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Report from the June 21, 2010 roundtable discussion in Dhaka, Bangladesh on understanding microcredit from the perspective of recipients

Listening to microcredit recipients

Transcript from roundtable discussion hosted June 21, 2010 in Dhaka, Bangladesh

The following is the transcript from the “Listening to the Experiences of Microcredit Recipients” roundtable discussion hosted on June 21, 2010 in Dhaka, Bangladesh. The meeting was facilitated by Ms. Khushi Kabir, Coordinator of Nijera Kori.

Khushi Kabir (Nijera Kori): Dear Ladies and gentlemen, at first I want to thank and welcome all of you on behalf of Nijera Kori. I wish to summarize the reasons and causes behind organizing this workshop. Several years ago, the Goldin Institute, a US based organization, came to Bangladesh to conduct a study on micro-credit along with rural people of Bangladesh who live in the villages and actually receive micro-credit. They came here to have some glimpses on the real condition of micro-credit recipients in Bangladesh. They wished to take interviews through community researchers.

All of you know that Bangladesh is widely acknowledged for micro-credit success across the world. Dr. Muhammad Yunus of our country has been awarded with the Noble prize for micro-credit implementation and has achieved cult personality status at this point.

The Goldin Institute came to Bangladesh to conduct independent research on micro-credit. They wanted the interviews to be conducted by community researchers directly. Last year, they organized a discussion on this study in the US. I also had the opportunity to discuss the findings of this study abroad. After arriving in Bangladesh, the Goldin Institute initially requested Unnayan Onneshon (a research organization) to be their research partner. At that time, Unnayan Onneshon contracted with Nijera Kori. We were selected for the reason that our non-acceptance of any micro-credit would ensure that we would maintain impartiality amongst those groups in which we studied.

The US-based researchers from the Goldin Institute selected 13 community researchers in one village from the munga-prone North Bengal region to conduct interviews and perform research on micro-credit. As there had been discussion on this study in the US one year ago, we decided to have another discussion on this topic in our country.

Sometimes both sides tend to become defensive while discussing the positive and negative impacts of micro-credit. To avoid this situation, we are calling upon all of you for an open and civil discussion.

Khushi Kabir, Nijera Kori

We have invited representatives from some nationalized banks who are undertaking micro-credit programs directly, several large organizations, the Credit Development Forum, and the Micro-Finance Regulatory Authority of the Bangladesh Bank who are now going to use the micro-credit model. We have invited some research organizations or agencies that are doing studies on micro-credit and had to be selective in doing this because of the limited space. We have also invited the donor agencies that are cooperating in the function of micro-credit or have provided statements on micro-credit. Sometimes both sides tend to become defensive while discussing the positive and negative impacts of micro-credit. To avoid this situation, we are calling upon all of you for an open and civil discussion.

Basically we have organized this workshop to facilitate an interaction between the recipients and those who deliver micro-credit. We have deliberately avoided mainstream press involvement and only D-net is doing the video. We wish to avoid the over-intensification by the press of the positive and negatives that come out of the workshop. As we all are pledged to play a role in poverty reduction and amelioration of common people in the country, we have organized this round-table workshop motivated by such goals of poverty reduction.

The idea of organizing this workshop was ours and later we shared it with Unnayan Onneshon (UO) and

the Goldin Institute. They have encouraged and supported our efforts. Present here today is Rashed Titumir of UO. Also, representing the Goldin Institute is Kasia Paprocki, who formulated and conducted the study. I would now request her to share her experiences with us. In the interest of time, we will have speakers introduce themselves.

Kasia Paprocki (Goldin Institute): Thanks to all. My name is Kasia. I have traveled here from the US. I work for the Goldin Institute and I am a researcher. The Goldin Institute is interested in engaging the voices of the local communities in conversations about the programs and policies that impact their lives. That's how we became interested in doing this study on micro-credit in Bangladesh. I am really excited to be here today sharing this research because for the last three years we have been talking to a lot of donors, policy makers and researchers in the United States about the findings of our research. It has been very well received. This is the first time that we are sharing our research publicly in Bangladesh. It is a great opportunity. It's even more exciting to have our colleagues from Jayrampur-Anwar here with us today so they can share the research they have done directly.

I would like to say just a little bit about the research and the training process and they can talk about our findings. Our research is sociological and so it's strictly qualitative. We spent a few days with a couple of borrowers amongst this group of 13, training them in rough qualitative research methods. So our method covered: what is research, why do we do it, and how do we ask questions in an objective way? Through the training process we also worked with them to refine their questions and their research process. We found that this really changes the dynamics of the research because not only can one get the right kind of information through the relationships they have with the people and their community, but also they knew the questions to ask that couldn't be prepared for and only came about based on thoughtful follow-up to initial responses. As a researcher I really learned a great deal through this process.

I would say lastly that you won't hear any statistics today or any quantitative data at all. So, if you are looking for the numbers, we don't have them to share because our research is purely qualitative. We feel that

our research uniquely goes beyond the numbers, which often prove to be ineffective. We confine ourselves mainly to qualitative data on micro-credit. I think the data we would be sharing with you today is very different from what we normally hear about micro-credit. But, I think it is also very important and I am proud to be here speak before you.

Khushi Kabir (Nijera Kori): Thanks, Kasia. Now we would again continue our discussion in Bengali. I now ask the participants from the Joyrampur Anwar village to speak.

[community researchers introduce themselves]

- **Mohammad Shahbuddin:** 'I am a farmer and member of the landless organization of the Jayrampur village.'
- **Niranjan Chandra:** 'I am a farmer and member of the landless organization Jayrampur village.'
- **Bipul Sarker:** 'I am a farmer and member of the landless organization, Jayrampur village.'
- **Nurul Islam:** 'I am a farmer and member of the landless organization, Jayrampur village.'
- **Fatema:** 'I am a woman farmer and member of the landless organization, Jayrampur village.'
- **Shahnaz:** 'I am a woman farmer and member of the landless organization of Jayrampur village.'
- **Kohinoor Begum:** 'I am a lady tailor and also a member of the landless organization, Jayrampur village.'
- **Hosne Ara:** 'I am a woman farmer and member of the landless organization, Jayrampur village.'
- **Sabitri Rani:** 'I am a woman farmer and house wife and member of the landless organization, Jayrampur village.'
- **Pushpa Rani Sarker:** 'I am a woman farmer and a housewife and member of the the landless organization, Jayrampur village.'
- **Srimati Beauty Rani:** 'I am a tailor and member of the landless organization of Jayrampur village.'

We talked to the micro-credit recipients and came to know about their plight. I have seen their silent tears. The crude cycle of paying installment (kisti) begins from within one week of taking the credit. The poor cannot even have three meals a day, cannot properly feed their children but they must return back the installment. Otherwise, NGO employees come to snatch away cattle, do verbal abuse and sexually harass the female credit-recipients and so many other things. The pain of paying installments within just one week of taking loans detracts the members from pursuing other pleasures of life, like buying even a fruit for the children.

Hosne Ara, Community Researcher

Hosne Ara (Community Researcher): My experience with micro-credit is one of mismanagement and misuse. When the NGO employees first came to our villages, they behaved very politely and talked of development and self-reliance during our admission as members. But no sooner then when the admission was over, the newly made members were burdened with the imposition of admission fees, weekly savings rate, etc. It is made obligatory that the members must take credit and they are not permitted to only opting for the savings if they refuse the credit. One cannot save his or her money if she does not take any credit. Now, those who need credit, they take credit. But, those who don't need credit and just wish to have savings are also made obliged to take credit. Then there is the misuse of the micro-credit process.

We are poor. Savings is our friend in emergency. We deposit some money as savings so that it can provide us some support during times of distress. But, if we sometimes wish to take some portion of money from the savings to meet the emergencies, they don't give it to us. They say, 'You have just taken a new loan. And, you cannot get any money from your savings just

now!' They show reluctance and suggest that we take the money later. Sometimes we face inhumane behavior, the details of which we cannot share with anybody. We talked to the micro-credit recipients and came to know about their plight. I have seen their silent tears. The crude cycle of paying installment (*kisti*) begins from within one week of taking the credit. The poor cannot even have three meals a day, cannot properly feed their children but they must return back the installment. Otherwise, NGO employees come to snatch away cattle, do verbal abuse and sexually harass the female credit-recipients and so many other things. The pain of paying installments within just one week of taking loans detracts the members from pursuing other pleasures of life, like buying even a fruit for the children.

