i.e. the management of rural populations through micro-credit that tends to depoliticize political possibilities" (Karim, 2008: 12; also, see Ferguson, 1994). Another process of depoliticization is NGO-sponsored silencing projects, as mentioned above. To suppress dissenting voices, NGOs and their supporters sometimes advise Bangladeshi publishers not to publish any books that are critical of their micro-credit programs. "As early as 2001, Aminur Rahman, a Bangladeshi anthropologist, published a highly controversial book on microcredit that challenged its effectiveness and pointed to its dark side" (Chowdhury and Willmott, 2019: 124; see also Karim, 2008: 23-24).<sup>27</sup> But the publication of this book through any Bangladeshi publishing house was impossible due to Rahman's criticisms of micro-credit (Karim, 2008: 23-24). NGOs also silence dissenting voices by providing university professors and researchers with various opportunities of consultancy and teaching. As a result, these university professors and researchers become what Constantino (2000: 425) calls *comprador intellectuals* who justify all neoliberalist models and discredit any alternative to them. Since these groups of people have recently become unable to criticize numerous wrong-doings of NGOs, rural poor people are left with very little knowledge of such activities, which may result in capability reduction rather than augmentation. Different aspects of depoliticization that include influencing voter's behavior by the use of monetary power, silencing the dissents, and so on are obstacles to democracy, which

Sen regards as substantive freedoms that we have reason to value. Despite their importance to the development of human capabilities, NGOs, to some extent, are weakening democratic processes of Bangladesh, which are evident from their projects of depoliticization. Thus, NGOs not only help increase human capabilities, but they also have reductive impacts on human capabilities. This discussion shows the possible danger of Sen's assumption that an ideal democracy is not categorically important for the development. The absence of proper democracy invites different NGOs to devilishly play their role in offering many services that are the government's responsibility. Due to a lack of good governance, NGOs can manage to sidestep state rules and regulations in many cases and grow as shadow states in different parts of Bangladesh, as mentioned above. As a result, NGOs in Bangladesh serve to undermine the development of human capabilities by weakening its democracy. As Roper (2013: 467) aptly puts it, "In general, the weakening of the state reduces its ability to address its own shortcomings, strengthen democratic governance, and work to enhance the capabilities of its population even through such basic services as health and education." Moreover, sometimes it is argued that women's empowerment is increased due to the influence of micro-credit. To illustrate this empowerment, women's numerical visibility in microcredit meetings and activities are mentioned (Fernando, 2006: 22). But Fernando is suspicious about showing numerical visibility as success story of women's empowerment. As he says,

Numerical visibility of women in microcredit programs is a highly misleading indicator of qualitative dimensions of their empowerment. The numerical strength of women in these credit programs does not automatically translate into qualitative changes in their social status. It is not logical to argue that the public domains of women now framed by microcredit programs are more empowering than their traditional public and private spheres. ... I argue that the institutional relations that women experience in the public sphere after they join the microcredit programs have resulted in further impediments for their empowerment. In fact, the institutional relations that underpin the microcredit programs may suppress the potentialities of local sources of empowerment. Current studies take the superiority

of public domain over private domain for granted, instead of examining how the institutional relations within and between them are framed by microcredit and the resulting consequences for women. Ironically, such claims about private-public boundaries are often associated with those that are vehemently committed to uncovering the liberating potentials of those at the margins of the society or the subalterns through indigenous knowledge and strategies of resistance (Fernando, 2006: 22).

The problem of capability reduction by NGOs becomes very grave if we consider it from the perspective of transparency guarantees, which is one of the instrumental freedoms as mentioned in Sen (1999). Although I believe this issue deserves a separate study, a few remarks can be made here. The most unsettling criticisms of NGOs in Bangladesh, according to Mahbubul Karim (1996: 138), is the one that relates to the question of legitimacy and accountability. Since NGOs in Bangladesh are mostly financially dependent on external sources, there have always been questions about NGOs' spending accountability to governments, donors, and the general public. But since governments suffer from corruption and inefficiency, the general public are deprived of influence on NGOs, and donors are concerned with their hidden agendas being actualized, NGOs remain unaccountable to anyone regarding their earnings and expenses. Moreover, donor countries and agencies cannot avoid their responsibility in reducing human capabilities because many NGOs are either *donor-created* or *donor-led systems* (Porter, 2003: 141; Tvedt, 1998: 75; Roper, 2013: 464). By being unaccountable, they sometimes open the door for corruption, financial irresponsibility, and underhanded dealings. The presence of these is problematic for creating an environment of trust. As Sen recognizes, "When that trust is seriously violated, the lives of many people ... may be adversely affected by the lack of openness" (1999: 39-40). Thus, NGOs in Bangladesh sometimes play the role of obstacles to freedom of rural poor women.

