

# **ROSCAs and Microfinance in Pakistan: Community and Culture**

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by

**Madiha Khan**

School of Management  
University of Leicester

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## **Abstract**

This study uses ethnographic and discourse analytical methods to investigate the socio-cultural settings of microfinance and ROSCAs (Rotating Savings and Credit Associations) in Pakistan. The fieldwork was conducted in the city of Dera Ghazi Khan in Pakistan from May, 2009 to October, 2009. The data was collected through participant observation, interviews and pictures with ROSCA participants and microfinance borrowers. Interviews were conducted, transcribed and analysed in native language and key concepts were examined. The study found that economic and cultural factors were interwoven. It was found that financial discourse was influenced by, and influenced, the socio-cultural settings. The prevailing socio-cultural context shapes the behaviours and actions of users of microfinance and ROSCAs and also, in turn, is reshaped by ROSCAs and microfinance.

The principal findings are as follows. ROSCA formations are based on the existing social structure and play a vital role in creating and maintaining communities. Moreover, part of the establishment of a community is found to be predicated on the exclusion of others. Microfinance also draws upon existing social structures but it is a commercial financial system and this commercial discourse of microfinance permeates the various cultural norms and obligations to enable instrumental objectives to be achieved. A widespread discourse of exploitation and vulnerability was found and this suggests that microfinance has a negative impact on the lives of some individuals and communities. On the other hand, unlike micro-borrowers, ROSCAs members do not talk about coercive mechanisms to influence behaviour and, indeed, the greater embeddedness of ROSCAs in the socio-cultural context makes undesired actions, such as defaults, a rare phenomenon.

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# **Chapter One: Introduction**

## **1.1 Background of the study**

In the first week of my MBA study in 2004, I attended a presentation on the Grameen Bank by senior students. By the end of presentation, I was highly impressed by story of the Grameen Bank. At the end of my MBA, I was offered a scholarship to do a PHD with a topic of research of my choice and while investigating topics of possible interest in the area of finance, I came across literature on the Grameen Bank and was reminded of the presentation I had attended. I was particularly interested in the ability of microfinance institutions, such as the Grameen bank, to reduce poverty. This strategy of poverty reduction was particularly appealing because poverty remains a serious concern in Pakistan where more than one fourth of the population is living below the national poverty line (CIA, The World FactBook, 2011)<sup>1</sup>.

It is often cited in the literature that microfinance group lending design is rooted in the traditional ROSCAs (Armendariz and Morduch, 2005). Nugroho (2009:45) states that ‘the blueprint for functioning’ of network of trust and social relationship in microfinance group lending ‘stems from the rotating savings and credit associations (ROSCAs)....’ and according to Armendariz and Morduch (2005) understanding ROSCAs can help in understanding group lending in microfinance. For instance, “How groups can help to reduce costs, mobilise funds, improves

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<sup>1</sup> According to CIA (Central Intelligence Agency) Fact Book, the percentage of people living below the poverty line (living on less than \$1.25/day) in FY 2005/06 was 24% in Pakistan.



monitoring, and deploy informal community-based enforcement mechanisms” (Ibid:68). Similarly, Gulli (1998:14) states, “Many innovative solutions to lower transaction cost and substitute collateral, such as the solidarity group lending methodology, stem from indigenous practices such as rotating savings and credit associations (ROSCAs)”. Indeed, microfinance and ROSCAs operate through same mechanisms for instance, where mainstream banks require income documents, financial collaterals and credit histories to establish creditworthiness, ROSCAs and microfinance utilise existing social relationships, networks of trust, social exclusion, and cultural capital to facilitate microlending (For more discussion see Chapter Two). In addition to this, it was also very surprising for me that microfinance has gained increased attention over the years while research on ROSCAs is very limited. This is even more surprising when one considers that in Pakistan, microfinance is taken up by only a relatively small percentage of the population compared to ROSCAs (Chapter Two). For example, my family have been participating in ROSCAs throughout my life. My mother, who is a school teacher, has always been an active participant in ROSCAs and indeed the first ROSCA I observed, before actually starting the research, was my mother’s ROSCA. I observed that her ROSCA was based on informal relations and reciprocal obligations and was usually formed of participants with similar socio-economic status. Moreover, I noticed that concepts such as trust, membership, and cooperation appeared to be embedded in social relations and cultural context.

Microfinance is often presented as development tool producing positive impact on poverty reduction, health and education improvements, and empowerment and emancipation for women (Littlefield, Murdugh, and Hashemi, 2003). However,

recently some studies have pointed towards a zero or even a negative impact of microfinance (Karim, 2001; Karnani, 2007; Maldonado and Gonzalez-Vega, 2008). Although the effects now seem open to question, advocates have continued to push the development of microfinance, ignoring indigenous forms of credit and saving. Thus, I decided to study ROSCAs and microfinance side by side as it will help to understand and compare their impact on prevailing social relations and culture. The primary objectives of the study are 1) to explore ROSCAs and microfinance in practice in Pakistan, focussing on the users of the two systems 2) to examine the commonalities and differences between ROSCAs and microfinance 3) to investigate how microfinance impacts upon the traditional environment for ROSCAs and 4) to study interactions between culture and microfinance and ROSCAs. Although it might be possible to roughly quantify some of the issues such as perhaps the amount of capital in circulation in the two systems, the informality of ROSCAs suggest that any attempt would be, at best, a crude estimate and quantification, *per se*, would not adequately investigate the principal themes outlined above. Rather, such questions demand a qualitative research methodology because it allows a richer, more nuanced investigation of people, practices and culture. Within this paradigm, ethnographic and discourse analytic methods were selected and they will be discussed in more detail in chapter three.

Thus, in summary, this study attempts to explore the cultural setting of both microfinance and ROSCAs in Pakistan by analysing the discourses used by microborrowers and members of ROSCAs. At the same time, it attempts to shed light on the context which is vital for understanding the function of these discourses employed in microfinance and ROSCAs. Because context is vital and because

Pakistan may be unfamiliar territory to many readers, the thesis starts by providing a brief description of Pakistani history, culture and society.

## **1.2 Pakistan at a glance**

Almost any scene of a Pakistan city is characterised by large, rounded domes of mosques rising between the buildings and houses. This suggests the importance of Islam in Pakistan, a predominately Islamic country established in 1947. The area of Pakistan is 796, 095 square kilometres (CIA, The World FactBook, 2011). It has population more than 187 million of which rural population is 64% and GDP (Gross National Product) per capita is US \$2500 in year 2010 (CIA, Fact Book, 2011)<sup>2</sup>. It has a dry climate in most areas with extreme heat in the plains and desert while it is cold and sometimes glacial in the north.

As mentioned above, Pakistan is an Islamic country and religion dominates everyday life. Most Pakistanis pray five times a day in the mosques and their religion guides them in all affairs of life for example, it influences “The music they listen to, the food they eat, the art they create, and the festivals they celebrate” (Black, 2003: 4). There are two major groups of Muslims in Pakistan: Shias and Sunnis of which Sunnis make up 77% of the Muslim population while Shias make up 20% (Black, 2003). However, both groups believe in the same God, who Muslims believe has revealed his commandments to Mohammed (The Prophet of

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<sup>2</sup> The Pakistan population is more than 187 million which makes it 6<sup>th</sup> country in terms of population in the world while the GDP per capita is US \$2500, which makes it the 182<sup>th</sup> country in terms of GDP per capita ranking (CIA, World Bank, 2011).

Islam) and which were then written in the Quran (The holy Book of Muslims). Therefore, Muslims look to the Quran for guidance in different affairs of life.

Pakistan was only created as an Islamic nation state in 1947 but the people have lived with this region for hundreds of years (Black, 2003), which has fundamentally shaped the customs and traditions of the people. Pakistan centres on the Indus valley region. The ancestors of Pakistanis belong to ancient Indo-European communities who lived in Indus region for millennia or ventured in as invaders and immigrants (Malik, 2006). These invaders included waves of Aryans, Persians, Greeks, Arabs, Mongols, Turks, Afghans, and other central Asian tribes who turned the Indus valley into a nexus for various ethno-regional groups. Although Pakistanis resemble other North Indian ethnic in their appearance, cultures and custom, they are also similar to their West Asian counterparts in many ways. As Islam spread into the Indus valley from the west in the seventeenth century, followed by centuries of Muslim rule, West Asia emerged as the dominant influence in Pakistani culture. Interestingly, many Pakistanis seek their geologies from Persia, Central Asia and the Middle East and, therefore, although it is situated geographically in South Asia, it shares “.....[r]eligious practices, languages, historical events, and ethnosocial commonalities with all its neighbours” (Malik, 2006: 1).

### **1.3 National culture and religion**

Religion plays a crucial role in the private as well as the public life of a vast majority of Pakistanis (Black, 2003). In relation to this, Malik (2006) notes that

Islam, as the basis of collective life, helps to shape a pluralistic national ethos, which has a strong emphasis on traditional values. In Pakistan, while there are also individuals with ultra-modern lifestyles and liberal views, mainstream society remains traditionally family oriented and consciously religious. Moreover, the culture inherited from the Indus valley civilisations emphasises a shared tradition within a visible and decisive Islamic context. In addition, while there is certainly cultural variation within Pakistan, it is not difficult to find pluralistic and historic antecedents of a variety of cultural norms and practices. Malik (2006) notes that the attitudes of Pakistanis are shaped by pan-Islamism and a strong national identity but that Islamism predominates over regional and other such identity markers.

This Islam centric view is reflected in the name of Pakistan's capital, which is called 'Islamabad' or 'City of Islam'. In addition, almost all important public and private documents such as personal letters, speech by leaders, national documents, textbooks etc. start by invoking God, the Prophet and other Muslims beliefs (Malik, 2006).

**Pic: 1-1**



This is entrance of the district hospital, Dera Ghazi Khan. On the top of the door, a Hadith (Sayings of prophet Muhammad) is printed which means 'Serving the humanity is kind deed'.

Reeves (1985:41) also reports that official health documents that he examined began with the following quote from the Quran (5:32) “If anyone saves a life, it shall be as though he had saved the lives of all mankind.” The influence of Islam can be seen everywhere from bazaar to homes, even on the trees along the roadside as shown in picture 1-2. In Summary, from the country’s inception, Islam has been a major determinant of its major policies, and education system, and also an important collective, shared experience for the Pakistani people.

**Pic: 1-2**



There are boards on the tree. The names of ‘Allah’ (God) are printed on the boards. Every tree along the road has such boards on it.

## **1.4 Social structure, culture and customs**

Pakistani culture is a reflection of a vast plethora of forces of modernity and tradition, although the divide may not always be so explicit. For example, the feudal or tribal realities are not confined to rural areas only but ethno-regional loyalties may persist in urban areas, based on clan-based bonds and operating through common hierarchies, shared memories and dialects.

An important concept in understanding the culture of Pakistan is the ‘biradari’ (the kinship group of clan, the community or tribe etc.). This plays a crucial role in social relations of Pakistan (Blood, 1995; Qadeer, 2006). While the members neither hold movable property in common nor share earnings, the shame and honour of individual members affects the general standing of the ‘biradari’ in the community. In relation to this, one common proverb is “One does not share the bread, but one shares the shame” (Blood, 1995:101).

The ‘biradari’ determines the individual’s place in society and informs his/her beliefs and behaviours (Qadeer, 2006). Members of the ‘biradari’ celebrate their major life events together. The ‘biradari’ also, traditionally, plays a major role in the welfare of the collective group, providing financial assistance, helping members find employment, and so on (Blood, 1995).

Pakistani social life revolves around the immediate and extended family and, even among members of the westernised elite, the family retains an overarching significance (Blood, 1995). The family is the basic unit of social organisation, providing its member with both identity and protection. Children live with their parents at least until marriage and often sons live with their parents after marriage. A family, in its ideal extended form, consists of married couple, their parents, their sons, their son’s wives and children, and unmarried children (Blood, 1995).

The culture of Pakistan is also traditionally patriarchal (Blood, 1995; Black, 2003) which is characterised by hierarchical relations in which the patriarch and his relatives have authority over other family members. In addition, most forms of

hereditary succession exclude women in most areas of Pakistan. Further, men's honour is associated with the actions of women in the family (Blood, 1995), which results in a protective, patriarchal culture concerning female family members. As a result, women are allowed only limited mobility and usually remain under 'purdah'<sup>3</sup> on rare, public outings and spend most of their time at home.

**Pic: 1-3**



This is very common type of maintaining 'Purdah' in public places.

Women are also sometimes not sent to school. This is because it is commonly believed that the point of education in Pakistan is to improve employment prospects. However, since women are not going to be sent out off the home work, there is little point in educating them (Mumtaz, Mitha and Tahira, 2003). Another possible reason for denying women education is to maintain male dominance over women, as education may bring an awareness of their rights.

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<sup>3</sup> Purdah is used to "guard a woman's modesty and limits her mobility and social interactions" (Islam, 2007: 13). Purdah can be maintained through many ways such as staying at home, or wearing veil, when outside. Most of the women are seen in Purdah in the market, parks, and restaurants in Pakistan.



As stated above, patriarchal values pervade all strata of society, although there may be variations, depending on social class, locale etc. However, the system is starting to be challenged and it is becoming more common for girls to be sent to school<sup>4</sup>. In addition, urban women have increased mobility and are now found working in banks, firms, universities etc (Qadeer, 2006). It can also be noted in relation to women's roles in Pakistani society that the late Prime Minister, Benazir Bhutto was also a woman.

Pakistan is not culturally, socially and economically monolithic, however, and while some areas may be poor, undeveloped and characterised by traditional thought, there are also much richer, developed, modern areas. In relation to this, Reeves (1985: 38) divides these areas into three categories: City, town and rural. In the big cities, such as Lahore and Islamabad, the elite and middle classes have more or less modern lifestyles, characterised by modern houses with all modern household facilities, modern cars, modern cuisine and restaurants. However, in rural and tribal areas, people do not even have the basic necessities such as clean drinking water and electricity.

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<sup>4</sup> According to the population census conducted by the Government of Pakistan, male and female literacy ratio was 35.05: 15.99 in 1981 which increased to 67:40 in 2009.

## **1.5 Pakistan: Provinces and languages**

There are four provinces in Pakistan: Punjab, Sind, Baluchistan and Pushtunistan (Previously known as the North West Frontier Province or NWFP). Baluchistan is the largest province but it has a very small population. According to one survey conducted in 2007, the population distribution across the four provinces is as follows; Baluchistan 6%, Sindh 25%, Pushtunistan 13% and Punjab has 56% (Nenova, Niang and Ahmad, 2009). Thus, in terms of population, Punjab is the largest in Pakistan. Although, religion, ecology and history generally unify Pakistanis in a common national identity, their linguistic and regional roots determine their respective ethnicities. There are twenty four languages spoken across the country (Reeves, 1985). English is an official language. Urdu is the national language, however, only a small percentage of the population speak Urdu as their first language. These people are mostly immigrants who migrated from India after partition and the creation of Pakistan in 1947. In terms of population by mother tongue, there are four or five major ethnic groups in Pakistan. These are Punjabi, Sindhi, Saraiki, Pashtun and Baluchi (CIA, The World Factbook, 2011). However members of these groups are not confined to their territories but can be found throughout Pakistan due to increased mobility.

The Punjab can be divided into two distinct cultural and economic areas. The north (or Upper Punjab) consists of Lahore, Rawalpindi, and the adjacent areas, is the most developed and industrialised part of Punjab and is dominated by Punjabi speakers. Southern Punjab consists of Multan, Bahawalpure and DG Khan (The location of this study) and adjacent areas. It is dominated by Saraiki speakers, and is

relatively underdeveloped and dependent on cotton, which is sent to the north for processing in the textile industry. There are limited job opportunities available in Southern Punjab due to lack of industrialization and development. Indeed, there is considerable tension between the two areas, which has its roots in the linguistic, and economic differences noted above and this led to the predominantly Saraiki speaking people of Southern Punjab to demand their own state of Saraikistan. In the proposed map of Saraikistan, Dera Ghazi Khan (DG Khan) is also included which is populated by the Saraiki speaking People. There is map of Punjab below to show the location of DG Khan.



Map of Punjab  
Web Source: Geology.Com

As shown in the map, DG Khan is located in the Southern Punjab (DG Khan is encircled in the map) and is one of the most populous cities in the region with a population of 1,643,118 and according to the recent statistics (CIA, The World

Factbook, 2011), approximately, 51.45% of the population were male, 36 % of the population lives in urban areas while 64% lives in rural areas.

The city was founded at the end of the 15th century by a Baluchi chieftain, Nawab Haji Khan Mirrani, who declared independence from the Langhi Dynasty Sultans of Multan and who named the city after his son, Nawab Ghazi Khan Mirrani. Dera Ghazi Khan is mostly inhabited by Baluch families, descended from Ghazi Khan Mirani. These families have long-established relationships which shapes their social and economic life. In terms of financial institutions, historically, only the National Bank and the Habib Bank operated in Dera Ghazi Khan but over the last decade many commercial and microfinance banks have opened in the city. In addition to this expansion of formal finance, there are also many types of ROSCAs operating in the city, which cater to a variety of different occupational sectors such as salaried employees, housewives, small business owners etc. The following chapter examines how such schemes, as well as microfinance, have been discussed in the academic literature.

## **Chapter Two: Literature review**

### **2.1 Introduction**

I previously noted in the introduction that this study concentrates on financial institutions namely ROSCAs and microfinance in Pakistan. The Pakistani finance sector is comprised of commercial banks, microfinance banks, non-bank financial institutions (leasing, housing finance, insurance companies etc.), the stock exchange and informal finance providers (ROSCAs, moneylenders, shopkeepers, money transfers etc.). Structural economic reforms in the Pakistani finance sector were initiated in the 1990's and were characterised by liberalisation and privatisation of public sector enterprises, including four of the five major, state-owned banks. The market share of private banks increased from 26% to 65% between 1997 and 2004 with notable, associated changes in the private credit sector (Nenova, Niang and Ahmad, 2009). The percent growth rate in terms of number of borrowers was 104% between 2003 and 2006 (Ibid). Although the private finance market in Pakistan has expanded rapidly in the past few years, it still lags behind the country's growth and development needs. According to Nenova, Niang and Ahmad (2009: xvii), "One third of the population borrows but only 3 percent of them use formal financial institutions to do so while more than half of the population saves, but only 8 percent entrust their money to formal financial institutions". This illustrates the point that there is still a large shortfall in the provision of formal private finance.

Access to finance is particularly bad among the poor, women, and people from small enterprises and the rural population. Microfinance is one solution to these borrowing needs. Microfinance in Pakistan has grown at a rate 40% per year since 1999, yet microfinance still is only accessed by only 1.7 million people out of an adult population of about 80 million (Ibid). Nenova, Niang, and Ahmad (2009) also suggest that formal finance system could expand their services by cooperating with the informal system, which is capable of serving the groups, noted above, profitably unlike formal institutions. However, what those lessons might be will be explored in this chapter. This chapter provides review of relevant literature on microfinance and ROSCAs.

This chapter starts with a definition of microfinance followed by a brief history of the development of microfinance. In addition, the microfinance market in Pakistan is also discussed. Following this, I discuss the microfinance mechanisms of group lending and joint liability through which lending to the poor is made possible. Next, developments in the field of microfinance are discussed in relation to its stated objectives. I then present a discussion of ROSCAs by first explaining ROSCAs formations. Following this, I explore the rationale for their existence and then discuss group association in ROSCAs. After this, based on the literature review and preliminary observations, the problem is defined.

## **2.2 Overview of microfinance**

Microfinance initially refers to small amount of loans extended to poor people mainly for entrepreneurial activities (Armendariz and Morduch, 2005; Bateman, 2010). The idea behind microfinance is that access to financial services will help poor people in starting and expanding income generating activities which will result in increased household income and poor people can escape poverty. This idea of poverty alleviation through the provision of small loans to the poor was started in Bangladesh and spread around in the world in short span of time. According to a survey conducted by the microcredit summit campaign, there were more than 190 million microborrowers served by over 3500 microfinance institutions worldwide at the end of 2009 (Reed, 2011).