Sometimes one has to lease his 200 decimals of land to get back the cattle snatched away by NGO employees. All of you know that the VGD Card is distributed in the villages for the poor and the destitute. But, members of the micro-credit lending organizations do not get that. No sooner the process of VGD Card distribution begins, the NGO employees begin roaming the Union Office and taking the information of those members who have received the VGD card. After taking the relevant information, they go to the Chairman and inform him that some particular member is not paying back their installment. When the poor person is taking wheat on VGD Card, the NGO employees go there and press him or her to sell the wheat and pay back the installment. Thus the members cannot get the wheat of the VGD cardholder and have to sell the wheat for the payment of installment.

The Chairman, President, Secretary and other dignitaries are also involved with this process. It is really very saddening. The distressed people come home in despair. These poor people often complain, 'nobody pays any heed to our pains.' The poor should also have the right to food, clothing, education, medical treatment and all other human rights. I wish that we would have security and we wouldn't have to endure any sexual assault or harassment. I believe that all of us have the right to survive in a dignified way so that we do not have to suffer any psychological, sexual and physical harassment.

Generally, credit is given in the name of the woman. The credit agencies do not grant credit if there is not a woman residing in the household. This is why male members of our homes or husbands sometimes force us to take credit. But, if we take credit, we have to hand it over to our husband or father-in-law who uses it in any way he wishes. But, the NGO employees come to recover the money from us (women) and we have to face many insults and indignities... It is the men who spend the money. But, payment of installment is sought from the women. We talk of women before all and talk of empowerment, but women are used within the traps and labyrinths of micro-credit.

Kohinoor Begum, Community Researcher

Kohinoor Begum (Community Researcher): Generally, credit is given in the name of the woman. The credit agencies do not grant credit if there is not a woman residing in the household. This is why male members of our homes or husbands sometimes force us to take credit. But, if we take credit, we have to hand it over to our husband or father-in-law who uses it in any way he wishes. But, the NGO employees come to recover the money from us (women) and we have to face many insults and indignities.

Again, the NGO employees take signatures from our husbands, fathers or sons and they also take their photographs for recovery of the money. If the husbands use the credit-money with good work and repay the installment, then our honor remains intact. It is the men who spend the money. But, payment of installment is sought from the women. We talk of women before all and talk of empowerment, but women are used within the traps and labyrinths of micro-credit.

We acknowledge that we are poor and probably cannot go without credit. But, the system must be made humane.

Kohinoor Begum, Community Researcher

Men are shown as guarantor of the female credit-recipient. If a woman is to take a credit, she has to endorse it through the signature of a man (be it her husband, father or brother or any other male.) If the installment cannot be repaid, the NGO and the family do not pay any honor to the woman.

Women are deprived of their rights. Since women have begun taking micro-credit, oppression on her has multiplied. The evil practice of dowry became manifold. Because of micro-credit, social solidarity in villages is at stake. Before the widespread use of micro-credit, a community researcher used to help another community researcher to support his daughter's wedding costs. But now everybody is in a debt-cycle. So, one has to take five loans from five NGOs at a time to pay the dowry money.

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Kohinoor Begum, Community Researcher

Again, sometimes a woman takes credit and hands over the money to the husband. The husband often goes away with the money but the NGO employee comes to the woman for payment of the installment. The helpless women sometimes flee to her parental residence. The NGO employee will follow or stalk her even to her parental abode. Thus, she becomes engaged in a lose-lose situation because of taking the micro-credit. Sometimes she even migrates to the cities to evade the social pressure in the village. She cannot send her school-age children to school, as she cannot pay the installment.

Recently we witnessed such a case: a woman was given to marriage with the credit money taken from a NGO. Later her husband fled to Tangail. She was refused the shelter of her father's house for she was unable to pay the installment. Later both the father and father-in-law had to pay the installments.

Now, we no longer take 'mushti chal.' Today a woman in a village cannot even obtain or feed her children a single egg. Because, four eggs costs about 20 taka and that often goes towards the installment. Women cannot cook after dusk, because, the NGO employees go searching for them and they will hide out in neighbors' homes. We acknowledge that we are poor and probably cannot go without credit. But, the system must be made humane. The NGO employees come even in night-time hours to recover the installment. It is a problem for family harmony.

Nurul Islam (Community Researcher): We go to NGOs for obtaining some help. We go to them being impressed by their good words. But, they did not give us any hint about what crude insults they would later make upon us if we failed to pay the installment. If you give us money for our benefit, then why do you behave so rudely? Yes, we have to take credit for we are poor and our families are large. Agricultural Bank or Janata Bank doesn't give us any loans. NGOs give the poor credit.

We are compelled to take micro-credit because of the persistence of Monga. Nine NGOs are working in Jayrampur. Hence, one loan is taken from a NGO to pay the installment of the other. But, what do the NGOs do by giving us loans? They torture and abuse us. Rangpur is a monga-prone area. We are too poor in North Bengal! Sometimes local money-lenders say, 'You pay installments of the NGOs. But, you don't pay us.' Thus, one becomes a member in three NGOs and has to pay 3,000 taka at each week. We wish such things should never happen in future.

We are poor folk. If the credit is served upon us in a user-friendly way it can be effective and of real use to us... Credit can be given in such a way so that it can be really helpful for us.

Bipul Sarker, Community Researcher

Bipul Sarker (Community Researcher): We are poor folk. If the credit is served upon us in a user-friendly way it can be effective and of real use to us. We are really too poor and hardly manage on our daily meals. We can only take and cannot give. Credit can be given in such a way so that it can be really helpful for us. Suppose if you did give us a cow rather than cash, then it could be more helpful. We could then rear up the cow, extract the milk, and sell it in the market and pay the installments. Thus the cow becomes your capital. If the NGOs did give us the credit in this way, then we would not have to face such consequences in the Jayrampur-Anwar village as we are facing today.

Some days ago, a woman in our village took a loan. She could not pay the installment and her husband fled from home. Later she also fled to Dhaka to find a job in a garments factory and has been missing since then. The community researchers now look after her orphan child.

One has to take a loan from a NGO to repay the installment of another NGO. Thus we are getting entrapped in debt cycles.

Nurul Islam, Community Researcher

Kohinoor Begum (Community Researcher): A woman in our village took some money as a loan. Later she came back to Tangail after her husband had paid some installments. The woman then went to her father's house. Her parents asked her, 'Why did you hand over the money to your husband? You have not given the money to us. So, you have no place in our house.' Now, you the members of this discussion - you tell me: why such things should happen? The only cause for this is that she is a woman. She is someone's wife or daughter ... is it her only fault? When the NGO employees go to a woman's parental home, I say to them, 'Brother! It is her parental home.' Then the NGO employees tell us, 'Okay, give us this lady.' I ask them, 'What would you do with her?' They say, 'We would take her to one of our branch offices.' I say to them, 'Let's go to her husband's home.' Then the father-in-laws from both of the sides sell the roof of their homesteads to pay half of the installment. Later the credit can no longer be paid. The woman takes a job in the garments factory simply being stalked by micro-credit issuers.

Nurul Islam (Community Researcher): One has to take a loan from a NGO to repay the installment of another NGO. Thus we are getting entrapped in debt cycles. Earlier the local money-lenders, or rich persons in the village, would give us loans that we would repay after the harvest. But, local money-lenders do not provide us loans any longer as we are already taking loans from NGOs. They tell us to take loans from the NGOs.

One has taken loans from five NGOs. He has mortgaged one and half *bigha* of his land to pay the loan. What would he do? He has no other way to survive! People become compelled to pay the NGO loan by selling their land. Thus, we cannot become solvent.

The situation becomes worse during *monga* or seasonal famine. NGO employees come to our neighboring woman's house and sit there till 10:00 PM. They don't leave the place until the installment is paid. One day someone asked a NGO employee, 'Why are you sitting here till so late at night?' He answered, 'I need to recover the installment. I cannot be free until I pay back the money to the office authority. Please, help us!' So is the situation.

Sabitri Rani (Community Researcher): Micro-credit hits the women worst. Generally, credit is taken in the name of a woman. This is why the NGOs target the woman for recovery of the installment. They never go after the husband. Although it can be the husband who has wasted or misused the money! NGOs create or build saving schemes while giving credit but the community researchers cannot have any portion from their savings in emergencies. Hence, my question to NGO employees is why can't we take insurance money when we need it?

