
**The Social Life of Microfinance
Projects: Brokerage and
Resistance.
A Case Study in South India**

Isabelle Guérin
Santosh Kumar

RUME Working Papers Series

This series is published by the Rural Microfinance and Employment project (RUME). The project, RUME, has been selected in December 2007 by the French National Agency for Research (programme: Les Suds, Aujourd'hui). The main objective of this research is to explore the linkages between rural finance and rural employment - including diversification and migration - with a view to contributing to the ongoing discussions and interventions in the fields of rural development and poverty and vulnerability reduction. The project methodology relies on the following features: a pluridisciplinary approach, a combination of tools for data collection and analysis, a comparative perspective across three countries (Madagascar Mexico, South-India), a strategic collaboration with microfinance institutions. From an outcome perspective, the proposal will seek to achieve a balance between academic and applied results. Further details about the project and its work can be viewed on our web site at www.rume-microfinance.org

Rural Microfinance and Employment Project
LPED – IRD – Université de Provence
Case 10 – 3, Place Victor Hugo
13331 Marseille cedex 3
Tel: 00 33 (0) 6 72 06 52 66
www.rume-microfinance.org

The social life of microfinance projects: brokerage and resistance

A case Study in South India

Isabelle Guérin* et Santosh Kumar**

April 15, 2008

Abstract

Risk management (especially the risk of borrowers' default) and loyalty are one of the main challenges of microfinance organizations. While these two components have been mainly analyzed in a technical and economical perspective, our observations in South-India suggest that daily and ordinary practices of risk and loyalty management are embedded into local social and political relationships. Far from being market relations, reduced to financial transactions and isolated from personal issues, the relationships between borrowers and microfinance NGOs are based on patronage and brokerage, socially built thanks to the active role of credit officers and group leaders who play simultaneously a role of intermediary, mediator, interface, adjustment. As with any patron-client relationship, these relations are characterised by the diversity of goods and services exchanged, be it of an economic, social, moral or political nature: support, protection, loyalty are at the heart of the relationship. They are also characterised by reciprocity of a hierarchical type, but this asymmetry doesn't prevent resistance, protests and power struggles from the client's side.

Keywords: Microfinance, Self Help Groups, India, Protection, Resistance, NGOs, Credit Officers

JEL classifications: G21, L31, O17, O53, Z13

* Isabelle Guérin is Research Fellow at the Institute of Research for Development / Provence University (France), Head of the Research Program "Labour, Finance and Social Dynamics", French Institute of Pondicherry (India) and Project Manager of the RUME Project.

** Santosh Kumar is Associate Researcher at the French Institute of Pondicherry

To quote this article as reference: Guérin I. and Kumar S. "The social life of microfinance projects: patronage, brokerage and resistance. A case Study in South India", *RUME Working Papers Serie, 2*, Marseille, IRD.

1. Introduction

Thanks to the commemoration of the "International Year of Microcredit" announced by the UN agencies in 2005 and Professor Yunus' Nobel Peace Prize in 2006, microfinance is still very much under fashion. As any development tool highly mediatized, microfinance has many supporters, but also many critics and opponents. Some focus on the limits and weaknesses of microfinance, which by no means could be considered as a panacea (Dichter and Harper, 2007). Others stress on the "dark side of microfinance", drawing on numerous hidden and negative effects: internal family conflicts, social pressure, over-indebtedness, etc.². Others point out the ideological face of microfinance: while legitimizing the withdrawal of the State and allowing the expansion of capitalism and making it accessible to the poor, microfinance is considered a perfect vehicle for neo-liberal policies (Fernando 2006a, 2006b; Weber, 2004, 2006). However that may be, and even if impact studies give mixed results, microfinance is still considered by international agencies as an efficient tool against poverty and for financial inclusion (World Bank 2008). Apart from donors and development practitioners, microfinance has also aroused great interest among scholars. Economists, in particular, have taken a keen interest in this matter and especially in financial innovations developed by microfinance organisations. It is true that one of the beauties of microfinance has been to invent, sometimes to develop, a large range of innovative mechanisms allowing poor people, without collateral, not only to be eligible to credit but to pay back. The group-lending system is probably the most well-known without being, however, either the most efficient or the most widely used. Many other mechanisms exist and have proven useful, for instance progressive lending, frequent and regular repayment, etc. (Armendariz and Morduch 2000, 2005; Besley 1995; Morduch 1999)³.

A great deal has been written on microfinance and risk management over the last few years, leading to interesting and constructive results, empirical as well as theoretical⁴. By contrast very little attention has been paid to day to day relationships between microfinance organizations and their clients. Apart

² See for instance Goetz and Gupta (1999), Molyneux (2002), Rahman (1999), Rankin (2002).

³ Some, in a variety of ways, combine enforcement, sanction and information collection. Others only focus on one of the three. For instance, progressive lending proves to be a good way to test the solvency of the borrower over time, while encouraging him/her to repay in view of a bigger loan in the future. Frequent and regular repayment (for instance weekly repayment) helps to build personal relationships based on trust and confidence, therefore ensuring the fact that the borrower fulfils his commitment (Jain and Mansuri 2003; Morduch 1999). Bonuses in case of early repayment, sanctions in case of delay, are other examples of enforcement mechanisms, and our list is far from being exhaustive.

⁴ For an overview, see Armendariz and Morduch (2005).

from few cases studies⁵, it is striking to observe the absence of field studies on the real nature of social relationships, either between credit officers and borrowers or, in the case of group-lending, between credit officers, group leaders and group members. The way borrowers and lenders talk, interact, socialize, the nature of the information which circulates, these are some of the questions commonly overlooked from the debates and studies, though their importance is critical. A careful analysis reveals the intensity and depth of the exchanges: well beyond technical information, it is also goods and services, feelings and emotions, positive and negative, which are exchanged. A careful analysis also reveals the creative and innovative capacity of the credit officers and group leaders to build relationships and manage them over time.

If nobody seems to have bothered with this aspect of microfinance, its "daily inventing" to quote the expression of De Certeau (1990), it probably comes from adherence to a very narrow vision (always very economic and positivist) of microfinance projects and, more generally, of development initiatives. The implementation of microfinance services is too often considered a linear process, technical and rational, conforming to guidelines that the credit officers merely apply and the clients passively consume. As any development project, microfinance should be considered as a process of continuous compromises and negotiations between numerous actors engaged directly or indirectly in the project and whose objective is, well before the implementation of the project, to build or to maintain an image, an identity, a status, to create or to sustain power, relationships or access to resources (Mosse 2005).

Drawing on intensive field work conducted over several years, our hypothesis is as follows. In south India, where microfinance has grown dramatically over the last decade, mainly based on group-lending, the relations between certain microfinance organisations (probably not all) and their clients do not conform to the criteria of a market relationship, but rather to a *patronage and brokerage relationship*. This client relationship puts into play a "patron" (microfinance organisations), "brokers" (credit officers and / or group leaders) and finally "clients" (microfinance services' users). Because of a strong and ongoing competition (at least in the area under study here), the positioning of microfinance organisations can be compared to a continual seeking for control of territory and population. The quality of microfinance services is rather weak, but microfinance organisations have little room of manoeuvre since most of them contend themselves with implementing microfinance governmental schemes. The attempt to build patron/client relationships appear to be a chief mean to manage risk and to gain the loyalty of the clients. By patronage, we mean that the relation is characterized by a diversity of goods and services exchanged, be it of an economic, social, moral or political nature: support, protection, gratitude are at the heart of the relationship. But to interpret it as

⁵ For exceptions, see for instance Goetz (2001), Morvant-Roux (2007, 2006a, 2006b), Mosse (2005), Rahman (1999).

an arbitrary control imposed by the microfinance organisations thirsting for power would be totally wrong: it is in fact a mutual construction. By and large, most of the clients are very much in need of protection and patronage, both for structural reasons (for most goods and services, be they public and private, the access is highly segmented and restricted, hence the need for patronage) and for cultural and social reasons (with a code of conduct highly based on honor and dependence). Two crucial issues won't be discussed here: the influence of caste and gender. It is obvious they are instrumental in shaping the relationships, however in the two NGOs analyzed here, women from the same caste are the main protagonists of the interactions.

After briefly explaining the methodology and giving a definition of patronage and brokerage, the paper goes on to describe the social fabric of patronage and brokerage relationships. We argue that these relationships (or, as already said, the *attempt* to build patronage relationships) should be understood through various angles. First, we are in a context of intense competition between NGOs, and for many of them, sustaining their position of control over certain territories is a priority. Second, competition is not only a matter of "market shares" but also a matter of reputation and image and these are built in great part through the NGO capability to organize mass events. Third, and partly as a consequence, the "good" groups are rated not only in terms of financial indicators, but also in terms of availability, discipline and gratitude. Fourth, and from the clients' side, a "good" microfinance NGO should be able to provide quick and plentiful financing, but also to help and to protect in various aspects of daily life. Fifth, when expectations from both sides match, this is rarely the result of a direct interface, but more often the fruit of a meticulous process of bargaining and compromises within which brokers – credit officers and group leaders – are instrumental.

2. Methodology

This paper is based on a three years period of intensive field work (2004-2007) in the district of Tiruvallur (North-East of Tamil Nadu, South India). To analyse in detail the relationships between credit officers, group leaders and group members was not part of our initial objectives. At first our main purpose was to analyse the implementation and then the impact of microfinance services. Quickly it became obvious that the importance of credit officers and group leaders was critical for both aspects (implementation and impact). If we were to know how microfinance services are understood, perceived and then used, we had no choice than analysing meticulously the daily role of credit officers and group leaders. Our demonstration is supported, not by figures or statistics, but mainly by in-depth descriptions of daily interactions and by transcriptions of public and private discourses, collected through a position of quasi-immersion in two microfinance organisations and around ten villages. The first NGO is a very small one, providing services to around 1200 women (80 SHGs): NGO founder, NGO staff and SHG members are all women from the same caste (*paraiyar*)

considered as one of the lowest caste in Tamil Nadu. The second NGO is one of the biggest NGO at the district level, with around 12 000 members (800 SHGs). Social composition is mixed, both in terms of staff and clients but our description here is limited to *paraiyar* clients, and most of the staff is from the same caste.

To observe the daily routine of the various protagonists has been the bulk of our work, with two scales of analysis. The first one concerns the internal functioning of microfinance organisations, which includes internal meetings within microfinance organisations, events organised by microfinance organisations (training, mass events), interactions between credit officers and borrowers, interactions between group leaders and borrowers. We have analysed in detail the role of around twenty “brokers” (credit officers and group leaders), through numerous informal discussions (some of them have been registered) but also observation of their daily relations with group members. The second scale of analysis deals with the institutional microfinance landscape analysed here at the District level: this includes a broad analysis both of the microfinance supply and the relations between the various stakeholders (mainly public authorities and bankers).

When we started the field work few years back, the very hierarchical dimension of daily interactions between the staff and their clients was one of the most striking observations. To put it briefly, some were giving orders while the others were assenting silently. A possible explanation could have consisted in accusing the NGO staff to take advantage and to reproduce willingly hierarchical relations. The explanation would have been all the more realistic in a context (India and its “caste system”) where hierarchical values are prevalent. But this is only one side of the reality. The bulk of our work has consisted in understanding the divergence between the “public” and the “hidden” transcript (Scott 1990): how individual actions and interactions are structured by broader processes, and what they reveal about the social, political and economical organisation of the context within which these relationships take place. In other words, our purpose has been to locate these relationships in their socio-political context and to consider the interplay between micro-processes and macro-processes. To limit ourselves to public appearances and to daily observed intercourses gives us a shortened version of the reality, since many of them are only “performances”. A close contextualised analysis is the only way to know what goes on behind the scenes and to get a more realistic understanding of the nature of the relationships between microfinance NGOs and their clients.