Initially, microfinance institutions offered only microcredits due to which microfinance and microcredit are often used interchangeably (Armendariz and Morduch, 2005; Bateman, 2010). The findings reported by a number of research studies suggested positive impact of microfinance on poverty reduction (examples include Khandker, Samad and Khan, 1998; McKernan, 2002; Khandker, 2005) due to which microfinance widely regarded as tool to combat poverty among academics, international development communities, and donor organizations.

There has been continued research in the field of microfinance to develop improved products and services for poor people. Some studies suggest that poor people need not only entrepreneurial loans but also means of saving money and may need other financial services such as money transfers and consumer loans (Zeller and Sharma,

2000; Nourse, 2001; Helms, 2006). Nourse (2001) argues further that microfinance should offer tailored lending to the poor. Nourse's (2001) argument is also supported by Eyiah (2001). Similarly Woller (2002), Cohen (2002), and Dunn (2002) argue for tailored and client focused lending. Due to continued research and development, microfinance, in today's age, refers to a range of financial services extended to poor and low income people, including micro-credit, micro-savings, micro-insurance etc. (Helms, 2006).

According to some (Woolcock, 1999; Seibel, 2003; Helms, 2006), the concept of microfinance to fight poverty is not a new concept and there were similar credit programmes in past centuries. For example, interest free loan schemes emerged as a strategy to fight increasing poverty in Ireland as early as 1720 (Seibel, 2003). These loans were funded from donations and peer pressure was employed to enforce repayment. After a century, a special law transformed these charities into legal financial intermediaries by enabling them to collect deposits and charge interest on loans (Ibid). These Irish loan funds enjoyed a phase of rapid growth but then started to decline when the government imposed an interest cap and they finally disappeared in the 1950s (Woolcock, 1999; Seibel, 2003). In Germany, a similar scheme was initiated through the development of community-owned financial institutions in the late 18<sup>th</sup> century. These institutions also provided loans to poor people (Seibel, 2003).

Although the history of these microfinance-type programmes is relatively long as Seibel (2003) and Helms (2006) suggest, the term 'microfinance', as it is used today refers to the microcredit programmes which were developed in Bangladesh by



Muhammad Yunus in 1970's while he was a chairman of the economics faculty at Chittagong University. Yunus and Jolis (1999) and others (for example, Armendariz and Morduch, 2005; Bateman, 2010) note that the scheme was the result of Yunus's observations of poverty in Jobra village where the poor were being exploited by local moneylenders. He observed that poor people could benefit from their earnings and could escape from poverty if they were freed from moneylenders. He repaid the loans of some forty two women from Jobra (a total of some \$27) to free them from the moneylenders (Bateman, 2010). He concluded from this that poor people need small loans with low interest rates which enable them to start or to expand income generating activities (Islam, 2007).

The central idea was that the low interest rates would increase the amount of disposable income available for household expenses, leading to improved diet, education and health for the household. The extra income also permits savings, which can be invested in enterprises that will generate more profits. In 1976, Muhammad Yunus started action research project in Jobra village (Islam, 2007). This research project was developed to provide microloans and banking services to the poor. This programme was based on a unique lending system, which does not require credit history or financial collateral before loans are extended. The programme established group lending methods (Islam, 2007), which work on the basis of social collateral to provide loans to poor people, who often lack money, credit history and financial collateral that are deemed necessary to access loans in formal finance institutions, and who are, therefore, perceived as risky and often excluded from the formal finance system.

Similar microfinance programmes also started in other districts such as Rangpur and Patuakhali. These experiments of banking during 1970s with the poor proved that they were good clients and, on this basis, Muhammad Yunus established the Grameen bank in 1983 (Islam, 2007). The main objective of the Grameen bank was to provide small entrepreneurial loans to poor people, especially women, at low interest rates (Islam, 2007; Bateman, 2010). To ensure that the poor benefitted from the Grameen bank, microloans were only available to people “....[w]ith less than half-hectare of land, or assets worth less than a half-hectare of land” (Bateman, 2010: 10). The Grameen bank has claimed exceptional repayment rates of 98%, compared to repayment rates of other banks in Bangladesh, which were 40-60% (Bateman, 2010).

The success of microcredit projects initiated by Yunus led to the establishment of other credit based projects in Bangladesh during 1970s such as BRAC (Bangladesh Rural Advancement Committee), founded by Fazle Hasan Abed in 1972 and the ASA (Association for Social Advancement), established by Shafiqul Haque Chaudhary in 1978. The social objective of these and other such microfinance organizations is to eradicate poverty in developing countries. For example, the Self Help Group (SHG) in India provided loans to women through a group lending approach. The Bank Rakyat Indonesia (BRI) provided loans to people from rural areas for productive and income generating activities. A microcredit movement also took place in Latin America and many credit-based programmes were started there such as the Foundation for the Promotion and Development of Microenterprises (PRODEM) established in 1986. This micro credit and enterprise development movement gained popularity globally as a strategy for poverty reduction.

Given the increase in the provision of microfinance, and the importance attached to it as a poverty reduction strategy, it has come under increasing scrutiny with various studies conducted to investigate the impact of microfinance programmes on the welfare of poor (e.g. Mosley, 2001; Shaw, 2004; Khandker, 2005; Morris and Barnes, 2005; Montgomery, 2006; Noreen et al., 2011), women's empowerment (e.g. Holvoet, 2005; Kabeer, 2005; Pitt, Khandker, and Cartwright, 2006; Kim et al., 2007), education and health improvements (e.g. Holvoet, 2004; Maldonado and González-Vega, 2008; Pronyk et al., 2008). These studies broadly reported a positive impact of microfinance on poverty reduction, empowerment, and improvement in health and education although with some recommendation for improvement in lending contracts and product design.

Financial viability also remains a major concern in the microfinance industry. Actually microfinance disburses large number of small loans at low interest rates; therefore it generates lower revenue and incurs high operating cost. Therefore, to serve the poor market, most of the programmes depended on charitable donations and government subsidies (Morduch, 1999). A recent survey of 704 microfinance institutions (MFIs) conducted by the Micro-Banking Bulletin (MIX, 2007) revealed that 41% MFIs rely on donor funding to cover their operating cost which indicate that MFIs are not meeting their cost from their revenues. Gonzalez-Vega (1994) found that most rural credit programmes during the 1960s and 1970s failed because they lack self sufficiency<sup>5</sup>. Further, Woller, Dunford and Woodworth (1999) note that microfinance institutions should at least be able to cover their operational costs

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<sup>5</sup> According to Ledgerwood (1999) Self sufficiency refers to the ability of institutions to cover their operating cost, financing cost and loan losses etc.

in order to be sustainable. Therefore, it is deemed to be desirable to charge market-based interest rates which will enable microfinance to be self sufficient and reach more poor people (cf. Morduch, 2000). Thus, efforts are being made to commercialise microfinance institutions in different parts of the world.

Commercialization can be seen as the ‘.....[m]ovement of microfinance out of the heavily donor dependent arena of subsidized operations into one in which microfinance institutions manage on a business basis’ (Christen and Drake, 2002: 4). Or, to put it another way, commercialised MFIs operate as part of a regulated financial system, and can utilise deposits and charge market interest rates. The first microfinance institution to become commercialised was Bank Rakyat Indonesia (BRI) (Bateman, 2010). In 1984, the BRI established a wholly profit oriented unit called Unit-Desa (BRI-UD). The Unit-Desa charged market interest rates and remained highly successful. It grew rapidly in a short span of time and, by the end of 2004, it had 30 million depositors and 3.1 million borrowers (Robinson, 2001). Following this, PRODEM, initially established as an NGO, was successfully transformed into a regulated financial bank (BancoSol) in order to access funding from the financial markets (Christen and Drake, 2002). The notable success of BancoSol has persuaded many other MFI’s to move towards commercialisation. Thus, the microfinance sector is now largely characterised by commercialised and businesslike approaches with the dual mission of poverty reduction and achieving sustainability (Charitonenko, 2003).

Microfinance, due to its remarkable growth, has become a focus of interest for academics, practitioners, economists and investors. The increasing

commercialisation has led to an important debate concerning the objectives of poverty reduction. In relation to this, a number of research studies have established that there is trade off between profitability and depth of outreach<sup>6</sup> (see for example, Paxton, Graham and Thraen, 2000; Olivares-Polanco, 2005). This has resulted in the development of oppositional schools of thought or ideologies in the microfinance literature between the Welfarists and Institutionalists (Woller, Dunford and Woodworth, 1999; Morduch, 2000; Robinson, 2001). Both groups are committed to poverty reduction but they have different approaches to achieving this objective. The Institutionalists favour commercialisation and are more concerned with breadth of outreach. They argue that only sustainable and financially self-sufficient microfinance programmes can reach a greater number of poor people and hence reduce poverty in the long term. The Institutionalists also stress that donor funding is too limited to meet the potential demand for microloans of the poor. Therefore, to obtain sufficient funding to serve this large market of poor people, the microfinance sector has to attract private capital, which can only be achieved by showing reasonably high returns on investment. In relation to this, it is argued that poor people need access to credit and not ‘cheap’ credit (Morduch, 2000). Therefore, charging high interest rates will not diminish demand.

On the other end are Welfarists, who favour subsidized, non- profit organizations that prioritize the social welfare objective and regard microfinance as a tool to help poorest people (Ledgerwood, 1999). The Welfarists’ approach aims to serve the

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<sup>6</sup> Outreach is measured in two ways: Breadth of outreach and depth of outreach (Ledgerwood, 1999). Breadth of outreach is measured by the number of borrowers accessing microfinance services and depth of outreach is a measure of the poverty level of those borrowers served by MFIs. Evidence show that profitability motive in microfinance will decrease depth of outreach.

poor and vulnerable through the provision of subsidized credit as they argue that the whole point of microfinance is to provide loans at very low interest rates. Furthermore they argue that profit motives of commercialized microfinance organizations, will necessarily lead to the distortion of actual mission of poverty reduction of MFIs. In search of profits, MFI's will target the less poor resulting in mission drift.

As discussed above, different forms of microfinance (subsidized and commercialized) are supported and critiqued by different schools. However tremendous growth of commercialised microfinance sector indicates that Institutionalists' views are dominating the microfinance industry. However to what extent microfinance institutions remain successful in achieving double bottom line (Profitability and Poverty reduction) is a question of interest to many and will be addressed in the following section. For now, I discuss brief history of microfinance in Pakistani context.

The concept of microfinance in Pakistan itself is not new and can be traced back to the agricultural credit extended during 1960s through government subsidised credit schemes. These credit schemes provide funds for the development of the agriculture sector. However, formal microfinance initiatives only started in the early 1980s with the establishment of the Orangi Pilot Project (OPP) in Karachi. Following this, another development programme called the Aga Khan Rural Support Program (AKRSP) was established to focus on development of northern rural areas and this was followed by the government-run National Rural Support Program (NRSP). In

1999, the AKRSP and NRSP were providing 84% of the total microfinance services in Pakistan (MIFA, 2008).

Over the last few years, the microfinance sector has grown rapidly with over twenty microfinance organisations registered on the MIX (Microfinance Information eXchange)<sup>7</sup> market. Microfinance providers in Pakistan can be classified either as banks providing microfinance services, NGOs, or rural support programmes (MIFA, 2008). However, this study is only concerned with microfinance banks. Microfinance banks have to be registered under the Microfinance Ordinance 2004 and there are six microfinance banks in Pakistan: the Khushhali Bank, the Network Microfinance Bank Limited, the Pak-Oman Microfinance Bank Limited, the Rozgar Microfinance Bank Limited, the First Microfinance Bank Limited, and the Tameer Microfinance Bank Limited. Since 1999, the microfinance sector has grown at 40 percent per year but it still serves only 2% of the poor which suggests that there is still huge potential market needs to be served.

## **2.3 The achievements of microfinance**

The proponents of microfinance have made various claims as to its effectiveness. They claim it has had a positive effect in terms of poverty alleviation, women's empowerment, self reliance and job creation (Littlefield, Murdudh, and Hashemi,

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<sup>7</sup> "The Microfinance Information Exchange (MIX) is the premier source for microfinance data and analysis. It provides unparalleled access to integrated performance information on microfinance institutions (MFIs) worldwide, public and private funds that invest in microfinance, MFI networks, and service providers. Currently, MIX Market features data for approximately 2000 MFIs covering over 92 million borrowers".

2003). The impact studies in this regard provide evidence that microfinance to some extent has been successful in achieving its objectives but that there is still a considerable amount of work to do.

As noted above, numerous studies have been conducted to assess the impact of microfinance on poverty reduction. For example, Mosley (2001) conducted survey of small sample consisting of two rural and two urban microfinance institutions in Bolivia to measure the impact of microfinance on poverty reduction. He found that microfinance programmes have positive impact on poverty reduction. He further noted this impact can be increased by mobilising savings and removing lower limit on loan size. Mosely and Hulme (1998) carried out a study to measure the impact of microfinance on the income of microfinance clients between 1991 and 1993. Data was collected from 13 MFI's located in Indonesia, Kenya, Bolivia, Malawi, Bangladesh, India and Sri Lanka and the study found that microcredit had a positive impact on the income of poor borrowers. The findings suggest that loans had a significant impact on the poorest borrowers; however, such impact was not consistent across the data from the 13 MFIs.

Abbasi, Sarwar and Hussain (2005) conducted survey of three branches of National Bank of Pakistan (NBP) in the city of Faisalabad, Pakistan. They reported that microcredit could have a significant positive impact in increasing the income of poor people. Khandker (2005) and Chowdhury, Ghosh and Wright (2005) conducted studies in Bangladesh and both reported the positive impacts of microfinance on poverty reduction. However, there are some studies suggesting that microfinance is not helping the poorest. For example, Weiss and Montgomery (2005) concluded



from a survey conducted in Asia and Latin America that microfinance is not reaching the core poor. In relation to this, Shaw (2004) found that schemes that provided only microcredit did not have significant impact on poverty reduction and that the impact was only significant when combined with non financial services such as training and education.

An increase in income ultimately results in more disposable income so, theoretically, people with an increased income should have more disposable income to spend on improved food, clothing, health and education. In relation to this, Pitt et al. (2003) assessed the impact of microloans on household consumption in a study carried out in 1991 and 1992 on three microfinance institutions operating in rural Bangladesh: the Grameen bank, the BRAC (Bangladesh Rural Advancement Committee) and the BRDB (Bangladesh Rural Development Board). In total 1,798 households were surveyed in 87 villages. They found a generally positive impact on household consumption but that this impact was more significant when the loan recipient was a woman.

As noted above, some of the microfinance literature suggests that access to microcredit ultimately leads to the empowerment of women. For example, Holvoet (2005) concluded from the regression analysis of the survey data collected from South India household that loans extended through women's group increase the likelihood of women making decisions and increased women's bargaining power in household decision-making. Similar findings were reported by Mayoux (2001) who investigated seven microfinance programmes in Cameroon. She found microfinance programmes that rely on social capital to extend loans made significant

contributions towards women empowerment. Kabeer (2001) studied the impact of SEDP (Small Enterprise Development Program) and found that female loan-holders appeared to have an increased say compared to the wives of male loan-holders while the male loan holders reported that they took all decisions regarding the loan use, decisions concerning disposable income and enterprise operations. Pitt, Khandker, and Cartwright (2006) reported similar findings from data collected in Bangladesh.

The discussion presented above suggests that microfinance has had a positive impact on poverty reduction and women's empowerment, and that microfinance has an important role to play in reducing poverty and the vulnerability of the poor. However there are also some dissenting voices that are heard in the microfinance literature that repudiate some of the fundamental claims of microfinance regarding economic development, poverty reduction and poor empowerment. The Economist concluded about the impact of microfinance in the following ways; "Heart-warming case studies abound, but rigorous analyses are rare" (The Economist, 2006a). Indeed, some studies have even reported a negative impact of microfinance (Rahman, 1999; Karim, 2001; Maldonado and Gonzalez-Vega, 2008). Overall, the critique from these studies suggest that microfinance may be lucky for a few but the aggregate impact is zero (Karnani, 2007; Bateman, 2010).

Microfinance theory also romanticises the poor. They are represented as born entrepreneurs (Prahalad, 2005) who need but little funds to invest in income generating activities (Yunus and Jolis, 1999). Their investments will lead to profit generation and hence result in increased disposable income, consumption smoothing and ultimately economic development (See Donor Brief, 2002; Littlefield, Morduch

and Hashemi, 2003; Dunford, 2006). However, it is perhaps more realistic to see microborrowers not as entrepreneurs but just self employed (Chang, 2010). They lack basic skills and education, usually have multiple occupations and usually operate at low scales. Thus, with low skills and little capital they operate in arenas with low entry barriers and too much competition. This leads to low productivity and meagre earnings that cannot lift their owners out of poverty (Karnani, 2007). It is further argued that microfinance theory ignores crucial role of economies of scale (Bateman, 2010). Microenterprises are inefficient in achieving economies of scale, thus these microenterprises have little chance of surviving even in their own locale. Hence, oversupply of inefficient microenterprises will undermine the development of efficient small enterprises within the same local market thereby preventing any meaningful growth. Karnani (2007) in his study in Indian market reported that the microenterprise sector is unable to achieve economies of scale in India, and that this is damaging the Indian economy. From this he concluded that microfinance is actually worsening the situation.

Bateman (2007; 2010) has also criticised microfinance on the same grounds. His study in Bosnia found clients reported a high failure rate and suggested that this supports the argument that microenterprise find it hard to survive due to inefficient economies of scale. He further argued that clients fail because they get into deeper poverty than they were before taking loan. Thus according to him, “Microfinance is actually a ‘poverty trap’, an ‘anti-development policy’ that ultimately destroys the potential for sustainable local economic and social development, and so also for sustainable poverty reduction” (Bateman, 2010: 5).

In addition, microfinance is highly criticised because of the commercialisation of microfinance and in particular the resulting high interest rates (Karnani, 2007; Bateman, 2010). There are reported 80 suicides by the microcredit clients in Andhra Pradesh in India alone (Biswas, 2010) due to the shame of being unable to pay back usurious microloans (The Economist, 2006b). In addition to this, microfinance is also criticised for its debt collection strategies (Montgomery, 1996) and untrue claims about women empowerment (Rahman, 1999; 2001).

Bearing this in mind, it can be said that although microfinance is praised as poverty reduction and economic development tool, there is a dark side, providing unpleasant images of suicides and abusive methods. This gives a different story; one of disempowerment, poverty and vulnerability. However, at this moment in time, the debate is ongoing as to which side of the story is most credible. Existing research is insufficient in deciding the issue – further research has been called for (Rahman, 2004).

## **2.4 What is new about microfinance!**

Poor people has always been excluded from formal financial services due to lack of credit history, earning sources, financial collateral, etc.. Therefore extending loans to poor people and yet achieving high repayment rate remained a big challenge which is made possible through microfinance group lending method. Armendariz and Morduch (2005:119) note that the

“.....[d]iscovery’ of group lending opened up possibilities for microfinance..... It is by far most celebrated microfinance innovation and with good reason. Group lending showed how unconventional contracts can work where tried-and-true banking practices failed again and again.....Today, group lending is just one element that makes microfinance different from conventional banking”.

With the group lending method, microfinance has managed to provide loans to poor people while also earning some profits. The later developments in microfinance lending methods also introduced individual loan contract design, however it is group lending that dominates the industry. A survey of 302 institutions, conducted by the Micro-Banking Bulletin (MBB, 2005) reported that about a third of these institutions provide individual lending facilities but only about 12% of their clients take up individual loans. In other words, 88% of the clients of these sample institutions are served through group lending methods. Another report (M- Cril, 2003) provides data from a sample of 110 microfinance institutions that served 2.65 million clients, 94% of whom received loans through group lending methods.

