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WHAT DOES “MICRO” STAND FOR?
MICROCREDIT FOR RURAL COMMUNITIES IN KERALA

Introduction

In recent years microfinance has emerged as an alternative economic discourse to the large-scale investments typical of globalization and has developed a range of money-lending models that aim to promote people’s participation and sustainable development. From the support of agriculture and craftsmanship to education, health and social work, microfinance is targeted at marginalised people of both developed and developing countries and focuses on small-scale projects relevant to community needs. By promoting democratic policies and equitable economic practices attentive to local contexts and respectful of culture-specific differences, it embodies a resistance to the macro-financial money flows of global capitalism, mainly orchestrated by supranational institutions such as the World Bank, the International Monetary Fund and the World Trade Organization (Stiglitz: 2002). It thus contributes to the enactment of the opposite phenomenon of “glocalization”, i.e. the peculiar ways in which local communities represent their own identities and respond to global culture.

Along this perspective my paper focuses on the discourse of two experiments in microfinance – loosely assembled under the tag of “microcredit” – of which I managed to gather some extensive evidence during a trip to the Indian state of Kerala in July 2004. Starting from the self-representations they provide in the related literature and on their websites, I will first focus my attention on the grammatical and lexical patterns through which purpose appears to be encoded (van Leeuwen: 2000). I will then read these data in the light of Critical Discourse Analysis – keeping in mind, in particular, the emphasis CDA places on the relationship between language and power and the importance it confers to language as a key factor in social change – in order to demonstrate how the commitment to an ethically-informed view of economics may construct and shape the discourses and the practices of financial organisms. Finally, I intend to underline the extent to

which microcredit in the context of Indian rural communities sets out to alleviate poverty and activate realistic forms of empowerment and participation.

The history of microcredit

What is microcredit? In the words of its inventor, Muhammad Yunus, an economics professor at the Chittagong University in Bangladesh, “the word did not exist before the seventies” (Yunus: 2004). Impressed by the exploitation of labourers, by the incredible poverty and precariousness of his people (in 1974 there was terrible famine in the country), but also by their resilience and courage, Yunus dared the unimaginable: to grant collateral-free loans to poor people who were otherwise denied credit.

Yunus discovered that very small loans could make a significant difference to a poor person’s ability to survive. His first loan consisted of \$27 from his own pocket which he lent to a woman who made bamboo furniture, which she sold to support herself and her family (Yunus: 2000, 21). However, traditional banks were not interested in making tiny loans to poor people because they feared they would never be reimbursed. Thus, poor people were often forced to turn to local moneylenders who gave loans at exorbitant interest rates. Yunus personally asked some local banks for financial support, created a network of social workers who gathered and educated poor village people, and started to advance credit without any collateral security. In 1976 he was eventually able to found an independent bank, called Grameen Bank (Yunus: 2000, 80). “Grameen” is an adjective coming from the word “gram”, belonging to Sanskrit languages, which means “village”. To ensure repayment, the bank uses a system of Self-Help Groups (SHGs): a borrower joins a group of other borrowers, they apply together for loans, act as co-guarantors of repayment and support one another’s efforts at economic self-advancement.

From its beginnings in Bangladesh the Grameen Bank has spread all over the world and the notion of microcredit has become a buzzword for everyone working in the field of sustainable development, though it is in fact a polysemous signifier describing very different realities. As a financing model it needs adapting to the different situations of prospective borrowers but, doubtless, with its multiple paradigms microcredit remains a word inspired by a socially-sensitive, ethically-committed notion of economics. Above all, it is important to stress the fact that, thanks to the

Grameen Bank, microcredit has been legitimated worldwide because it has proven to be not another form of charity, but a successful means to empower the poorest, sticking to a rationality of means and ends (van Leeuwen: 2000, 68). The key point of microcredit is the subversion of the narrow-minded economic view claiming that the poor are not creditworthy. The contrary is quite true, they are interested in repaying their debts since they have experienced how difficult access to credit may be for them.

