**Microfinance and its Discontents: Women in Debt in Bangladesh**, by Lamia Karim, Minneapolis and London, University of Minnesota Press, 2011, xxxiii + 255 pp., ISBN 978-0-8166-7095-6

Few academic monographs today demand urgent attention as does Lamia Karim’s path-breaking study of how microfinance institutions ensnare rural Bangladeshi women in social webs of debt and disempowerment. In Karim’s painstaking ethnographic exploration of the everyday worlds of the much-lauded Grameen Bank and its chief competitors BRAC, ASA, and Proshika, readers are introduced to the seamier side of rural microfinance as its ‘beneficiaries’ encounter it. Accordingly, what champions of microfinance describe innocuously as credit networks are revealed to be debt relations, which generate new forms of socioeconomic hierarchy that bind poor borrowers to lenders. Even as non-governmental microfinance institutions funded by international donors raise thousands out of dire poverty, Karim shows, they place their ‘beneficiaries’ in new relations of subordination in local moral economies of shame as well as in the global neoliberal market economy.

 *Microfinance and its Discontents* is, above all, an indictment of the ‘new modes of governance’ (30) that hold sway today over poor populations in the Global South. In Bangladesh’s troubled political history, the turn to these NGO-centered modes of governance occurred under the military dictatorship of General Ershad and externally-imposed structural adjustment policies during the 1980s. Spearheading the new technocratic project of poverty alleviation was the Grameen Bank, brainchild of later Nobel Prize winner Muhammad Yunus. The Bank lent money to poor borrowers in rural Bangladesh according to ‘capitalist norms of individualism, hard work, discipline, hygiene, and savings’ (70-71). In line with American and international aid conditions, a focus on ‘gender’ came to be adopted, though it was taken for granted that ‘rural men remained the primary users of the money lent’ (71). Rural centers of forty women, sub-divided into eight groups of five each, became the nodes of microfinance operations. Small loans of $100-200 were expected to be repaid within a year at a fixed interest rate of 20 % plus sundry hidden costs, which were nonetheless less than the prevailing moneylenders’ rate of 120 %. Typically, dominant rural lineages and those who fitted the entrepreneurial demands headed local Bank operations, maintaining fiscal discipline and pushing through additional products such as mobile telephony and bottled water. These fiscal and societal arrangements, which undergirded debt relations in Karim’s fictitious ‘Pirpur thana’, constituted the new regime of governance in rural Bangladesh.

 There are at least four ways in which Karim persuasively demonstrates the challenges posed by the new NGO-centered regime of governance. Firstly, NGO-sponsored microfinance has not eliminated rural moneylending, but has, in fact, ended up actively financing circuits of debt in Bangladesh. A successful rural entrepreneur, by the logic of microfinance, may well be a moneylender who charges exorbitant interest rates in order to repay her own loans to Dhaka-based organizations. Secondly, those who do not fit the entrepreneurial ideal or suffer personal setbacks can fall into a severe debt trap, which can lead to greater dependence on lenders and, ultimately, utter destitution. Thirdly, those who cannot repay debts face the ‘ultimate stamp of dishonor’ (117), house-breaking by fellow villagers, even kin, to recover part or all of the money owed. Lastly, since NGOs do, in fact, provide valuable services, including credit, to the rural poor, they have effectively become quasi-sovereigns who distribute benefits selectively and structure new relations of dependence in rural Bangladesh. In sum, what appears to empower women does exactly the opposite.

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