There are different types of group lending but the best known is that pioneered by the Grameen bank. In this approach, a group of, say, five people is created and a loan is extended to two members of the group. After the full repayment of the first loan, the next two can receive loans and, finally, the group’s chair person receives a loan. This way, the members who do not receive initial loans have the incentive to monitor peers’ utilisation of loan and enforce repayment. This arrangement is known as the 2:2:1 approach (Armendariz and Morduch, 2005). When all the group members have repaid their loans successfully, they can receive bigger loans, but, in case of defaults, all the group members lose the right to borrow again.

These groups were initially set up by the lender but later it was found that screening, monitoring and enforcing repayment costs could be minimized if potential borrowers were asked to organize their own groups (Armendariz and Morduch, 2005). These groups usually hold weekly or monthly meetings with a loan officer to make the lending process more transparent and to provide help and support to the borrowers. A variety of group lending methods are used by microfinance institutions, however, all group lending methods include multiple and overlapping mechanisms such as peer monitoring, peer pressure, joint liability, dynamic incentives and social collateral to mitigate risk (Morduch, 1999). In the following, empirical and theoretical literature regarding group lending is discussed.

Microfinance utilises social collateral through the group lending approach (Armendariz and Morduch, 2005) which is based on the principal of joint liability (Brau and Woller, 2004) in which all members are responsible for the group repayment. If one member defaults, the other group members may not be able to take out the next loan and, therefore, members have an incentive to monitor the loan performance of the group. In this way, group members take over the responsibility for monitoring and enforcement of loan repayment from the financial institutions (Wenner, 1995). Further, Woolcock (2001) states that social collateral includes such mechanisms as reputation, which acts as a powerful incentive to members to repay their loans to maintain their standing in the community. Islam (1995) found that institutions using group lending can extend loan at lower rates yet achieve high repayments if they use peer monitoring systems. Moreover, Ghatak (1999) from his theoretical study on performance of group loans concluded that group lending results in better repayment rates. Further, he stated that repayment rates are better

when peers self-select their group members because the members have more information about each other (Sharma and Zeller, 1997). Armendariz and Morduch (2005) note in relation to the group lending method that microfinance institutions benefit from the local knowledge about the borrowers, which they obtain through such mechanisms as obtaining peers' loan guarantee<sup>8</sup> and cross-reporting<sup>9</sup>. This is not a new concept and similar systems were used in nineteenth-century German credit cooperatives, such as asking borrowers to obtain loan guarantees from their neighbours (Armendariz and Morduch, 2005) because it was believed that neighbours were able to make better judgements about each other's credit worthiness, based on their intimate, local knowledge of each other.

In relation to the use of social collateral, a survey of 146 groups in Madagascar was carried out to investigate the role of social ties in repayment which reported that stronger and denser social ties had a positive impact on group repayment (Zeller, 1998). Moreover, Besley and Coate (1995) analysed 'repayment game' in group lending methods and concluded that successful group members help weaker members and repay their loans when they have the incentive of being able to borrow again. Hermes, Lensink, and Mehrteab (2005) used data on 102 groups collected through survey questionnaire in an Eritrean group lending programmes to investigate the role of the group coordinator/leader in repayment performance and found that the social ties of the group leader with the members plays an important role in improving the repayment performance of the group. In addition, Cassar,

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<sup>8</sup> Peers take guarantee of group loan. The key principle behind this is that peers have local information about each other's ability and trustworthiness. Therefore, members take guarantee for those who are deemed profitable and trustworthy.

<sup>9</sup> Cross reporting refers to gathering information from one member about another (Armendariz and Morduch, 2005).

Crowley and Wydick (2007) conducted field experiments to examine trust and microfinance games in South Africa and Armenia. From the findings of the experiments, they suggested that trust and social homogeneity are important factors in determining group loan and repayment performance. Indeed there are numerous other studies (e.g. Gomez and Santor, 2001; Madajewicz, 2011), which provide a wealth of evidence of the importance of social collateral in making such schemes successful.

Since microfinance group lending is considered as unique lending approach of microfinance (Armendariz and Morduch, 2005) and as it is further noted by Armendariz and Morduch (2005) that the design of group lending is inspired from ROSCAs (Rotating Savings and Credit Associations), which, this study intends to investigate as part of research, therefore, this study will concentrate on those borrowers who received loans via group lending. This will help in gaining understanding of group formations and functions in ROSCAs and microfinance and also will provide some bases for comparisons.

## **2.5 Rotating Savings and Credit Associations**

Rotating Savings and Credit Associations (ROSCAs) are informal finance systems (Besley and Levenson, 1996). A ROSCA refers to a group of people who come together to form an association. Each member of the group commits to pay a certain amount that is determined at the start of the ROSCA cycle. The following description exemplifies how ROSCAs work. A group of 10 people form a ROSCA and each member of the group agrees to pay \$100 each month. Therefore, \$1000 is



collected each month and this is given to one member who is selected through predetermined criteria. The recipient of the collected money is excluded from future draws, however, he/she has to pay his/her contribution of \$100 through the entire cycle (Ambec and Treich, 2007), which, in this case, would be ten months. After the end of the cycle, the ROSCA is either dismantled or a new cycle is started.

The member, who usually initiates ROSCA, is known as president (Srinivasan, 1995). The responsibility to collect the payments from the members and to arrange draws lies with the president. Indeed, he/she is responsible to ensure the smooth functioning of ROSCAs in terms of payment collection and disbursement (Brink and Chavas, 1997). In return, the president has the incentive to receive the first pot of ROSCA money (Srinivasan, 1995; Brink and Chavas, 1997). There are substantial variations among ROSCAs in terms of the contributions (the pot size), the life cycle, the number of meetings between members and the method by which the recipient of the pot is determined. In relation to this, ROSCAs can be divided into three types, depending on the method used, these are; random, bidding and fixed. In Random ROSCAs, the members meet at the end of each month, usually at the president's house and the recipient of the pot is selected through the drawing of lots. This way, each member has equal chance of winning the pot (Klonner, 2003).

In bidding ROSCAs, one individual receives the ROSCA's contributions "...[i]n an earlier period by bidding more, in the form of a pledge of higher contributions to the ROSCA, or one-time side payments to the other ROSCA members" (Besley, Coate and Lourt, 1993: 793). As in random ROSCAs, a member of a bidding ROSCA receives the ROSCA pot only once.

In fixed ROSCAs, the recipient of the pot is preselected according to fixed criteria such as age or kinship. In addition, there are some ROSCAs in which the pot is allocated according to the need of the person (Srinivasan, 1995). For instance, one member may need to pay for his/her children's school fees in April while another member needs cash in May to finance his/her daughter's dowry so the pot is allocated accordingly. In needs based ROSCAs, all decisions on allocation are made at the start of the cycle, however, these allocations are flexible and can adapt to the changing circumstances of the members (Srinivasan, 1995).

Rotating savings and credit associations (ROSCAs) have always been popular in developing countries. ROSCAs are found in Asia, Latin America, the Caribbean and Africa (Ardener and Burman, 1995) and are widely used sources of informal finance as evidenced by the high participation rates. Besley and Levenson (1996) conducted a study in Taiwan and reported that 68% to 85% of the population take part in ROSCAs. Similarly, Bouman (1995: 372) reported that "Membership in the Republic of Congo comprises about 50% of the adult population (male and female), and 50-95% in many rural areas in Liberia, Ivory Coast, Togo, Nigeria, and Cameroon". Kimuyu (1999) carried out a survey of 115 households in central Kenya and found that 45% of these were participating in ROSCAs.

ROSCAs are found not only in the places where formal finance markets are less developed but indeed are found even among bank employees. For example, Bortei-Doku and Aryeetey (1995) reported high participation rates in ROSCAs among bank employees in Ghana. Similar findings have been reported by Adams and Canavesi (1992) in Bolivia. Ardener (1995) even found ROSCAs among employees of the

IMF. A study by Chamlee-Wright (2002) conducted in urban Zimbabwe found evidence that about two third of urban market traders took part in ROSCAs and, of these, about 77% also had formal bank accounts. Armedariz and Morduch (2005: 59) state that in Indonesia “Even among households with steady access to microfinance services provided by Bank Rakyat Indonesia, roughly 40 percent also participate in ROSCAs”. Moreover, ROSCAs are not limited to developing countries. In relation to this, Srinivasan (1995) documents the prevalence of ROSCAs among South Asian communities in Oxford, United Kingdom.

## **2.6 Why do ROSCAs exist?**

The prevalence of the ROSCAs in many developing and developed countries is clear but the reasons for their existence are less clear cut. The academic literature suggests various rationales for their existence and popularity. First, they are used to fund the purchase of indivisible durable goods (fridge, sewing machines, bicycle etc.) in places where formal financial systems are poorly developed (Besley, Coate and Lorry, 1993). There is some empirical evidence to support this contention such as Handa and Kirton’s (1999) study of Jamaican ROSCAs which found that 71% of the participants used their ROSCA money to finance the purchase of durable goods. However, Gugerty (2007) argues that funding the purchase of durable goods is not the sole objective of participating in ROSCAs. She conducted research in Western Kenya and found that participants spend their ROSCA money on various things. Specifically, she found that “Over half of Rosca participants use their Rosca winnings for more than one purpose, and one fifth use their winnings for more than two purposes”. Furthermore, Srinivasan (1995) states that people participate in

ROSCAs to fund expenses such as children's fees, daughter's dowries, purchasing clothes etc.

Another rationale for the existence and use of ROSCAs is that they are used as substitutes to formal insurance in places where the insurance market is less developed (Klonner, 2003). Calomiris and Rajarman (1998) studied random and bidding ROSCAs and found that only bidding ROSCAs can provide insurance against sudden shocks such as illness, death of family member. In addition to the bidding ROSCA, need-based ROSCAs also provide insurance against sudden shocks. For example, Srinivas (1995: 202) states that "If any member is in urgent need of money due to some emergency, such as the death of a family member whose body has to be flown back home, unexpected hospital expenses, or even an unexpected celebration, the *kameti* (ROSCA) organizer will ensure that it is paid out of turn to the person in need". Sirinivas's findings seem to contradict Klonner's (2003) assumption as this research is conducted in Oxford, UK where there is a well-developed insurance market.

Another rationale for participation is provided by Anderson and Baland (2002) who suggest that participation in the ROSCA is a strategy used by married women to protect household savings against their husband's claims on resources. According to Anderson and Baland (2002), ROSCAs are commitment devices that force couples to save money. Similarly, Gugetry (2007) argues that individuals participate in the ROSCAs to 'bind their hands' and thus enforce saving through pre-commitment mechanisms. However Anderson and Treich (2007) provided different explanations. They argue that, in ROSCA communities, there is a framework of social obligations

in which relatively well off people are obliged to help poor relatives. In order to avoid such obligations, they participate in ROSCAs which leaves them illiquid and thus they cannot be pressurized by the relatives.

From the discussion above, it is fair to conclude that there are various rationales for the prevalence of ROSCA's and no rationale in isolation can provide explanations regarding the reasons for participation in ROSCAs. For example, an individual might have multiple rationales for participating in ROSCAs such as making savings to buy something of value or to insure against sudden shocks etc. However, whatever the rationale is, there is considerable evidence to suggest ROSCAs participants are better off. For example, Besley, Coate and Loury (1993) set up a model to study the impact of bidding and random ROSCAs on the welfare of participants. They concluded that participants could improve their welfare without having to access the formal finance market. Besley and Levenson (1996) investigated national household survey data collected in Taiwan. They reported that the proportion of households owning durable goods is higher for those who participate in ROSCAs when the effects of incomes are controlled. Anderson and Baland (2002) found that households who participate in ROSCAs spend more of their disposable income on their children. Moreover, they state that their findings regarding spending on children supports ".....[t]he notion that women are saving for their children and the household well-being" (980).

## **2.7 How ROSCAs work?**

As I discussed above, a ROSCA is a group of people who make monthly/weekly contributions into a pot which is given to one member. A ROSCA can be sustained only if its members continue to pay into the ROSCA, especially after receiving their pot. As there is normally no legal or written contract, there is, theoretically, a greater risk of default by the members. There can be two types of default in ROSCAs: default before receiving pot and default after receiving pot. The later is almost unheard of, however, the former can be found in exceptional cases (Brink and Chavas, 1997; Chiteji, 2002). In relation to defaults, Srinivasan (1995: 2030) notes that “No receipts are taken or given by the organizers for the lump sum paid out or for the weekly contribution paid in. The question ‘what if someone does not pay?’ gets little response, as non-payment is almost unheard of”. Despite the widespread prevalence of ROSCAs, little research has been undertaken to investigate the mechanisms by which ROSCAs operate, particularly in relation to the mechanisms by which repayment is enforced.

ROSCAs are usually formed among people who know each other well and who often share same locale, neighbours, friends, relatives and colleagues. Besley, Coate and Lounry (1993: 805) note that ROSCAs “.....[u]se pre-existing social connections between individuals to help circumvent problems of imperfect information and enforceability”. This issue is also discussed by Handan and Kirton (1999) who point out that social collateral in ROSCAs is crucial to their success and ensures sustainability. Similarly, Ardener (1964: 216) explains that “The member who defaults in one association may suffer to such an extent that he may not be accepted

as a member of any other. In some communities, the rotating savings and credit institution has become so rooted in the economic and social system that exclusions would be a serious deprivation”. There are also other studies pointing to the importance of social relationships in ROSCAs (e.g. Brink and Chavas, 1997; Biggart, 2001).

The importance of social relationships is also documented in the microfinance literature (Sharma and Zeller, 1997; Gomez and Santor, 2001; Van Bastelaer and Leathers, 2006; Madajewicz, 2011). Culture, in general, plays an important role in determining the success or failure of ROSCAs. Biggart (2001) documented the extreme dependability of ROSCAs on the social and cultural context. The extent to which the culture exerts pressure on people to behave in certain ways depends upon the values and meanings people assign to certain events or information in different cultures. In relation to this, Scholz (2005: 8) notes that “Whether normative pressure to honor commitments to rotating credit funds or other financial arrangements is felt or enforced often depends more on the cultural meanings and situational context than on generalized norms of trustworthiness or the desire to maintain one’s reputation within a network of valued others”. For example, ROSCA funds are often assigned a cultural value akin to something that belongs to the group, something that is ‘ours’ while external loans are often perceived as ‘theirs’, which greatly influences rates of repayment (Smets, 2000). In relation to the cultural assignment of values, Biggart (2001) notes that divorced and voluntarily separated people face difficulty in getting membership of ROSCA in certain cultures because they lack social collateral because of the meanings, which are assigned to divorced and separated people. These people are perceived as being irresponsible and as not

being able to keep their promises by the community so they are often excluded from ROSCA's.

It is evident from the literature review that social relation and culture are important concepts in microfinance and ROSCAs. The success of microfinance and ROSCAs to large extent depends on the groups' formation and their ability to enforce payment. Bearing this in mind, I attempt to define the problem in the following section.

## **2.8 The problem defined**

I mentioned previously in the introduction that various concepts such as membership, trust, reciprocity etc. are embedded in the socio-cultural context which I noted from my preliminary observations of the ROSCA. A review of the literature, on microfinance and ROSCAs, suggests that the stated social goals of microfinance, namely poverty reduction and female empowerment have, in part, been met, although it appears that success is also dependent upon ancillary services (e.g. training workshops) and careful targeting of recipients. Further, the importance of group association and group characteristics is also evident from the literature review. However, it became clear from reviewing the literature, that there is a need to better understand the various elements of group formation such as membership, trust, social relationships, peer monitoring etc., which goes beyond simple enumeration of these concepts. Indeed, we need to examine how these concepts are interlinked with each other and are embedded in the wider culture beyond the immediate context of microfinance and ROSCAs. In relation to this, this study draws inspiration from the



work of such scholars as Granovetter (1992), Zukin and DiMaggio (1990), Coleman (1988).

Granovetter (1992) and Coleman (1988) note that economic theories are solely concerned with individual's rational action, which is narrowly defined and under-socialised. They further argue that economic actions are, in contrast, embedded in social relations and networks that affect economic decisions and outcomes (Granovetter, 1992). Thus, although economic actors might act in rational way to maximize utility, their actions and behaviour cannot be taken out of social context and relational networks, thus, concepts, such as trust, can only be explained with reference to their embeddedness in social context (Coleman, 1988; Granovetter, 1992). For instance, personal relationships and social networks play a major role in the establishment of trust because information is available about the reputation and character of the other party, which helps people make judgements and informs decision-making. Coleman (1988) provides an example in relation to trust among diamond market merchandisers in New York. He notes that the basis of this trust is ".....[c]lose ties, through family, community and religious affiliations" (99). In relation to this, it seems useful here to define community. Community refers to a collection of people who share things in common, however, what these 'things' are has been long debated and such 'things' seem to range from 'shared locale' to 'common interest'. George A. Hillery finds ninety four definitions of 'community' and the only common element in all the definitions are 'people' (Dictionary of sociology). The literature on 'community building' and 'communitarian' has further complicated the matter and community has become ideologically charged in both literatures (Etzioni and Mitchell, 2005). After careful analysis of the literature and

from preliminary research findings, my working definition of community is a collection of people sharing a common place, having common ties and social interaction. When people in the community have strong ties and bonds in terms of common interest or shared kinship ties, community appears to discourage malfeasance and fraud through the implicit threat of social sanction (exclusion from the community) in cases where a person violates community norms and values and, conversely, rewards those who abide by them (Coleman, 1988; Kandori, 1992; Granovetter, 2005).

Whereas the majority of Granovetter's (1983; 1992; 2005) work is focused on social structure and networks, Zukin and DiMaggio (1990) extend their analysis to cultural embeddedness. By cultural embeddedness, they refer to the role of culture in shaping economic choices and strategies. For example, a Muslim's decision to purchase Halal food can be explained by religious constraints. In order to understand cultural embeddedness, it is necessary to define 'culture'. However, defining culture is not easy and a range of definitions exist. For example, culture refers to an entire way of life in anthropology and in economics to only taste and preferences (DiMaggio, 1994). No matter how broadly or narrowly defined, culture guides human behaviour through the role cultural symbols play in meaning making and values setting. I use Watson's definition of culture as "The system of meanings which are shared by the members of human grouping and which define what is good and bad, right and wrong and what are the appropriate ways for the members of that group to think and behave" (Watson, 1994: 21). This definition limits the idea of economic rationality if particular actions are considered immoral or unethical. For example, in economics, it is generally assumed that economic actors act to maximize

utility in a rational and interest driven manner. However, in a culture of collective obligations, pursuing self interest might be considered as selfish and unethical.

Zelizer (1979) provides an example of this in her study of the insurance industry in the US. She argues that religious and cultural explanations can be found for decisions on life insurance schemes that were rejected on moral grounds. Another example of how rationality theory by itself is inadequate to explain decisions is given in a study by Kelly (2002). He carried out research to investigate shortages in the labour market in Tanza, Philippines. He found that the shortage of labour in the local agriculture market was the result of many factors. He noted that overseas and urban work opportunities and factory work, etc. had entailed a change in the local labour market, which could not solely be explained through theories of demand and supply. He argues that the cultural context, in which the changes in the market were taking place, is very important for understanding the shortage of labour in the agriculture sector in Tanza. He argues that, with the industrialisation and opening of overseas work opportunities, the conception of agriculture work itself has changed from 'self respect' to 'self denigration' in Tanza (67). Further, remittances sent by overseas relatives also played a role. These relatives contributed considerably to household incomes, which allowed the residents of Tanza to be more selective in choosing their occupations. Thus, despite there being an adequate supply of young labour, there was a shortage of labour in the agriculture sector. This study suggests the important role of relational networks in shaping such things as labour market decisions. Further, it explains that opening of new employment opportunities changed the attitude and perception of individuals and group towards agriculture work. It indicates the influence of changing market on the perception of work in the

Tanza. Bearing this in mind, this study also intends to investigate the influence of microfinance and ROSCAs on individuals and cultures (cf. Beckert, 2010; MacKenzie and Millo, 2003).