The relationship between NGOs and rural poor women derivatively involves the question of legitimacy and accountability. But the question of legitimacy and accountability fundamentally

deals with the relation between donor agencies, government, and NGOs. At the same time, rural poor women become the most vulnerable to anything that lacks transparency. It reduces their capability because of Bangladeshi NGOs' over-enjoyment of an environment where accountability is absent and in which they can extend their evil hands to take away their borrowers' means of food accumulation and to break their houses. So, my point, in this respect, is that no or minimum accountability of NGOs in Bangladesh allows them to misuse or abuse their power. Because of this power, they can take away the means of food or break home of rural poor people, which are the ultimate marks of shame and dishonor. Consequently, the lack of accountability or transparency leads to a relationship between NGOs and rural poor women which cannot be based on trust, which is foundational. Thus, the absence of a proper trusting relationship between NGOs and rural poor women reduces the capabilities of rural people due to NGOs' over-enjoyment of unaccountability to governments, donors, and the general public.

### **Some practical implications for the NGOs (and their micro-credit programs)**

As mentioned, NGOs and their micro-credit activities disturb social solidarity in rural Bangladesh by their massive supervision mechanism they employ in order to sustain their trusting relationship with their debtors. It shows that in order to establish a proper trusting relationship with rural poor women, they should rethink their supervision strategy. As Sherratt (2016: xix) says, "To become ethical, and more effective, the bulk of microfinance needs to change direction from where it is." The beginning of the change of direction should be to abandon the use of group liability condition because "it can turn the borrower's lending group into unsupervised, vigilante loan collection agents" (Sherratt, 2016: 171). They should also consider poor people's affordability when they collect loan repayments. It would ensure an environment in which poor women happily and

willingly take and repay loans.<sup>28</sup> Ensuring this kind of environment would contribute to creating a trusting relationship between NGOs and rural poor women.

Through financial education arranged for both parties, this kind of trusting relationship between NGOs and rural poor women and thus, social solidarity among villagers can be increased. To rural poor women, financial education is important because they can learn why and how to properly use the loans. One of the goals of financial education is to teach them the need to repay their loans: if they do not repay or misuse the loans, then the NGOs may not be able to help them in the future as they would have fewer and fewer resources to help others.<sup>29</sup> Therefore, financial education should be a mechanism of empathy, i.e., taking a rural poor woman's viewpoint through which NGO officials would know the struggles these women are going through, and take constructive initiatives accordingly. In this regard, financial education for the NGO officials or leaders becomes important to be informed about how to behave with rural poor women, how to collect default loans without being aggressive, why the traditional social values are important, etc.

Another way by which NGOs can acquire better knowledge about whether their loans are really helping the poor is taking a perspective of marginalized people, as Chowdhury and Willmott (2019: 127) suggest<sup>30</sup>. When NGO officials consider their activities through the lens of poor people's perspective, they may feel more empathy towards the poor and marginalized. Hence, they will think twice before taking harsh measures like house-breaking against the loan defaulters. By not employing harsh measures, NGOs would gain poor people's confidence which is necessary for any healthy and trusting relationship.

I also recommend that sound initiatives at the policymaking level would make NGOs in Bangladesh more accountable. However, I am very much aware of the risk of taking any measures

at the government level to make NGOs activities transparent where the government itself is not transparent. So, transparency is possibly NGOs' own responsibility that would lead them to not violating the trust that they claim they put in the poorest of the poor in Bangladesh.

One way of ensuring transparency is through a nexus between NGOs, government, and poor people. I have in mind the sort of small cooperatives led by poor people as suggested by Anu Muhammad<sup>31</sup> that would work as a meeting place for representatives of NGOs, government, and poor people. But unlike Muhammad, I think NGOs can contribute to these cooperatives by sponsoring them. Though they loan to these small cooperatives, they are not responsible for monitoring and transparency. Local people would oversee these issues. But the responsibility of the government is to oversee that within these environments local people do not become NGOs' puppets and comprador class. Thus, we may see the presence of transparency in NGOs' activities that would ensure a proper use of trust by making NGOs accountable to government, donor agencies, and general people, and by delimiting their power the use of which enables them to expand substantial unfreedoms.