I think the NGOs can give the micro-credit in the villages but that it must be given in pursuance of the needs and requirements of the poor.

Micro-credit hits women worst... I think the NGOs can give the micro-credit in the villages but that it must be given in pursuance of the needs and requirements of the poor.

Sabitri Rani, Community Researcher

It is because of the loan that love and affection amongst people is in decline. Solidarity is getting affected and society is being changed. Today husbands and wives often have quarrels because of the credit. Human rights are also being violated because of the credit. Children are being compelled to join the labor force.

Hosne Ara, Community Researcher

Hosne Ara (Community Researcher): Sometimes we get a loan in which we cannot use for any productive purpose. Credit or loan is often given in non-productive purposes. When anybody applies for a loan, s/he has to write on the form that for which purpose s/he is taking it. For example, the form may state that s/he is taking it for purchasing a piece of land or a cow. But, often the recipients cannot use the loan for any productive purposes. Rather they pay previous loans taken from a number of organizations. S/he is taking food but the loan is in no way helping him or her to eradicate poverty.

It is because of the loan that love and affection amongst people is in decline. Solidarity is getting affected and society is being changed. Today husbands and wives often have quarrels because of the credit. Human rights are also being violated because of the credit. Children are being compelled to join the labor force.

There is no strict mechanism in place from the NGOs that provide for a poor person using the money for consumption, for paying up previous loans, or buying a land. Such a regulatory mechanism can help make the situation better. Earlier we had social reciprocity of affection. Today, this is being erased because of this micro-credit culture. People are always disrupted in their daily lives to pay the installment of loans. Social fabric is being eroded. Conjugal relations are getting distorted. The rate of child labor is being increased for the payment of micro-credit installments. You are working and doing business. Credit should be given only if it really benefits any person. Otherwise it should not be granted.

Sabitri Rani (Community Researcher): NGOs come to assess our household resources and say that they are doing a survey. Later they tell us to be members of the NGOs. Thus one person becomes involved with a number of NGOs.

Sahabuddin (Community Researcher): One of my fellow community researchers purchased a cow with the credit money. Unfortunately, the cow died. But the NGO employees did not forgive him the installment payment. NGO employees end up extracting the money from you.

[discussion with micro-credit lenders begins]

Azim Hossain (ASA): I have some questions. What was the objective of this research? I wish to know how many recipients have been interviewed? And, is it the experience of only one particular area or the reflection of different regions? What percentage of the people is represented by those who have come here? Although the researcher herself stated she has not brought along with her the quantitative statistics. Is it the scenario of entire Bangladesh? Or is it the scenario of particularly that area? How many borrowers have they interviewed there?

Professors of economics and economists are present in this round-table discussion. We don't do research. We are practitioners. We know the *modus operandi* of micro-credit. I tried to read the study paper yesterday. The content of this study as revealed here is nothing outside the frame-work of our knowledge. Personally I must not deny one hundred percent of this research content. But again what percent of this report is true? What percent of our population is represented by those interviewed in this study? The examples offered in this study have mostly negative impacts. I have got no positive impact from this study.

Here Awal Bhai of CDF possesses the total number of credit borrowers in our country. How many millions of borrowers are there in our country? Of those millions, how many are getting positive benefits? And how many are not getting any positive benefits? The data or statistics are available both to them and to us. We, who do research, also have those statistics. So, there is no positive line on micro-credit in this paper. If I am mistaken anywhere in my understanding, please correct me.

Lopita Haque (BRAC Development Institute): I am feeling very happy. This is the first time that the community researchers have conducted research on their own. And, we could hear the content of their research directly from them. We also do research. But, when we go to villages to do research, automatically a power relationship begins. Some implied or explicit power relationship dominates the entire phase. This power relationship comes between the interviewer and the interviewee. The interviewee is asked if s/he can give us some time or if s/he is interested to answer our questions. Sometimes they become compelled to answer us as we go to villages. Again, one or two of them say 'no' to us. Some suggest us to ask them later and in their free-time. But, I am curious to know this research method. Because, these community researchers belong to you and you have trained them. If we can adopt or take this process then it can be helpful.

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Lopita Haque, BRAC Development Institute

Sometimes the researchers become controversial on certain topics. They might appear to say some harsh words. But, when people are talking amongst themselves, none can raise questions regarding its acceptability. Here, the representative from ASA probably wanted to quantify how many have been interviewed or not or how many have accepted the findings or not. But, it is not the major question. They have brought away their assertion, faith, behavior and relationship with the community in this research. Topics like social fabric and cohesion has come into the discussion. We can observe these topics.

Hosne Ara (Community Researcher): Thanks to Lopita Haque that she asks about our research process. First, we were frightened. We had no education on how to go about the research. We were then given three days training from the Goldin Institute that demonstrated how we would ask questions and take interviews etc.

Lopita Haque (BRAC Development Institute): You asked the questions yourselves?

Hosne Ara (Community Researcher): Yes, we did. We worked in 13 para (clusters)...it's a large village. One village constitutes one mouza. Each of us interviewed 10 recipients. Some interviewees wished to answer and some refused on being engaged in work like paddy husking, cooking etc. We used to tell them, 'We would just talk and you continue on with your work.'

Kasia Paprocki (Goldin Institute): My colleagues and I worked in the village and came to know something very different about micro-credit. We had no political objective. What Lopita has said is that there is really no power relationship in this particular method of research study. There were 130 borrowers. We had much more data than we could ever have possibly used. There were very few positive personal findings. There were lots of translations and transcriptions. This Jayrampur-Anwar village was selected because it was demographically similar to the rest of Bangladesh. Methodologically, we took it because it is representative of the rest of Bangladesh.

Nabil Ahmed (DFID): I had a small question. We are running two programs in North Bengal at present. We are working as a partner in a project in cooperation with the PKSf. That is the prime project. It involves flexible micro-credit. Credit is being given at a 10% interest rate. There is a project styled 'Char Livelihood' of ASA. It is very close to our project. There has been a debate for sometime. Some of the researchers are wondering which one of these two projects is doing better? It is in the same area that the micro-credit is being given to people under one project; and resources are being transferred under the auspices of another project through measures like raising up the level of the house or giving livestock to the beneficiaries etc. In terms of social safety measure, which one would be better? Directly transferring assets like cattle or doing something better by giving them credit at a low interest rate? So, I would want to know from you which one would be better? We have not done any rigorous research on this issue. It would remain a question for DFID. However, I am not too worried about it. I wish only the best for human kind. It is really tough to say which one is better. But, if I can know from you, that can be helpful to me.

No sooner the credit is given, the tension to pay the installment begins... The harvest needs three of four months of time since the seed is sowed. So, if the NGOs take interest on just one or two installments and take the rest after the harvest, it would save us from harassment.

Hosne Ara, Community Researcher

Bipul Sarker (Community Researcher): Cash money is easily exhausted by consumption. We cannot often use the money for production purposes. We cannot even repay the installment with that money. But, if we can get a cow of good breed, we can then sell its milk and pay the installment on less percentage.

Hosne Ara (Community Researcher): No sooner the credit is given, the tension to pay the installment begins. The payment of installment begins from one week of taking the credit. But, it becomes too hard for us to pay the installment within one week. This tension continues till the end of the year. Now, some of the victims are telling us that they can pay the installment by selling milk if they can get a cow with the credit money. And, we can use the cash in the production purposes if we can get the cash money. The harvest needs three or four months of time since the seed is sowed. So, if the NGOs take interest on just one or two installments and take the rest after the harvest, it would save us from harassment.

Parvin Mahbood (PKSF Deputy Managing Director): The scenario represented here is not an over-all scenario. In a majority of the cases, credit is not a problem because the recipients can pay the installment. But, it is a problem in the monga-prone regions. It is the scenario of the *monga*-prone region.

However, the reflection is not at all desirable. It is really unfortunate for people like us who deal with micro-credit for job allocation. However, again I say that it does not represent the entire Bangladesh except only the monga areas.

It is not appropriate that one would have to pay installment from one week of taking the credit. It is a tough job in the monga area. We are trying to make it

more flexible like providing for consumption loan and humanizing the aspects of micro-credit by taking some particular aspects.

This can be achieved by reforming the harsh aspects of it. Recipients should be able to take portion of the savings during any emergency or the obligatory insurance system.

We have also worked in the SIDR/AILA hit areas. Loans should be flexible for poor people. It should also be noted that when we first initiated 500/ taka credit scheme for ultra-poor program, we assumed they cannot continue. But, now they claim even for 20,000/ taka as credit. A cow is not always sustainable because of the high cost of maintenance. This is not very suitable for an ultra-poor program.