Based on the discussion above, and on preliminary findings, it is suggested that ROSCAs and microfinance institutions, similarly, do not exist in vacuum. The success of these institutions in Pakistan may depend on how well they can integrate with the prevailing socio-cultural context. However, the majority of the research on microfinance and ROSCAs seems to ignore the interrelationships of these institutions with the cultural context except for a few notable exceptions (Examples include Ardener and Burman, 1995; Brink and Chavas, 1997; Smets, 2000). Another problem that often arises concerns the methods used to investigate such topics as culture. For instance Jaffari et al., (2011) studied the prospects for microfinance in Pakistan and concluded that norms and culture have negative influence on MFIs and banks. However, they did not explain how norms and cultural values influence the microfinance institutions. Further, it is also interesting to note that this study employed quantitative methods. The quantification of such constructs as norms and culture often adds little to our understanding of the complexities of such constructs, which are, anyway, difficult to quantify. Chapman (1992) argues that any single strand of analysis is linked with different categories such as religion, kinship, and politics. He notes that Evans-Pritchard showed in his classic study at Nuer that

“economy, politics and kinship were indivisible; and the religion was so tightly bound into all of these features-into the integrity of lineage, the bonds of kinship, the rituals of diplomacy, the orchestration of consumption patterns- that the attempt to study ‘Nuer religion’ involved rehearsal of the entire social and intellectual structure of Nuer life; and there was no ‘law’ that was

not a fraction of power and imagery of system already described.....thus our own division of fields of study and areas of life politics, economics , law and religion-was of only very limited use in organisations and presentations of results; any attempt to force it on the analysis could only have impoverished and distorted the picture of the Nuer that emerged. ”

(Chapman, 1992: 12 cited in Ardener and Burman, 1996)

This quote from Chapman (1992) strongly underlines the point that economy and society are closely interrelated. This study contributes to the literature by analysing empirical data on ROSCAs and microfinance in their social, ethnic, religious contexts. It is an important contribution because of the lack of studies that situate important institutions and actors in social context, noted above. This study explores such issues, for example, the similarities and differences between practices of microfinance and ROSCAs in Pakistan, and whether or not participation in microfinance programmes plays any role in reshaping relationships, how cultural norms and values influence or, are influenced by, the ROSCAs and microfinance institutions. As noted by Chapman (1992), abstract methods and quantification of such concepts cannot provide the necessary deeper insights and in-depth understanding of the role of the socio-cultural context in microfinance and ROSCAs. Therefore, this study utilises a qualitative research methodology because qualitative research methods provide deeper and rich insights into the lives of people (Bryman, 1988). Within qualitative research methodology, ethnographic and discourse analytic methods are adopted, which are discussed completely in the following chapter. Analysing qualitative empirical data collected on microfinance institutions and ROSCAs not only provides a better understanding of ROSCAs and microfinance but also provide a basis for comparing interlinks between finance institutions (ROSCAs and microfinance) and their social/cultural context.

## **Chapter Three: Methodology**

### **3.1 Introduction**

This chapter will discuss several important issues regarding the philosophical and methodological underpinnings of the study. The aim of this study is to investigate practices of ROSCAs and microfinance in Pakistan and how culture and finance systems (ROSCAs and microfinance) are interlinked together through an analysis of the discourses of their users. For this, an understanding of the prevailing culture is crucial. In order to achieve the aims of the research, and following the management studies tradition of combining elements from different disciplines, a number of approaches from within the qualitative research paradigm are adopted. These approaches are discussed in the following sections.

A qualitative research approach is adopted as it involves studying the ‘meanings of experience, actions and events’ in relation to the phenomenon under investigation through the eyes of research participants (Henwood, 1996). Seeing through the eyes of research participants expresses preferences for the contextual understanding, so their behaviour can be understood in the particular context. However understanding a particular context requires sustained and close involvement on the part of the researcher (Bryman, 1988) therefore ethnographic methods are adopted in the study. Unlike quantitative research, qualitative research is relatively flexible and open ended (cf. Bryman, 1984; 1988) in the sense that it encourages investigations of new ideas and allows for changes in the original plans in the course of research, if

required. Thus, adopting a qualitative approach provides the time and space to understand a given culture and value systems so that meaningful interpretations of behaviour can be made.

In this study, ethnographic and discourse analytic approaches are used to study the relationship between culture and finance systems (ROSCAs and microfinance). This involved observing and engaging with the people and culture to better understand their attitudes, beliefs, value systems etc. Moreover, the discourse analysis approach adopted in this study allowed the researcher to investigate the discursive tools and strategies that people draw upon to achieve particular ends.

This chapter is organized into the following sections. The first section considers the research approaches adopted in this study to investigate microfinance and ROSCA in their social and cultural context. Within this, philosophical assumptions, ethnography, and discourse analysis approaches are discussed. Various issues concerning the combining of ethnography and discourse analysis in terms of interviews are also discussed. The second section focuses on sampling, data collection and analysis and covers issues such as transcription, translation, coding, theory generation and validation. The third section deals with ethical concerns and the last section in this chapter considers the ‘fieldwork’ in which I reflect on my field experience in relation to my roles, identity, access issues etc.

### **3.2 Philosophical underpinnings of the research**

The position I have taken in the study blurs conventional distinctions between ontology and epistemology because it emphasizes socially constructed multiple realities. The two key concepts of social constructionism are that 1) Realities are constructed socially and 2) there are multiple realities. The first suggests that people construct their understanding of the social world in the process of interaction and the term ‘socially constructed’ refers to the negotiated truths and shared understanding of the social world, which develops through these interactions. It follows from this that people sharing the same systems of beliefs and understanding might view the world in the same way. From this perspective, truth is the product of the “social process and interactions in which people are constantly engaged with each other (Burr, 2003: 5). Hence socially constructed reality cannot be external to the people, and, therefore, there is no absolute and objective reality as is assumed in objectivism (Bryman and Bell, 2007). However, this is not to suggest that reality does not exist but rather that it gets its meanings through interactions (Phillips and Jorgensen, 2002).

The other key concept is ‘multiple realities’, which are multiple constructions of social realities. People living in a particular time and settings develop their own understanding of their social world that might be less appealing for the people living in a different era and/or culture. Consequently multiple constructions of the social world are possible. Therefore, knowledge of social world is indeterminate. In other words, concepts, theories, scientific practices and bodies of knowledge are all socially constructed and, hence, cannot be fixed or inevitable and are subject to



interpretation and revisions through interactions with other people. For this study I adopted two distinct approaches within this broad tradition of social constructionism namely; discourse analysis and ethnography which are discussed in the following sections.

### **3.2.1 What is ethnography?**

Ethnography, in a broad sense, is the study of people or/and cultures (Marvasti, 2004; Hammersley and Atkinson, 2007). It has its origin in the works of 19C Western anthropologists whose aim was to provide descriptive accounts of the people and cultures, usually ones located outside of the West. Later some ethnographers carried out research either in their own societies (Kumar, 1992; Skeggs, 1997; Dyck, 2000), which has raised, among other things, the issue of cultural familiarity (Coffey, 1999). Critics of conducting ethnography in one's own cultural setting usually argue that familiarity with the culture makes it difficult to notice the different or unusual or to have the same level of curiosity as one might if one were an outsider. In response to this criticism, Coffey (1999:22) states that the question of who is or who is not familiar is blurred because "cultures are not in themselves homogenous and never were". Therefore, any concept of full membership of any culture is far from clear. It is, therefore, crucial to recognise one's degree of membership and positioning in the culture to produce trustworthy accounts. In relation to this, a full discussion concerning the researcher's positioning in the present study is presented later in this chapter.

Ethnography involves living in the field close to the people or cultures to be studied for an extended period of time while observing and questioning people about things, events, and actions. It involves collecting material, making interpretations of meanings, functions and consequences of people's actions and institutional practices and reporting findings (Marvasti, 2004; Hammersley and Atkinson, 2007). In this description of ethnographical practice above, three dimensions are central; these are involvement and participation, attending to the social context of the study, and representation –These dimensions are discussed in turn below.

— Involvement and participation is a matter of degree, depending upon the topic under investigation and other contingent factors such as the specific settings where research is conducted. For example, if someone is studying death row inmates, the ethnographer does not have to kill someone to understand the life of his/her subjects (Marvasti, 2004). Ethnographies, however, require some degree of involvement in, and participation with, the topic to be investigated. With regard to my own level of involvement and participation in this study, I found my main role during fieldwork changed from that of observer to participant depending on the particular setting. For example in the meetings of ROSCAs members and micro-borrowers, my main role was that of an observer however these meetings necessarily involved some degree of participation, a point which is taken up later in the chapter.

— Another dimension of ethnography is 'attention to social context' in which data is gathered about people and cultures (Marvasti, 2004: 35).

Ethnographers need to pay a great deal of attention to the social and local context in which data is collected to facilitate later analysis. Tedlock (2000:455) puts it this way, “Ethnography involves an ongoing attempt to place specific encounters, events, and understanding into a fuller, more meaningful context”. Therefore, a complete understanding of the local and wider social context is crucial for making meaningful interpretations. Therefore, in this study, detailed field notes were taken to record context and observations.

— A third dimension is ‘representation’, which is concerned with how ethnographic accounts are presented (cf. Hammersley and Atkinson, 2007). A ‘crisis of representation’ developed after the publication of papers edited by Clifford and Marcus (1986), titled ‘Writing culture: the poetics and politics of ethnography’ (cited in Hammersley and Atkinson, 2007). In this seminal publication, established modes of ethnographic writing, presenting single authorial voices were questioned. It was argued that ethnographies written in the realist fashion silence the voices of others (Van Maanen 1988). In response to such critiques, more open and ‘messy’ texts were advocated and this resulted in the production of more reflexive writings, presented in highly self-conscious ways. This newer approach, however, is not free from criticism. In conventional ethnographies, where accounts are presented in the impersonal fashion, reflexive ethnographers were in the foreground. This leads to the question as to how ethnographic accounts should be presented. Hammersley and Atkinson (2007:204) argue that “There should, we believe, be a proper balance between a totally impersonal authorial style that elides

the agency of the observer-author and an exaggeratedly literary form in which the author seems more important than the rest of the social world". My view is that personal reflection should be a central part of ethnography always but used to develop analytic insights rather than as an opportunity to bring the ethnographer's self to the forefront (as in auto-ethnographies) while pushing 'others', who are the focus of the study, into the background.

### **3.2.2 Ethnography: Social constructionism verses realism**

Traditional ethnographic research draws on naturalism and suggests that social phenomena should be investigated in its natural settings. Naturalism advocates respect for natural settings, simultaneously claim to present true accounts of culture's and people's lives without populating it with the researcher's prior assumptions and interest to which I am not agreed. In the author's view, the main problem with realist ethnographies concerns the role of researchers in the field. The role of the ethnographer in the realist tradition seems to be to present a body of fact but what about the researchers' prior assumptions and interests?

People act according to their understanding of the social world; an understanding that is constructed through the interpretations of their actions during interactions (Burr, 2003) with actors in their social world. In the same way, an ethnographer also constructs a version of their social world through their interpretations, which are reflected in the research findings. Hence, the researcher's own assumptions and understanding of the world cannot be divorced from the research process.

The other difference between the two approaches is that “naturalist impulse in fieldwork is typically to ask “What is going on?” with and within social reality, constructionist sensibilities provoke questions about how social realities are produced, assembled and maintained” (Holstein and Gubrium, 2008:374). Thus, a constructionist instead of getting inside the social reality steps back from it and describes how it is brought into being. However this does not imply that constructionists are not interested in what is going on, but along with it, questions are also raised about the processes through which social realities are constructed and sustained.

Although, according to Bryman (1988), ethnography enables the researcher to look at the world from the natives’ viewpoint, it does not mean that ethnography is a neutral method, providing objective accounts of reality in a realist fashion. Thus, I do not pretend to present value-neutral accounts that a neutralist researcher might strive for. In other words, this study should be seen as a co-construction between the researcher and the research participants.

### **3.2.3 Role of language in social constructionism**

In the realist paradigm, language is treated as a neutral tool that is used for communication among social actors. It is seen as a transparent medium used for the true reflection of ‘self’ and ‘truth’. In the social construction paradigm, however, language is not a neutral tool but is used to construct the world and self. There are a number of organisation studies have engaged discursively with ‘practical theories’ (Ellis and Hopkinson, 2010; Ellis, 2008; Rae, 2004; Faria and Wensley, 2002). In

these studies language is seen as active tool for constructing events, identities, activities and also knowledge about social phenomena. With this linguistic turn, “social sciences are not only about counting-defining and measuring variables and the relationship between them, they are also about interpreting what social relationship signifies, to which a long history of qualitative research bears witness” (Phillips and Hardy, 2002:12). Thus, as a qualitative researcher, I am not only interested in knowing the meanings of people’s social world but also in studying the process through which people come to their current meanings and interpretations.

#### **3.2.4 Discourse analysis**

I mentioned in the start of the chapter that I will also employ discourse analysis which, in broader sense, refers to the analysis of the language. The term ‘discourse analysis’ as opposed to ‘language analysis’ draws attention to the fact that it does not involve a mere analysis of language in abstract form. Rather, it is a way of analysing how people draw on their knowledge of language to ‘get things done’, share information, define things and make things happen. Discourse refers to the conventional ways of talking that both generate and are generated by conventional ways of thinking. Thus, discourses constitute ideas and ways of talking that shape and are shaped by ideas.

Discourse analysis is used to analyse different forms of written (e.g. news papers, legal documents) and spoken data (e.g. interviews, speeches, lectures) (Wood and Kroger, 2000). It is a method used to analyse the tools and strategies people use in their talk or writings to emphasize a particular thing or meaning, through the use of

metaphors, word choice and so on. Once a discourse analysis approach has been chosen, however, there are a range of types of discourse analysis from which the researcher can choose for the study on question. This study takes a pragmatic approach and borrows useful elements from different versions of DA which are discussed below.

Discursive social psychology was introduced to British social psychology by Potter and Wetherell in their book (1987) 'Discourse and Social Psychology: Beyond Attitudes and Behaviour'. They introduced an approach that focuses on what people do with the language and which emphasizes the performative qualities of discourse (Willing, 2008). This version of discourse analysis is driven by the notion of interpretive repertoires and asks the questions about the ways participants use language to negotiate and manage their social interaction to achieve social and interpersonal objectives such as blaming, denying liability and justifying an action. Repertoires can be understood as building blocks, which are used to manufacture versions of social self, actions and structures through talk. It basically involves an examination of the contents and organization of it in discourse however, the aim is not a linguistic one (e.g. Grammar or speech errors) but rather "It is concerned with language use, what is achieved by that use and the nature of the interpretative resources that allow that achievement" (Potter and Wetherell, 1995: 81).

Interpretative repertoires share some conceptual elements with Foucauldian notions of discourse (Burr, 2003). They suggest that people's ways of speaking about the world are in alignment with their ways of understanding their social world. When people become expert in their native language, they inevitably adapt to their

society's ways of seeing. In this sense, "Discourses facilitate and limit, enable and constrain what can be said, by whom, where and when" (Parker, 1992 cited in Willing, 2008:172). Interpretative repertoires are, however, different from this notion of discourse in the ways, they are conceptualised as resources used by the speaker to deal with personal agency rather than as structures imposing a kind of subjectivity on them.

The aims of discursive psychology, like CA (Conversation analysis) are not explicitly political, however, some analysts locate their work within the relevant context of ideology and power (Burr, 2003). Foucauldian discourse analysis, similarly, locates discourse within the wider social context of power relations (Burr, 2003; Willing, 2008). This approach is similar to critical discourse analysis (CDA) (Burr, 2003), which attempts to deconstruct discourse to expose power inequalities. Thus, a researcher adopting a critical stance deconstructs discourse to explore relationships between language and power.

A different but associated tool is rhetoric analysis (Potter and Wetherell, 1991; Billing, 1996), which focuses on the analysis of persuasive talk. It studies, through deconstruction of accounts, how people organize their arguments to make them convincing. Rhetorical analysis examines the ways in which talk is organized in such a way as to produce justifiable accounts and to make a reality appear solid and factual. There are a number of ways people generate these persuasive arguments such as using metaphors and presenting contrastive states. Thus, to expose how talk is rhetorically constructed, the researcher has to look not only at what is being said but also what it does, means what implicit rejection are being made.



The other variant is CA that is employed in the study. CA is concerned with studying various features of talk in interactions, such as turn taking and talk repair. It assumes that talk in interaction follows a structure and when a violation of that structure occurs, 'repair mechanisms' are used (Silverman, 2006: 212). In CA, talk and interactions are seen as "sites where inter-subjective understanding about the participants' intentions is maintained and created" (Silverman, 2006: 211). In other words, utterances depend on previous utterances for their production and interpretation, thereby; helping to create the context for the next utterance. Conversation analysis emphasizes the local/immediate context of talk to analyse the participant's orientation (Wood and Kroger, 2000) but the wider social context is equally important for interpreting why certain mechanisms are used. For example, the reason why a professor repairs his talk (See Chapter Five) in addressing a lab assistant as 'president' can only be understood in the wider context within which the utterance is set.

Another important resource people draw on during conversations are 'membership categories devices' introduced by Sack (Potters and Wetherell, 1987) that are used by people to describe themselves or others. Membership categories are associated with specific activities and are powerful resources for people to make sense of their social world. For instance, the term 'borrowers' represents a particular and similarly 'savers' represents a different category, and each category is viewed as having a set of behaviours, feelings, rights and obligations.

Membership Category Analysis (MCA) is a branch of conversation analysis and ethnomethodology that analyses people's talk invoke to common sense knowledge.

Traditionally, CA does not analyse conversational patterns in the wider social context, thus MCA and CA focus on the local context. Inspired by Fairclough's study (1989), analysis will be made in the local context while also attending to wider context.

### **3.2.5 Combining discourse analysis and ethnography: Interview questions**

This section considers an issue arising from using a methodology, which combines discourse analysis and ethnography for carrying out research, as is adopted by this study. This issue concerns collecting data through interviews. While ethnography emphasizes naturally occurring data, discourse analysis utilizes various forms of data (Wood and Kroger, 2000), which raises questions about the effects of collecting data through interviews.

Qualitative interviews have been criticised on epistemological and methodological grounds (Potter and Hepburn, 2005). This criticism is based on the idea that interviewers, in the process of interviewing, inject their own perspectives that generate biased data. This calls into question the value of interviewing as a data collection method. Hammersley and Atkinson (2007:101) while accepting the critique argue "It is certainly true that the influence of the researcher on the production of data is an important issue, but it is misleading to regard it simply as a source of bias that must be, or can be entirely, removed. For one thing, neither non-directive interviewing nor even reliance on unsolicited accounts avoids the problem entirely". In regard to this, Wood and Kroger (2000:66) argue, that everyday conversations that are often described as spontaneous are not necessarily so and they

suggest they may be “carefully scripted and rehearsed”. Thus, it seems that not even natural occurring data is free from bias.

In light of the discussion above, however, it is advisable that conclusions drawn from the analysis of interview data should not entirely rely on what the interviewee said but should be interpreted in the context. In same line of argument Hammersley and Atkinson (2007:102) argue that “The problem of reactivity is merely one aspect of a more general issue: the effects of audience and indeed of context generally, on what people say and do. All accounts must be interpreted in terms of the context in which they were produced”. I believe that participant observation is crucial in generating information about the context against which interview responses can be interpreted. Further according to Hammersley and Atkinson (2007:102), “The aim is not to gather ‘pure’ data that are free from potential bias. There is no such thing. Rather, the goal must be to discover the best manner of interpreting whatever data we have”. Moreover discourse analysis is not primarily concerned with true or false accounts of self or social world, rather it seeks to examine the ways people draw on discursive resources to construct themselves through language. Further, participants are encouraged to display variability in their talk. It is assumed that there is no single, correct answer to a question; rather, what is produced is one possible version. From this point of view, the usual requirement that interviews be neutral and uninvolved is problematic (Potter and Wetherell, 1995). Further, interviewing should be an interactive process in which both (interviewer and interviewee) are viewed as equal partner co-constructing meanings (Holstein and Gubrium, 2008).