3. Patronage and brokerage

By patronage, we mean “the complex of relation between those who use their influence, social position or some other attribute to assist and protect others, and those whom they help and protect” (Boissevin 1966: 18). Traditional patronage has been defined by political scientists and

anthropologists as an institution based on permanent diffuse pattern of unbalanced social exchange between patron and client(s). Inequality, domination and hierarchy are at the core of any patronage system. Traditional patronage is generally presented as a specific method of expressing social relationships whose principal function is the satisfaction of material needs, and one of the major components is the unequal distribution of wealth and prestige between members of the same society. India is obviously not an exception, and a great deal has been written about the nature and intensity of patronage relationships in India. It is obvious that the modernisation of societies, including India's, led to a weakening of traditional domination relationships, including those of patronage, but they did not disappear. They are recast, leaving the framework of a strict definition in terms of rights and obligations governed by memberships of caste and status (Breman 1974). They become more instrumental, sometimes leading to a symbolic inversion of power, with those who are dependent instrumentalising the bond of patronage and benefiting from it. Abercrombie and Hill (1976) suggest that the brokerage relationship can be regarded as a specific form of patronage, nearer to a business relationship, more egalitarian, more instrumental: it is essentially a type of entrepreneurship in which the poor individually trade something for the help and protection of a more influential person. But in many cases, brokers still act as intermediaries between patrons and clients (Abercrombie and Hill 1976 : 424). In contemporary India, intermediaries, mediators and brokers are everywhere. They are in politics, where they serve as crucial intermediaries between the grass-root level, ordinary citizens and powerful figures (bureaucrats and especially, politicians) at higher levels (see for instance the description of Manor (2000), who describes them as “fixers”; see also the monograph done by Picherit (2008), in which local political leaders also acts as intermediaries between ordinary citizens and NGOs). They are in the markets, where they pass on information both to buyers and sellers but where they also and above all introduce trust (Vidal, 2003). More generally, they are in the daily life of any ordinary citizen, especially in rural areas, where they build bridges between communities and their external environment (markets and especially the banking sector, public administrations and public services, justice, politicians, etc.). Krishna provides an extensive description of the daily work of this new generation of “political entrepreneurs” take care of (2002).

More recently, and drawing on the interactionist perspective, several authors have used the concept of brokerage to analyse the implementation of development projects. Brokers are presented as unavoidable figures. The main argument is to say that development projects are necessarily fragmented because of the diversity and multiplicity of stakeholders, interests, needs, systems of values and cultural references. This fragmentation makes coherence difficult but not impossible: the various stake-holders of the project are constantly building and unbuilding their unity, and some actors play a central role of mediation, translation, interface (Long 1992; Goetz 2001: 156 *sq*) and brokerage (Lewis and Mosse 2006; Mosse 2005; Bierschenk et al. 2000). At different levels and stages of the project implementation, these brokers (who can be managers, consultants, field workers, community

leaders) “read the meaning of the project into the different institutional languages of its stakeholder's supporters, constantly creating interest and making real” (Mosse 2005: 9). The important work of a team of French anthropologists have greatly contributed to popularizing the term "brokers in development", which they consider a symptom of the political evolution of the Southern societies (Bierschenk et al. 2000). While these brokers were already present during the colonial era (often local leaders whose task was to intermediate between the colonial power and the local populations), the emergence of various development policies and then their decentralization (with, as a result, a blossoming of all kinds of "grass roots" associations), represents an extraordinary opportunity for these brokers, also defined as a new generation of “political entrepreneurs”.

According to the interactionist perspective, brokerage in development projects is unavoidable for two reasons: they play a role both of translation and mediation between compartmentalized worlds, and the confrontation of these opposed worlds is all the more pronounced with the decentralization of international aid. By focusing on the “social life” of microfinance projects, our analysis falls within the interactionist tradition while focusing on the complex and ambiguous relations between microfinance NGOs and their clients and paying a specific attention to issues of power and domination.

In our case study, some credit officers and group leaders assume the bulk part of this brokerage activity. They don't contend themselves in disbursing loans and collecting repayments: they also fulfill many other expectations coming from both sides, be it the NGO or the clients. Those who put on this role talk about themselves in that way, using various metaphors to express the fact that without them, no communication can take place, nothing happens in the sense that both parties (the NGO and the clients) have to go through them to reach the other one. Some compare themselves as a “bridge” between two banks, more or less far away from each other according to the circumstances. Another one describes her role in terms of a “lock” between an internal space (the clients) and the outside world (the NGO). Another one makes the comparison with a train: the ONG is the locomotive, the clients are the passengers and she act as carriage. The analysis of the day to day role of these credit officers and SHG leaders reveals that they act, indeed, as basic links in a chain which links up the NGO and its clients. In many cases, the brokerage chain is linear: NGO – credit officer – SHG leader – SHG members. But there are some exceptions. First, many credit officers are native from the place and operate partly in their own village: in their own place most of them are closer to the clients and are more likely to act as direct intermediaries (and elsewhere they use SHG leaders). Second, some SHG leaders deal directly with the NGO, either because of personal relations or because intentionally they want to by-pass the credit officers. We should also specify that on the field, nobody uses the terminology “broker”. The English term is widespread, even among people who speak only Tamil, but usually it has a negative connotation and mainly refers to middlemen who are just trying to make

money. Here, the brokers who are talking about are generally considered as “leaders” (*thailivar*), rather concerned with “social service” than by personal benefits. We shall use the same terminology in the remaining part of the paper.

The analysis also reveals how complex and ambiguous that chain is. The relationships between microfinance NGOs and their clients are composed of two main contradictory elements, and this is what allows us to talk about a patronage relation, or at least an attempt of patronage relation. First, they contain both instrumental and sentimental elements. Far from being restricted to financial matters, the relation includes a large range services, resources and sentiments, and in both ways. Clients are expecting loans of course, but also support and protection of a diverse nature, ranging from additional financial services (since microcredit rarely suits exactly to the demand, both in intensity and quality) to health advices, administrative help or even moral support for private problems. NGOs are expecting repayments, but also availability and loyalty, especially through the participation to numerous meetings, workshops, events. NGOs also expect a certain form of discipline (good repayment, but also punctuality, obedience) and gratitude. Second, the relationships include both hierarchical and symmetrical elements: despite the dependence of the client on the “patron”, the latter also relies on the services provided by the former. It is certainly the case here, insofar as NGOs are permanently trying to impose themselves as “patrons” and as relationships are punctuated by permanent negotiations.

Analysing the microfinance landscape in south-India (and more specifically in the area under study here) and the set of constraints faced by microfinance NGOs allows us to understand better why they are tempted to act as patrons.

4. Microfinance NGOs in South-India: a constant quest for territorial control

Let’s start with a description of one particular aspect of the daily routine of many microfinance NGOs. We attend the weekly meeting, debriefing credit agents with the NGO director. The discussion is very animated; it relates to the difficulty the NGO has in maintaining a “hold” in certain villages. Two main problems arise. The unfair competition of certain NGOs, in particular the two largest in the District. Another NGO has again “stolen” several groups, it is unbearable. Mrs. Williams, founder of this small NGO, who considers that she has sacrificed her life for rural development, feels humiliated, upset, even betrayed, as much by the two NGOs, which do not “respect” her work, as “her groups”, which forget all the work that one has done for them. The other problem is that of the “rebellious” groups: “they do not listen to us, they just do what they want”, “they want to eat the porridge without getting the moustache”, she says (tamil expression that can be translated by “they want to make an omelet

without breaking any eggs") to express the fact that "they want the money, the loans, but without expending any energy and without doing anything". Far from being an anecdote, this episode tells a lot about the day to day and social life of microfinance NGOs, the difficulties of competition, but also the complexity, the ambiguity of the relationships established with the populations. This episode also reveals the emotional dimension of the relationships: questions of honour, respect and gratitude partly punctuate these relationships.

In order to understand the exasperations and the exhaustion of the NGO leader, we need to analyse the characteristics of the microfinance supply.

4.1. The microfinance Supply: Standardized and Competitive

Before giving details about the local context under study here, let's give a general overview of the Indian microfinance landscape. A bulk share of the supply combines two major characteristics: self-help-groups and banking linkage⁶. At the grass-root level, the borrowers (mainly women, who represent 95% of the clientele) should club together in a group (15 to 20 members) and have first to prove themselves in terms of savings, internal lending but also in terms of management. After six months of functioning, the groups are evaluated (regularity of meetings, bookkeeping, etc.) and the grade conditions their eligibility to external loans, which are provided by the banking sector (public and private). NGOs are a key component of this partnership system since they are in charge of the group "supervision". This includes creation of the group, training, follow-up and assistance in terms of book keeping. Various governmental schemes (at the federal and national level) support this "banking linkage" model, by funding the NGOs and providing technical support (for instance training to credit officers, bankers, SHG leaders). The offer is very much standardised and most of the microfinance organisations provide the same financial services. Concerning the microfinance organisations studied here, individual loans do not exist. There are several forms of group-lending with various interest rates and repayment schedules, sometimes partially subsidised and sometimes with conditions in terms of use ("cow" loans, "housing" loans). The interest rates fluctuate between 1 - 3% a month, for a period rarely exceeding twelve months (ten months is the most frequent time period). Most of the time repayments are made monthly. The range of services offered covers credit, savings and micro-insurance, but the latter is still not well understood and saving is often understood and perceived only as a constraint to be eligible for credit. The few variations observed do not really come from a will to adapt to the requests and needs of the borrowers: they are first and foremost conditioned by the

⁶ In 2006, the SHG and banking linkage model represents around two third of the microfinance supply at the national level (Ghate 2007). In the District analysed here, the SHG and banking linkage model represents the totality of the supply.

refinancing modalities of the Microfinance organisation and the demands of the backers (with a predominance of public funds coming from the Indian government).

Indian microfinance has grown quickly in the past decade, but spread very unevenly over the Indian territory, with a strong concentration in south India and in some districts (Fouillet, 2006, forthcoming). This uneven growth causes an incredible competition in some territories, obviously with winners and losers. Our analysis is based on field work conducted in the district of Tiruvallur, located in the northwest of Tamil Nadu⁷, and where competition is becoming intense⁸. At the time of the field work (2004-2007), around ten NGOs were providing microfinance services in Tiruvallur district. These are "multi-purpose" NGOs, recently "converted" to microfinance under the pressure of Indian public authorities who need NGOs to reach their target, microfinance being a key part of Indian government policy (both at the national and state level) since a couple of years. The "conversion" is also sometimes the result of pressure from the local population, attracted more and more by microfinance services whose miracles and virtues are regularly touted by the media. This recent and massive conversion has two consequences. First, as already said, microfinance services are still of low quality, their main weakness being a lack of flexibility and diversity: amounts, modes of repayment and period of disbursement rarely suit to the demand. Second, the credit officers have in charge huge portfolios: each of them manage at least 20 groups, often much more (70 was the maximum we've seen), that means between 300 and 1,200 clients, often spread over several dozen villages and in a context where the transport infrastructures are still inadequate. Third, competition between NGOs is very high and not really "healthy". Several empirical works have highlighted the risks of competition in other contexts: the borrowers might accumulate several loans (with risks of overindebtedness and poor repayment)⁹, unless the microfinance organisations come to an agreement and share the market. This has been observed, for example, in certain areas of Bolivia (Navajas et al. 2003). In our case study, there is indeed a segmentation of the market. It is rather uncommon that the same group is a member of two NGOs. But the segmentation is not at all the result of any form of coordination between microfinance

⁷ The district of Tiruvallur has 3,200 Km² for a population of about 3 million inhabitants.