Therefore, it is not fair to recover installment from within one week of giving the credit in the monga-areas. We have taken micro-credit as a medium to eradicate poverty. There should be expansion for humanizing the credit scheme by adding education and health as sub-components.

Thanks for giving me the opportunity to directly talk with those for whom I am working... This is the first time I heard their direct experiences. If the slightest portion of the facts revealed in this workshop are true, then it is surely alarming. We have a policy problem at the state level from top to bottom.

Lila Rashid, Director, Micro-credit Regulatory Authority of Bangladesh

Lila Rashid (Director, Micro-credit Regulatory Authority of Bangladesh): Thanks to Nijera Kori and the Goldin Institute. Thanks for giving me the opportunity to directly talk with those for whom I am working. Now the question is: how much is the strength of these statements? There might be debates regarding the extent of these facts, but newspapers have published many reports on the same topic. This is the first time I heard the direct experiences. If the slightest portion of the facts revealed in this workshop are true, then it is surely alarming.

We have a policy problem at the state level from top to bottom. And the problematic outlook is that there is an efficiency indicator from PKSF to the Donor level concerning how much we have disbursed the loans and how much we have recovered. There is a problem within the whole policy in which ultimately reaches or extends from Donor- PKSF- NGO- Field Worker- to the Beneficiary level. Because when credit is given to the NGO worker, it is often said to him that 'I disburse this amount of loan and I would recover that amount of the loan!'

If the loan cannot be recovered, the money is extracted from part of the NGO worker's salary. PKSF also knows it and takes some guarantee money from the NGO workers. Or, a portion of his salary is cut down. If the NGO worker cannot recover the money from the credit recipients, then he has to pay to the office from his own pocket. Who are the field workers? They also belong to the class of the credit-recipients. Salary of a field-worker is no less than three or four thousands of taka. What can he do but wait in the recipient's house till night arrives? If he cannot recover the installment money, then he won't be able to get his salary.

Who are the field workers? They also belong to the class of the credit-recipients... What can he do but wait in the recipient's house till night arrives? If he cannot recover the installment money, then he won't be able to get his salary.

Actually, the field officers are also very poor, half literate and they need to save their jobs for a mere nominal amount of salary. So there is a problem in the entire system from the beginning to the end. If we don't address this problem and if the only indicator becomes the measurement of how much loan we brought or how much we recovered, then the problem can never be solved.

Lila Rashid, Director, Micro-credit Regulatory Authority of Bangladesh

Actually, the field officers are also very poor, half literate and they need to save their jobs for a mere nominal amount of salary. So there is a problem in the entire system from the beginning to the end. If we don't address this problem and if the only indicator becomes the measurement of how much loan we brought or how much we recovered, then the problem can never be solved.

We need concrete recommendations from you. Otherwise the policy maker can do nothing sitting at the apex level.

Lila Rashid, Director, Micro-credit Regulatory Authority of Bangladesh

Another thing is those of you who have taken the loan or have done the research can make some recommendations. If you could provide us with some recommendations it would be very helpful to us. Those of us who determine the policies at the apex level cannot often reach down to your level. For example, there are no similarities between the plights you have narrated and the recommendations you have mentioned. The transferred, if could be transferred at the ownership level, then there could be some possibilities of poverty reduction at later phases - because there are some labyrinths regarding the ownership.

We need concrete recommendations from you. Otherwise the policy maker can do nothing sitting at the apex level.

Finally- even if the credit-recipients are producing some goods with the credit money, the quality of their goods is not refined at all. They have no training. There is also no system of offering training to them. Secondly, they have no linkage with the large markets. They have no cooperative of their own to make a bargaining on price. But, there are such cooperatives in India. If we cannot set up a linkage with this large market, then we won't get any good results.

Kohinoor Begum (Community Researcher): Earlier, whenever we have mentioned our complaints and plight to the employees of the NGOs, they have suggested us to report it to their higher-ups. It is our good luck that today we are being able to talk directly with you. If we did have some well-organized thoughts, we could come up with the recommendations. In the future, we would surely come up with recommendations.

Khushi Kabir (Nijera Kori): Basically, we wanted to open a constructive dialogue. Surely you have observed that they have not mentioned the name of any particular organization. We want to report on that which already impacts the system.

Sayeed Ahammad Khan (Programme Coordinator, Bureau Bangladesh): The researchers spoke about their findings. But, the major point of my statement is that the NGOs are not providing only the financial service. They are also doing a lot of service-oriented works. Savings is one of the major successes of the NGOs. There is the provision of taking the money from savings in a number of NGOs. Our organization offers such opportunity. There are a number of NGOs where there is such opportunity. Today even the poor have some savings. Many poor people have savings worth more than Tk. 3,000. Micro-credit has enhanced work mobility at the village level. The research did not reveal the fact that the poor has the privilege to take money from their savings in need and use that in crisis and with good result.

Syed Saifuddin (Centre for Policy Dialogue): I would talk a little on two issues. First, Lila Rashid from MRA asked to know about the percentage or statistical accuracy of this study. My point of view is that there can be debate on what would be the percentage of GDP growth in our country and what should be the percentage of education for development in our country. But if any person is abused or tortured in my family or neighborhood, I cannot go into a debate for what is the percentage of the tortured or the abused. Whether it is 100 percent or 1 percent, we would have to simply address it. There should be a policy and there must be adequate infrastructure and the legal provisions.

I want to raise my second issue also to Lila Rashid. I am not sure if there is any law in our country in which can control the unwanted aspects in disbursement of micro-credit. Is there any law to tackle all these things? If there is no such law, then when would such a law be issued?

Lila Rashid (Director, Micro-credit Regulatory Authority of Bangladesh): There is the law. But, we must think over how everything can be resolved. MRA began in 2006, but we cannot fix everything from Dhaka. I have been working here for four and half years. This is the first time that I have heard these particular experiences. We are thinking over what can be done. Now we would try to take information over the phone from the area where the problem exists. We are taking the responsibilities. It is quite unfortunate that they don't know our name.

M. Taijul Islam (FNB): The particular area being discussed in this study is the Monga-prone region. Generally, this area is termed as 'Monga region' because a seasonal famine takes place in this region during the late autumn (*Kartik*) of each year. *Monga* is derived from the Hindi word 'Mahenga' signifying the price-hike of essentials. But, micro-credit is not designed for the ultra-poor. This is why micro-credit has also been criticized a lot for its inability to include the ultra-poor. Thus micro-credit could not really cover the poor. After a long gap of time since the inception of micro-credit, an organization took some special program to address the ultra-poor by 2003. The program was styled as 'Targeting the Ultra-Poor.' The program, however, cannot be exactly termed as 'micro-credit'. Extreme vulnerable areas like the *monga* regions, river eroded belts in Faridpur and others have been included under this program. Before taking the people of this region under a micro-credit program, they are taken under the auspices of a 'Special Credit Program.'

...microcredit is not designed for the ultra-poor. This is why micro-credit has also been criticized a lot for its inability to include the ultra-poor. Thus micro-credit could not really cover the poor.

M. Taijul Islam, FNB

This is not credit, but asset transfer without any costs. Some are given a cow, some are given 200 hens, some are given little things or some are given a small capital to start a grocery. Female-headed households having no working men are particularly targeted. Besides, free health services and training are also offered to them so that they can join the micro-credit program after this two year phase of 'special credit program.' Because by that time these people have received some training and have also earned some savings; so they would no longer have any problem paying the installment under the micro-credit.

Thus the micro-credit process begins in those areas. But, if micro-credit is allotted without adhering to this design, then the problems in which have been mentioned in today's study could emerge. Secondly, as you have mentioned, cows given in asset transfer for micro-credit can die. Yes, it is not unnatural. Cows might die or the crops may be damaged because of a number of natural calamities. But, one cannot obtain credit by force for it. The convention is to freeze the installment of the credit upon that time. It means that you don't have to pay the installment now. We are not erasing your account. We are just offering relief to help you. Then you can take new loans, begin everything slowly again. And pay the installment slowly after the loan is rearranged and re-scheduled. Because, there is a culture particularly within rich people of our country and that is the culture of not paying debt.