### **3.3 Sampling, data collection and analysis**

In any research, the selection of the setting for the study is very important. According to Hammersely and Atkinson (2007), there are various factors the researcher needs to consider regarding selection of setting, these include; suitability, feasibility of carrying out research there, readiness and access. Furthermore, according to Hammersley and Atkinson (2007), a preliminary investigation of the setting should be carried out either through contacting someone who has knowledge about the setting, or making overt or covert visits to help inform decisions concerning the suitability of the setting. For me, it was little easier because, I belong to that place, so was aware of various issues regarding feasibility and readiness which is discussed in more detail below.

Dera Ghazi Khan was suitable to study ROSCAs and microfinance because there are many ROSCAs running in the schools, colleges, universities, banks, markets etc in the city. Further, there are also a number of microfinance banks operating there, such as Khushhali bank, The First microfinance bank, TAMEER microfinance bank etc. Thus, this was a setting in which I could find both types of financial institutions. Further, as an insider from the city increases confidence and reduces problems of readiness and access. I enlisted the help of my parents, friends and other family members and, in fact, a considerable number of ROSCAs members had agreed to participate in the study before the fieldwork commenced. This was an important and necessary step because in the initial stages of research, it had been decided to adopt a purposeful snow-ball sampling (Patton, 2001) for selecting the ROSCAs because it was not possible to use random selection methods as the size of potential population

could not be established. The technique of ‘purposeful’ selection is discussed in more detail below.

Hammersley and Atkinson (2007) state that it is difficult to tell in advance what strategies will prove to be fruitful rather these are worked out and changed as the research progresses. This was also the case in this study as I had to change my sampling strategies during the course of the research. It was initially decided to use a random selection method, using lists of the borrowers of microfinance banks, obtained with permission of the banks. Initial interviews with micro-borrowers were conducted on the basis of random selection. However, after a few initial interviews with micro-borrowers, it was felt that this strategy was not fruitful because the interviewees associated the researcher with the bank. The interviewees were therefore suspicious and this made it difficult to discuss or get respondents to talk about various issues. Due to this, it was decided to adopt a snow ball method; a method already used for selecting ROSCAs for the study. However, there were still some micro-borrowers, who were contacted through the bank even after adopting a snow-ball method, mainly because the snow ball method did not help to locate rural micro-borrowers. Readers may ask here why it was important to access rural borrowers, the solution was purposeful sampling of the population, which allows the inclusion of a more heterogeneous sample (Patton, 2001) to help in getting variation in the discursive constructions.

Hammersley and Atkinson (2007) state that an ethnographer collects data through various methods though may rely on only one. In this study, data was collected through interviews, participant observation, and pictures were also taken however,

the main source of data was from interviews while field notes were used to provide context. The pictures are used to support the analysis and interpretations.

### **3.3.1 Interviews**

The people interviewed had different characteristics in terms of age, gender, background etc. This heterogeneity was partly achieved purposely and partly became visible during the data collection. For example, diversity in literacy level, age, and social background was unintentional, however, it resulted in interesting leadings to analysis. In ethnographic research, interviews are relatively open-ended and reflexive (Hammersley and Atkinson, 2007) thus, an ethnographer does not have a schedule of the exact questions nor asks each interviewee the same questions. Rather, a list of issues to be discussed is prepared to guide the discussions and ensure coverage of important points. Whereas it is important in the interview, to ensure all relevant information is obtained, establishing rapport and trust is of equal importance so the interviewees are comfortable enough to discuss their social experiences with the researcher. Therefore, I usually started interviews with an exchange of general information about myself, the interviewees and their group members , which helped to get the interviewees to open up in the interviews.

This study used semi-structured interviews. The interviewees were microborrowers and members of ROSCAs. I interviewed borrowers from both rural and urban areas. People from the villages were mostly involved with farming. In urban areas, borrowers usually were in a range of different occupations such as sewing, small scale manufacture of hand fans, readymade garments (working as intermediary

between workers and retailers), and selling '*rotis*' (Pakistani bread). As for ROSCAs, members consisted of mostly salaried workers, housewives and shopkeepers. The three ROSCA members from the village and were housewives. Among the salaried workers, there were university administrators and academic staff, bank employees and school teachers. The shopkeepers interviewed were located at the city centre of Dera Ghazi Khan running businesses such as cloth shops, crockery shops and readymade garments.

For the interview purpose, an Interview guide was prepared, reflecting the research objectives and included broad and open ended questions about the topics to be covered in the interviews. All the questions in the guide concerned issues of membership, roles, duties, relationships, trust etc (The Interview guide is provided in appendix 1 & appendix 2). The interviews did not follow any fixed sequence and not all interviewees were asked the same questions, for example, in cases where the interviewees were illiterate, I had to ask questions in ways that the interviewee could understand. However, in cases where there were misunderstandings, it sometimes took the interviews in unexpected new directions, providing interesting insights into the subjects being investigated. In summary, the interviews did not follow any specific sequence but rather discussion flowed naturally and in this sense, the interviews were closer to conversation in nature (Burgess, 1988). However, it was not simply a general conversation as I had a research agenda to follow and, therefore, had to maintain some degree of control over proceedings. It was, nevertheless an interactive exchange in which my respondents were allowed to ask questions about me and my research and to introduce new topics that interested them

(and that were also related to the research topic), which allowed me to prompt them on their responses and ask follow up questions.

All the interviews were recorded using a digital voice recorder to fully capture the interviews for later analysis. The exact length of the interviews varied, depending on the attitude of the participants. Some interviewees were open and, indeed, keen to share their experiences while some remained reserved, resulting in relatively short interviews. On average, the length of interviews was around 45 minutes. All the interviews are conducted in either Saraiki (local language) or Urdu (national language). The choice of language was given to the participants so, for example, if an interviewee was comfortable with Saraiki, I conducted the interview in Saraiki. Familiarity with both these languages enabled me to follow up on interviewees' responses and to better understand their social world through their language. The interviews continued until little new information was being elicited on the key themes – i.e. when data saturation occurred (Charmaz, 2006).

### **3.3.2 Participant observation**

Participant observation is another method I employed for primary data collection. In participant observation, the researcher, as an outsider immersed in the world of the group being investigated, can investigate beliefs, usual ways of speaking and doing things that are taken for granted by the natives. (Burgess, 1990) The researcher is able to see things from a different perspective than the respondents because he/she maintains some distance from the culture under investigation. Also, participant observation helps to fill in gaps in understanding from the interviews to provide



richer accounts and this helps reduce the risks associated with reliance on single data source.

During the participant observation, I made notes on the human interactions and general setting to generate ethnographic material and to better inform interpretations. These notes contained information about the time and setting in which an activity took place, descriptions about what was going on, who were involved, and the nature of interaction. My strategy for note taking was different depending on the setting. In some settings, such as in the meetings of ROSCAs participants and microborrowers, I took brief notes, also termed scratch notes (Sanjek, 2001), of my observation. Edward Norbeck (1970), in his study in Japan, also devoted little time to writing in the presence of informants and produced brief notes later (Sanjek, 2001:269). Although I always attempted to take brief notes on the spot but sometimes this was not possible due to various reasons (e.g. in a social gathering, it was not possible to take notes because people may mind it and may become suspicious of me), and I had to wait until after the event to write up the case notes. I attempted to write up all observations, including my reflections, on the day of the interview, however, there were some days, when this was not possible and they had to be completed the day after.

On my way to visit participants, it was possible to take detailed notes because I was mostly observing, however, on arrival, I did not explicitly take notes as I did not want to make the interviews appear overly formal. This was also important in terms of establishing rapport and trust, as I found people were not comfortable with my note-taking, especially at the first meeting.

During the interview, I also found that note taking reduced the concentration and attention that was needed to carry out an effective interview. Moreover, the use of a digital voice recorder reduced the necessity for note taking during the interview itself as they provide a record of pauses, laughs, and interruptions etc. However, detailed notes were taken before and after the interview about the interviewee, how the interview went, the interview settings etc. in order to place my analysis within the wider, surrounding context.

### **3.3.3 Transcription of interviews**

All the interviews were transcribed for later analysis. The interviews were conducted in local languages (see above) and were initially transcribed in the same language. Transcription plays a central role in the analysis of spoken discourse as it distils and freezes the complex events and interactions in the categories of interest to researcher. The style of transcription is also crucial for the subsequent analysis. Edward (1993:3) states that “When well-suited to the theoretical orientation and research question, the transcript enables the researcher to focus efficiently on the fleeting events of an interaction with a minimum of irrelevant and distracting detail”. My analysis was mainly focused on the contents of the talk so unnecessary detail was avoided. I followed the ‘orthographic’ approach that ‘uses conventional spelling for words’ (Wood and Kroger, 2000: 83). The transcription style employed stresses readability of the text and not such features as intonation pause length etc. I also included my own contribution to the interviews in the transcripts to help better contextualise the interviews and also to situate the discourse in the local context (Wetherell and Potter, 1992).

### **3.3.4 The issue of translation**

Translation is an issue that is poorly covered in research studies conducted in other languages. For instance, Khanum (2001) conducted ethnographic research with Bengali women in Manchester. Although she presented comprehensive accounts of household and family types, there is little information about the research process, such as the language in which interviews are conducted, translation and transcription issues. My epistemological commitments to make trustworthy accounts do not allow me to proceed without attending to the issues of translation.

I have already noted that the interviews were conducted in the participants' first languages. I did not translate interviews from the local language into English for the analysis but rather analysed them in the local language. Translation was only provided for those segments of interviews that are quoted in this study. While translating, I found that certain words cannot always be translated in English and lose their meanings when translated. The words of any language carry a set of assumptions, feelings and values that cannot be translated in a different language (Temple and Young, 2004). Therefore, I tried to preserve these assumptions, meanings and values as they are understood in the cultural context.

### **3.3.5 Coding, analysis and presentation**

Data analysis in its simplest definition is an attempt to search for most salient aspects of the data and to establish links between them to develop an argument about the settings under study. I found a grounded theory approach helpful in clarifying

links and associations between the categories of the data formed. It is suggested by Charmaz and Mitchell (2001) that grounded theory can be adapted to the objectives of the research and that it is not necessarily required to adopt grounded theory as a whole. One can take particular points if it provides useful insights. The present study followed the fundamental grounded theory (Charmaz and Mitchell, 2001) principle in the sense that analysis started with the initial data collection from observations and interviews with groups of ROSCAs participants that provided the bases for later data collection

Charmaz (2006:46) advises that coding in grounded theory should encompass at least two stages. The first stage involves coding by word, line or/and slices of data while the next stage involves using those codes that appear most ‘frequently’ and/or those that are ‘significant’ to ‘sort, synthesize, integrate, and organize large amounts of data’. According to Coffey and Atkinson (1996: 49), this first stage of coding is just a way of indexing and posing questions of the data. Following the advice of Charmaz (2006), the interview data in the study was coded initially in segments according to the central theme in that particular segment, which could be a particular word, action or argument. Sometimes, one segment was given more than one code. For example, if in any statement, the interviewee talked about his livestock to establish credibility (Chapter Four), it is coded as ‘livestock’, and ‘establishing credibility’. It was useful to do such coding because it facilitated the highlighting of variations; a central concern in Potter and Wetherell’s (1987) discourse analysis. For instance, by analysing the data coded under ‘establishing credibility’, I could analyse the different ways people establish their credibility. Similarly, analysing the ‘livestock’ code data assisted in helping establish how

people refer to livestock, for example, to establish credibility or enforce repayment (Chapter Four). The objectives of the research were broad and loosely defined and, therefore, this process of coding helped ‘front’ those concerns that were central to the research participants.

Coffey and Atkinson (1996) and LeCompte and Schensul (1999) distinguish coding from the interpretation of the data. According to them, coding is concerned with describing the data rather than interpreting, which involves theorising relationships between actions and events in the categories. It is further advised by Charmaz and Mitchell (2001) that researchers should not attempt to start analysis with a neutral mind. Rather, it is an iterative process to establish tentative links between data and theoretical conceptualization. Codes are grouped together to form categories and then the analyst starts to theorise relationships through identifying associations and links between the different categories. These links can then be explored by returning to the initial codes, and particularly by comparing different codes. Theorisation is done at different levels, for example, at the category level and at the macro level of the wider context. For example, this could involve considering the role played by microfinance in shaping culture, and consequences for community relationships and development.

As per selection of participants’ quotes, those quotations are included in the finished thesis that sparked particular categorisation and found to be formative in the analysis even though this sometimes, required lengthy explanations before subsequent analysis. Here, I want to acknowledge that selection of excerpts and quotations to make refined arguments and in the generation of theory bears some limitations.

Actually certain words, context, ideas spark the connection during the analysis in whatever stage; categorization, theorising relationships. Thus, from the very first stage in generation of theory, concise, clear, comprehensive phrases are more likely to capture the attention than jumbled, confusing and incoherent statements. Moreover grounded theory also put emphasis on selecting those quotations that are concise and clear.

Now is the time to throw light on question of which theory is going to be generated through this research process. This study does not produce a 'formal theory' (Charmaz, 2006) but rather the theory produced is mostly low and middle range. It produces theoretical explanations around the organization of discourses that are generalised by putting them in their socio-cultural context to produce middle range theory. Thus, it draws generalisable, theoretical conclusions from data and relevant context as analysis is done beyond the immediate context. However, this study does not claim generalisability in the same sense as may be claimed by survey researchers, rather it acknowledges limitations of generalisability while assisting the reader in seeing transferability (Lecompte and Goetz, 2001). Generalisability, however, could be accessed through the generality of claims being made in the study. The extent to which the findings can be generalised relates to questions of validity, which are discussed below.

### **3.3.6 Validating the study**

There are different criteria for validating qualitative research in general and discourse analytical research in particular. Wood and Kroger (2000) suggest the main criteria for determining whether analysis is warrantable are trustworthiness and soundness. Trustworthiness requires openness in all stages and facets of the research process such as data collection, data analysis etc. The availability of such information contributes to the reader's trust and facilitates the reader's own evaluation of the findings. In this regard, attempts have been made to sufficiently describe and present the research process so the reader has enough information to perform their own evaluation of the validity of the findings. Further the requirement to produce documentation is not done for the purpose of replication but to provide enough information to lay the background of certain accounts (Wood and Kroger, 2000).

The other criterion noted above was 'soundness'. Soundness can better be understood by considering 'showing versus telling' ways of presenting findings or making arguments. As Wood and Kroger (2000: 170) state "It is crucial to show the arguments through presenting steps involved in the analysis of an excerpt rather than simply telling the reader about the argument and pointing to an excerpt as an illustration". In this way of understanding, demonstration contributes to warrantability in the following two ways. First it provides the opportunity to check the analysis that is redoing and refining it. Second, it not only ensures soundness of analysis but also display their soundness.

In summary, “Demonstration means showing how the interpretation of an individual excerpt (the subclaims) as well as the overall claims (about patterns and their interpretations) are grounded in the text” (Wood and Kroger ,2000: 170) . There are several sets of criteria that can be used for this grounding of analysis such as; establishing the participants’ orientation (to show that participants’ orientation is consistent with the interpretations of the analyst); Patterns (the claim about pattern can be strengthen through referring to the same responses in interviewees’ accounts) and plausibility (which refers to the criteria to accept a particular claim or not). Thus, in the process of warranting analysis and interpretation, I looked for patterns in the interview text to make sub-claims and overall claims and also carried out intertextual analysis to maximize plausibility.

Patterns and participants’ orientation are also discussed by Potter and Wetherll (1987). However, they also stress the importance of looking at variations in the data and argue it contributes to the rigour of discourse analytic study. Taylor (2001) introduced the concept of quality of ‘interpretations’ as a way of evaluating ethnographic research. This involves evaluating the researcher’s qualifications to make sound claims, such as the researcher’s knowledge about the context. This involves establishing what the researcher has in common in relation to the setting being studied to claim insiderliness. For instance, Back (1996) claimed his insider status on the basis that he worked, resided and was brought up in the same place as the people he studied in his ethnographic research. Sufficient evidence is provided regarding my status as an insider, as well as an outsider, later in this chapter to claim to have a sufficient, an understanding of the context to draw valid conclusions.



### **3.4 Ethical considerations**

Ethics is a branch of philosophy concerned with the evaluation of human actions based on the customs. According to Sieber (1992: 3), “Ethics of social research is not about etiquette; nor is it about considering the poor helpless subjects at the expense of science or society. Rather, we study ethics to learn how to make social research “work” for all concerned”. Awareness about research ethics guides the researchers through the entire research process and helps them to understand their research responsibilities in relation to the rights of research participants. It also helps the researchers deal with different issues raised during the research process such as negotiating access, getting consent, establishing rapport etc which are discussed in the following sections.

#### **3.4.1 Informed consent**

The ethics of research states that participants should be informed about the aims and objectives of the research and their consent should be sought before data collection and reporting of the findings. This issue of informed consent, in ethnographic research, is ethically most problematic in cases of covert participant observation in which research is carried out without informing research participants (Hammersley and Atkinson, 2007). However, even in overt ethnographic research it is not always possible to inform research participants that they are being observed. For instance, I participated in different events during my fieldwork. At times, I found it difficult to explain my role as a researcher/observer in every situation, especially when I was also in other roles such as a friend, a sister, and a daughter. However, I discussed

with them (only those people, I took observations) later about the observations and their interpretations.

There is also the added issue concerning how freely consent can be given. Hammersley and Atkinson (2007), in discussing research ethics, stated that people in public offices may not have the right to refuse and, therefore, cannot really be said to be giving 'free' consent. Similarly, in my research, I contacted people through direct/indirect personal relations, which meant they may have felt obliged to give their consent to participate, especially in Pakistan where such obligations are arguably stronger (Malik, 2006). I always introduced myself to the research participants and explained my research objectives to them at the start of interviews but this does not necessarily resolve the problem of informed consent. Informed consent is a crucial issue and requires not only the participant's approval but also requires the researcher to ensure the participants are well informed about the research objectives, procedures and risks involved in participation (Sieber, 1992) which are not always possible to anticipate in advance in ethnographic research (Hammersley and Atkinson, 2007). Further, research activity of this nature seldom takes place in Dera Ghazi Khan and people do not necessarily understand the various issues involved in research. In contrast, in countries such as the UK, there is research culture and communities over here, every other day, people come across with different sorts of research through internet, TV, news papers etc. Therefore, the participants might not have been in a position to evaluate the benefits and possible negative impact of the research. From this, it seems that such ethical considerations have been developed for use in Western contexts and are of limited use in these sorts of places.

The above discussion on the difficulty of obtaining ‘free consent’ and ‘informed consent’ also lead to the idea that ethics should not be taken as set of rules but rather should be taken as guidelines that should be interpreted according to the situation at hand. As I said above, some of my research participants might not be in the position to evaluate benefits and harm of participation in research, in such cases, much of the responsibility lies with the researcher to judge what is appropriate and acceptable in any particular case or situation. Indeed, the researcher has to judge what possible consequences can come from any particular piece of information about the participants. However, I think that responsibility still lies with the researcher even when participants provide ‘informed’ consent because researcher knows more about the research, the research process and the dissemination of outputs than the participants.

As stated above, much of responsibility lies with the researcher and consequences lie with the researched, thus, it is essential that such issues are seriously considered in all cases. In this process, I found that ethnographic research methods were useful because knowing participants, their situations and context helped in judging what may be useful or harmful for the participants. Further, this study presents data on the experiences of participation in ROSCAs and microfinance that is much less sensitive as it may be in case of studies on street crime and drug users in which case, researcher has to bear in mind the greater responsibility regarding evaluating possible harmful consequences.