## **Conclusion**

This study shows that Drèze and Sen (2013) are not entirely correct in their apparent glorification<sup>32</sup> of the roles of NGOs in Bangladesh that they think contribute to Bangladesh's better standing in many social development indicators than India, though the former is economically poorer than the latter. They claim that the reasons for the social achievements of Bangladesh are shifts in gender outlook, giving special attention to basic healthcare and elementary education needs, and giving importance to the development of many social norms in healthcare, education, and relevant sectors through public communication and community mobilization. But to make these three factors

possible, together with the government, they give credit to NGOs. That is, NGOs play a significant role in Bangladesh's social development by enhancing women's capabilities. Throughout the article, attention has been given to this issue. It seems to me that in their presentation, Drèze and Sen (2013) leave out and/or deemphasize the points that are problematic for NGOs, especially for their micro-credit programs. To serve my purpose, I have tried to show that one of the root causes of the contested roles of NGOs in Bangladesh is the very norm – i.e., trust – that they use to rationalize their strategy of giving loans to the poorest of the poor without taking any collateral.

In order to show that the trusting relationship between NGOs in Bangladesh and rural poor women is problematic, I have argued that NGOs' use of trust disturbs social solidarity in rural Bangladesh mainly because of their massive supervision mechanism they undertake to sustain the so-called trusting relationship between them and their debtors. Connected with this lies one of the major contributions of the paper that shows how micro-credit programs of NGOs form a sense of distrust among Bangladeshi poor villagers which, in effect, undermines indigenous social solidarity norms. A growing sense of distrust among Bangladeshi poor villagers damages social solidarity also because it creates a tension between local norms and NGOs' neoliberalist values of "discipline, efficiency and competitiveness," which NGOs attempt to influence villagers through their numerous social engineering programs, which are basically the state's responsibility. Relevant to this claim, I have attempted to show that NGO monitoring has some psychological impacts on their clients that also contribute to disturbing social solidarity. Consequently, the trusting relationship between NGOs and rural poor women in Bangladesh is transformed into a relationship of domination and subordination. The last claim that I have endeavored to justify is that NGOs' promotion of the so-called trusting relationship between them and rural poor women in order to offer loans to the latter reduces people's capabilities. In this context, another important

contribution of the paper to the current micro-credit literature is visible: the extension of empirical works of Lamia Karim, Rashedur Chowdhury (and Hugh Willmott), Palash Kamruzzaman, Anu Muhammad, and Jude L. Fernando to critique Drèze and Sen's glorification of NGOs where I have shown uniquely, using the capabilities approach of Sen himself, how their glorification of NGOs is undermined by the questionable activities of micro-credit programs.

However, there are options that NGOs should consider in order to deal with the criticisms I have raised. I have laid out some practical implications for the NGOs which would be useful in order to face these criticisms. I have proposed dropping the use of group liability for individual loans. I have also proposed poor-people-led cooperatives where government and NGOs also have roles, which is a beneficial alternative to the way NGOs currently function. I have also argued that setting up a financial education program for rural poor women and NGO officials would improve the trusting relationships between them and, in turn, improve social solidarity among villagers. I understand, however, that it would be arrogant to claim that my alternative is better than the way NGOs and their micro-credit programs are functioning at the moment. In this regard, further studies are needed to see what the best alternative is to serve the interests of poor people.

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### **Notes**

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<sup>1</sup> I mainly focus on the Grameen Bank (GB) micro-credit model. Lamia Karim (2008: 9) offers the following definition of micro-credit, “In development rhetoric, micro-credit is the extension of small loans to women for income-generating projects and has been eulogized as a magic bullet of poverty alleviation.” Similarly, Rashedur Chowdhury and Hugh Willmott (2019: 123) mention that “[i]t is widely accepted in developing countries, such as Bangladesh, where NGOs, operating as quasi corporations under a veil of benevolence, have deployed microcredit as a development tool that it intended to eradicate poverty and empower poor women.”