⁸ Tamil Nadu state is, after Andhra Pradesh, the state where microfinance is the most prevalent, especially as regards SHGs. In 2005-2006 the proportion of households Tamil Nadu members of SHGs was 14.5 per cent (compared with the global population) against 8 per cent for all over India. At the district level, the available data do not permit us to make a direct comparison with the data above, but they reveal an incontestable dynamism in 3 districts, including Tiruvallur. In 2005-2006, 24.2 per cent of the households have been given access to microcredit for the first time. By contrast, other districts (for example Nilgiris, Coimbatore and Karur) are completely deserted (the ratio is below 3.5 per cent). We should also add that in Tiruvallur District this dynamism is very recent. In two years (between 2004 and 2006), the number of SHGs has been multiplied by 10 (7,033 versus 699). While in 2000 - 2001, the number of SHGs in the district represented 0.5 per cent of the total number of SHGs of the Tamil Nadu State, in 2005 - 2006 this proportion is almost 8 per cent. We warmly thank Cyril Fouillet for these data.

⁹ See, for instance, Matin (1997) for Bangladesh, Macintosh et al. (2005) in Uganda, Yaron (1994).

NGOs: the daily relations between NGOs are punctuated more by various rivalries and conflicts¹⁰. The segmentation comes from the fact that each NGO tightly controls "its" territory and uses all available means to consolidate this control and avoid encroachments, through a permanent monitoring of the goings-on through key informers. It happens that the groups change NGOs, but this change means that their previous NGO has lost control of its territory. At the district level, the NGO circle is a very small world. People know each other for a long time, they have sometimes worked together; some climbed the social ladder more quickly than others (for example, by joining international projects with very high wages), causing envy and jealousy. Others created their own NGO following a conflict with their former boss, while seeking to keep control of the populations and/or the groups which they had in charge. Some are in direct competition in the field, but elsewhere they are bound by friendship, common membership in other groups (here, these are especially Christian networks). The quality and nature of the personal relationships between the staff of the NGOs which are in competition partly conditions the way they deal with it: some manage to get along with each other and find compromises, while others do not hesitate to resort to threats, sometimes slander, to preserve their control. Also, let us note that NGOs have every interest in controlling the maximum of SHGs in a given territory, mainly for two reasons: to avoid the risk of clients dropping out (of course they are more likely to drop out if another microfinance NGO is there), but also to save time during the procedures imposed by public schemes, since each administrative unit is subjected to only one procedure, whatever the number of groups.

4.2. Competition between Microfinance Organisations: Market Shares but also Reputation and Mass Events

Microfinance NGOs are part of a social, economic, political and cultural environment which is at the same time a source of opportunities as well as constraints. They are involved in a permanent fabric of credibility towards various stakeholders. With their clients, of course, to whom they are expected to provide long term and quality services. This issue will be returned to later in the paper. At the very local level, they also need a minimum of support from local institutions, not necessarily alliances but at least to be allowed (informally) to implement their project. At the district level, they should win the trust of various institutional and administrative units, especially bankers as well as various public agencies involved in self-help-group schemes. The more clients they have, the more credible they are. Indicators are limited to the number of SHG, volume of credit disbursed and repayment rates.

Last, and not least, the NGOs' reputation is based very much on their capacity to organize mass public events. "A powerful NGO is a NGO with mass", we have been told many times. It is not only a matter

¹⁰ Our own observations very largely confirm those of F. Bourdier in the area of health in Tamil Nadu (Bourdier, 1999).

of providing services to a large target, but it means being able to mobilise the clientele (or at least part of it) for specific mass events. These events include specific “official days” in honour of such or such cause (Women’s day, HIV-AIDS day, child day, consumer rights day, anti-poverty day, water day, etc.). The content of the event varies, but usually it is a mix of official speeches given by guests of honour and cultural activities (songs, dances) performed by SHG members. Exactly as do most of Indian political parties¹¹, these mass events constitute one of the chief means of bringing the members together. But mass events are also (and probably above all) instrumental in projecting and exhibiting publicly NGOs’ strength, with the idea of building or reinforcing their reputation and attracting potential donors. These mass events also include the inauguration of governmental schemes (usually, each governmental scheme starts with an inaugural function highly mediatized) and the visit of eminent personalities from the government (for instance a Chief Minister)

Not all NGOs are in the same boat. Out of 10 NGOs providing microfinance services, four of them assure the bulk of the supply (around 80%) and the number of SHG per NGO ranges from about fifty for the smallest NGOs to several thousands for the biggest. Smaller NGOs often meet many difficulties to be eligible to governmental schemes or to foreign funds. Apart from their small size, they are severely penalized by their lack of familiarity with the administrative and bureaucratic system. They don’t manage the tacit know-how indispensable to being eligible. Therefore informal arrangements between NGOs are common: those with experience help the younger or the smaller ones to access the information, to fulfill fund claims. Of course, such services have compensations: to deal or negotiate a portion of one's client portfolio is probably the most frequent one. The deal can be irregular, at the time of a specific event in order to inflate the attendance (NGO A agrees to send a certain number of groups to the event organized by NGO B). The deal is sometimes definitive: NGO A facilitates the eligibility of NGO B for a public scheme, but gets a part of its clients in return. Relationships are based on informal and implicit arrangements, the hazy character of which necessarily causes tensions and conflicts, sometimes extremely acute. Here again, the most frequent forms of retaliation consist simply of taking over the self-help-groups of the rival microfinance providers, either by promoting unfair competition in promising better services (more credit and faster), or by practicing denunciation, even sometimes defamation. One of our key informants was comparing the competitive nature of NGOs to a dynastic system, in which small kingdoms are built and then broke up according to the balance of power. Our description of the NGO landscape gives an extremely negative and cynic vision of NGOs strategies and behaviors. Let us be clear. We most certainly do not want to accuse NGO leaders to be only opportunist people whom rationale would be limited to matters of power and money. What we wish to assert, however, is that the “social life” of microfinance NGOs

¹¹ For an analysis of mass events organised by political parties, see Parthasarathy (1997:112).

is far from being simply providing microfinance services. In this climate of intense competition, patronage and brokerage networks are instrumental in sustaining the position of NGOs.

4.3. "Good" groups: Financial Rigor, but also Loyalty, Availability and Gratitude

Asymmetry, inequality and differences in power constitute an essential characteristic of any patronage relationship. The client "buys" his/her protection against uncertainty, environmental threats and the arbitrary character of the access to goods and services (public and private). The "price" to pay for this protection, implicit but very permanent, takes several forms. It consists of rendering certain services, but also of accepting the control exerted by the "patron" (Eisenstadt and Roniger 1984: 214). The way in which the NGO leaders and some credit officers speak about "their" groups leaves no ambiguity. *En kayila* – which can be translated as is 'in my hands, in my decision' – is an expression commonly used to express this feeling of control, sometimes with a snapping, which indicate from the one who speaks that he/she knows to command obedience. The loss or the insufficient control and hold they have on "their" groups, "their" communities, "their" territories are at the heart of daily preoccupations. A credit officer, exasperated by groups refusing to comply with her demands (being on time at the meetings, coming to the NGO office to show their accounts and not the other way around), exclaims: "It is us who create the groups, we are like Brahma (the creative God in the Hindu trilogy)". However, and by contrast with traditional forms of patronage, the control exerted by NGOs is never given nor granted. It doesn't come from a pre-existing status, but from the capability of NGOs to provide regular services and protection. It is the result of a permanent fabric and a permanent bargaining. The women themselves are very much aware of the deal: "NGOS should boil the milk without letting it boil over", they say. Let us also cite the image used by a credit officer when she describes the subtlety of the relationships with the clients. She compares her job with bamboo work. The significance of bamboo lies in its malleability. Gradually and appropriately watered, it becomes very flexible; on the other hand, bamboo quickly immersed in water resists and finally breaks. In other words, it is essential to exercise a certain hold on the populations; for that, it is dangerous to give too much too fast, it is necessary to portion out the services to the populations carefully and let them evolve over time in order to maintain this control.

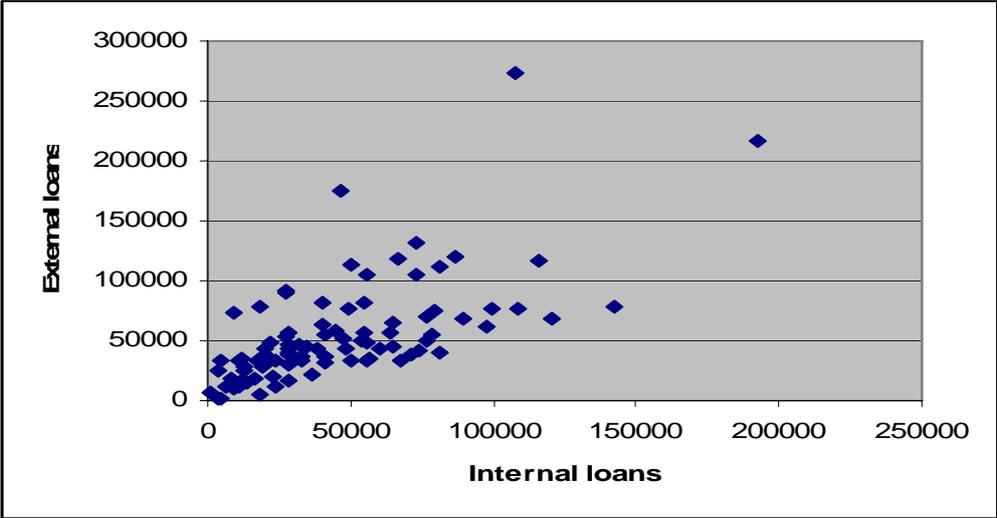
Concretely, what do we mean by "control"? All the contacts with outsiders are closely monitored: with other NGOs of course, but by and large with any foreign person in the village likely to put the groups in contact with other NGOs, or to whom the women could reveal compromising information in regard to the NGO.

To avoid the drop outs and to sustain their image probably explains the intensity of this control. We can give our own example: after more three years of intensive field work, the women in the villages still fear our visit when the NGO is not aware of it.

Huge expectations in terms of discipline, availability, loyalty and gratitude are also part of the strict control maintained by NGOs. Officially, in order to be eligible to external loans, the SHGs are evaluated according to a list of various “objective” indicators: savings (amount and regularity), internal loans (amount, quality of the repayment), frequency and regularity of the meetings, leadership rotation, quality and rigor in the bookkeeping, etc. The groups are expected to report regularly on their internal way of functioning in notebooks which are then analyzed and synthesized by the credit officers in the form of the note determining eligibility for external loans. In practice, few groups are able to maintain their booknotes without any external support. Notwithstanding low levels of literacy, the procedures are cumbersome, complex and extremely tedious: each group has five notebooks (initially seven, but the procedures were "simplified") that they need to fill in after each meeting (a meeting report, savings account, credit account, ledger, balance). For lack of time, the women often delay keeping the accounts up to date, but updating them becomes very complicated because of multiple internal "arrangements": delays in repayment cause confusion in calculating interest, exchanges of loans between women are very common and causes multiple confusion because of the names (while certain loans are taken by one woman, but refunded by another). The question of role distribution between SHG members (especially leader, treasurer and secretary) and credit officers is a source of permanent bargaining.