### **3.4.2 Anonymity and confidentiality**

Confidentiality requires that participants' accounts should be kept confidential and should be protected from unauthorized access. Wiles et al. (2006:2) suggest that confidentiality includes “(1) not discussing information provided by an individual with others, and (2) presenting findings in ways that ensure individuals cannot be identified (chiefly through anonymization)”. The issue of confidentiality is also not clear cut; there is considerable debate in the literature regarding whether a researcher can promise complete confidentiality or only limited confidentiality (see Palys and Lowman, 1998; Ritchie and Lewis, 2003). According to some, only limited confidentiality should be promised as disclosure of data might be necessary in some cases while others argue that this will discourage participants from openly sharing all information if complete confidentiality is not promised. However, I believe the issue of confidentiality depends on the particular type of study and the context. A point discussed further below.

During this study, I found my research participants were more concerned about with whom information would be shared. I explained to my research participants that data would be shared with my supervisors, and some other academics, but their identity would be anonymised except those whose pictures will be used in the study. The fact that neither my supervisor nor the other academics involved knew my research participants personally made them more confident. Further, the physical distance of the UK from Dera Ghazi Khan, and the fact that the participants are not easily accessible, may also have generated a sense of security.

As stated above, confidentiality can be achieved mainly through anonymisation which become problematic if not impossible especially in case of visual material. For instance, visual images are used because they can reveal much about the phenomenon than text alone cannot do. Therefore, on one hand, it is in the interest of the researcher to use and publish original and unaltered images (Knowles & Sweetman, 2004) while on the other hand, research ethics requires upholding principle of anonymisation and this situation became more problematic when, it is found that some of the research participants did not want anonymity and insisted that their names, accounts and images should be included. In fact, they seemed to be excited by the idea of having their views and images attributed in the study. While it is not possible to clearly identify the real motivation behind this, it does show that not all participants want to be anonymised (Grinyer, 2002). This may be because respondents may perceive it as losing ownership of the data (Bell and Bryman, 2007). However, in the present study, pseudonyms are used for those who want to remain anonymised and images are used after the consent of the research participants.

### **3.4.3 Avoiding harm to participants**

The issues of informed consent, confidentiality and anonymity are all aimed at protecting the participant from discomfort or harm. However, achieving this is also not straightforward and is sometimes beyond the researcher's control (Hammersley and Atkinson, 2007). Harm to participants in ethnographic research can arise from the nature of field relations established during data collection, during interviews and in reporting findings. During the interviews some participants discussed painful

episodes they had experienced in the past and some became highly emotional. Moreover, one female participant was under the impression that I would help her pay off debts as a result of her participating in the research. These were very challenging moments where I had to provide participants with emotional and psychological support.

In the reporting of findings, the consequences are sometimes beyond the ethnographer's control. Hammersley and Atkinson (2007) discuss a wide range of cases in which participants were affected by the publication of the findings. In regard to this, Lieblich (1996: 182), reflecting on the reaction of her research participants to the publication of her work, states that "The most painful reaction (on the publication of her work) was that of the family members who became aware, through the pages of the book, of memories, opinions, and feelings that belonged to their family life and relationships that had never been discussed before among them". Similarly, Wolf (1991:220) describes how his thesis was used as a justification for attempting to revoke the firearms license of one of his participants, as follows "A few years after I'd stopped riding with the Rebels, the Calgary police brought a member of the Rebels' Calgary chapter to court in an attempt to revoke his firearms acquisition certificate. A member of the Calgary police force claimed the status of 'expert witness' and acted as 'a witness for the crown prosecutor'.....When the lawyer for the defendant asked on what grounds the police officer could claim any knowledge of the Rebels, the officer was able to justify his eligibility as an expert witness by virtue of having read my thesis. The Calgary Rebel eventually won his court case and retained his legal right to possess firearms; however, he came up to Edmonton to settle a score with me". These

examples show that ethnographers often have limited control over the consequences of their publications

Moreover, the researcher can also be at risk during the fieldwork (or as a consequence of publishing findings as in the above example of the participant seeking to 'settle a score'). For example; Jacobs (2006) was robbed during his fieldwork on criminals and he notes that "In addition to being robbed at gunpoint, I was involuntarily detained on at least two occasions, stalked, defrauded numerous times". During fieldwork, such dangers are sometimes unavoidable; however, they can be managed and kept to a minimum. During this study, I also had to take some safety measures because it is not always safe in Pakistan for a woman to be moving alone. As a result, I was usually accompanied by my mother or sister when visiting research participants. However, in order to minimise any direct influence on the research process I asked them to leave the room where possible during the interviews. However, during the interviews that I conducted with male shopkeepers in their shops, a companion was with me at all times. This might have influenced the shopkeepers' responses to some extent but it was important first from a safety point of view, and secondly, to create an environment, in which the shopkeepers also felt comfortable<sup>10</sup>.

I was aware of research ethics through the entire research process and sometimes I had to make difficult decisions regarding whether I should go alone to an interview to avoid possible influence from companions and to put myself (and/or the

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<sup>10</sup> In Pakistan, young women rarely travel alone. Moreover, the presence of young, unrelated, woman in a shop may also make shopkeepers uncomfortable as it is likely to be negatively perceived by neighbours etc.

participants) in dangerous, uncomfortable or socially unacceptable situations. These are difficult decisions that every ethnographic researcher has to make and there is no easy way to avoid these dilemmas. However, I agree with Bell and Bryman's (2007) and Hammersley and Atkinson's (2007) point that the researcher should strive to minimise harm to the participants while accepting that this is not always fully possible.

### **3.5 Fieldwork**

In the previous sections, I have discussed philosophical and methodological issues concerning the conduct of this research. I have presented arguments and justifications for the decisions I made during the research regarding data collection, analysis and ethics. This section focuses on a discussion and reflection on the fieldwork conducted in Dera Ghazi Khan from May, 2009 to October, 2009. In this section, I will have to provide justifications through representing a practical understanding of the culture in which strategic decisions making is done.

'Fieldwork' and 'being in the field' are basically two different issues. "The essence of the fieldwork is revealed by the intent rather than by location" (Wolcott, 2005:58). In other words, being in the field does not mean a person is carrying out fieldwork. Fieldwork can be understood as a form of inquiry that is carried out through personal involvement to understand participants' worlds. The fieldworker is ".....[i]mmersed personally in the ongoing social activities of some individual or group for the purpose of research" (Wolcott, 2005:58). While it is clear that



fieldwork must involve personal involvement, it is possible to argue that the degree of involvement depends on the research aims and objectives. Not all research requires a high degree of personal involvement in day-to-day research activities in the field (also discussed section 3.3 of the chapter). Moreover, there are potential dangers in too high a degree of involvement, as a researcher may end up 'going native' and hence lost in the field. The role of fieldworker as the observer has least chances to go native but may lead to the researcher misunderstanding and misinterpreting phenomena. In this study, I participated in various activities during the fieldwork but also maintained a certain distance so that I could more accurately observe and interpret phenomenon.

Regarding the degree of involvement, the researcher may be more or less of an insider. In this study, I see myself as both an insider, and an outsider. As I was born and brought up in Dera Ghazi Khan, I was in a position to better communicate and understand beliefs, behaviours and actions in their cultural context. Being familiar with the language was another advantage. However, as young, female, educated, researcher belonging to an educated, liberal family, I was also positioned as an outsider and was thus able to see and feel what other people do not see and feel.

The above discussion on fieldwork focused on different issues such as the degree of personal involvement, insider versus outsider, advantages of knowing and understanding the culture and language etc. In the following, issues regarding my own identity, power imbalances, securing access and establishing rapport with the participants are discussed. This discussion also provides the reader with a better understanding of the context of the study and the culture of Pakistan.

The nature of the relationship between researcher and respondent should be made clear to produce trustworthy accounts (Lecompte and Goetz, 2001). Fieldwork starts with the image of self in relation to others (Hammersley and Atkinson, 2007: 87). I was not a stranger to the people of Dera Ghazi Khan because I share their ethnicity, wear the same clothes, speak the same language, and am therefore similar in appearance to the people of Dera Ghazi Khan. As a result, initially I did not expect to face issues concerning my presence in the field. However, when I arrived in Dera Ghazi Khan, I found my status had changed from that of Digerian (people from Dera Ghazi Khan are called Digerians) to that of a researcher from the UK, even within my own family.

During the fieldwork in Dera Ghazi Khan, I participated in different religious and social events to better understand the culture and social milieu. As an ethnographer, I played various roles. This sometimes involved being a complete observer and sometimes being a participant observer. For example, when I performed rituals in religious gatherings, I also observed how these rituals play a crucial role in confirming their religious beliefs. I also had various other roles, as is discussed in the following. Kumar (1992:20) explains in her study in Banaras, India that her identity sometimes was reduced to that of 'his daughter'. Similarly in Pakistan, one is recognised as someone's daughter, sister, friend etc. When I went to meet the participants through, for example, one of my father's contacts, I was also viewed as my father's daughter as well as a researcher, but on some occasions, my identity as 'his daughter' dominated. Due to this, my behaviour was not only guided by my professional ethos but also by the social norms in the society under study. It was a challenge to have to adopt multiple, and sometimes, conflicting roles, especially

when I was observing my own friends and family. To exemplify this, I want to share some experiences from my field notes here. I was at my parents' house at around 10 'o' clock in the morning. I was sitting on sofa in the sitting room, while my mother, as usual, was reciting from the Quran. My father was gardening and his mobile was on charge in sitting room. His mobile rang, and I called my father who came to pick it up. He was reassuring someone on the phone that he [my father] would inquire about the matter. From the conversation, it was clear that the person calling wanted my father to talk to his brother on some matter. Later I asked my father about the matter and he responded by asking, 'Are you doing research on me? It means I have to be careful from now on'. Then he said to my mother 'You also have to be careful. Our daughter is now a researcher'. He, although apparently being humorous, also seemed to be sending a message to the effect that I should not be scrutinising their lives from a professional perspective. Asking questions had always been a normal family activity, but now I had another identity as 'a researcher', which changed, albeit in subtle ways, the nature of our relationship and how I was perceived by my family.

Almost all of the research respondents were approached through direct and indirect personal contacts. The respondents had usually been briefed about me and the purpose of my visit in advance. My identity as UK researcher and daughter of a doctor (general practitioner) dominated among the participants. Being a UK-based researcher and daughter of a doctor both represent someone belonging to a relatively higher social and economic class, and as someone educated and intelligent. This was expressed by one of the interviewees who stated "Will I be able to answer your questions", and "What if I say something stupid?". This suggests that they were

conscious of being judged by someone who was perceived to be more educated, a researcher etc.

In rural areas, my identity was constructed as brave and confident women. This is interesting because usually urban women are perceived as confident by their rural counterparts. However, the two other urban women with me, my mother and my mother's colleague, were identified differently to me. It seems my identity as a UK-based researcher, returning to Pakistan, marginalized their identity as confident and brave women. Therefore, the definition and characteristics of a confident and brave woman changed in this setting.

In summary, there were various ways in which my identity was constructed by the people involved in this study. These people, contacted mainly through direct or indirect personal contacts, constructed my image as an intelligent and educated woman belonging to a respectable family. The interviewees contacted through more formal routes such as through the microfinance organisations may have suspected me of being a bank officer even though I introduced myself and described my purpose for being there. Due to these shifting identities, it was a challenge for me to establish rapport with the respondents so they could talk openly to me and share their perceptions about their worlds. Although I did not have a well developed knowledge of the cultures prevailing in ROSCAs and microfinance, I did have a good understanding of the broad culture of Pakistan so I knew how to address someone, how to establish trust, how to respond to particular individual and particular statements. For example, the most important consideration when people

meet with each other is the way they address each other and this depends on many factors such as their age difference, gender, social class etc.

In Pakistan, people address each other using relational names such as ‘baba’ (father), ‘amma’ (Mother), ‘khala’ (mother’s sister), ‘behen’ (sister), ‘bhai’ (brother) etc. For example, when two individuals meet and both are females of similar age, they address each other as ‘behen’ (sister) that shows respect and portray equal social status. This is important because it was critical to the success of the interview to arrive at an appropriate form of address. For example, if I addressed a woman as bibi (lady) that is more generic, formal and expresses less concern than khala (mother’s sister) or behen (sister), I might not have been welcomed and trusted by them.

In case of the ROSCAs, I usually accessed participants through personal contacts and it was, therefore, easy to address someone using a relational name. For example, if I interviewed a woman who was my mother’s personal contact, I would call them as ‘khala’(mother’s sister). However, this was more problematic when I accessed a participant through a more formal channel such as a bank. In these cases, in the first meeting, I tried to gain their confidence and trust. I usually opened the interview by talking about general things, such how many children they had, where they studied, what their spouse did, where they were from etc. to try to establish a rapport and sense of shared identity. For example, there was a micro-borrower whose daughter was studying in the same school that I had attended. I talked to her daughter about teachers, class rooms, play grounds and shared my school memories. It was important to gain their trust and establish insider status as much as possible. Once these links had been established, then I could address them according to the nature

of relationship. For instance, I used 'amma'(mother) for older women, 'khala' (mother's sister) for middle aged women and used a similar pattern for men, for example, 'chacha' (father's brother) for middle aged men and so on.

From the above, it can be seen that in all forms of address, age is a crucial factor and this was also true of how the respondents addressed me. For example I was addressed as 'beti' (daughter) by older men. These forms of address are also used to express respect, honour, and social status. I was addressed as 'beti' (daughter), 'beta' (son), 'baji' (sister and sometimes miss depending on the context), 'miss' and also as 'madam'. They all perform particular functions to create worlds where a particular form of address decides the roles players are supposed to play and what the expectations and responsibilities are. For example, I was addressed as 'son' on occasion and this performs a variety of discursive functions. If a male researcher is addressed as 'daughter', it may express humiliation and is likely to be derogatory. However, when a female is addressed as 'son', conveys honour in Pakistan. Using this form of address, the interviewee is not only honouring the interviewer but is expressing a broad and open thinking regarding gender differences and this may be an attempt to create a world where a female researcher can talk to male participants confidently.

However, arriving at a suitable form of address and discussing commonalities was not enough to gain trust. I tried to adopt the dress style and appearance to establish rapport and gain trust as shown in picture below. Further, I also had to express my friendliness and informality in each and every act. For example, I had to sit with participants on a bare floor without caring about my clothes, accepting their tea and

drinks, holding hands and embracing women, expressing liking for their children, etc.

**Pic- 3-1**



This picture shows researcher and rural member. From the picture, it can be seen that researcher's appearance, dress, style is same as that of rural member that express researcher's insiderliness and cultural understanding.

In Pakistan, one can go to one's close relatives' houses without prior permission so I strategically utilized discourses of informality, friendliness and expectations to facilitate the research process. For example, "This is my own house; I can come at anytime, Can't I khala?", "She is my khala and this is my own house", "Can't I come to my amma's house again?? Participants are almost honour-bound to welcome guests, even if unwillingly, when other person own you and express such informality. One is likely to be perceived as crude and impolite if one does not respond in the same way. Overall, I found I was welcomed in response to my informal, friendly and amiable attitude because it reflected the norms of the culture in which the study took place.

This section discussed concerns regarding my identity and relationship with my participants. All the issues discussed in this section will again be discussed in the next chapter through the analysis of excerpt from the interviews in which I will

show my status as insider/outsider in those communities. Further to this, discourses of borrowers will be analysed to investigate how microfinance and culture are interlined together.



## Chapter Four: Microfinance and culture in Pakistan

**Pic:4-1**



This picture shows a microborrower baking 'Rotis' (Pakistani bread). He established this small business with a microloan.

### 4.1 Introduction

This is first of the four chapters dealing with the empirical data, and focuses on an analysis of the interviews with rural and urban microborrowers who received business loans from microfinance banks. I previously mentioned in the literature review that my research participants are those microborrowers who received loans through group lending systems. These lending groups can be formed in two ways; either microfinance organisations form the groups of borrowers themselves or, alternatively, the borrowers themselves are given the choice to select the group members subject to approval by the bank. The microborrowers who participated in

this study were from self-selected groups. Thus, microborrowers come together to form a group based on pre-existing social relations and shared values and this increases the importance of studying socio-cultural norms and values to understand how microfinance works in such self-selected groups. Thus, this chapter focuses on microfinance in relation to the prevailing culture in Pakistan.

First, I consider the culture of ‘Allah Karesi’ (God will provide) and the prevalence of religious discourse in microfinance. I discuss different ways in which people use the discourses of ‘Allah Karesi’ to limit their liability and establish credibility. After this, I analyse excerpts of interviews with microborrowers that contain a discussion of charging and paying of interest, which is prohibited in Islam. The following section focuses on the instrumental/commercial discourse prevailing in microfinance which sheds light on how commercial concerns such as creditworthiness and repayments are situated in cultural context. After this, the discourses of the borrowers is analysed to examine how cultural values, norms and moral obligations are used to achieve instrumental objectives. Within this section, there is an analysis of how cultural traditions and norms, such as visiting homes and the role of women, are used instrumentally to achieve commercial objectives. At the end, concluding comments are drawn from the analysis and discussion presented.

## 4.2 The importance of ‘Allah Karesi’

‘Allah Karesi’ literally means ‘God will do’ or ‘God will provide’. People belonging to this subculture of ‘Allah Karesi’ invoke this mantra for everything and blame fate if anything goes wrong. For example, a student who should be studying, but wastes his time playing games or wandering around in the streets, at the end of day will be found invoking ‘Allah Karesi, I will pass’ or ‘Allah Karesi, my exam will be replaced with the exam of a brilliant student in the class’. Discourses of ‘Allah Karesi’ can be found almost everywhere in Pakistan but in certain places or situations it dominates, for example, in places where people still have more traditional worldviews. However, there are some people who are dismissive of this culture and perceive it as hindering progress. In fact, there are various local proverbs and jokes that discourage ‘Allah Karesi’ culture as shown, for example, in the following popular Saraiki proverb

“Three elements have been hindering progress in Pakistan:  
Democracy, bureaucracy and **‘Allah Karesi’**”.

This proverb consists of three elements; democracy, bureaucracy and ‘Allah Karesi’. A number of studies noted that democracy and bureaucracy in Pakistan always remained inefficient (e.g. Nasr, 1992; Blood, 1995; Talbot, 1998). This Saraiki proverb suggests that like democracy and bureaucracy in Pakistan, ‘Allah Karesi’ does not produce efficient outcome. Thus, this proverb not only discourages an ‘Allah Karesi’ attitude but also encourages relying on one’s abilities. It supports the view that ‘God helps those who help themselves’ so one should first assess the risks and obtain all available information before making decisions and only then hope

God will grant the decision. It can be seen as encouraging modern thoughts and calculations. Thus in a country like Pakistan, one can find two predominant types of discourses; one in which people talk about more traditional worldviews and another, which is dominated by modern thoughts. I will now present an excerpt to show these two contrasting discourses from two individuals with different worldviews. The interviewee in the excerpt below is an old male villager who seems to belong to the ‘Allah Karesi’ culture. His views belong to that of traditional world where people believe that everything is in the hands of God. On the other hand, I am young, female and my orientation is perhaps that of a liberal British student with modern views about the world. I present a relatively long segment here mainly because it includes several important points that provide useful insights into the system of ‘Allah Karesi’. In addition to this, I want to show with the help of this excerpt, first the limits of my ability to be an ‘insider’ in these communities and, second, a continuing struggle by the two individuals, who belonging to two different worlds, try to understand each other’s point of view.