Now, if we excuse the total loan to be paid, it will generate a very bad culture. This is why it is discouraged. We do not give the credit recipient the money to buy a cow as soon as a cow dies. Rather the first account is frozen. Then a new loan is given to him that he should pay on. As there is no guarantee or mortgage system, provision for this amount of pressure is there. One must be kept under a minimum

...is there any organization or NGO which has been bankrupted for performing micro-credit? Rather we know the opposite account as true. Micro-credit is a profitable business. I know it. I might not like it, but I must say it.

*Iftikharuzzman, Executive Director,
Transparency International Bangladesh*

...this is for 'public benefit.' Public benefit cannot be measured only through the 'recovery rate.' Rather it should really benefit the target people for whom the micro-credit scheme is designed.

*Iftikharuzzman, Executive Director,
Transparency International Bangladesh*

pressure. There is no provision for recovery of a loan through stringent measures.

Iftikharuzzman (Executive Director, Transparency International Bangladesh): At first I must say thanks to those who have done this research including Nijera Kori and others. It was an eye opener for me in many ways. There is very little scope to challenge the major findings. If we judge it from the methodological viewpoint, then it belongs to the social science research category. Social science research can be made possible any time. The same might be applicable to this research. But, the points raised against this research are also logical. Why only one village has been selected and upon what basis? Again, there can be questions like why another neighboring village was not surveyed for the study? Has the other side of the story been heard or not? Have the many organizations working there been interviewed or not? There are the human stories in the study. Some logical questions have been raised. At least I think so. But, the scenario revealed in this study as also mentioned by the MRA Director and some others - have already come to our knowledge through support of mass media or from the direct experiences of those of us who work in the field. So, we are more or less informed about this scenario either on the basis of direct or indirect experiences or by stories published in the mass media.

Many of those who are working in the micro-credit or micro-finance world had also reported this. So we must work by laying proper emphasis on this matter. Micro-credit and its virtues did enable us as a nation to win the Noble Peace award. Grameen Bank is an organization that could and did ultimately achieve it. Of course there are some positive aspects and a number of positive achievements in it, which we would not ignore.

The thing which appeared to me most important from today's discussion, and that is a basic question left unanswered, is if there is any organization or NGO which has been bankrupted for performing micro-credit? Rather we know the opposite account as true.

Generally, we evaluate micro-credit from the viewpoint of outcomes and numbers and look for empirical ends, but we ignore the social process. But the social process is a huge pressure in itself.

*Dr. Dina Siddique, Senior Associate
Womens Studies Centre, University of
Pennsylvania*

Micro-credit is a profitable business. I know it. I might not like it, but I must say it.

Micro-credit is a profitable business for the NGOs and it gives self-reliance to the NGOs. It can be taken as profitable enterprise. That example is already with us. But, nothing contrary is there for us. So, the challenge is: how is this profit being distributed? I am saying it primarily because it's not a business of 'profit investment'; rather it is the business of public money.

So this question of today should emerge more directly from this study. The question should be asked to those present in today's round-table and particularly the organizations that work with micro-credit or MRA that regulates everything – it would be a special challenge for them. It is a 'communication challenge.' They would have to say as well as we would also have to say that this is for 'public benefit.' Public benefit cannot be measured only through the 'recovery rate.' Rather it should really benefit the target people for whom the micro-credit scheme is designed.

Our second challenge is that the time for a policy challenge as well as transitional challenge has come in the arena of micro-credit in Bangladesh. We must ask ourselves what we have done and what we have not done yet? What are we to do? Then, some measures should also be taken on basis of this question. I agree with the opinion of the MRA Director. But, you mentioned that there should be consultation from the field. Of the four consultation or counsels, one is suggesting for deferred payment. Because, there must be a definite time-line or period and they should be

given the profit. The profit should be given on the basis of this period.

The second consultation suggests that it (micro-credit) should be made flexible - because it should be adjusted with the recovery production. Then you are also talking about diverse services and finally speaking about giving the credit in kind rather than in cash. Some concrete proposals have come to us. The findings outside the context of these proposals can be analyzed and then we would be able to find out a number of policy recommendations. So I feel that this is very important. Finally, we should not look at this study as something to tell us to talk to the head of the NGOs about our headache. That's not the point. We have a headache. The head is definitely very important in delivering some benefits. Now, we must think over how to further accelerate this benefit for the poor - rather than only bashing against the micro-credit.

Dr. Dina Siddique (Senior Associate, Womens Studies Centre, University of Pennsylvania): Many thanks to everyone! I would like to say something on the research. I would speak in support of the qualitative research. Although qualitative research might not be nationally representative - it definitely indicates something.

We should look at the study with a bit more awareness. There had been much research conducted on micro-credit. But, it is not the first time that such a critical study has been presented. There have been many anthropological studies. Researchers like Jude Fernando (Associate Professor of International Development, Community and Environment, Clark University, Worcester) or Lamia Karim from the University of Oregon, US has performed research on the issue. But the same findings have been revealed again and again.

Generally, we evaluate micro-credit from the viewpoint of outcomes and numbers and look for the empirical ends, but we ignore the social process. But the social process is a huge pressure in itself. It is an immediate pressure upon the recipients to repay and that becomes the first goal or objective of micro-credit. This is why the credit-recipients of today's round-table spoke of those issues, issues that I believe do not only happen in one village. Such things are taking place in a number of places in the country - as it

is understood to be the main goal of micro-credit: to show that people repay the goal or repay the loan...right?

There has been much anthropological research on this particular issue. We generally omit the social dynamics of micro-credit and look for only the quantitative result. It undermines social solidarity and reinforces the findings of this workshop. My question to those representing different organizations giving micro-credit is that even 20 years ago, not all the NGOs were involved in giving micro-credit. But, now most of the NGOs give micro-credit except a handful of NGOs like Nijera Kori or Ain O Salish Kendro. Now, NGOs have become profit-making industries and they have become so partly because of the micro-credit. Micro-credit is being pushed up for larger global reasons. It's the new ideology of larger global reality that micro-credit is being taken into forefront. My question to you: how can you bring change and development in our villages without micro-credit? What do you think?

Nurul Islam (Community Researcher): I want to speak about the savings. One panel member in this round-table said that someone can take money from the savings in case of need. But, in our area we have never seen that. The organizations or NGOs take the savings deposit but it is not usually returned to the recipients. They say, 'You are taking credit- so take credit. Why are you looking for savings?' Well, we are not mentioning the name of any particular organization. Our region is prone to munga, flood, river erosion and other natural hazards. We have seen people suffering the same way like ours after taking credit in our neighboring areas. Because of micro-credit, our community bonds are breaking apart.

Some days ago, a NGO came in our neighboring areas. Because of multiplication of NGOs in the area, it is the poor who is taking more credit and who suffers. Poor have to take successive loans because of their poverty. Some days ago a person came to our area and said, 'We would make a survey in this village. We want to know the population of this village and we would give you credit after taking the information regarding total number of population etc.' I said to them, 'Already there are some organizations in our village and they cannot pay their loans. And you would again give us a loan? Please, go away from this area.' Still a fellow community researcher along with some other

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Nurul Islam, Community Researcher

community researchers took a loan from that NGO and now they cannot pay the loan.

Professor Rehman Sobhan (Centre for Policy Dialogue): You are really suffering a lot. Do you want all the NGOs to leave the village? Would it make life better for you?

Kohinoor Begum (Community Researcher): We are not saying that they should go. But they should follow certain rules and regulations.

Khushi Kabir (Nijera Kori): They are asking that the rules be made more favorable for the credit-recipients. Currently, you are framing the rules on behalf of the organization. For example, if Nijera Kori use to do micro-credit, then we did not need to apply elsewhere for funds because Nijera Kori is not doing business and we are not making money. It is not making buildings or providing for the employees' salaries with the interest from the savings. I am not saying that the savings money is going to any particular person, but surely it is going to the institution.

The recipients are telling us that we should change the rules rather than being too much focused on the organization. They are suggesting to us to make it user-friendlier to the loan recipient. Nijera Kori could make lots of money if we did issue micro-credit. If we wanted to bring about an end to micro-credit, we would call upon those who have recorded it's negative impact. We could call those who are debating the merits of micro-credit.

Deliberately, we have avoided the press - because we think that you would feel embarrassed if we did call

the press to come here. Often we see that the bad publicity goes hand in hand with the press. The discussion here is not following the logical and expected trail. The recipients are asking that the micro-credit organizations think and stipulate the conditions in accordance with the needs of the recipients.