Microcredit is, in other words, an interesting reformulation of credit according to an enlarged notion of economics that confutes a narrow interpretation of utilitarianism and advances economic paradigms that do not neglect the rationality of ethical considerations. I am here referring in particular to the brilliant argumentation proposed by the Indian scholar and 1998 Nobel Prize Winner in Economics Amartya Sen who, in his book titled *On Ethics and Economics*, reflects upon how “economics can be made more productive by paying greater and more explicit attention to the ethical considerations that shape human behaviour and judgement” (Sen: 1987, X, from the Introduction by John M. Letiche).

Why should it be uniquely rational to pursue one’s own self-interest to the exclusion of everything else? It may not, of course, be at all absurd to claim that maximization of self-interest is not irrational, at least not necessarily so, but to argue that anything other than maximizing self-interest must be irrational seems altogether extraordinary.

The self-interest view of rationality involves *inter alia* a firm rejection of the “ethics-related” view of motivation. Trying to do one’s best to achieve what one would like to achieve can be part of rationality, and this can include the promotion of non-self-interested goals which we may value and wish to aim at (Sen: 1987, 15).

Sen’s words sound particularly incisive in the Indian cultural context where collectivism rather than individualism represents a specific dimension of the national culture, according to Hofstede’s theorisation (1991: 14) of the four dimensions of culture, namely *power distance* (from small to large), *collectivism* versus *individualism*, *femininity* versus *masculinity*, and *uncertainty avoidance* (*ibid.*).¹ Since one of these four dimensions is the role of gender, it is also important to remember that microcredit projects insist on

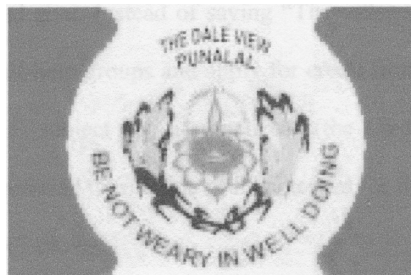
¹ According to Hofstede (1991: 14), “a dimension is an aspect of culture that can be measured relative to other cultures”. Uncertainty avoidance is “the extent to which the members of a culture feel threatened by uncertain or unknown situations” (*ibid.* 113).

lending specifically to women who suffer exceedingly from poverty and who are more likely than men to devote their earnings to serving the needs of the entire family. Information about the most pressing problems of the community – for example, health, sanitation, childcare, alcoholism – is more easily obtained by listening to a woman’s complaints. By bridging the banking divide and by empowering women, “microfinance is one of the most effective poverty reducing strategies” (Tiwari and Fahad: 2004).

Two case studies

Let us now look more closely at two social formations shaped by the discourse of microcredit, a discourse which, as has been seen, implies moral and social legitimation, outspoken economic and ethical views, well-established strategies and practices, a specific semantics of purpose and, therefore, a spelt-out grammar of purpose (van Leeuwen: 2000, 71), that is, of the linguistic constructions through which purpose is expressed and made more or less explicit.

The first situation I would like to describe briefly is a village community named “the Dale View”, near Trivandrum, the capital city of Kerala. Founded in 1978 by an energetic and inspired man, Sri C. Christudas, whose father had taken part in the nationalist struggle, the Dale View has now become a structured and expanding reality, including English-medium education from elementary school to college. Its core, however, consists of a large community of village people inhabiting a rural area that was extremely backward when the Dale View project started. The logo of the Dale View is a blooming lotus flower, opening up in an ideal embrace and surrounded with the motto: “Be not weary in well-doing”.



The vision of the community is so described:

- creation of a self-reliant, participatory and just society based on values through a process of empowerment (general presentation of the Dale View)
- creation of a self-reliant and just society where people have access to resources and techniques to take up productive enterprises and thus improve the standard of living (The Dale View Microcredit Program).