Then what about the evaluation and selection procedures? On the long list of indicators, only two are usually taken into account, the internal loan activity and the repayment of the previous, external loans. "Everyone knows that this list is completely artificial, but one continues to do it "as if", we were told. Savings is generally limited to the bare minimum required and for the other criteria, the boxes are filled in a completely fictitious manner because the objectives laid down are considered impossible to reach (leadership rotation, regular meetings with agenda and report, etc). To understand the "real" criteria of selection of NGOs (the groups whose NGO will present the application to the banks), we analysed in detail the strategies of one particular NGO. The graph below shows that there is a close correlation between internal and external loans.

Graph 1. External loans and internal loans (cumulative amounts from 2003 to 2006)



Source: NGO’s MIS

Then, when one tries to understand the gaps between internal and external loans (some groups very active in terms of internal loans have a poor access to external loans and vice versa), two main reasons come out: the quality of the relation between the NGOs and the intensity of competition. Of course, there are some groups who don’t ask for external loans: they don’t have any specific needs, they are afraid of the repayment burden, or sometimes the SHG leader is reluctant since she fears to shoulder the entire responsibilities in case of default. Other groups are in demand, but they are not « in good terms » with the NGOs, they are not “cooperative”, they are “agitative”, we have been said many times. By contrast, “good groups” are those who listen and obey. “Whatever I say the women listen”, one NGO leader told us. Another one was using similar terms: “they will listen to my words, they are close to me”. Conversely, some groups are well served simply because the competition is harsh and they threaten to leave the NGO.

An in-depth analysis of daily relations between the NGOs and their groups reveals that the "good" groups are indeed those who demonstrate discipline, availability, loyalty and gratitude. Of course, one can argue that rigor and transparency in their functioning and bookkeeping is fully part of this, but very few groups are able to maintain their bookkeeping on their own. It is clear that many credit officers (not all) are much supportive with the groups who fulfil all the expectations of the NGO: they spend more time in book keeping, they try to understand and to correct the mistakes, sometimes they involve themselves intensively in the internal management of the group when saving collection or repayments are too poor or in case of misuse of the funds.

Rajeswari (SHG leader) has difficulties in getting the repayment of internal loans. But she explains that she is so "factful" to the NGO that Prabavathy (the credit officer) helps her regularly to manage the group. Prabavathy agrees without any hesitation. "If the NGO has a good hold with the SHG, we will help them to manage better, to give suggestions to organise".

Rani (SHG leader) comes at the NGO office to ask the credit officer (Praba) to settle the accounts since she is applying soon for a bank loan. But Praba refuses categorically to take care of it. Rajeswari insists "Akka [sister] we have been waiting for so much time [to get the bank loan]". Praba answers 'I came there [in Rajeswari's village], nobody was there; you did not mind me, now I should be at your feet?'. Finally they find a compromise. Praba requires that the women should be available and exactly on time when she'll come in the future. Rani promises. And Praba accepts to take care of the accounts.

When asked about the "good" groups, the matter of time is often put forward first by credit officers. Their own time being restricted (which is effectively the case), the availability of the women is a decisive factor. That they give their time for free seems to be an implicit compensation for the services provided by the NGO. Concretely, this means being available immediately during the credit officer's visit, whatever the time. Conversely, the "bad" groups are those where it is necessary to crisscross the village in order to gather the women.

In the event of a meeting with the NGO (training, information session for a new scheme), not only must the women be present, but the latecomers are often scolded, sometimes even punished, and must pay a fine. The example reported below is only one among many.

In order to prepare the next Asian social forum to be held in Calcutta, a women-based organisation organises a meeting to select who among the members will attend the social forum. 40 SHG leaders joined for the meeting, although 60 were expected. The woman in charge of the meeting, the NGO leader, is mad with rage. Voici quelques extraits de la discussion entre la responsable de l'organisation et une femme de la salle qui explique que deux femmes n'ont pas pu assister à la réunion.

- A woman from the audience: Anjali and my sister in law haven't turned up for the meeting.
- The NGO leader: okay, I will soon delete their names from the group's list. When we get the loan, we should not give any money to those two members.
- Woman: Will they not come for quarrelling with us?
- NGO leader: They are not able to attend the meeting, then why should they approach us for loan and credits?
- Woman: Perhaps they had some work at home.
- NGO leader Do you think these members who are present here don't have any work at home and they are just roaming in the village?
- Woman: In spite of me informing them twice in the morning, they have gone for work.
- NGO leader Why don't they negotiate one day's work for the purpose of this meeting?
- Woman: Four of us [members of this SHG] are working in the same company. Already two have taken leave. If all the four had taken leave for this meeting, do you think it is possible to continue our work at the company?
- NGO leader: What do you expect me to do for that?

The staff regularly complains about the lack of availability from the women and the lack of cooperation. The following comments are common: "They always want more, they want all the benefit with taking effort for it". "They want the bank loan but they don't want to keep their account, to facilitate the work, they don't want to understand the account keeping, don't want to train themselves". « When there is a benefit they are ready to come anytime; when there is no direct benefit they don't turn up".

Chandralecka, SHG leader, explains that she faces many problems with the NGO. “It is mainly because I never attend the meetings held by the NGO. I have taken loans and if I go and sit in the meetings, who will repay the loans? So, myself and Radhamani [the secretary] never attend any meetings conducted by the NGO [...] In the NGO meetings, they talk bad about us. They say to us that ‘we are the one who gave you this job opportunity, but why you are not coming to us when we call for a meeting’. They gave loan to me to start a computer centre. It is not functioning now. And when the NGO talk like this also, we are planning to file a case against them. [...] They were using us unnecessarily. In the sense, if there is any political meeting going on, and they need some people, they call the group members to attend the meeting. For example, there was a meeting in Aatur village, where our honourable chief minister Ms. Jayalalitha came. For this our NGO asked us to be present for the meeting. I waited for some time and came back with my group members as it was getting very late for us to reach home”

Availability and loyalty are closely linked. To demonstrate loyalty means first and above all accepting participation in many events (trainings, workshops, the visit of a donor, a public event organized by the NGO or one of its allies), without asking why and without demanding (too much) compensation. To analyse in details the content, the significance and the consequences of these mass events goes far beyond the scope of that paper. For our purpose it is enough to emphasise that they combine symbolic, social, political and cultural values and meanings, in a context where public rituals represent essential steps for the building and the visibility of collective identities. Mass events are instrumental in building the legitimacy and the strength of NGOs, but also the legitimacy and the strength of the *leaders* themselves: credit officers as well as SHG leaders are judged partly on their capacity to bring people at the time of mass events.

Mrs Williams, founder of a small NGO initially specialized in health services and recently converted to microfinance, has always criticized mass events. In 2005, she told us “[mass events] are not a long term solution, we should educate them [the women]. These meetings are only fantasies and slogans. This is not democracy. It does not bring any improvement for women”. In the same year however, she participated to a meeting organized by another NGO, on the request on one of his leader, Stephen. Stephen, very close to the local administration, helps her regularly by informing her about the latest governmental schemes. While she was struggling to get the eligibility to the largest SHG governmental scheme, he introduced her to the officer in charge of the scheme at the district level. That’s why she accepted to participate to the meeting. But she has bad memories of it. Neither the name of her NGO nor her own name have been mentioned. She felt she has been had. More generally she feels that local administrations and local banks do not recognize her work. This feeling probably explains why she decides, in 2007, to organize her own “Women Day”. The preparations of the event last nearly one week: the clear the ground (the event takes place in open air, on a fallow land which belongs to the NGO), to build a makeshift tent with bamboos, to approach chief guests, to inform the women in the villages and make sure they will join, to organize a cultural programme (dances and songs) with the group leaders. Apart from the staff, the more faithful SHG leaders spend several days at the NGO to help for the organization. The D-day, we attend the event. The women come from the surrounding villages, packed into tractors, and this is a first topic of discussion and comparison. Others NGO, for their own “Women Day” have used buses, a much more comfortable way of transporting. The day goes on approximately as planned. Apart from the woman in charge of the Tamil Nadu Women Development Corporation (the public agency in charge of the largest microfinance scheme at the State level), all the guests have accepted the invitation. Between official speeches, SHG members perform songs and dances. Some of them – the faithful leaders mentioned above – are thanked publicly. Some of the groups who haven’t been on scene complain, but globally Mrs Williams considers the event as a success. The following days, most of the discussions within the NGO deal with the event. 450 women were present. Much less than one of the leading NGO of the district

(around 2000 women), but for a first event Mrs Williams considers that it is not so bad. Apart from matters of reputation and image, there are also internal issues at stake: who are those (among credit officers and SHG leaders) who managed to mobilize the participants? In front of the staff and in front of one of us, Mrs Williams says for instance: "I feel pity for Praba, she talks a lot but she is not able to bring people". Shakeela, on the other hand, catches all the attentions: she brought several dozens of women. She was already very close to Mrs Williams, and this event reinforces their relation.

Finally, the NGO staff also expects respect (*mariyathai kuddukka*) and gratitude (*nandriya*) from the women. Many daily interactions are punctured by attitudes of deference, consideration, respect which indicate clearly a hierarchical relation between on the one hand, the women and the other hand, the credit officers and NGO leaders. The women rush to welcome them in case of visit to the village, they use the 'vous' form, they give chairs while sitting down, speak while bending their head. Conversely, the staff give orders, criticise publicly, request to be called 'Sir' or 'Madam', refuse to share meals of a glass of water, etc. Tolerated in private, "deviant behavior" is unacceptable when it takes place publicly, and it is not easy to make a distinction between what should be understood as a social performance and what should not. It is also difficult to analyze or even more to judge those behaviors. This deliberate need to keep a distance and to stress the asymmetry of the relationship - more or less pronounced according to the profiles of the credit officers - is an unavoidable criterion to build up one's legitimacy among colleagues and the local community. As one NGO leader told us, "the credit officers who are too nice are not efficient". For many, this gratitude is considered the natural counterpart of their engagement and the sacrifices they make to the community. The argument is time and again put forth by the NGO founders or leaders, often in the form of reminders about sacrifices that they have made during their lifetime for the "welfare" of the populations. The argument is also valid (even if it is more implicit) for the credit officers, often badly paid even though the working conditions are difficult (long days, many trips not always remunerated) and sometimes scorn from their superiors.

One credit officer, who was complaining about the "lack of gratitude" of the clients, one of the main problems she faces presently, explains: "to form a group is not easy, I am the person who has grown it, if they do not give respect for that, so what?"