	<b>MQ-5.1</b>
1	<b>Interviewer:</b> Did you give guarantees for anyone?
2	<b>Interviewee:</b> Yes. I did. God willing, we will be able to
3	repay.
4	<b>Interviewer:</b> Who did you guarantee?
5	<b>Interviewee:</b> The whole team
6	<b>Interviewer:</b> Are not you afraid?
7	<b>Interviewee:</b> God is master. There is no need to be afraid.
8	<b>Interviewer:</b> Yes. God is master but you have given
9	guarantees so if someone is not be able to pay tomorrow or
10	does not want to pay then what?
11	<b>Interviewee:</b> God has blessed me. I have five to seven cows
12	and she-buffaloes. I do business. I can pay. It does not
13	matter.
14	<b>Interviewer:</b> Yes, you can pay. But if others utilize this loan
15	why would you pay for them?
16	<b>Interviewee:</b> God is master. They do business with this
17	loan; they are [brothers], and also poor people. Their

18	business is kept going this way, it is okay.
19	<b>Interviewer:</b> It may be okay but only if they are paying in
20	time.
21	<b>Interviewee:</b> God will make them gentle.
22	<b>Interviewer:</b> But if they do not pay in future. Then what?
23	<b>Interviewee:</b> God will not let it happen, my daughter, they
24	will not do this. I am hopeful, God wills so.
25	<b>Interviewer:</b> If they cannot pay in future, do they have other
26	resources? I mean if their crops do not grow well.
27	<b>Interviewee:</b> Yes. With the will of God, the crops will grow
28	well, the sugarcane will grow well, and the wheat will grow
29	well.
30	<b>Interviewer:</b> Yes, God willing, the crops will grow well.
31	But I was asking if they have other resources in case the
32	crops do not grow well.
33	<b>Interviewee:</b> God will do well. Everything is in his hands. It
34	is neither your wonder, nor my wonder. It is God's wonder.
35	May God be pleased with us.
36	<b>Interviewer:</b> Yes, it is God's wonder but He also asks you
37	to think before making any decision.
38	<b>Interviewee:</b> God will do well, with your prayers.
	(MFRural-M5)

#### 4.2.1 Difficulty of insiderliness

Using this excerpt, I attempt to show my limited insiderliness. In the methodology chapter, I noted that one of the reasons to select Dera Ghazi Khan for my research was the fact that I 'belonged' to this place in the sense that it is where I am from. I thought the shared consciousnesses that such belonging engenders would ease certain research processes such as accessing participants and establishing rapport. I felt it would provide deeper insights to be a native speaker of local language and to have an understanding of cultural traditions, norms and values. However, I found at times during various cultural encounters that I was a stranger in my own land. On these occasions, I felt that I was not part of the culture despite being born and brought up in the same place as that of my respondents. My limited insiderliness, however, generated a deep curiosity about the details of daily life and pushed me to

pay more attention to how individuals carry out their daily tasks and how they make sense of their worlds.

Culture shock is not the preserve of encounters between national cultures, it can also take place within national cultures due to the fact that people belong to different social groups, have different education, class and different orientations etc.. As Kumar (1992) found during her fieldwork in India

“I would like to make the record clear here: a cultural encounter can and does also take place between *classes*, and the difference making, conflict, domination, and objectification that go on within “a” culture are as resounding as those between “a” culture and “an” other”.

(Kumar, 1992:5)

Thus, coming from the same place and ‘belonging’ to the same broad culture does not mean one will go native and lose the eye to question taken for granted knowledge of the social world. I had to some extent become aware of my alien-ness already through reading various ethnographies (e.g., Kumar, 1992; Colic-Peisker, 2004) and partly re-discovered this during my research. The excerpt above reveals how limited my insiderliness was in those communities, as I discuss further below.

In the excerpt, I am struggling to understand how my interviewee perceives his world. I was aware of the culture of ‘Allah Karesi’ but never had really experienced it because I was taught and trained to think and act in what might be seen as a more rational and formal way. The interviewee is persistently drawing upon traditional worldviews that, according to my world view, cannot be employed in such matters as business, loans, guarantees etc. He refers to God in almost each response (e.g.

Lines 21, 23, 27, 33). I cannot refute these appeals as an insider but also cannot entirely accept them because of my modern orientation. It is evident from the excerpt, the length of time it takes for us to develop even a partial, shared understanding of the phenomenon. In fact, I had to stop talking about this topic because the interviewee seemed to be uncomfortable with the conflictive, oppositional discourses which are further discussed in more details in the following sections.

#### **4.2.2 Difference of discourses**

In almost the entire excerpt presented above, my interviewee and I, seem to be talking two different languages and there is continuous tension between the two discourses; one that is a more modern view of world where everything is more material and instrumental and, another, which is a more traditional view in which God is the creator of this world and who controls everything. Throughout the excerpt, I am trying to understand how he takes all his decisions by placing it within the conceptual framework by which I make sense of such matters, namely that of a considered assessment of risk. Contrarily, he seems to be trying to teach me ‘Allah Karesi’ that everything is within the control of God and that no one can do anything if God does not will it.

Despite the difference of the discursive orientations, I felt I had the advantage of shared understanding, or at least cultural appropriacy, at certain points as I know how to respond when someone talks about God in Pakistan. For example in line 8, I said ‘Yes’ in response to the prompt ‘God is master’. Islamic belief system states

that everything in the world is brief and temporary except God. God is the one who created this world and is master of everyone (Al-Qur'an, 55). My insider's knowledge of this belief system helped me to understand and respond to this religious discourse but I was unable to reconcile this discourse to my expectations of what the discourse of microfinance should be. Thus, even though I am aware of their beliefs and ways of life, I cannot appropriately match my discourse with that of the interviewee and this led to increasing tensions during the dialogue.

The effect of this tension can be seen as the interviewee attempts to stop this conversation by using discourse of patriarchy (see Line 23, 'my daughter'). In traditional, patriarchal Pakistani society, women are not supposed to ask questions. Hence, in a stereotypical father-daughter relation, the daughter is supposed to say 'Yes' in response to his father. She is not supposed to question what her father says so, with this discourse of 'my daughter', he wanted to express his superiority and use this as signal to stop my questioning. However discourse of 'my daughter' still expresses a degree of respect and it is a relatively polite way to express one's annoyance or dislike.

I did not stop my line of questioning and kept on returning to the same question in different ways to try to get him to talk about 'formal rationality' but the interviewee consistently used the discourse of 'Allah Karesi' to counter such attempts. Interviews in discourse analysis are not meant to elicit answers to questions but to get interviewee to discuss topics (Potter and Wetherell, 1987). In relation to this, I tried various different openings to get him to discuss guarantee and risk at various



points during interview but he maintained the same strategy of returning to the discourse of ‘Allah Karesi’.

As we have seen, his discomfort with the topic led him to attempt to control the conversation by using the father-daughter trope. But since I did not act like a daughter, the discourse strategy failed to produce the expected result, which was to get me to stop this line of questioning. As a result, the interviewee made another attempt (Line 38) to achieve his purpose by using the utterance ‘God will do well, with your prayers’ (It is discussed in the following paragraph). I took this as a signal to bring the exchange to a close.

In Pakistan, it is generally believed that God listens to spoken words and acts on what He hears so one should make positive appeals to God out loud. Hence, according to interviewee’s belief system, I might be inviting the problems by saying that, ‘if crops will not grow well or if borrowers will not pay’ so he tried to stop this conversation by saying ‘Go will do well, with your prayers’ (Line 38). Therefore, in a discourse and discourse strategy that we both understood, his intention is to indirectly ask me to be careful about what I say and say good things. Moreover, it was a strong signal that he wanted me to close the topic completely and at that point, I had to move to another topic with the puzzle still remained unsolved, which, I attempt to explore in the following subsection by examining interviewee’s discourse in the cultural context.

### 4.2.3 Prevalence of God in the discourse of microfinance

I mentioned before that although I had a partial knowledge of the culture and discourse of ‘Allah Karesi’ and indeed had seen people invoking to God in different context such as one shown in the picture (Pic: 4-2) below but I was surprised by the prevalence of ‘Allah Karesi’ in the discourse of microfinance as this is not a discourse one might normally associate with a system that is designed to serve entrepreneurs and business-oriented people. Thus, I was rather expecting to find that the discourses of business and economics would dominate discussions of microfinance. However, this interviewee (MQ-5.1) seems to rely on God for everything. In fact, he is so persistent that no matter how many times I raised the topic, he draws on religious discourse.

**Pic: 4-2**



This is the front of the Emergency unit of the District Hospital. A man, who seems to be relative of a patient, is praying to God for the patient.

The ‘Allah Karesi’ worldview in some ways does not fit with planning and risk assessment, for instance, in line 33, the statement ‘Everything is in His hands’. Similarly in line 21, ‘God will make them gentle’ is the response to the question in which I asked him what he would do if his group members did not pay. He did not

talk about calculating risks and consequences but rather made an appeal to the benevolence of God as ‘Allah Karesi’ teaches that ultimate responsibility lies with God. In other words there is no sense in planning because it is God who controls this universe and decides everyone’s fate. Thus, one, after hard work and struggle, may fail to achieve one’s objectives just because God does not will so. Thus, the people belong to this ‘Allah Karesi’ culture, attribute their failures as God’s will<sup>11</sup> and if they succeed, they praise God. Mittmann and Ihsan (1991:20) note in relation to this “When someone has done well in examination or got a job, he attributes his success to Allah’s mercy”. In a similar vein, I asked the interviewee about the financial guarantees he has given for his ten members (see Line 6) and whether he was afraid of the personal cost of default, to which he responded ‘God is master’. The intended meaning seems to be that God is creator of this world and will look after us. Thus, there is no need to be afraid or try to influence outcomes as it is God’s responsibility to decide and act accordingly.

The culture of ‘Allah Karesi’ seems to discourage all those elements that might appear from a more rational perspective to be crucial to the success of microfinance, for example, planning, calculations, risk assessment etc. In addition to this, this discourse can be used to limit one’s liability and to avoid responsibility. For example, ‘everything is in his hands’ limits everyone’s liability for the outcome.

Another possible interpretation can be found in the following generally perceived notion according to which the people who talk in the discourse of ‘Allah Karesi’ are

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<sup>11</sup> Guerin (2010) reported a case of suicide in Lahore. A father has killed himself along with his three daughters due to chronic poverty. On this event, one of Pakistani parliamentarians responded towards this suicide case with the following statement; “suicides were the will of God.” Indeed, it was time for Pakistani leaders to accept their responsibility rather this case of suicide is projected as ‘will of God’.

perceived as more humble and modest. Therefore, the discourse of ‘Allah Karesi’ is also used to establish speaker’s credibility. For example in line 2, the interviewee says, ‘God willing, we will be able to repay’. ‘God willing’ is the translation of Arabic word ‘InshAllah’, literally means ‘if God wills it’ but more generally translated as ‘God willing’. The utterance ‘God willing’ has three discursive functions; first it gives credibility to the statement of the speaker, second, it portrays the speaker as honest about what he/she is claiming/saying, third, it also limits the degree of liability the speaker has for the statement if circumstances are beyond his/her control as is assumed under the sub-culture of ‘Allah Karesi’ where everything is in the hands of God. In many places, the interviewee uses ‘God willing’ to represent his nobility and honesty and thus increase credibility of his statement. Furthermore, it is impossible to refute such discourses without engaging in highly contentious argument in Pakistan. In a similar way to this male villager, other interviewees also drew on the discourse of ‘Allah Karesi’. Some of these used this discourse almost exclusively while others used mixed of this and other discourses. For example, an urban woman states in relation to this, as follows:

	<b>MQ-8.1</b>
1	<b>Interviewer:</b> What happens if something goes wrong
2	tomorrow, or if someone couldn’t pay then?
3	<b>Interviewee:</b> With the blessing of God, nothing
4	will happen.
	(MFUrban-F8)

Just like the previous interviewee (MQ-5.1), this woman had also given guarantees for more than one woman. When she is asked about the guarantees, and what would happen if there are problems with payments, she refers to the same discourse (line 3-

4) that God would bless the participants and nothing wrong would happen. Similarly, on different occasions, other interviewees have referred to discourse of ‘Allah Karesi’. This is exemplified in other quotes in the following sections of this and other chapters of this thesis.

In the previous sections, I argued that the discourse of ‘Allah Karesi’ represents one’s worldviews and performs certain discourse functions such as limiting liability. In the following, I discuss how this discourse is used strategically to achieve certain objectives. I have already noted that the use of religious discourse increases the credibility of the speaker’s statement and represents him/her as noble and honest. It is generally accepted in Pakistan that people will not lie when invoking the name of God and even if they do, others are obliged to accept the speaker’s statement with the hope that God will punish him/her if he/she is lying. This is exemplified in a novel by Umaira Ahmad<sup>12</sup>, she describes a scene where one woman lies while swearing on the Quran. At that time, she won the trust of everyone but later on she faced the consequences and was punished by God. The lesson seems to be that God punishes those who lie by swearing to God. Moreover, it also suggests that people who are good and noble human beings respect the name of God and trust even someone who may lie in God’s name. Thus, people are trusted when they employ such discourses even if they are lying.

Hence, two points can be made concerning the discussion presented above about the prevalence of religion in microfinance discourse. First, the discourse of ‘Allah Karesi’ represents a particular worldview, which implies a carefree attitude towards

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<sup>12</sup> A novel by Umaira Ahmad titled as ‘Meri Zaat Zara-e-benishan: The story of a woman torn between faith, fidelity and forgiveness’. A drama has also been made based on this novel and was broadcast on ‘Geo’: A Pakistani Tv Channel.

planning, risk assessments and recognising one's responsibility. Therefore, these people may opt for risky investments without analysing the risks and benefits carefully, which may result in project failure. Thus, microfinance institutions have to be careful with such microborrowers. Second, the discourse of 'Allah Karesi' is used strategically to gain trust and establish credibility, possibly because it is difficult to oppose such discourses as 'God is Master' in Pakistan. The strategic use of this discourse, however, does not necessarily represent one's agreement with a traditional worldview.

#### **4.2.4 Relational and emotional talk**

By relational and emotional talk, I mean talking about relationships, care, feel for others etc.. The discussion of relations, care, and helping others is common in the discourse of 'Allah Karesi'. For example, see line 16-18 (MQ-5.1) I asked the interviewee why he would pay for others and he replied as follows 'They do business with this loan; they are [brothers], and also poor people. Their business is kept going this way, it is okay'. He calls the other members 'brothers'. I want to note here that the other members were not his brothers in the sense of being blood relatives and the interviewee actually means that they are like brothers. The use of 'brother' has specific implications here historically, metaphorically and discursively. It reminds those within the Muslim faith, of the brotherhood which developed between the immigrants from Makkah and the residents of Madina when the Muslims of Madina shared all their wealth and property with these immigrants. It is a widely cited Islamic 'lesson' in public discourse in Pakistan. For example, Ch. Shujaat Hussain, a President of the Muslim League said in his Independence Day

speech on 14 August, 2010 that, “We should not forget that more than 100 million of our Pakistani brothers and sisters are suffering in the worst flood in the history of Pakistan.....Independence Day seeks Islamic brotherhood from the nation. Just like the Ansar e Madina had shown” (MTT staff reporter, 2010). Thus, according to this piece of Islamic history, one should be open and unreserved, without calculations of self interest when helping one’s Muslim brothers.

From the above discussion of the cultural importance and meaning of brotherhood, it can be understood why the interviewee does not talk about material self-interest. Further, he says they are ‘also poor people. Their business is kept going this way, it is okay’. It gives message that if the interviewee does not help them, their children would starve. Thus, by using this discourse of ‘brotherhood’ and ‘providing a helping hand’ the interviewee is representing himself as an empathetic and pious member of the community. There is also a preconceived idea of ‘reciprocity’ regarding this discourse. I am not talking about here one-to-one reciprocity between people but the reciprocity with God in the sense that God will reward good deeds. It is commonly held belief that God shows his kindness to those who are good human beings, who care for others. Thus, in one sense, it is not an entirely selfless help as one expects a return from God.

#### 4.2.5 Mixture of business and ‘Allah Karesi’ discourses

These discourses of God and ‘Allah Karesi’ can be found everywhere in Pakistan, sometimes merely representing different worldviews, and sometimes used intentionally and instrumentally. As already noted, various types of discourses can be found in discussions about microfinance, some of these are pure of ‘Allah Karesi’, while others have mixture of ‘Allah Karesi’ and business discourses and others are purely instrumental and commercial. For example, the interviewee below, a relatively young male villager, uses a mixture of two discourses.

	<b>MQ-11.1</b>
1	<b>Interviewer:</b> So what do you think? Would you be able to
2	pay the loan of others?
3	<b>Interviewee:</b> God willing!
4	<b>Interviewer:</b> Do you have that much income to pay for
5	others?
6	<b>Interviewee:</b> God be praised, I do. Rs. 30,000 to Rs. 35,000
7	is not a big matter. God willing, I will be able to pay this.
8	<b>Interviewer:</b> How will you manage?
9	<b>Interviewee:</b> We have cultivated lands, we have businesses
10	and my brothers are in Saudi Arabia.
11	<b>Interviewer:</b> Your brothers will send you money?
12	<b>Interviewee:</b> Yes, certainly. If, unfortunately, the crops do
13	not grow well, all my brothers and nephews are in Saudi
14	Arabia. I can get money from them.
	(MFRural-M11)

This excerpt shows a mixed discourse of business and religion. This interviewee turns to God at various points to limit his liability (Lines 3, 7) but, unlike the previous interviewee (RQ-5.1) he seems to be accepting that things may go wrong. Thus, he discusses alternative arrangements in case, if crops do not grow well.



In addition, the interviewee talks about receiving money from his brothers and nephews in Saudi Arabia. Interviewee statements about getting money from brothers and nephews are not uncommon and, indeed, can be used instrumentally to establish one's credibility. In relation to this, Moazam (2006) conducted an ethnographic study on organ transplants and found that people donated their kidneys to the members of their extended family members, a sacrifice which is motivated by love for their family and as a way of fulfilling religious obligations to help one's own blood. Therefore, such statements about getting money from brothers or nephews are generally accepted because of the prevailing culture of collective obligations and reciprocity. People will and do pay for their relatives even when they cannot easily afford such financial assistance. The interviewee, by using such discourse, is increasing his credibility as he is confirming that alternative arrangements are in place if his crops do not grow well. Thus, this suggests that interviewee is not only relying on 'Allah Karesi' but also thinking of other sources from which to get help if the need arises that express interviewee's rational attitude towards business matters.

### **4.3 Interest in the discourse of microfinance**

In the discussion of religion in the context of microfinance, the topic of interest is of particular importance because the business of money lending and the charging of interest is strictly prohibited in Islam. There are many references to this in the Quran, for example;

“Allah (God) destroys interest and gives increase for charities”.  
(Al-Qur'an , 2:276)

“O you who believe! Eat not Riba (usury) doubled and multiplied, but fear Allah (God) that you may be successful”.  
(Al-Qur'an , 3:130)

These verses from the Quran provide evidence of Islamic thought on charging interest. I mentioned in the introductory chapter that Pakistan is predominately an Islamic country (Black, 2002; Malik, 2006), and, therefore, it is interesting to analyse, how microborrowers respond to such issues as interest. The analysis of the interest related discourses will provide an understanding of the interrelationship between finance and religion. Therefore, in the following section, I consider excerpts containing discussion on interest.