In recent years collectivist forms of investment through self-help groups have been encouraged by the community organization. Self-help groups, or SHGs, are voluntary groups of poor people engaged in collective saving and thrift activities for the purpose of securing credit. The Dale View self-help groups are united in a Federation of SHGs (Samyuktha). The mission statement of Samyuktha (which means “united”) reads as follows:

Mission

To facilitate the empowerment of the weaker and vulnerable sections of society deprived of income, employment and social status through microcredit, micro-entrepreneurship and effective resource management (The Dale View Microcredit Program).

The mission statement consciously constructs the goal of Samyuktha as moralised action imbued with moral values – justice and compassion – as indicated by the adjectives “weak”, “vulnerable” and “deprived”. It is an example of what van Leuween (2000: 74) describes as a “technological” “means-oriented purpose construction”. The purpose – “empowerment” – is objectified, the actors – “the weaker and vulnerable sections of society” – are de-agentialized, the instrumental actions – “micro-credit”, “micro-entrepreneurship” and “effective resource management” – are lexicalized. This means that social actors are not explicitly constructed as intentional agents and the emphasis is rather placed on the tools that are necessary to attain the proposed goal. Instead of saying “The village people at the Dale View gather in self-help groups and apply for credit from financial agencies and NGOs”, the subject is nominalized (the Federation of SHGs/Samyuktha) and referred to in terms of its potential for the given purpose, as the verb “facilitate” shows.

A similar construction of purpose is retraceable in the list of the objectives of the microcredit program:

Objectives:

1. promote socio-economic development at the grassroots level through community-based approach
2. develop and strengthen grassroots people's groups called Self-Help Groups and facilitate sustainable development through them
3. provide livelihood training to women and the disabled
4. promote activities which have community participation and sharing of responsibilities
5. promote programs for the disabled
6. empower and mainstream women
7. promote sustainable agriculture and ecologically sound management of natural resources
8. organize and coordinate networking of grassroots level organizations.

Again, purpose is articulated through the same linguistic strategies. A means-oriented purposeful action – the microcredit program – stressing great potential; de-agentialization, which looks almost like a deliberate way of effacing the individual self; finally, objectivation of purpose through abstractions – “development”, “training activities”, “programs”, “agriculture”, “management”, “networking”. Though point 2 and 7 show a slightly different construction since the object of the two sentences (“people’s groups”, “women”) finally foregrounds social actors, the momentum of the purposeful action does not seem to originate from intentional human agency, which is not made grammatically explicit but only implied. Does initiative reside in the community at large, as the recurring “grassroots” metaphor would seem to suggest, or rather in the inspirational vision of its founder?

Finally, what makes the Dale View microcredit program successful are the following:

Special Features

- group efforts and productive ventures
- participatory and decentralized decision-making process
- informal social control mechanism
- concentration on women
- green sector development

With the exception of the green sector development which, one would think, naturally follows a respectful approach to local agricultural practices and is therefore logically connected with the other items on the list, such features – all expressed by nominal-

ization through process nouns, “effort”, “venture”, “process”, “mechanism”, “concentration” – are the defining points of the discourse of microcredit from its start and show how it is sustained by an intense ethical commitment. The discourse of microcredit emerges as an imbrication of consciously made and named ethical choices and economic strategies. Ethical choices become specific types of behaviour (group work, participation, democracy, the emancipation of women) and enforce consequent economic strategies, which turn out to be rational and successful in empowering the poor. Again, explicit agency is obfuscated, while the phrase “informal social control mechanism” hints at the existence of disciplining procedures enacted by the community in a context characterised by a small power distance index.

The second example is provided by a rural bank, called the North Malabar Gramin Bank (NMGB), which is also actively engaged in microcredit dispensation through self-help groups. As its name reveals, the NMGB recalls its famous prototype, the Grameen Bank of Bangladesh, but it represents an Indian reworking of a banking institution targeted at rural people and lending small amounts of money, though the notion of “small” is extremely relative. “Formal financial institutions in India have ventured into microfinance in a massive way by adopting the SHG-Bank Linkage Program model” (Bansal: 2003) in the effort to familiarise rural people with banking transactions.