Shakeela (SHG leader) just got a loan for her group. The NGO asks her 1000 Rs as a « commission ». It seems that most microfinance NGOs in the district take the same amount, informally (and in addition to the interest paid to the bank), on behalf of their role of supervision and monitoring. Even if NGOs get grants from their donors (especially the Indian government) for that particular task, they consider the amounts too limited (and it is true that the funds allotted by the Indian government have been reduced over the last few years). Shakeela is surprised. Given the respect she has towards the NGO leader, she doesn't dare to refuse but she dares to ask questions. The reply of the NGO leader is the following: "what respect you show us after 20 years of work ?" Shakeela feels guilty. She does not dare to ask the money to the entire group members, who refuse to listen about it, but she manages to convince few members in her close circle and finally she pays the amount.

We are at the NGO office. Some funders are expected and they want to go the « field ». As usual, the NGO director has chosen Kozhondalur village, where the women are well-known for their enthusiasm and their availability. Prabavathy, credit officer in charge of that particular village, goes on the scene earlier to organise the visit, be sure that the women will be available and ready at the time of the visit.

When the visitors arrive (the funders and the NGO director), the event goes tragically wrong since nobody is ready. After waiting for half an hour, the NGO director puts the fear of God into Prabavathy, and then leaves the village with the visitors without even taking Prabavathy back. The explanation between the two women takes place later, at the NGO office, and it is difficult to know who feels the most humiliated. The NGO director talks about a “big insult”, but Prabavathy shares exactly the same feeling: it’s “her” village, “her” women, and many of them were there. In the following weeks she refuses to set foot there again. Only after long negotiations she accepts to go there again.

To demonstrate gratitude also means not publicly criticizing the NGO: it is a matter of « good name », expression commonly used to talk about the reputation. “Even if you don’t have porridge [even if you don’t get the benefit you were expecting], don’t get the bad name of the society”, the women say. “You should live like a kavari maan”, they also say, with reference to a specific variety of deer (*kavari maan*) which is very sensitive and dies if someone pulls out the slightest hair. In other words, getting one single “bad name”, and you lose your dignity.

5. Borrowers’ expectations: quick and plentiful financing, but also support and protection

The local populations do not confine themselves to the role of passive victim of development projects. Even when projects have been designed from above, the way they are implemented is necessarily a *co-production*: not only the people have their not own understanding, their own perception, but they also attempt “to turn development rationales to their own ends” (Rossi 2006: 29). They might have (at least some of them) an interest in perpetuating models of intervention. As suggested by Olivier de Sardan (2004) “the maneuvers, intrigues, influence struggles, monopolisations, the rhetoric and manipulations, come from all sides”. We need to take into account the “collaboration and complicity (or duplicity) of marginal actors/institutions”, to analyse how the so-called ‘beneficiaries’ “understand and manipulate the rhetoric, rules, and rewards of aid delivery (Lewis and Mosse 2006: 4). We also need to understand how development projects “are exploited from below, not through overt acts of resistance, but rather through the cumulative effects of many small acts of interpretation (*ibid.*: 17). Mosse, while analyzing the practical implementation of a development project in Orissa (North India), argues that “field staff found themselves acting as local patrons and benefactors”, but *without intending it* (Mosse 2006: 113, our emphasis). While the project had a strong component of so-called “participatory approach”, quickly it turned out (and even if it was not the only reason) that the beneficiaries felt more comfortable in their “more familial role of passive beneficiary, strategizing to maximize short term benefits from wage and subsidies” (Mosse 2006: 113). In our case study, to accuse the NGO staff to impose a patronage relationship would be far too simplistic: the people themselves, at least some of them, are looking for protection and security and encourage the staff and or the SGH leaders to behave as “protectors” and “guardians”.

5. 1. A “give and take” policy: bargainings, compromises and exits

Some women express real and sincere gratitude to the NGO, but this they justify in a very pragmatic way. "It's a give and take policy", one of them told us. At one time they benefited from a particular kind of support, either social or material - it is the case, for example, for leaders praised openly during public events organised by the NGO. Other women, even more pragmatic, play the game because they know that it is the means to their ends.

Rameswari, SHG leader, well-known to be very close to the NGO, explains her conception of the relationship with the NGO. If you want to get something, she says, whatever the situation, there is a basic concept: to take account of the place where you are, the object you are looking for, and who is superior. Then you know what do to. If you want to get something you have to see the three things, if you focus on one only, you fail. In some situations you must be strong, in other you must be soft. Then she explains that within her group, sometimes she is very strong with her members. With the NGO she “keeps quiet”: it is not her place, she is not the superior, she does not manage fully the subject, her only option is to keep quiet.

This question of gratitude is a source of tension and permanent discussions. The feeling of not having been respected is what provokes most of the reactions from the staff: questioning, criticising, not using the appropriate polite terms, not bringing a chair, sitting down instead of standing, not coming to greet them spontaneously in case of a visit in the village, etc.) The staff often complains that the women "have lost their gratitude". They had it at the beginning but they got tired of it; “When you raise a dog, one day he will bark at you,” say some of them to express this feeling of disavowal. "It is like milk kept too long in the mouth," say others to express their bitterness. Conversely, from the women's point of view, a number of discussions relate to the excessive expectations of the staff: the staff who regards themselves as in charge of the NGO, who insist on being called "Madam", who speak in a manner which is too authoritarian, etc... Some women categorically refuse to submit and this is sometimes the cause of conflicts. One of them told us: “if I have to touch their feet, I don't want this money”.

Even if the relationship is unequal, the power the NGOs wield over the populations is very relative, unstable and fragile. More than domination *stricto sensu*, the relations are characterized by a permanent power struggle where every party tries to negotiate and optimize the response to its own expectations. The populations expect services, support and visits; the staff expects availability, loyalty, rigor and gratefulness. There are many strategies the women use to optimize services: playing with the competition by claiming that a particular NGO offers such and such a service in order to raise the stakes, or spreading rumors about the credit officers. Attitudes of submission and deference are also (however not systematically) a deliberate strategy used to get additional services and favor. The way they describe the credit officers, the way they criticize them, laugh at them (however rarely in an open manner) show that they are not fully subjected to the control exerted by the NGO, even though, of course, their room of maneuver remains limited.

In this permanent game of social performance but also of adaptation and adjustment of mutual expectations, the importance of *thailivars* is critical. They are critical in adjusting humours and sentiments (smoothing complaints, trying to justify them and convincing each part that they should carry on). They are also critical in fulfilling mutual expectations. From the NGO side, *thailivars* look after the client's repayments but also their participation to mass events, training, meetings. They also check that the clients do not criticize openly the NGO. On the women's side, the leaders provide many additional services which go far beyond microfinance services. This adjustment role is of course highly ambiguous, especially for the group leaders, since they have to compromise between their own interest, the interest of their group and the one of the NGO.

From the borrower's side, the quality of the financial services is, of course, at the heart of all expectations. But we observe that daily transactions between NGOs and microfinance clients – through *thailivars* – go far beyond the microfinance services which are strictly planned by the NGO. First, against the rigidity and the numerous limits of microfinance services, many *thailivars* act themselves as financial intermediaries. Second, expectations are not limited to financial issues: many borrowers also often expect help and protection of various kinds, granted (more or less efficiently) according to the circumstances by the NGO staff (mainly the credit officers) or the *thailivars*.

5. 2. Financial Intermediation: Thailivars as « Cash Reserve » or « Small Banks »

To describe in detail how the women use microfinance services goes far beyond the purpose of the paper. Let's content ourselves with a brief summary of the strengths and the weaknesses of microfinance services. Apart from the cost (2 to 3% per month, which is usually cheaper than the other options, the cost of which ranges from 3 to 25% per month), microfinance services suffer from various limitations. Amounts are limited¹². Procedures take a long time (few days at the best for internal loans, but usually few months for external loans). Repayment modalities remain very rigid (amounts and dates are fixed, no grace period and regular instalments). The savings services are mostly regarded as a constraint of eligibility for a loan. Chit funds (Roscas) and savings in kind, in particular gold, remain the most popular savings supports. As a consequence, the clients continue to juggle with a multitude of borrowing sources, mostly of an informal nature (mobile moneylenders, pawnbrokers, wealthy people, employers or jobbers). On average, microfinance represent between 5% and 20% of their overall indebtedness, hardly more¹³.

¹² Between 500 and 3000 INR for internal loans (2000 INR on average – 50\$), between 2000 and 10000 INR for external loans (4000 on average – 100\$). By a way of comparison, annual household income ranges from 10000 to 50000 INR (250 – 1250\$). In 2008, 1\$ = 40 INR.

¹³ These data come from various surveys done by the authors and dealing specifically with the clients and done in the same area.

The informal financial market is very dynamic but also highly segmented, for various reasons. First comes the lack of transparency (who lends? Where? Under which conditions?). Creditworthiness depends upon objective characteristics (assets, income, etc.) but also from subjective characteristics (reputation, credit history) that many don't have. Since spatial mobility is restricted for many women, physical distance is sometimes a barrier. Apart from door-to-door moneylenders (an option which is both very convenient and flexible but extremely expensive), few moneylenders are well-established and located in the village itself. The other lenders are well-off people (landowners, civil servants, etc.) who are looking to invest their surplus income, but they operate mainly on the basis on mutual knowledge and mutual trust (people don't talk about moneylenders but about "well-known persons"). Pawn-brokers are another option, very convenient (all and everything can be pledged) and secure, but located in the nearby city (between 2 and 20 km).

Out of 20 *thailivars* we have followed for several months, half of them play a very important financial role, which goes far beyond what they are officially expected to do. They give information about the informal financial market. They go with the women for certain transactions (especially for pawnbrokers). They give advances for those who are late in paying back their microcredit. They act as guarantors with some lenders (mobile moneylenders, pawnbrokers or well-known persons). They on-lend with their own funds. When the *thailivar* stands surety, this implies that he/she will have to pay back in case of default. Those who on-lend directly do it for various reasons. They have had bad experiences in the past while acting as guarantors. They want to protect the women against « dangerous » debt (high interest and social pressure exerted by some moneylenders, especially door-to-door moneylenders). Or quite simply they want to make money and supplement their income. Terms of payment are rarely clear; it's a sensitive subject and both lenders and borrowers don't talk about it openly.

Insofar as microfinance is far from responding to all needs and turns out to be far too much rigid, this role of « adjustment », to quote an expression commonly used, is highly appreciated. For sure it helps to improve repayment rates, at least in some groups since all *thailivars* don't act in this way. All *thailivars* don't perform as financial intermediaries. Some of them are not involved at all in financial matters, some do it occasionally while others do it very frequently – people call them « cash reserve » or « small banks ». It is worth mentioning that providing additional financial services gives them some hold on group loans, not only in terms of allocation but in terms of use. That *thailivars* (including some credit officers) use time to time a great part of the loan for their personal purpose is not uncommon. Surprising as it may seem, such arrangements are not questioned much and considered a normal counterpart of the various supports the *thailivars* provide in other respects.