<sup>2</sup> Some people might want to see a contrast between non-micro-credit nongovernmental organization (NGO) services – such as education and healthcare – with micro-credit services provided by the same NGOs (or at least by GB) and the values they promote to see how they compare with micro-credit services that I claim to be promoted. Although I believe that such a comparison would promote discussion in many respects, considering my intent in this paper, I feel it may be beyond the reach of the current paper. Rather, it needs another project. So, for the future, I would leave it. Nonetheless, the absence of such a comparison does not bias the research I propose in the paper since my purpose in this paper is to challenge Drèze and Sen’s glorification of the roles of NGOs in Bangladesh by showing that this glorification is undermined by different practices of Bangladeshi NGOs’ micro-credit programs. So, I simply need to concentrate on NGO micro-credit services that proves that Drèze and Sen’s glorification of the roles of NGOs in Bangladesh leaves out and/or deemphasizes other problems, such as the bad practices of various Bangladeshi NGO micro-credit programs.

<sup>3</sup> See for details, Taylor (1984).

<sup>4</sup> The argument that while NGOs help people gain access to many resources such as education, healthcare, jobs, credit, etc., we see the weakening of state sovereignty being put into perspective

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in depth in the section entitled “Trust, psychological effects of NGO supervision, and social solidarity.” This issue also comes back in the section entitled “Drèze and Sen's glorification of NGOs and Sen's capabilities approach are in tension,” particularly when I am going to discuss how NGOs are undermining the democracy of a state.

<sup>5</sup> The contributions of foreign remittance and readymade garments industry to GDP in Bangladesh are 6.74% (in the fiscal year 2015-2016; calculated by the author taking data from the Bangladesh Bank website, <https://www.bb.org.bd/>) and 10% (Islam et al., 2016: 110), respectively. In readymade garments industry, rural illiterate women workers are 85% (Islam et al., 2016: 110). Hence, foreign remittance and readymade garments industry help increase women's empowerment which is an indicator that their capabilities are also expanding.

<sup>6</sup> Scheduling of regular meetings differs from NGO to NGO: GB and ASA arrange meetings on a weekly basis but BRAC and Proshika arrange bi-weekly and monthly meetings, respectively (Karim, 2008: 27).

<sup>7</sup> Karim regards it as “the ultimate shame of dishonor in rural society” (2008: 19).

<sup>8</sup> See, for example, Tauhid-Uz-Zaman (2017).

<sup>9</sup> See, for example, <http://www.bbc.com/news/world-asia-24128096> (Accessed 19 January 2019). One thing we should bear in mind here is that there is no comprehensive ethnographic analysis, at least to my knowledge, of how many suicide and organ-selling incidents occurred as a result of the inability to repay micro-credit loans and thus, save the family honor. What is more important for the current project is that we have seen cases of suicide and organ-selling due to the failure of micro-credit loan repayments, which is extremely bad and evident enough to undermine the glorification of the roles of NGOs in Bangladesh by Drèze and Sen.

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<sup>10</sup> According to the NGO Affairs Bureau of Bangladesh (NGOAB), in the fiscal year 2015-2016, the released cumulative amount of foreign funds stood at \$7,952,500,843.62 for 23,217 NGO projects. Available at: [goo.gl/TSPFam](http://goo.gl/TSPFam) (Accessed on 19 January 2019). Despite receiving millions of dollars as donations with very low interest rates, interest rates of loans from Bangladeshi NGOs' micro-credit programs are very high. Qazi Kholikuzzaman Ahmad, the current chairman of Palli Karma-Sahayak Foundation which is a microfinance oversight agency, describes micro-credit as a "death trap" for the poor. As he states, "Interest on repayments begin at around 15%, but it is a flat rate and can soon rise to anything between 40% and 100%" (Cited in Melik, 2010). Moreover, Fernando (2006: 23) mentions that because of the high interest rates, "[i]n some Bangladeshi villages, the NGOs are known as "new Zamindars" and "New East India Company," indicating that they are purely interested in squeezing the "blood" from the poor."

<sup>11</sup> See, for a similar discussion, Edwards and Hulme (1996: 3).

<sup>12</sup> See also Gregson and Ferdous (2015: 251) and Chowdhury (2017: 942). Chowdhury and Willmott (2019: 126) label this shadow government as "a kind of parallel government."

<sup>13</sup> Anu Muhammad (interviewed in Chowdhury and Willmott, 2019: 133) says, "The unprecedented rise of NGOs in Bangladesh can be understood in the context of market failure and/or government failure. These failures played a key role in the expansion of NGOs. NGOs grew as an ostensible alternative to both the government and the market."