The NMGB is one of the 196 Regional Rural Banks operating in the country established under the 1976 Regional Rural Banks Act. As we learn from its website (<http://www.nmgbank.com>), the Share Capital of the bank is contributed by the Government of India, by the Syndicate Bank (a sponsor bank that is the lead bank in that district) and by the Government of Kerala in the ratio of 50, 35, and 15 respectively). It describes itself as “a scheduled bank owned by the Government” which is “actively involved in all the rural developmental activities of the Government”. Its logo makes use of the icon of the coconut tree standing by a river – a familiar scene in the landscape of Kerala – and is inscribed with the assertive bank motto: “The key to prosperity”.

The logo is semiotically cogent: as the bank motto is a nominal phrase in which the metaphoric image (“the key”) is postmodified by the general purpose (“prosperity”) which appears to be built into the phrase itself, so, at the visual level, the river bank is a key. This is, quite evidently, another example of how economic discourse shapes and is shaped by social imaginaries.



In the case of the NMGB, legitimization comes directly from the central Government and the bank, which is a Public Sector bank, is fully government-owned. The purposeful action – “rural developmental activities” – is not moralised. If we take empowerment of the poorest on the edge of the market economy as the qualifying target of microcredit such as it was invented by Muhammad Yunus, we notice that the NMGB does not make any specific reference to them. Still, we read in the press that

the bank is actively engaged in microcredit dispensation through self-help groups and during the year under review, 536 groups were linked to the bank with a credit disbursal of 3.13 crore². So far, it has linked more than 1,600 groups (*Business Line*, 10.7.2004).

Similarly, the NMGB does not seem to aim its loans specifically at women, though a very interesting success story involving a woman is reported in the Indian press. Briefly, a twenty-five year-old housewife, whose husband runs an electronic shop, answers an advertisement of the Khadi and Village Industries inviting enterprising women to start self-employed business and, thanks to a loan from the NMGB, she sets up an Internet café with two personal computers and all other accessories, including a webcam at her house (*The Hindu*, 29.01.2004).

Let us now turn to the diversified loan portfolio the NMGB bank is able to offer. Its top product is advertised as the “Jewel Loan” and has three specific purposes, agricultural, productive and consumption. The “Jewel Loan” is followed by the educational loan, the personal loan, the housing loan, loans for vanilla cul-

² A crore is the sum of 10,000,000 or of 100 lakhs, said specifically of rupees.

tivation and rubber plantation development, the vehicle loan and the land loan. We also find the NMGB Krishicard, or card for agriculture, a hybrid word in *bilingual* (Hindi and English) where “krishi” is Hindi for agriculture.

The scheme aims at adequate and timely financial support to the farmers for meeting the short term needs in crop production in a flexible and cost-effective manner (<http://www.nmgbank.com/loan1.htm>).

As a way of conveying purpose, this is again a means-oriented construction, belonging to the subcategory of use (van Leeuwen: 2000, 74), where the relation of purposefulness is logically articulated through these phases:

- the tool – the Krishicard scheme – which is lexicalised;
- the purpose process (“aims at”);
- the objectives (“support to farmers”);
- the potential usefulness of the instrumental action, realised by the for + ing form (“for meeting the short term needs”).

Agency on the part of farmers is not totally deleted but is counterbalanced or, rather, improved by the bank’s range of financial products, expertise and prompt support. The bank is represented as enhancing rural people’s economic performance through careful professional assistance. This attitude was confirmed as an essential factor in personnel training by Leena S., the manager of a bank’s branch in Kottayam during a brief interview in July 2004, who described how a consistent part of her work included personally meeting the clientele at their homes.