Shakeela, SHG leader, is considered as a « cash reserve » by the women of her group. She acts like this especially for the members of her SHG, but also for other women in the colony (part of the village

limited to low castes), and exceptionally for men. Most of the time amounts are very limited (10 to 100 INR, for emergency needs, mainly food (vegetables, fish), education material, health). But sometimes the amount reaches 15000 to 18000 INR (almost one third of her household annual income). Either she acts as a guarantor (approximately half time), or she lend herself, after having borrowed elsewhere herself since she rarely has cash. Beyond her financial role, she is also very active in other aspects, especially for health issues and administrative services. « She is always there » the women say. While asked why she lends so much money (the outstanding of the amount she lends ranges from 30 000 to 50 000 INR) while her own income is rather limited (her husband has a permanent job and earns 3000 INR monthly, but she does not have any regular income source), her reply is very clear. First, by lending money (or acting as guarantor) she develops the gratitude of her borrowers. Concretely, it means that she can rely on them for any NGO request: being available in case of visit in the village, participating to any meeting or mass event organised at the NGO headquarters or elsewhere, subscribing to new schemes (example of a recent insurance scheme to which women were rather reluctant. As regards mass events, she explains, “when it is Jayalalitha [at that time Chief Minister of Tamil Nadu], women struggle to participate, but when it is a matter of seeing always the same faces [here she refers to numerous meetings organised at the NGO headquarters], nobody turns up and we need to find incentives”. She also describes the benefits she gets from these transactions. There is no interest rare and therefore no direct benefit, she says, but her own creditworthiness increases, for various reasons. When she borrows for someone else, she keeps part of the sum for her, ask the borrower for whom she acts as a guarantor to pay back the first instalments, and she takes care of the last instalments. This system allows her to get a longer period. In addition, to borrow regularly makes her a “good customer” in the eyes of local lenders who then rarely refuses to lend her money. Last, and not least, acting as a “cash reserve” allows her to keep a hold on group loans and nobody questions it. For instance, when the group got the first external loan, officially the loan was distributed to five women, but in fact she used personally three of the five loans.

Shivakumar is field worker for an NGO specialized in rural development and involved in microfinance since more than ten years. He is in charge of the supervision of all SHGs at the block level (160 SHG). He is considered as “agitative” by the NGO. He “asks questions, he does not know to shut his mouth”, one says about him. At the same time, thanks to his skills in terms of women mobilisation he is an essential link within the organisation. For any event organised by the NGO, he is considered as an « insurance » (*jamin*) insofar his presence ensures that of the women. Whatever the topic, he always manages to convince them to participate, as well as their husbands. In case of any tension of conflict, the NGO sends him to discuss and find a compromise. When we discuss with the women themselves, they describe him as follows: he is available anytime, for anybody and to resolve any problem; he is capable to discuss openly with women, to make them express their problems, their needs, to give advices as regards health issues (he started his career of field worker twenty five years back as a volunteer in a literacy campaign and then in a health campaign). Last, and not least, he is also able to fulfil their financial needs, whatever they are. He describes himself his role as financial intermediary in the following way. Since he is very young he has always been in charge of the financial affairs of his family, he says, probably thanks to his communication skills. Although he is from a low caste, a good friend of him, ancient classmate, landowner from the upper caste, lends him regularly lump sums of money (30 000 to 50 000 INR). When a woman (or her family) needs a big amount and the SHG cannot fulfil it, Shivakumar manages to get the sum. In return, he uses frequently for his personal use the money of some SHGs, especially his wife’s SHG and few others with whom he has developed close relations. He explains this system very openly, and the women are aware of it. It’s an “arrangement” between us, he says, “we help each other reciprocally”.

5. 3. Health Advisers and Health Facilitators: “They Understand our Pain”

To improve women's access to health services is an enormously appreciated service, which is better understood when one measures the inefficiency of the Indian health care system in rural areas. In theory, for Indian citizens below poverty health services are free of cost. In practice however, it is

much well-known that public sector provides inadequate and low quality health care¹⁴ and free cost is rather an exception than the rule. Health care is considered among the most corrupt services in India¹⁵ and there is no doubt that liberalisation (even partial) has reinforced patronage practices (Jenkin 1999). Common complaints include overcrowding in hospitals, lack of adequate manpower and absenteeism (many government doctors also have a private practice), and shortage of medicine, drugs and equipment. The private sector on the other hand provides health care at a cost. This has serious repercussions in terms of access to health care and impoverishment. According to a World Bank report, the poorest quintile of the population accesses inpatient care six times less than the highest quintile, and more than that, accessing care, especially inpatient care, often leads to catastrophic health expenditure: about one quarter of hospitalized patients in India Indians fall below the poverty line when hospitalized (Peters et al. 2002: 143). According to our own investigations in the area studied here, expenditures on health care represent the major source of financial stress, in terms of amount as well as frequency. When one interviews women on the difficulties of accessing health care, it is also a question of contempt, and the indifference of the medical staff (and often of the family) which is emphasised.

Regarding the extent of the dysfunctions, the role of *thailivars* is obviously a minor one (and all are not concerned): at best it makes it possible to put a little "lubricant" in the system, but it especially makes it possible to build a relationship of closeness and confidence with the women. Those who are engaged health care issues generally have professional experience in this field, often acquired during their career as field worker (participation in health campaigns, training in awareness-building of certain diseases (HIV and other STD, tuberculosis, cataracts, etc.) and with certain issues of public health (family planning). The majority have only a limited medical knowledge, but the simple fact of being able to discuss issues, give some advice, to sometimes dispel some concerns, is in itself a very appreciated service. "A person who understands our pain" (*vali therinja aallu*): thus the women describe this role played by the *thailivars* regarding health, which is understood in contrast to the indifference, sometimes even contempt, of the medical staff. Apart from giving advice, their role also consists of facilitating the access of the women (or one of their family members) to health care services. To facilitate access, this means first of all to *inform* them about the local health care system: who are the "good" and "the bad" doctors? The "bad" doctors are those who systematically require bribes, who recommend expensive but useless surgery (for example, certain obstetricians systematically recommend Caesareans, whose cost represents approximately a year's wages). The bad doctors are also those who lack respect and consideration, even sometimes sexually abusing their patients. The role of the *thailivars* consists of reassuring the women, especially sometimes their

¹⁴ For an overview, see for instance (Peters et al. 2002).

¹⁵ See for instance the Global Corruption Report 2006 done by Transparency International. http://www.transparency.org/publications/gcr/download_gcr/download_gcr_2006

husbands, about the integrity of the medical staff. The information also concerns the administrative and especially informal functioning of the health care centers. Sometimes to be received by a doctor is a real obstacle course: to know the functioning means mostly to know the many tricks which make it possible to shorten the waiting periods, to limit the bribes (or to make sure that they really give effective access to health care, which supposes knowledge of what is necessary to give, how much and in what way) and discomfort (common treatment room or private room, with or without bed (and with beds of different quality). Certain *thailivars* use their personal contacts (with doctors or people close to the doctors) to speed up the procedures or to get an appointment with an overbooked specialist. Some *thailivars* are instrumental in the event of hospitalisation or urgent consultation: they organise transport (to get a rickshaw, to ask a landowner to lend or to rent his tractor, etc), they find the funds necessary to pay the medical expenses and finally they accompany the women to the consultation and/or the hospitalisation. For women little accustomed to traveling, going to an unknown place is not easily conceivable: the role of the *thailivars* consists of providing moral support, to reassure the family and to help the woman to find her way in the administrative maze described above.

5. 4. Bureaucratic and Administrative Hassles: Thailivars as Facilitators

India has plenty of public schemes of all kinds which rarely hit their target because of lack of appropriate targeting methods and / or excessive corruption¹⁶. Here again, some *thailivars* act as intermediaries. To get administrative certificates is the most common service (caste membership certificates, unavoidable to be eligible for any government schemes targeting specific castes; land ownership certificate (*patta*); below poverty line certificate, ration card, etc.). This means helping the people to fulfil the application forms, inform them where they have to go, how much should be paid and to whom (bribes are systematic, but usually qualified as ‘formalities’). Some *thailivars* limit themselves in providing information, some go with their protégé, some take care of the whole process while some refer to other intermediaries, specialized in the delivery of administrative documents.

The improve the functioning of PDS shops (shops which deliver subsidized items to people under poverty line under the public distribution system) is also part of the daily routine of *thailivars*. In theory, people below poverty line can avail monthly a certain amount of basic food items (especially rice, sugar, kerosene). Here again, malpractices are the rule rather than the exception. Common complaints include shortage of merchandise, regular frauds as regards quantity as well as quality (for the rice for instance, the bottom of the sacks is generally full of waste and rubbish). To demonstrate authority is usually the best mean to be served correctly, but this implies both boldness and charisma.

¹⁶ For an overview, see Drèze & Sen (2002). For a description of daily hassle of Indian bureaucracy, see for instance Oldenburg (2006).

Some *thailivars* play that role: on the day the shop is supplied, they accompany the women and make sure the sales go smoothly.

5. 5. Bias and Arbitrariness of the Legal System: Thailivars as Protectors

The inefficiency and partiality of the Indian judiciary system is well-known. This come from delays in the disposal of cases, shortage of judges and complex procedures, all of which are exacerbated by a preponderance of new laws and a corruption which is systemic¹⁷. Police Because of the physical harrasement from the police or para-military forces, underpriviledged sections of the population “often live in terror of arbitrary repression” (Drèze & Sen 2002 : 351). As suggested by Krishna (2002), it is also the distance – physical as well as psychological – between the average citizen and the legal system which is problematic. Many ordinary citizens are convinced that both police and judiciary are impartial and inefficient. Even when reality is different, “this image remains and people prefer to stay away from the police and the courts” (Khrisna 2002: 134).

Tiruvallur District is no exception. The absence of a reliable judicial system is a permanent source of uncertainty: individually, many families are totally unable to defend themselves in the face of countless sources of misappropriation : non-payment of salaries, expropriation, robbery (mafia rackets, often political, including those defending the lower castes), various frauds (fake chit funds, fake tax inspectors demanding advances, fake degree retailers or even government jobs, fake insurance *thailivars*, etc.), arbitrary imprisonment, etc. The women consistently complain about the inefficiency and partiality of the police force and judiciary. Without money, without support, one can do nothing, they say. Rumours or reality, for our purposes, it does not really matter: the fact is that in case of a problem, they seek help first and foremost. The NGO – via its *thailivars* - is a possible support (along with the local networks of political parties, caste associations). What is their role? In the event of a written procedure (for example, a complaint), it is a matter of verifying whether the texts are correct (many women cannot read or write). It is also a question of protecting oneself from the lack of regard and respect on the part of the police force: to get attention when one comes to complain or quite simply to obtain information, to avoid being beaten when one is arrested, the police force being famous for using a heavy hand in matters of physical violence. As with the hospital, to accompany the people is first and above all to ensure a minimum of consideration for them. With the judiciary, it is a question of helping the people to find a more or less reliable lawyer and to give them an idea of the amount of compensation they can request.

¹⁷ According to a report from Transparency International, in 2006 around 30 millions cases were pending. While the upper judiciary system is relatively “clean”, though there are obviously exceptions, in the broader justice institutions “corruption is systemic” (Transparency International 2007: 216).

Selvi is SHG leader in Neyveli colony (low caste part of the village). While crossing the road in her own village, a drunk motorcyclist hit her head on, breaking several of her ribs. Her first step was to seek help in order to get treatment under favourable conditions. A friend of hers knows a Chennai hospital where he introduced her. Without him, she is convinced that she would have had to pay to be admitted and she would have had to wait several days before getting treatment. She then sought to lodge a complaint against the motorcyclist. The motorcyclist is from the *Ur* (upper caste part of the village); now there are regularly conflicts between the village and the colony. The chief of the village came to try to find a compromise, but she refused. She also refused to turn to the police: "They always agree with the village people [by village people she means those from upper caste]" she says. She preferred to involve Ramesh, the NGO credit officer who helped her to find a lawyer. The latter proposed an "arrangement": she pays nothing, and he commits himself to obtain a compensation of 20,000 Rs. rather quickly. Taking into account the physical injury that she received (perforation of the stomach and 30 days' hospitalisation), she could have asked much more and it is probably what the lawyer did without informing her. He will pocket the difference. Ramesh did not intervene regarding the amount, but he followed the procedure to make sure that at least she obtained the 20,000 Rs.