MRA is saying that there are already systematic rules in place, but what good is that, if there isn't any implementation of the rules? If any new employee of a NGO is coming into any village, is he or she implementing it?

It is not right that any thing researched means to be a hundred percent true. Many have said that these things need not be reported. This is indicative. The first speaker has said that we need to see in how many areas such things have happened and to also look for the real implementation. Dina Siddiqui, however, has mentioned the names of two persons but they have not done the research in Rangpur. You can get it very quickly. Apart from Lamia Karim and Jute Fernando, there are some other studies. We can go through them just to learn but they don't prove anything.

Kohinoor Begum (Community Researcher): If some alternative job allocation for unemployed men and women could be made apart from giving micro-credit that could be helpful for us. If some helping scheme could be launched from the savings deposit, it could be a really worthy measure for us. If the Fisheries Department helps us in fishing, then we can avail of work opportunities besides taking loans.

The recipients are telling us that we should change the rules rather than being too much focused on the organization. They are suggesting to us to make it user-friendlier to the loan recipient... The recipients are asking that the micro-credit organizations think and stipulate the conditions in accordance with the needs of the recipients.

Khushi Kabir, Nijera Kori

We have never said that micro-credit should be stopped. You are speaking of poverty eradication. We agree with you. We wish to take three meals a day, wear simple clothes and meet the demands of maintaining health, education and medical treatment for our children. I have addressed implementation and policy changes from the very beginning... But, the end result is that they are remaining poor. We are talking in an effort to change the rules or policies. Is it not unreasonable that I could not pay my weekly installment because I may have problems, like a sick child?

Hosne Ara, Community Researcher

Hosne Ara (Community Researcher): Before there was micro-credit we carried on with our lives. Credit has made us lazy. Young people used to take training from the 'Youth Development Centre' (Yuva Unnayan) and do something with their training.

We took initiatives on our own like renovating ponds and water reservoirs for fishing etc. But today we no longer dig a pond and rather prefer sitting idle. I think if there was no credit, then we might be better able to perform facilitating of work by taking training. That is possible.

We have never said that micro-credit should be stopped. You are speaking of poverty eradication. We agree with you.

We wish to take three meals a day, wear simple clothes and meet the demands of maintaining health, education and medical treatment for our children. I have addressed implementation and policy changes from the very beginning.

I think around eighty percent of our total population live below the poverty line. They are taking the micro-credit. All the transactions relating to giving and taking credit is being operated with this eighty percent of people. But, the end result is that they are remaining poor. We are talking in an effort to change the rules or policies.

Is it not unreasonable that I could not pay my weekly installment because I may have problems, like a sick child? They are also members of your organization, members of a family.

Mohammad Abdul Awai (Director, Credit Development Forum): Here I have a question- the organizations which are taking loans from you are taking loans from another organization. Some are taking the loans from PKSF and some are taking it from the bank. They require paying it in time. If you don't give the credit in time, how can they repay to the banks in time?

Khushi Kabir (Nijera Kori): When they have gone there, who has asked them, 'I want to take a loan in your name and if you accept and if you take the responsibility, I would pay the installment. If you, all of the community researchers, say that you would pay the installment and do everything accordingly then I would take the loan from you.' But during the entry of any NGO in a village, do they discuss these things with the community researchers who would later be members? In that case, my opinion is that the decision makers in micro-credit lending organizations should discuss with the community researchers before giving them the credit – ensuring that they are prepared to take the responsibilities of paying the installment.

Mohammad Abdul Awai (Director, Credit Development Forum): If they don't pay the installment in time...

Khushi Kabir (Nijera Kori): They (the members of the NGOs or the credit recipients) have raised the question that you would look after your matter but the responsibilities you are conferring on them that they would have to fulfill it for you are bringing micro-credit from elsewhere. Is that possible? They just politely want to assert that they would see your system. How can it (micro-credit) become people friendly?

Mohammad Abdul Awai (Director, Credit Development Forum): It is not correct that they don't know it. Generally where I work there are decisions taken in the meetings that credit could have been availed from that bank. Or PKSF is giving us credit. Then they decide amongst themselves how much each of them would take as loan after counting the total

amount of money. Normally if you observe Grameen, ASA, BRAC ... decisions are taken during the meetings. Then another issue is the perception that all the NGOs give micro-credit. This is not true. There is confusion regarding this statement.

According to the accounts of the Social Welfare Ministry, there are 40,000 NGOs in Bangladesh and not all of them are involved in the micro-credit schemes. Many of them belong to varieties of different stages. We could not find more than 1,000 NGOs who do micro credit. We began searching to make a list of credit granting NGOs by including all our members doing micro-credit. Apart from it, the Micro-credit Regulatory Authority (MRA) has given license to only 550 NGOs. You can get 50 or 60 more. It means that the total number of NGOs who do micro-credit are never more than 600.

Professor Rawnak Jahan: I have a question to you. We know that they (the NGO employees) sit for long hours in your homes to take the installment. Then they snatch away the corrugated tin of your roof, cattle or sometimes they do even sexual abuse. But, they cannot do it under any existing laws of the country. They are told to recover the installment. But, they are not allowed to take anything from your home. When such things happen, cannot you complain to other NGOs working in your area that they are taking your cattle or other things? You can register complaints. When you are complaining, have they co-operated you any way? Or has nobody helped you? I want to know a little about it.

Nurul Islam (Community Researcher): Let me talk about taking away of cattle for example. That day was the date my installment was due. I was not in the home. Someone in my family told the NGO employees that today we cannot pay the loan. Then they began pulling away my cattle. They also said, 'We would take away your cow today. Later I went to NGO and told the lady officer, *Apa- you please go away today. I would later pay you the installment.* She said, *I am calling on mobile to the office. Some other staff from office would come and then we would take decision.* Later other staff from that office also did come. They also filed a case in the police station.

In another incident, the NGO employees filed a case against a poor couple for not paying 33,500/ taka. The

husband and wife can no longer stay in home now and they are constantly on flight. Then I went to that office and saw they have filed against the couple a false case of theft of gold and money. I asked one of the NGO employees, 'They are poor folk. Please, forgive them.' They said, 'No, we would take recourse of law. Everything would follow the course of law.' The NGO employees did not agree to us in anyway. That family cannot do any work for the next five to seven days.

Later 15-20 of us, the landless organization, again told the manager of the NGO to excuse the couple. But, the manager also plays the same tune. Then we said, 'Okay, we would do movement and round up (gherao) your office.' We rounded up (gherao) the office with 500-700 people. They tried to intimidate us with fear of police. We said, 'Okay, let the police come! We would give memorandum.'

Later the NGO employees requested the Chairman of the organization to solve the dispute. Then the Chairman, along with us, resolved the entire matter.

Bipul Sarker (Community Researcher): We did not allow any NGO to enter our area for the next 4-5 days. The NGO employees called upon the Chairman to settle the dispute. Later both the NGO employees and other higher-ups came to us and sought pardon. The couple was given back the original amount of money in the loan against him.

M. Tajul Islam (FNB): You cannot ignore their words. There is no such provision in the policies or regulation of any NGO to pull away the cattle, snatch the corrugated tin of the roof or jewelry of the female credit-recipient if they fail to repay the installment. No constitution or set of rules of any NGO stipulates so.

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M. Tajul Islam, FNB

Laws remain mostly on pen and paper. The facts and incidents we are talking about here are real. But, all the rules and regulations are not implemented everywhere. We can hardly know about the bitter truth in the field. No institution endorses torture or abuse on paper. But, our concern relates to the actual facts in reality.

Khushi Kabir, Nijera Kori

These are the activities of certain over-enthusiastic employees of the NGOs. Whenever such incidents have been known, actions were taken such over-enthusiastic activities. At least we know so.

Now I would like tell a story. A female micro-credit recipient of a NGO took Tk. 15,000/ as a loan after he had been a regular credit recipient for two to three years. Suppose she had a savings worth about 3,000/ taka. She returned back 1,000/ taka and had 14,000/ taka. After his unfortunate death, her daughter became his nominee. Generally we prefer daughters to the husbands of a female recipient as nominees. Because, if a man is made nominee, often he remarries with the credit-money which women do not do.

When the daughter came to us, she had an exercise book with her telling the balance and that the NGO had also an exercise book. We said to her, 'Your mother took 15,000/ taka as a loan. She has paid 1,000/ taka to us. Now we should get 10,000/ taka and you should get 3,000/ taka. But, we would not take a single penny from you. Because your mother used to earn and her death is supposed to create a huge loss in your family.' So we returned back the whole amount worth about 14,000/ taka.