However, and this is probably the most striking difference from original Grameen microcredit, NMGB grants loans conditionally, demanding “collateral security”, “co-obligation” of other creditworthy individuals and an apparently strict repayment scheme. For example, the “housing loan” is addressed to “individuals who are in gainful employment/profession/business” and sets the following requirements:

Security:

1. equitable mortgage of plot and house to be constructed
2. one co-obligant having landed property/sufficient income from salary/other sources

Repayment

1. repayable in equated monthly instalments
2. repayment period up to 20 years
3. initial repayment holiday up to 18 months

Besides the requirement of collateral security and the involvement of co-obligants, prospective borrowers from the NMGB are also subject to “other eligibility conditions”. With an interesting discursive mix of ethics and economics, applicants are required to show “high integrity and sufficient repaying capacity from known sources”, the educational loan goes to “deserving meritorious students”, and so on.

Two categories of microcredit

What do the two grammars of purpose analysed in the selected corpus reveal in terms of practical realisations of microfinance in a country like India which has the largest concentration of farmers in the world and where more than 300 million people live on less than a dollar a day? Is the ethically-informed frame of microcredit just skin-deep, or does it honestly strive to promote empowerment? To what extent is power really attributed to local communities, “glocalities” that are less and less immune from the macroscopic changes of the global market? These are obviously questions that cannot have a single answer, but at this point Critical Discourse Analysis can take advantage of the insights gained through the examination of purpose construction and highlight a few directions for further inquiry by eliciting the assumptions, values and goals that emerge from the self-representations of the Dale View with its microcredit program and the North Malabar Gramin Bank with its loan portfolio.

Both organizations seem to share quite a few common assumptions which are typical of the discourse of microcredit. The poor are creditworthy, the group is important, women’s role in the community is essential, there should always be close contact between financing institutions and borrowers, it is necessary to emphasize people’s expertise (e.g. in agriculture or for craftsmanship), behavioural flexibility, and self-employment versus paid labour.

In spite of the common assumptions, values and goals diverge. The Dale View program upholds a hard-line version of microcre-

dit, targeted at the marginalized sectors of society. It stresses cooperation, solidarity, education, awareness building and collectivist values at the grassroots level, promoting group over individual achievement. Savings are accumulated and debts are paid off through strategies of informal social control. Nevertheless, the program appears still influenced by a hierarchical attitude, no matter how benign, since intentionality would seem to reside first in the Dale View vision and only subsequently in collective wisdom.

The NMGB leans towards individual agency and well-being, enterprising and private consumption. In terms of power control, as a government-owned institution, it is subject to formal government legitimization and banking discipline along the lines of the major financial and banking sector reform inaugurated by the Government of India in 1991 (Satish: 2003, 1) As a regional rural bank, it strives to expand its outreach and to successfully combine rural development policies and those criteria of market economy – sustainability of credit, financial viability, asset performance – that will continue to grant its existence:

In the course of twenty-five years of existence, NMGB has established itself as a fundamentally strong and financially viable Regional Rural Bank in the country (<http://www.nmgbank.com/profile.htm>).

Though it is not specifically mentioned, the NMGB collateralized credit probably excludes the most marginalized people. Nevertheless, the support of local agricultural practices (coconut, rubber, vanilla etc...) would seem to make the NMGB and regional rural banks effective tools for pursuing one of the most significant policies after independence: “land reform” which “put land back in the hands of the peasants and cultivators, thus removing a root cause of poverty (Shiva: 2002). Unfortunately, this policy is being threatened by free trade and by “economic” reforms under globalization which reverse land reform “by corporatizing agriculture, displacing small peasants, and removing limits on land ownership” (*ibid.*).

Conclusions

2005 is the International Year of microcredit. What does “micro” stand for, then? It stands for what we want it to stand for, since an ethically-committed discourse does not always and necessarily turn into a coherent kind of purposeful action. As the Indian

activist Arundhati Roy writes, “all imperial projects share a logic, the logic of bigness” (Barsamian: 2004, XI). At least, we can continue to hope that, by consciously opting for smallness and by strictly sticking to the logic of it – as discourse and social practice – microcredit may turn the constraints of poverty into rational, respectful and sustainable forms of development.

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