Praba, a credit officer, partly built her reputation of an authoritative and efficient woman for the SHG members by intervening at the time of a conflict combining questions of caste and politics, a frequent scenario given the overlapping of political membership and caste membership. Let us briefly summarise the facts. The starting point of the incident is a dispute between two young people, one of the colony (lower caste neighbourhood), the other of the *Ur* (higher caste). The conflict quickly inflames the village, becomes a collective brawl between a score of young people of the two communities then in a political conflict since each of them is supporting two opposite political parties. A complaint is filed and the youth of the colony get pulled into the police station. Failing to find the young people involved, the police force cart off some mothers, some of whom were SHG members. Thrown into a panic, the mothers alert Praba, who goes immediately to the police station, taking with her a score of mothers since it is always better to go there in a group. Her first concern is to prevent the young people from being beaten up. At the same time, she asks her husband, very active in various defense organisations of lower castes. Nobody moves, but some phone calls are made and the result is immediate: in a few hours the young people are released.

5.6. Privacy and Intimacy: *Thailivars* as *Confidants*

To build intimate and close relationships with the women is another source of loyalty and fidelity. By privacy, we mean the express and share their experience as regards their conjugal relations, their relationship with the in-laws (tensions, conflicts, violence but also more subtle feelings such as humiliation, jealousy, shame, etc.). Some of them also share their own extra-marital affairs, and some *thailivars* help them in some ways to pursue such relations discretely. Intimate relations are far from being systematic but are not exceptional either and when they exist, this can explain the reliability of the women, even despite any service of good quality. For some women, the strength and the intensity of the relation are such that they cannot even imagine to stop the relation – the very fact to mention it is unthinkable. Financial matters are the main “tool” through which the *thailivars* enter the women’s privacy. Talking about repayments or saving difficulties necessarily raises other issues such as the quality of the social relationships within the household, how the resources are shared and how the decisions are taken, etc. The issue of meetings and outings is also an opportunity to talk about private issues, as the women might be obliged to reveal that their husband or their in-laws prevent them from attending such meeting or such event. Ceremonies are also a key component of the social fabric of intimacy. *Thailivars* might be approached to give advice and to help the women to face to the numerous complications raised by the organization of such events (the cost, but also many decisions to

be taken as regards the invitations, the gifts, etc.). Ceremonies, as public events, are also an opportunity to demonstrate publicly the quality and the strength of these intimate relations. The presence of the *thailivars* is highly expected: it gives a social and official recognition of the relationships. When invitations are not honored, it is often a source of disappointment, bitterness and even sometimes of conflict. Of course, intimate relations are also ambiguous. It can be used – more or less consciencously - by the *thailivars* to control the women – and indeed, the divulgence of some private questions is sometimes a source of conflict.

5. 6. The Diversity of Thailivars' Profile

All *thailivars* don't perform equally. Most of them combine one, two sometimes three of the functions described here. As indicated earlier, some act as « cash reserve » or « small banks », while others decline any financial responsibilities, either because they lack the funds or simply because they refuse to take any risk. As far as health aspects are concerned, only those who have experience, as short and limited it might be, are able to fulfil the demands. Regarding administrative aspects, here again some basic skills are needed with which some are not provided: to read and write, at least approximately, but also to have some knowledge of the administrative machinery and the informal know-how needed to be heard by officials. As for privacy and intimacy, some categorically refuse to involve themselves, or they are not approached since they don't inspire confidence.

The profile of the *thailivar* is very diverse. Most of the time, *thailivars* come from the same caste than their clients. Most of them are women, but one also finds men, and usually their role differs. Men intervene more in terms of mass mobilization, not directly with the women but with the male kin of the clients (who, as already said, are mainly women). Since women mobility is often heavily controlled by the male kin (husbands, fathers-in-law, brothers), it is indeed more efficient to approach and to convince men who then will send their wife, sister, daughter to the mass event¹⁸. As for women, even though some of them can also be very efficient in terms of mass mobilization, their “efficiency” is much more in terms of capability to establish private and intimate relations. If the authority and legitimacy of the *thailivar* at the local level are determining criteria, these can come from different factors. The family status (seniority in the village, landownership, government job of one of the family members, etc.) is important without being an exclusive and systematic factor. Education, the capacity for public expression, the associative or political involvement can also be determining factors.

All the criteria mentioned here play a key role at the start, and then over the course of time, the efficiency of the *thailivars* – defined in terms of their capability to establish relations of loyalty with the clients – requires a real know-how, that some of them learn progressively. This know-how is a mix

¹⁸ Similar observations have been done in Bangladesh by Goetz (2001: 177).

of authority (often based on kinship relations, sometimes political networks), capability of persuasion and of bargaining, but also capability to listen and to demonstrate, and finally technical skills, especially access to the outside world, to social networks and to information.

6. Conclusion

As with many other development projects, microfinance organisations are often considered through the narrow prism of their official mission – here financial services – and within a defined space-time setting, without any attention to their “social life” (Long 1992). The organizations - and the people within it - have a past, a history, a memory. They are part of a social, economic, political, cultural environment which is at the same time a source of opportunities as well as constraints. They have a local reputation to build or preserve. They have partners, formal or informal, followers, friends but also opponents and enemies. Each new intervention reactualises this institutional environment, reinforces collaborations, but also rekindles tensions - institutional, sometimes personal - or creates new ones. As a consequence, the implementation of development projects rarely follows a predetermined plan. In our case study - microfinance services in a specific geographic area of South-India -, it is interesting to see that the issue of risk management takes devious means, both for microfinance providers and microfinance clients. From the providers’ side, beyond group-lending, building patronage and brokerage relations constitute one of the chief means to ensure the loyalty of the clients. From the clients’ side, while microfinance services are expected to help them to improve their own risk management strategies, the implementation is much more complicated. On the one hand, given the mediocre quality of financial services, their impact is probably limited. On the other hand the various additional services provided by credit officers and/or group leaders certainly help them to cope with risk, not only in financial terms, but also regarding health, administrative and juridical problems or even private issues. Far from being a market relation, reduced to financial transactions and isolated from personal issues, we have argued that the relations between borrowers and microfinance NGOs are based on brokerage and patronage, socially built thanks to the active role of credit officers and group leaders who play simultaneously a role of intermediary, mediator, interface, adjustment. These relations consist of dynamic, meaningful, incessantly negotiated interactions which are fully embedded into personal relations and sentiments. Issues of honor, loyalty, obligation, support and protection but also deference and submission represent a crucial component of the social fabric of borrowers-lenders relations.

Several lessons can be learned from this case study, both for microfinance in south-India and microfinance in general. First, our case study underlines the risks of uncontrolled growth. Microfinance has grown dramatically over the last decade in India, especially in the South. But massive supply has its draw-backs. Notwithstanding the poor quality of financial services provided by

the NGOs described here, microfinance attracts a growing number of public and private providers. While it makes no doubt that many Indian microfinance organisations are entirely devoted to their social mission, it is also clear that many others use microfinance for opportunistic reasons, be it accessing subsidies (NGOs) or getting political support (the Indian government). Unfortunately, such dubious motives are hardly compatible with efficiency and fairness.

Second, it is clear that much more attention should be paid to credit officers and group leaders. While the technical dimension of risk management in microfinance has led to a proliferation of scholarly interest, curiously the issue of human resources has been rather neglected. As we have seen, their role is at the same time extremely complex, many-sided and sometimes ambiguous. Complex and many-sided, in the sense of knowing when it is necessary to play the NGO game (to enroll clients, to persuade them, convince them, mobilize them), but also to play the client's game: not only to inform them of financial services, to keep accounts, etc., but also to answer a multitude of various and varied requests. Sometimes they act as financial advisers, even as financial intermediaries, sometimes as medical, administrative, legal or even marital advisers. As any relationship of patronage and brokerage, their role is also ambiguous: their investment and commitment are considerable, but (and it is inevitable) they also their position for purely personal gains. As we argue below, their presence as brokers is hard to avoid. It is obvious however that better working conditions (for the credit officers) and better conditions of involvement (for the group leaders, who are volunteers) could help to mitigate the ambiguity of their position. Thanks to its capability to build personal relationships, the voluntary sector is usually acknowledged as having a “comparative advantage” in providing services that are flexible, responsive and accessible for disadvantaged local people and under-served communities. Here the personal ‘touch’ of the voluntary sector takes extreme forms, with severe risks of partiality as a consequence. Notwithstanding personal affinities, the working conditions of the staff prevent them to show partiality. As for the group leaders, whose involvement is free, their partiality depends on their good will.

Third, no doubt that the group lending system makes the presence of brokers all the more unavoidable. Our description has been limited to group leaders, and a full analysis of the group functioning would deserve a specific study which goes far beyond the scope of this paper. For our purpose it is enough to underline the ambiguity and the ambivalence of the SHG approach as a whole. On the one hand, the SHG system provides a great flexibility (insofar as many decisions are taken by the group) but on the other hand, SHG are highly vulnerable to capture by vested interests and to inequitable distribution of the benefits (Harper 2002; Johnson 2004). Their functioning also requires considerable management skills and often implies huge hidden costs, especially for group leaders. It might be argued that it is also group leaders that benefit the most from microfinance (Sinha 2005). But whether the benefits

exceed the costs is far from being clear and more than that, one can wonder why the group leaders should do what is normally considered as the bank or the NGO work (Harper 2007).

Fourth, what can be said about the clients' perspective? As we have seen, despite asymmetric relations and permanent strategies of control from NGOs, the borrowers (here mainly women) cannot be considered as passive victims. On the one hand, they play an active role in the building of patronage relations since they are in need of permanent protection and support. On the other hand, they don't content themselves in relations of deference and submission: they negotiate, they bargain, directly or indirectly, they use various tactical ways of manipulation and resistance. They are ready to submit to some kind of control and hierarchy (to show discipline, availability, participation in numerous meetings and events, gratitude), on the condition, however, that the services (which go well beyond microfinance services) are meeting their expectations. Most women are extremely perceptive and play the game only if it is worth it. At the end, and from an operational perspective, one can wonder: what are the benefits? What are the costs? While ethnography "can explore the multiple rationalities of development" (Lewis and Mosse 2006: 15), measuring these rationalities and their effects is of course much more difficult. Trying to quantify the various effects we have observed here (or at least some of them) could be the next step of the research. The objective would be to assess the impact, not through usual indicators defined *ex ante*, but through "indigenous" categories of evaluation. This would imply a strong collaboration between anthropologists and economists. Such collaboration is probably easier said than done, but we believe that it is the only way to understand the real effects of development projects, especially microfinance.