<sup>14</sup> To know more about Yunus and GB, see Yunus and Jolis (2007).

<sup>15</sup> See <http://www.grameen.com/introduction/> (Accessed on 19 January 2019).

<sup>16</sup> Amartya Sen (1999: 201) praises GB's success of recovering loans, which is 98 percent. However, Fernando (2006) is skeptical about whether high repayment rates can be called a success. As he says,

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High repayment rates do not necessarily mean that there is an increase in the borrowers' incomes. The nominal identity of the borrower and the repayment rates do not reveal how and where the credit is invested, the sources of repayment, and the final beneficiaries of credit. These practices involve a complex social network, rather than a simple transaction between the lending agency and the borrower. Such institutional networks are important to the borrowers, as they assist them to become creditworthy, provide employment, and provide emergency funds to make timely repayments. These networks limit the borrowers' control over their loans and the income. They are also means through which income and repayments are appropriated by the moneylenders, traders and the NGOs, and the NGO which, in turn, transfers them to families and localities that promise better long rates of repayments. This exacerbates the economic inequalities within the communities and between different localities (Fernando, 2006: 22).

<sup>17</sup> I return to this point in the next section since it requires a separate discussion.

<sup>18</sup> Researchers have found that anxiety increases as monitoring increases. Studies in the context of employers' surveillance on their employees are available (see Smith et al., 1992; Stanton, and Barnes-Farrell, 1996).

<sup>19</sup> Although there is no psychological study to indicate the decreasing effect of massive supervision on trusting relationship of NGOs and rural poor women, studies are available that show that people's trust in their leader decreases when they find out that they are being watched (see Subašić et al., 2011). Such studies inspire me to conjecture about the reverse relation between trust and surveillance in the context of NGO-rural women relationship I have just mentioned.

<sup>20</sup> Granick (2017) argues that the very knowledge of being watched can change one's behavior.

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<sup>21</sup> Chowdhury (2017: 943) mentions a similar gatekeeping role played by field-level NGO workers albeit in the context of the Rana Plaza collapse that occurred on April 24, 2013 in Savar, Dhaka, Bangladesh.

<sup>22</sup> Chowdhury (2017: 943) mentions an incident of NGO silencing in the context of the Rana Plaza collapse: “the victims [of the collapse] became heavily dependent on elite NGOs for compensation and rehabilitation since these NGOs controlled various aspects of these processes, which meant that the victims lost their voice on the ground.”

<sup>23</sup> For being parallel government, NGOs get funds from various multinational corporations and donor agencies to help people rehabilitate during situations, such as Cyclone Sidr and the Rana Plaza collapse. But this, as Chowdhury (2017: 943) calls, is “subcontracting of morality.”

<sup>24</sup> Q. K. Ahmad (an economist and developmentalist) regards that political leaders, bureaucrats, consultants, and various other members of Bangladeshi urban civil society form a comprador class “who always accept external approaches and enjoy benefits from these” (cited in Kamruzzaman, 2013: 40). Whereas Ahmad discusses the formation of a comprador class in the context of urban civil society, I think the formation of such a class is also possible in rural areas.

<sup>25</sup> In a non-voluntary association, actors with lesser power and opportunities are forced to trust the powerful actor. It can forcefully lead the lesser powerful actors to cheat in order to survive. For a relevant reading, see Nooteboom (2007).

<sup>26</sup> Social moral values/rules are “informally established and socially enforced standards that members of a group generally treat as properly regulating their conduct” (Cureton, 2012: 691).

<sup>27</sup> The book referred here is Rahman (2001).

<sup>28</sup> See for a similar line of thought and for details, Muhammad (interviewed in Chowdhury and Willmott, 2019: 137).

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<sup>29</sup> I thank one of the anonymous reviewers to bring this issue to my attention.

<sup>30</sup> Chowdhury and Willmott (2019: 127) suggest researchers to study NGOs from the perspective of marginalized people. But I suggest that NGOs themselves should also take this perspective in their activities.

<sup>31</sup> See for details, Muhammad (interviewed in Chowdhury and Willmott, 2019: 137-138).

<sup>32</sup> This glorification becomes more evident if we consider the fact that the NGO sector is not the only non-government sector that increases the capabilities of village women. Two other important factors that enhance their capabilities are foreign remittances and readymade garments industry (see also Note 5).

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