Newspapers would never print this story.

Khushi Kabir (Nijera Kori): Laws remain mostly on pen and paper. The facts and incidents we are talking about here are real. But, all the rules and regulations are not implemented everywhere. We can hardly know about the bitter truth in the field.

No institution endorses torture or abuse on paper. But,

Problems that existed during that time still exist and will continue to exist... But, we want it to be limited within an acceptable number and to be addressed through discussion and limitation.

We do often hear the problems, which have been discussed in today's round-table. We hear such complaints every time.

Azim Hossain, ASA

Azim Hossain (ASA): Micro-credit began to be spread over Bangladesh in the early 1990's. Most of the organizations then began doing micro-credit for their sustainability and economic viability of their clients. But, we did not get the Noble Prize in the nineties. We got it just two or four years ago. It suggests that micro-credit is getting stronger with the passage of time. It is getting more consolidated gradually. It is blossoming.

We do often hear the problems, which have been discussed in today's round-table. We hear such complaints every time. We try to bring about diversification in our products. We try to bring about newness in our service. We have already adopted the suggestions raised by the representative from the Transparency International. We probably cannot do everything in a day. But, all these things are being implemented gradually in all the credit organizations. Clients are getting these privileges. So we are not getting confined only with the weekly loan or installment process.

We have already signed in certain documents. One of those documents is the 'Client Protection (CP)' document and even the MRA authority is informed about it. How much service charge we do take and how many program activities we do operate are dictated to us by the documents. The clients also inform us. We complete all the requirements for 'Client Protection.' We have brought about diversification in the area of loans. There is monthly installments and flexibility amongst us. There is the one time installment process within our organization. Programs like 'Cow Fattening' or return of installment during *kurban* or *eid-ul-azha* time are also in our organization.

Now not all the NGOs can take too many programs. What ASA can do, smaller NGOs often cannot do. I think as much sharing as we can cooperate in; diversification among those of us who work in the field would be enhanced. It is the NGOs who would have to do the job of 'Client Protection.' It is not possible for MRA or any other organization to ensure 'Client Protection.' NGOs would have to ensure the protection of the clients. They would have to work within their self-regulation process. We have done micro-credit when there was no MRA. Problems that existed during that time still exist and will continue to exist. But, we want it to be limited within an acceptable number and to be addressed through discussion and limitation. We never say that we can do that 100% of the time. No organization tells its employees to snatch away the corrugated tin or cattle of any recipient. Some over enthusiastic employees do that on their own. We never offer them any protection. I don't think that any organization protects those transgressors.

Khushi Kabir (Nijera Kori): We are almost coming to the ending of this discussion. (Turning to the village researchers): I want to ask my credit-recipients brothers and sisters from the village: do you know about the rules of ASA? There is a representative from ASA in this round-table. ASA works in your village. Do you know about the rules of ASA? The representatives from the village told us that they don't know about the rules. I am informing you of just those rules. Surely there are many rules but seldom are they implemented at the grass-root level.

Presenting these stories can help you (the NGO representatives) to take proper measures and reach the target people in the field. The (credit recipients) have directly mentioned to us the names of the organizations committing different sorts of abuses and tortures.

The names have been revealed in the findings. So we need not repeat those names. You yourselves don't know that ASA has such rules. They cannot get back the installment money without movement. Those of you who are still staying and who have already left the round-table, I can mention to you that in which parts of the country your organization has done such abuses, but I don't want to reveal it publicly. We have witnessed such sorts of things across the country.

Although the study has been only in one village, we have seen such things in different areas of the country.

I have been working in the NGO arena since 1972. Why one has to pay installments from within one week of its issuance is also my question. We should later again address this and other issues.

Professor Abul Barkat: Actually, I came only to listen. But, I am worried over certain things. I would just mention those. The first point is: I was just laughing to myself at questions raised in this round-table such as if this study is representative of the entire country or not? I hope you won't mind my remark. I have been worried that questions are coming that one single village is not sufficient to justify? If Karl Marx can write CAPITAL on the analysis of one single commodity, then why can't one single village represent the micro-credit situation of the entire Bangladesh? Why would 1,000 villages need to be selected for accuracy? Why should there be the question of so-called 'representation'? Although it was really complex for me to understand such sort of questions, I finally could comprehend why such questions were raised.

Initially, it might be owing to the fact that if the study is not representative, then nothing should be done and nothing is proven by it. Now I want to make it clear that I have been in no way involved with this study. Khushi Apa called me just yesterday to come to this round-table. I was curious when she told me that this panel would hear the voices of the villagers directly and not just someone's quantitative research. I sensed the huge tension and still feel the tension. The tension is because of the fact that researchers won't talk here and things will not be done by the researchers - that there would be the voice of the field and it is the community researchers who would talk. Issues we don't address typically in a format like this would be addressed. So I think we should rather penetrate deeply into the subject rather than wasting time on questions like if this study is representative or not.

Secondly, there are no gentlemen at this round-table. Those who have raised the question about authenticity of our study, they have already left this auditorium. This is also a culture, a culture of (men) fleeing.

Someone stated that NGOs take credit from banks. Khushi Apa has also spoken about the banks. I am also a banker. I am the Chairman of the nationalized Janata Bank. If the NGOs take large amounts of loans from the banks and if they don't pay it back timely, what would happen to the NGOs? I have been thinking about micro-credit, poverty and other things over many long days. My first question is if micro-credit is a business or not? If it is a business then the profit must be maximized according to the capitalist structure. Maximization of profit is a vast work under capitalism. Also, if a government representative could attend today's round-table, then it could be better for us.

Only Abul Barkat in Bangladesh says that 80 percent people live below poverty-line. The BSS household survey estimates the percentage to be only 40 percent in terms of food intake. But, according to my opinion people are endorsed as the owner of the Republic of Bangladesh as enshrined in the Constitution and it is article 15(a) of the Constitution of Bangladesh which stipulates that the state would provide five essential things of life to people; food, clothing, shelter, education and medical care or treatment. Any person deprived of any of these five essentials would be termed as poor. And, if I measure from this angle, then the rate of poverty stands out to be 83 percent. This poverty is a business for many and it is not at all a concern for them if things do not change - because then their business would persist. I know this owing to my Chairmanship in the Bank.

There are three large micro-credit organizations and possibly some smaller ones who take loans from the Janata Bank. Nearly two months ago- one of the largest micro-credit NGOs sought 300 crore taka loan from us, another NGO wanted 200 crore taka and another NGO applied for 150 crore taka from us - a nationalized bank can grant those loans. There is a policy named 'NGO Linkage Policy.' It is only a 10-page long document. I read it quite attentively over the night. I read it within 186 memos scheduled for tomorrow. I found something very noteworthy. The first thing mentioned is that the NGOs are taking this loan to give it to the final borrower. What is the interest rate of this loan? At what yearly percentage they are taking it from me?

From our bank, it is loaned out at 12 percent and it cannot be given to any community researcher at more than $(12+3\%) = 15\%$ rate. Later I found that all these three NGOs supplied a list to JB that their interest rate is below 15 percent. But, I knew that ...One of the 12 Directors told me, 'They have 800 crores deposit and agree to their condition.' After one month they said their interest rate would not be 12 percent but JB needs to allow it to 11 percent. This is sheer arrogance.

How can the hard-core poor pay the interest within one week of taking micro-credit? He cannot pay it without selling his assets. And, when a poor man or woman sells his or her asset, it is not a proper sale. But it becomes a 'forced sale' or 'distress sale.' S/he does not get the proper price for it. Does micro-credit accelerate the process of 'distress sale' for the poor? In my opinion, yes, it does.

Professor Abul Barkat

If there were no micro-credit NGOs in Bangladesh, what could be the result? The answer is not an easy one. I have introduced interest free loans in AILA and SIDR regions for landless and marginal farmers to buy agricultural materials like seed, fertilizer etc. I personally visited the Gauripur, Rangpur region etc. Within one week of this experience, I got a letter stating that it is an anti-Bangladesh Bank regulation. I witnessed that micro-credit organizations have been weaker in the three regions where I introduced it. A former finance minister wrote in an English daily newspaper, 'You don't know banking regulation.' I answered it can be done from a CSR (Corporate Social Responsibility) fund. It does not need any regulation. I don't want to say anything more to this point.