Last, and not least, we suggest that patronage and brokerage are hardly avoidable. Their presence cannot be considered only an anomaly or a result of microfinance interventions. Certainly, the characteristics of the microfinance supply on the territory studied here explain partly their presence. Faced with the mediocrity of financial services, the size of the credit officers' portfolios and the competitive climate of the supply, to propose complementary services and especially to build up relationships of dependence and obligation is an assurance for client's loyalty. But we suggest that patronage relationships also reflect current modes functioning locally. In India, intermediaries are at the heart of the social fabric of markets (Vidal 2003), and one can assume that patronage is a way to combine the opening of the market and the permanence of hierarchical relationships (Eisenstadt and Roniger 1984: 180). We also suggest that India is no exception: patronage develops naturally in societies characterized by a climate of strong uncertainty, in particular regarding the access to goods and services (public and private), and where definition of personal and collective identities can be best understood in relations to the various personalized concepts – of obligation, of honor, of personal 'sentiment' and even, in some cases, of ritual attachment (Abercrombie and Hill 1976; Eisenstadt and Roniger 1984: 211).

7. References

- Abercrombie, N., Hill, S., 1976. "Paternalism and patronage", *British Journal of Sociology*, 27 (4), pp. 413-429.
- Armendariz de Aghion, B., Morduch, J., 2005. *The Economics of Microfinance*, Cambridge: MIT.
- Armendariz de Aghion, B., Morduch, J. 2000. 'Microfinance beyond group lending'. *Economics of transition*, 8 : 2 , 401-420.
- Besley, T., 1995. "Non-market institutions for credit and risk sharing in low-income countries." *Journal of Economic Perspectives*, 9: 3, 115-27.
- Bierschenk, Th., Chauveau J.-P., Olivier de Sardan, J.-P., (eds) 2000. *Courtiers en développement. Les villages africains en quête de projet*, Paris : APAD/Karthala.
- Bierschenk, Th., Chauveau, J.-P., Olivier de Sardan, J.-P., (eds) 2002. "Local development brokers in Africa : the rise of a new social category", *Working paper n°13*, Department of Anthropology and African Studies. Mainz, Germany: Johannes Gutenberg University.
- Boissevain, J., 1974. *Friends of friends*, Oxford: Blackwell.
- Bourdier, F., 1999. "Risques, enjeux et partenaires de la lutte internationale contre le sida", *Revue Autrepart* : 105-122.
- De Certeau, M., 1990. *L'invention du quotidien. Tome 1. L'art de faire*, Paris : Gallimard Folio (réédition).
- Diagne, A., 2000. "Design and Sustainability Issues of Rural Credit and Savings Programs: Findings From Malawi", *Policy Brief No. 12*, IFPRI, Washington.
- Dichter, Th., and Harper, M., 2007. (eds) *What's wrong with microfinance? Practical Action*.
- Doolittle, A., 2006. "Resources, ideologies and nationalism. The politics of development in Malaysia", in Lewis and Mosse (eds) *Development brokers and translators. The ethnography of aid and agencies*, Bloomfield CT: Kumarian Press: 51-74.
- Eisenstadt, S., N., Roniger, L., 1984. *Patrons, Clients and Friends. Interpersonal Relations and the Structure of Trust in Society*, Oxford : Oxford University Press.
- Edgcomb, E., Barton, L., 1998. *Social intermediation and microfinance programs: A literature review*. Washington, DC: USAID, Microenterprise Best Practices.
- Escobar, A., 1995. *Encountering development: the making and unmaking of the third world*, Princeton: Princeton University Press.
- Ferguson, J., 1994. *The anti-politic machine: development, de-politicisation and democratic power in Lesotho*, Minneapolis: University of Minneapolis Press.
- Fernando, J., L., (ed) 2006a. *Microfinance. Perils and Prospects*, Routledge, Londres.
- Fernando, J., L., (ed) 2006b. "Introduction. Microcredit and empowerment of women: blurring the boundary between development and capitalism" in Fernando (eds) *op. cit.* 1-43.
- Fouillet, C., (forthcoming). "Microfinance development sector in India: Reach and limits", in Yogesh J. (éds.), *Fulfilling Millennium Development Goals: Institutional Responses in South Asia*, London: Oxford University Press.
- Ghate, P., 2007. *Indian Microfinance. The challenges of Rapid Growth*, New-Delhi: Sage.
- Goetz, A.-M., 2001. *Women development workers. Implementing rural credit programmes in Bangladesh*, New-Delhi/Thousand Oaks/London: Sage.
- Goetz, A.-M., Gupta, R. S., 1996. "Who Takes the Credit ? Gender, Power and Control Over Loans Use in Rural Credit Programs in Bangladesh", *World Development*, vol. 24, n°1, p. 45-63.

- Guérin, I. 2000. "Le prêt collectif peut-il être considéré comme une innovation financière ?", *Revue Savings and Development*, n°2, XXIV, pp. 219-247.
- Guérin, I., Palier, J., (eds) 2005. *Microfinance challenges: empowerment or disempowerment of the poor?* Pondichery : Editions de l'Institut Français de Pondichéry.
- Guérin, I., Roesch, M., Kumar, Venkatasubraniam, .2008. "Microfinance and vulnerability. a case study in South-India", *ILO Working Paper* (Social finance unit), Forthcoming
- Guérin, I., Morvant, S., 2008. "Microfinance and Group lending: internal arrangements as a way to introduce flexibility. Evidence from Mexico and India", Contribution to the Boulder-Bergamo Forum on Access to Financial Services: Expanding the Rural Frontier, 17-19 September, Bergamo.
- Harper, M., 2002. "Self-help groups and Grameen Bank Groups: what are the differences?" in Th. Fisher and Sriram (eds), *op. cit.* pp. 169-199.
- Harper, M., 2007. "What's wrong with groups?" in Th. Dichter and M. Harper, *op. cit.*, pp. 35-48.
- Hirschman, A. O., 1964. *The strategy of development*, New-Haven: Yale University Press.
- Hulme, D. & Mosley, P., 1996. *Finance against poverty*, London: Routledge, London
- Jain, S., Mansuri, G., 2003. "A little at a time: the use of regularly scheduled repayments in microfinance programs", *Journal of Development Economics* 72 (2003) 253–279.
- Jauzelon, C., 2006. "Social workers and "beneficiaries": power and status relations" *International seminar on Labour in South-Asia; labour relationships, identities and bondage*, French Institute of Pondichery, Institute for Human Development, International Labour Organisation, Pondicherry, 7-9 February
- Jenkins, R., 1999. *Democratic politics and economic reform in India*, Cambridge: Cambridge University Press.
- Johnson, S., 2004. "Milking the elephant: financial markets are real markets in Kenya", *Development and Change* 35 (2) : 249-75.
- Krishna, 2002. *Active Social Capital: Tracing the Roots of Development and Democracy*, New York: Columbia University Press
- Lewis, D., Mosse, D., (eds) 2006. *Development brokers and translators. The ethnography of aid and agencies*, Bloomfield CT: Kumarian Press.
- Long, N., 1992. *Development sociology: actor perspectives*, London: Routledge.
- Macintosh, C., De Janvry, A., Saoulet, E., 2005. "How rising competition among microfinance institutions affect incumbent lenders", *The economic journal*, October (15): 987-1004.
- Manor, J., 2000. "Small-time Political fixers in India's States: "Towel over Armit"", *Asian Survey*, vol 40 (5), Sept-Oct, pp. 816-835.
- Matin, I., 1997. "Repayment performance of Grameen Bank borrowers: the unzipped State", *Saving and Development*, 4: 451-473.
- Mayoux, L., 2001. "Tackling the Down Side: Social Capital, Women's Empowerment and Micro-Finance in Cameroon", *Development and Change* 32(3): 421–50.
- Meyer, R. L., 2002. "The demand for flexible microfinance products: lessons from Bangladesh", *Journal of International Development*, 14 (3), pp. 351-368.
- Molyneux, M., 2002. "Gender and the Silences of Social Capital: Lessons from Latin America", *Development and Change* 33(2): 167–188.
- Morduch, J., 1999. "The microfinance promise", *Journal of Economic Literature*, vol. XXXVII, december, p.1569-1614.
- Morvant-Roux, S., 2007. "Microfinance institution's clients borrowing strategies and lending groups financial heterogeneity under progressive lending: Evidence from a Mexican microfinance program". *Savings and Development*, n°2, pp. 193-217.

- Morvant-Roux, S., 2006a. "Processus d'appropriation des dispositifs de microfinance : un exemple en milieu rural mexicain », *Thèse de doctorat en Sciences Economiques*, Université Lumière Lyon 2.
- Morvant-Roux, S., 2006b. "Mécanismes d'ajustement de l'offre aux besoins des clients d'une institution de microfinance en situation quasi monopolistique", *Revue Tiers monde*, n°186, p. 329-348.
- Mosse, D., 2005. *Cultivating development. An ethnography of aid policy and practice*, London: Pluto Book.
- Navajas, S., Conning, J., Gonzalez-Vega, C., 2003. "Lending technologies, competition and consolidation in the market for microfinance in Bolivia", *Journal of International Development*, Vol. 15, No. 6, pp. 747- 770
- Olivier de Sardan, J.-P., 2004. *Anthropology of development: Understanding contemporary social change*, London: Zed Books.
- Parthasarathy, D., 1997. *Collective violence in a provincial city*, Delhi: Oxford University Press.
- Rankin, K., N., 2002. "Social Capital, Microfinance and the Politics of Development", *Feminist Economics* 8(1): 1–24.
- Rankin, K., N., 2006. "Social Capital, Microfinance and the Politics of Development" in Fernando (ed) *op. cit.*: 89-111.
- Rahman, A., 1999. "Microcredit Initiatives for Equitable and Sustainable Development: Who Pays ?", *World Development*, vol. 27, n°1, p. 67-82.
- Roesch, M., Guérin, I., Santosh, Kumar, Thanuja, M., Venkatasubramanian, Ponnarasu, 2006. "Impact assessment of the Peblisa project in Tamil Nadu (community-based and microfinance led interventions)", *Report for the International Labour Organisation*, French Institute of Pondichery.
- Rossi, B., 2006. "Aid policies and recipient strategies in Niger. Why donors and recipients should not be compartmentalized into separate worlds of knowledge" in Lewis and Mosse (eds) *op. cit.*: 27-49.
- Scott, J., C., 1990. *Domination and the Arts of Resistance*, New Haven and London: Yale University Press.
- Servet, J.-M. , 2006. *Banquiers aux pieds nus : La microfinance*, Odile Jacob, Paris.
- Sinha, F., 2005. "Access, Use and Contribution of Microfinance in India: Findings from a National Study", *Economic & Political Weekly*, 40 (51), December 17, pp. 1714-1719.
- Sinha, S., Matin, I. 1998. "Informal credit transaction of micro-credit borrowers in rural Bangladesh", *IDS Bulletin*, 29: 4, 66- 80.
- Vidal, D. 2003. "Markets" in Veena Das (ed) *The oxford India companion to sociology and social anthropology*, Vol II, pp. 1123-1135.
- Weber, H., 2004. "The new economy and social risk: banking on the poor?", *Review of International Political Economy*, vol. 11, n° 2, p. 356-386.
- Weber, H., 2006. "The global political economy of microfinance and poverty reduction: locating local 'livelihoods' in political analysis" in Fernando (ed) *op. cit.*: 43-64.
- Yaron, J., 1994. "What makes rural finance institutions successful?", *World Bank Research Observer*, vol. 9(1): 49-70.
- World Bank 2008. *Finance for all? Policies and pitfalls in expanding access*, Washington: World Bank.
- Wright, K. 2006. "The darker side to microfinance: evidence from Cajamarca" in Fernando (ed) *op. cit.*: 154-171.