I just wanted to hear one thing from this round-table meeting- many of you have told many things on micro-credit. But, if we look back at the origin of micro-credit, then it is sure that one of the major objects of micro-credit was to build up the asset of the poor people. According to my opinion, such assets can never be built up. The percentage of hard-core or ultra-poor in our country is 25%, according to the official statistics. If you do micro-credit in a system to

reach these 25% absolute poor effectively and if the present system to recover interest within one week of granting micro-credit remains on practice of the NGOs, the goal of asset building of the poor can never be attained. It is impossible.

How can the hard-core poor pay the interest within one week of taking micro-credit? He cannot pay it without selling his assets. And, when a poor man or woman sells his or her asset, it is not a proper sale. But it becomes a 'forced sale' or 'distress sale.' S/he does not get the proper price for it. Does micro-credit accelerate the process of 'distress sale' for the poor? In my opinion, yes, it does. If it is the micro-credit and if it goes to absolute or hard-core poor!

This is why we so often see that those who are getting micro-credit, belongs to either one layer up the poverty line and one layer below the poverty line. There is not the immediately lower section or much lower sections of people under the poverty line. They are not reachable and you cannot always reach those. Those who have nothing, where would they go? They can have nothing in accordance with the criterion set up by you. Now, what are the numbers of those who have nothing? It would be 60-150 million in accordance with the government statistics while I consider the number to be 100 million.

Now, when you would go to them, what would you take along with you for them? So I think that credit should be seen as a 'constitutional right.' The State is to do the right thing. Otherwise, the State would gradually enter into a phase of anarchy. When the State falls into any crisis, some groups outside the State become very powerful. Businessmen or a certain community of the NGOs become powerful. I am not speaking of those NGOs who are performing good. Not those who provide education and health service. I am referring of those who have lots of money.

Today one participant was mentioning himself as poor. I am poor and I need money; so I go to the NGOs. This statement is very correct even if we put it simply. I want to finish it with another sentence: whatever I heard, that corresponds to my research. Micro-credit, in my opinion, follows a patriarchal and gender-discriminatory pattern within the cover of capitalism.

Micro-credit produces and reproduces the feudal norms.

This is why we see that research by Dr. Khaliqzaman and others reveal that those who take micro-credit have the propensity to give dowry. It indicates that the enhancement of the dowry money now-a-days quite often depends upon the fact that if someone has taken micro-credit or not. Evil familial and social aspects like an increase in wife battery or polygamy also are co-related with micro-credit. Ignoring these side-effects would not be proper. Generally, the micro-credit oriented NGOs seldom think about it. Those who research on micro-credit and properly based NGOs have, however, thought and talked a lot on this issue.

Now, since the largest spokesman for micro-credit agencies in Bangladesh have won the Noble Peace Prize, we have become a minority. It has become more difficult to speak against micro-credit. If anybody wants to say anything, he or she is told that micro-credit has brought us the Noble Prize. So, we should not criticize it. We should keep in mind that Henry Kissinger was a good friend of ours in 1971...I mean he played just a reverse role in 1971. He won the Noble. The Foreign Minister of Vietnam won the Noble Prize but he did not accept it.

We should follow the course of reality. There is nothing to justify the award. Micro-credit is also increasing the sources of subjugation, deprivation and humiliation of women rather than freedom. We should identify these sources of indignity and subjugation of women. Today's study already identified a number of factors. For example, if anybody researches on the relationship of a married couple on the very night before the date of paying installment or 8-10 days before the date of paying installment, I think some very interesting and solid things might come out.

So my last word is: if we allow the way micro-credit is being operated, then micro-credit would become a Zero-sum game in terms of arithmetic for the poor, lower middle-class, middle-class and other people. And it is a profitable business for those who are on the other side. It is being said from that aspect...it sounds good...I don't know how to say it...that how can micro-credit be humanized. PKSF and Lila Rashid are saying these things. What to do? They are now under

pressure. Those of us who give micro-credit and take micro-credit, can we not talk about land rights? Can't we talk over rights of water bodies? Can't we hold a dialogue or conversation on land reform and agrarian reform? If there is land reform, then if you give someone micro-credit and the receiver has two bighas of land, he would come to you for taking the input for cultivating his land. Earlier he used to take 5,000/ taka and now he would take 10,000/ taka from you. It means the condition is good now. Earlier he used to take a loan from Proshika and then used to pay that loan by taking money from ASA. He has been very clever. Field-workers of the NGOs could make him clever. The field-worker has no way but to make this poor man clever. His job depends on repayment of installment. His promotion is also depending on it.

As we have not called upon the media in today's round-table, so I share of one of my concepts Vision 20:20. All the NGOs and micro-credit NGOs...everyone can contribute in the construction of a secular, progressive, generous, democratic and welfare state by 2020. Micro-credit NGOs have established universities and universities are non-profitable organization as per Bangladeshi law. Do you think that universities are non-profitable organization? I don't think so. Those who go to private universities to study and to offer study, they sweat. But, everything is non-profitable in pen and papers. Anyhow, there is not even any scope to think about that what would happen if there is no micro-credit NGOs from tomorrow. Why endorsing only humanizing micro-credit? Why not advocating for land rights, rights to agrarian reform or right to water bodies? Advocacy on these issues would help both the receivers and the borrowers. Otherwise, the game in arithmetic which is a zero-sum game for the poor is profitable only for the credit lending organizations.

Khushi Kabir (Nijera Kori): Thanks. I think I have less to say after Barkat's speech. We came here to hear. And, we have also heard a lot from you. Our brothers and sisters who have participated in this study besides carrying on their daily lives and work have represented the entire scenario before us. None of you researchers have earlier come to Dhaka. Such sorts of dialogues have never been held previously.

We have said that we would try to hold a dialogue but we would not try to exert pressure on any particular person or group. We are trying to find our path to emancipation. Many of those who are today doing micro-credit, they started their journey with the issues of land reform, land right movements or human rights movements and the point of advantage is that there is some difference between those who are giving and taking credit. We have already seen the scenario of being profitable of those who take micro-credit. Those who have taken it, could not be benefited that much.

We have not invited press. There are lots of irregularities and mismanagement in micro-credit. Those should be removed. We work in a number of areas in the country. We would not say that our members never take micro-credit. But not all of them have taken credit. Many of them have not taken it. It is not correct that somebody cannot stand up on his own feet if he does not take micro-credit. But, we should represent the problems before all of you. You do not get all the information from the field.

The representative from ASA told us that he knows all these transgressions since the beginning. In that case, they should make some changes at a field-wise policy level. Information alone won't suffice. We should look at both the policy and field level realities. We should find out the gap. We called upon the nationalized banks because these nationalized banks would grant loans to those who do micro-credit. This is why they should be informed.

I thank a lot to our researcher brothers and sisters from the village for waiting in patience in this a/c controlled room (the room is very cool and you could bring warm clothes with you). We have prepared a little refreshment for you. I thank you for responding to our call. I again say that if anybody wants any information on today's round-table, you can contact us.

We have recorded all the speeches and comments. We are open. Thanks to Unnayan Onneshon and the Goldin Institute for undertaking the study. Today's discussion could not take place without their study. I want to personally sit with Tajul Bhai on the issue of the pressure upon recipients to repay the installment within one week of getting credit. Because, when

micro-credit began in our country in 1974, it began with the Comilla model of development. And why this system of weekly installment payment began or why micro-credit is not an institution for the sake of the borrowers...these things should be discussed. This is why we should look after the things like why we are giving credit, what the organization profited and if the recipient's side is given a human look etc. Some of our recipient sisters also alleged of sexual harassment. They could not know this could occur at the initial stage - because, people generally hides such things. Where can we provide such information? Regulatory Authority says that we can furnish them such information over the phone. If such a system could be ensured, then accountability could be maintained.



The Goldin Institute is a Chicago-based non-profit founded in 2002 that builds grassroots partnerships for global change rooted in the power of communities coming together to build their own solutions and determine their own futures. We help communities achieve their goals through a combination of online and on the ground initiatives focused on addressing poverty alleviation, gender empowerment, environmental sustainability and conflict resolution.

Since 2002 we have worked directly with grassroots leaders and their communities in over thirty countries around the world. Over the past eight years we have convened international and regional events that bring community leaders and experts from a range of sectors together to share innovative approaches and forge new partnerships on issues such as access to safe water, improving microcredit from the perspective of borrowers and reintegration of former child soldiers. Through our Global Associates program, we are building lasting solutions led by innovative grassroots activists around the world.