	<b>MQ-9.1</b>
1	<b>Interviewer:</b> How much did you borrow?
2	<b>Interviewee:</b> Rs. 15000 and I paid back Rs.17155 in total.
3	<b>Interviewer:</b> What was this extra money for?
4	<b>Interviewee:</b> The bank staff asked for it.
5	<b>Interviewer:</b> Did not you ask them the reason for it?
6	<b>Interviewee:</b> No, I did not ask them.
7	<b>Interviewer:</b> Did you get any information about it?
8	<b>Interviewee:</b> No. The group president may know about this.
9	<b>Interviewer:</b> Then did you ask him?
10	<b>Interviewee:</b> I did not ask him, he just told me that I had
11	borrowed this amount and had to return this much.
12	<b>Interviewer:</b> Why did you trust him?
13	<b>Interviewee:</b> He showed us a piece of paper, and my name
14	and the amount was written on it.
15	<b>Interviewer:</b> So you paid back Rs 17155, which is an extra
16	Rs1255. And you did not even ask what the extra amount
17	was for?
18	<b>Interviewee:</b> hmm (Smile) They give the loan for six
19	months, the extra amount would be for this.
20	<b>Interviewer:</b> Is it interest?
21	<b>Interviewee:</b> Yes, they take interest.
22	<b>Interviewer:</b> Do you know what Islam says about interest?
23	<b>Interviewee:</b> It is Prohibited. But we have no option;
24	You have to pay interest if you want to borrow money. It is
25	the same everywhere.
	(MFRural-M9)

In the excerpt, the interviewee at first suggests that he does not know what this extra amount is or why he has to pay it (Line 1-14). It is interesting to consider the different moves he makes through the discussion. For instance, in line 5, I asked if he had asked the bank about the additional amount. In response, he stated ‘No, I did not ask them’. Then I asked if he had received any information about this, to which he responded ‘No. The group president may know about this’. With these statements, he seems to be suggesting that he deliberately does not ask to avoid discussion of interest, which is culturally problematic. Further, he seems to be suggesting that he should not be expected to know and someone else is responsible (the president), which absolves him of responsibility for taking an interest-bearing loan. His responses indicate that he anticipated my questions concerning interest and that he has an understanding that this would probably be considered wrong.

It is also notable here that interviewee states that he trusts the group president because the group president produced documentation as a form of evidence (Lines 13-14), which indicates calculated trust among the borrowers. Unlike the previous interviewee (RQ-5.1), who draws on the discourse of ‘Allah Karesi’ while talking about trust, this interviewee seems to have a modern worldview about trust, however, when it comes to the discussion of interest, the interviewee (MQ-9.1) seems to try to avoid it, which shows that the topic of interest carries considerable ‘cultural weight’ in the Pakistani context. Later in the excerpt, the interviewee suggests that the extra amount is charged for lending money for six months (Lines 18-19). When I then asked if this represented interest, the interviewee says, ‘Yes. They take interest’ (Line 21). In response to my question about Islam and interest, he states (Line 23), ‘It is prohibited. But there is no option.’ Here, he seems to be

presenting himself as a victim of such a universal system as he further says that one must pay interest if one wants to borrow money. In relation to this, it should also be noted that interviewee, in line 24, has used ‘you’; a generic terms to strengthen his statement and also to present it a universal phenomenon.

Many other interviewees also drew on a similar discourse. For instance, consider the following quote:

	<b>MQ-5.2</b>
1	There is no option.
	(MFRural-M5)

	<b>MQ-6.1</b>
1	We do not have any other option.
	(MFRural-M6)

In both quotes, the interviewees are presenting themselves as victims of such a system involving interest. However, there were also some interviewees who drew on different discourses and presented themselves as having choices. For example, consider the following quote below.

	<b>MQ- 4.1</b>
1	<b>Interviewer:</b> Why did they take more than the loan amount?
2	<b>Interviewee:</b> It is profit I think.
3	<b>Interviewer:</b> What do we call this profit in Islam?
4	<b>Interviewee:</b> It is also called interest.
5	<b>Interviewer:</b> What does Islam say about interest?
6	<b>Interviewee:</b> There is no option. I know it is prohibited but
7	one has to do business, one has to live, one cannot survive,
8	without doing business, without eating (consuming) and
9	without spending so one has to judge.
	(MFRural-M4)

In this quote, the interviewee notes on line 9, that one has to judge whether or not to get involved in such a system. However, it is interesting to see how he develops his argument. When he is asked about the amount of interest, he responds by calling it ‘profit’, which is allowed in Islam if it is earned through trade. However, earning profit through money lending is prohibited According to the Quran;

"Trade is [just] like interest." But Allah has permitted trade and has forbidden interest.

(Al-Qur'an, 2:275)

Although the interviewee calls interest ‘profit’, when pressed about this ‘profit’ in Islamic terms, he states that ‘It is also called interest’ (Line 4). Thus, when the discussion turns to the subject of interest in Islam, he suggests he is also a victim as the previous interviewees (MQ-9.1; MQ-5.2; MQ-6.1) did and also states there is no other option. However, he then shifts his position and states that one has to make a judgement. He says ‘I know it is prohibited but one has to do business, one has to live.....one has to judge’. With this statement, he seems to be presenting himself as exercising control over his actions and consequently taking responsibility for his actions. In a similar way to this interviewee (MQ- 4.1), another interviewee states

	<b>MQ-20.1</b>
1	There is interest. But this loan generates profits for us. This
2	way, we earn some money for the household.
	(MFUrban-F20)

This interviewee also notes that microloans carry interest. However, the interviewee notes that the loan generates profits and she earns some money for the household. The interviewee also uses ‘we’ to represent common experience. Similarly to the previous interviewee (MQ-4.1), she seems to be taking responsibility for her actions.

This section analysed the discussion of interest in the talk of microborrowers who either present themselves as victims of such systems involving interest or seem to take responsibility for their decisions and actions. The powerful cultural influence of religion noted by Black, (2002) would perhaps suggest that Pakistani microborrowers might not take out interest bearing loans. However, from the above, it can be said that access to finance is so important in the lives of these interviewees that they draw on different discourses to justify taking out interest bearing loans. It expresses instrumental attitude of the microborrowers towards such things as interest bearing loans which is prohibited in Islam. On the bases of this, it can be suggest that finance has undermined the religious values. Or in other words, it indicates success of microfinance in the Pakistan which is predominately Islamic country.

#### **4.4 Establishing credibility and creditworthiness**

As discussed previously, ‘Allah Karesi’ is used to establish the credibility of the speaker’s statement and represents him/her as honest and trustworthy and, in the context of microfinance, the utterances relating to this discourse express willingness on the speaker’s part to repay loans. However, microfinance institutions also need to assess the creditworthiness of the borrowers and their ability to pay back the loan.

In the context of microfinance, this is vital because microfinance does not require physical or financial collateral (see Chapter Two). Thus, creditworthiness is established through discussion. For example, talking with applicants and seeking local information about the applicants through discussions with families, neighbours and associates. In this section, I discuss how microborrowers establish creditworthiness of themselves and their group members.

Microborrowers mostly refer to lands, livestock, home, when discussing creditworthiness. For example,

	<b>MQ-6.2</b>
1	He has livestock; he has land and crops of wheat.
	(MFRural- M6)

	<b>MQ-4.2</b>
1	Everyone has livestock and also owns land.
	(MFRural-M4)

Material assets such as land, livestock, property etc. have their market value and are saleable but as microfinance banks do not require financial collateral and thus do not acquire the right to take possession of the assets of microborrowers in case of default, then it is pertinent to ask why they talk about these assets rather than just talk about entrepreneurial skills and business plans. This reference to assets suggests that these discourses have been borrowed from those of the traditional loan system. These ‘borrowing’ raises questions about the innovative mechanisms claimed by microfinance (see Chapter Two). It is often claimed that microfinance utilises unique mechanisms (social collateral) to establish the creditworthiness of borrowers,

however, the appearance of such traditional discourse in the quotations weakens this claim.

After discussing discourse of material possessions in the context of microfinance, I want to revisit the last quote above (MQ-11.1), in which the interviewee stated that ‘My brothers are in Saudi Arabia’ (Line 10). This is also an interesting statement because it does not include anything that is readily saleable or that has any intrinsic/market value. I previously discussed the cultural context that partially explains the prevalence of such discourses and below I expand on this by considering how talk about Saudi Arabia helps to establish his creditworthiness.

Raising the topic of ‘Saudi Arabia’ in discussion has an association with one’s ability to earn or raise money. Pakistanis go to ‘Saudi Arabia’ to earn money thus the utterance ‘Saudi Arabia’ conveys a message that a person is showing responsible behaviour and signals the availability of money. The other element in above quote (MQ-11.1, Line 10) is ‘my brothers’ that might have reduced the credibility of the speaker’s statement if interpreted in different context but as previously explained it has considerable strength in these places where the culture of ‘Allah Karesi’ prevails. Moreover, the culture of collective obligations and reciprocity in Pakistan obliges relatives and blood relations to help each other in difficult times. Therefore, if a person states his/her son, brother, or other relative is working in Saudi Arabia it suggests this person can get money to pay back loans. Furthermore, he says that ‘all’ (MQ-11.1, Line 13-14) his brothers and nephews work there which, as this is a wider group from which to draw on in time of need, reinforces this meaning. Thus,



the discourses such as ‘my brothers are in Saudi Arabia’ seem to construct the credibility of the speaker’s statements in the repayment context.

It is said that microfinance does not require credit checks and credit history for the provision of loans (see Chapter Two) but it requires that microborrowers give informal guarantees for each other so the risk is minimized. In the groups, everyone knows each other well as they usually share a cultural and social sphere. This acts as a check on creditworthiness, as in microfinance, loans are only given if the group is confident about group members’ credibility and credit worthiness. This is exemplified in the excerpt presented below with a male interviewee, in which he establishes his group’s worthiness through formal, instrumental and commercial discourse.

	<b>MQ-6.3</b>
1	<b>Interviewer:</b> Did you give guarantees for other members of
2	your group?
3	<b>Interviewee:</b> What?
4	<b>Interviewer:</b> There is requirement for guarantees. The
5	bank takes guarantees and you have to pay if other persons
6	will not pay.
7	<b>Interviewee:</b> Guarantee! Yes.
8	<b>Interviewer:</b> So you gave guarantees. Why?
9	<b>Interviewee:</b> I gave guarantee because we trust that he
10	will pay back, this is why we included him in the group.
11	<b>Interviewer:</b> Why do you trust him?
12	<b>Interviewee:</b> He has business. He can repay.
13	<b>Interviewer:</b> What kind of business?
14	<b>Interviewee:</b> He has livestock; he has land and crops of
15	wheat. If someone has nothing, we neither include him nor
16	do we guarantee him. Perhaps, he cannot pay tomorrow and
17	we will have to pay from our pockets. So, we include only
18	those who we know about, and ask ‘if he takes a loan today,
19	will he be able to pay it or not tomorrow?’
20	<b>Interviewer:</b> So this is why you trust him because he has
21	livestock, land and he can pay you in any case. Suppose, he
22	has other needs and delays payment, what then?
23	<b>Interviewee:</b> It is already communicated that ‘You can

24	postpone your other needs but you cannot delay here’.
25	<b>Interviewer:</b> Hmm
26	<b>Interviewee:</b> ‘This is the first priority. You must not spend
27	on home expenditures if you cannot pay here. You will have
28	to pay here first then you can spend money on personal
29	expenses’.
	(MFRural-M6)

There is a significant difference between this excerpt and one that was presented in the beginning (MQ-5.1). Almost the entire first excerpt (MQ-5.1) was made up of the discourse of ‘Allah Karesi’ and almost the entire one above (MQ-6.3) consists of instrumental and commercial discourse. The interviewee maintains his instrumental tone in the entire excerpt. It is interesting to see his foot shift from ‘I’ to ‘we’ when asked specifically why he gives guarantees to which his response was ‘I gave guarantee because we trust that he will pay back’ (Lines 9-10). He has shifted his footing from ‘I’ to ‘We’, suggesting that the interviewee might not hold himself solely liable for this. The use of plural ‘we’ conveys the meaning that there might be consensus among the members regarding who should be included in the group. Therefore interviewee cannot be held liable for taking guarantee but rather the group is held liable as a collective. Unlike the first excerpt (MQ-5.1), where interviewee says, he gave guarantees for 10 members and invoking ‘Allah Karesi’, this interviewee seems to be reluctant to talk about guaranteeing even one member.

I mentioned before that the use of ‘we’ may represent consensus among the group. His statement seems to suggest the whole group trust him (The member whose, interviewee has taken the guarantee) and when more than one person trusts someone, it, in itself, partly guarantees trustworthiness. The opinion of one person

could be wrong but the fact that this is a group decision gives it more strength and credibility. Thus, it can be said that by using this discourse, the interviewee generalizes his statement, which not only limits his liability but also optimizes the reliability of his guarantee for the other borrower.

The interviewee uses the word 'perhaps' in line 16. He seems to be saying that if they take someone who does not have enough income, then there is a chance he will not be able to repay, and, as a result, they would have to pay it from their own pockets. Here, he shifts discourse to a business footing that represents him as a business oriented man who calculates the risks and benefits before making decisions. He is presenting himself as rational member who understands the consequences of including a person who may not have enough income to pay back loans.

In lines 23-29, he uses formal discourse to inform the researcher about the rules or norms of his group, specifically that repaying loans is the priority. I asked him what would happen if a group member had other needs and could not repay a loan on time. The Interviewee replied that repaying loans is the first priority in his group. In other words, he seems to be suggesting that group members relate only on a business level and they have no concern with personal problems. If this is interpreted in the broad context of culture explored in the excerpts (MQ-5.1; MQ-11.1) then it could be viewed as a culturally inappropriate reply because people are supposed to help and support each other in times of crisis. For instance, an interviewee in the quote (MQ-11.1) says, he can get help from his relatives in Saudi Arabia in the times of crises (e.g. If crops do not grow well). However in the context of microfinance, the

discourse (MQ-6.3, Lines 23-29) is used to emphasize the ability of group members to enforce payments. In line 11, the interviewee is asked about his level trust of the member he is guaranteeing, he responds as follows ‘He has business. He can repay’. In the previous excerpt (MQ-5.1; MQ-11.1), the interviewees draw on the traditional discourse of collective obligations in the context of ‘trust and guarantee’ to suggest that, in the event of late or non repayment, the members themselves can repay the loan on behalf of debtor. However, this interviewee draws on the discourse of individual responsibility by noting the economic status of the member in question and implying that he can repay the loan himself which expresses interviewee’s commercial attitude towards microloans and group members.

#### 4.4.1 Selling Livestock

As I discussed previously, the ownership of land, livestock and material assets is used to establish creditworthiness of the borrowers for the group members and for the microfinance bank as well. This is reason material assets are frequently used to establish the creditworthiness of borrowers. However, land and livestock are also cultural assets highly associated with someone’s honour and being forced to sell them can have serious social consequences. To exemplify this, I present a quote below in which the interviewee talks about selling the livestock of his group members and I interpret this quote through both the broader cultural context and the microfinance context.

	<b>MQ-6.4</b>
1	If someone has no money, but at least has livestock. We can
2	receive money by selling some of them.
	(MFRural-M6)

This quote is taken from an interview with a male microborrower. We were discussing repayment of loan when he stated that if a member did not have money, they would sell his livestock to repay loan. This is a very strong statement if interpreted in the broader cultural context because of the great cultural importance attached to livestock (it will be discussed in the following paragraphs). However, the way he uses 'we' is interesting because it makes him less accountable for the statement, thus the speaker alone cannot be accused of offense but is rather a group responsibility. It also, in some ways, indicates that taking action alone that goes against cultural norms and values is not easy, and so the inclusion of others may be a strategy to reduce resistance or make it easier to go against cultural norms.

Livestock are a status symbol in places like Dera Ghazi Khan and people keep them not only for income generation but also for their pride and respect. Some of this importance derives from the Quran, which encourages keeping of livestock as exemplified in the excerpt below:

“And you have a sense of pride and beauty in them as you drive them home in the evening, and as you lead them forth to pasture in the morning.”

(Al-Qur'an, 16:6)

Due to its cultural importance, it is necessary to consider this discourse carefully and to evaluate act of selling livestock under different circumstances. Some people keep livestock for purely commercial purposes, in this case it is a normal part of livestock farming to sell them. However, selling livestock is discouraged when someone keeps them for family consumption. This is especially the case when someone has only a few cows or she-buffaloes because the livelihood of whole family may

depend on livestock and selling the livestock may expose their children of these families to hunger and starvation.

Given the cultural significance of livestock, it is worth asking why the forced selling of livestock is acceptable in the quote given above (MQ-6.4) for repayment of the bank loan. It is also worth comparing whether this would be acceptable in the case of a loan to a friend or relative. A friend or relative does not demand repayment if the debtor is in crisis and if he did, he would be condemned by the community. Again, this is informed by the Quran, which states:

“If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if you remit it by way of charity, that is best for you if you only knew.”

( Al-Qur'an, 2:280)

According to this verse, the lender is morally obliged to wait till the debtor has enough money. Therefore, talking about selling debtor's belongings in the market to get money back is unacceptable in most contexts however, microborrowers may justify this discourse as it concerns 'bank money' and it may, therefore, appropriate to deal with it in this way. This demand for loan repayments from people who might normally be considered friends and relatives, that might be discouraged on moral grounds in more traditional contexts till the debtor is out of financial danger , is seemingly now justified in the discourse of microfinance. Therefore, in this case, when other members have to repay bank loan, it seems acceptable to talk about strict rules and selling of livestock and the act of selling others' livestock may be viewed as fair.

In the quote, the interviewee's use of the discourse of money and business makes livestock purely a financial transaction. It can be said that the effect of the commercial nature and setting of microfinance has fostered an instrumental discourse in the groups and reduced the cultural importance of livestock to that of a mere financial transaction.

#### 4.5 Instrumental use of cultural norms and moral obligations

In this part, I analyse and interpret various discourses to make sense of how cultural norms and moral obligations are used in the context of microfinance to achieve instrumental objectives. The discussion revolves around two concepts, honour and shame, are used as a mechanism to govern behaviour. Since honour and shame are associated with social settings, it is important to interpret them in a broader social and cultural context. Therefore, I will present a quote from the interview that will help to construct context for the later analysis of shame and honour used by the microborrowers and microfinance banks. The excerpt below is now considered in the concepts of honour and shame, introduced above.

	<b>MQ-5.3</b>
1	A bad reputation is a very bad thing. Wise people say
2	<b>“Banda Akh da Karan howe Jag da Karan na Howe”</b> . If
3	one of the friends come and say ‘You did not pay your debt
4	yet!’ One would rather die before hearing it.
	(MFRural-M5)

The interviewee has quoted a Saraiki proverb here which is presented in **bold** font. This proverb conveys the meaning that a person should have a good reputation. He should be recognized as fair, as a person who keeps their promises and as an honest

person. 'Karan' in the above proverb is used in two ways, in the first half of proverb; it refers to a one-eyed person or a person who has defect in his eye. In the second half of the proverb, it is used to describe a person who has flaws in character. The proverb likens a person with a defective eye who cannot make eye contact with the person who cannot make eye contact because of a sense of guilt or shame. In other words, having physically good eyes is not as important as having a good character and living with dignity because people are not judged by physical appearance but by their character.

The concept of honour is associated with one's reputation and how one is considered in the community. For example, a man with a good reputation is honoured and it is reputation that determines if one should or should not be trusted. A person who has a bad reputation will not be trusted and is dishonoured. While the quote above (MQ-5.3) is about reputation and honour associated with the repayment of bank loan, the Saraiki proverb in the quote has broader cultural implications. For example, if a person has promised to pay back a loan on a certain date, but does not keep the promise, he/she will have bad reputation which may bring serious consequences for the debtor.

Having a bad reputation causes mistrust, and may lead to social exclusion. People in the community try to avoid having contact with such people and in some cases, this includes the parents of the person concerned. In extreme cases, the person may be completely shunned to discourage such behaviour in society.



In the above paragraphs, shame is discussed in relation to bank loan. Thus, it can be said that people get ill reputation when they do not pay back their loan which further causes shame for the debtor. However shame is a matter of degree and is highly context dependent. The intensity of shame depends on what has been done by whom in front of whom. For example, a person may be ashamed of certain action in front of his parents more than friends or he may feel more shame when his actions are widely publicized. The quote presented at the start of this section (MQ-5.3) includes important points that will help to understand shame in the broader cultural context of Pakistan. For example, the use of 'Friend' has specific implication in the excerpt (Line 3). 'Friend' can refer to a friend, a relative, a well wisher, or a respectable person in the community. If such a person questions you about unpaid loan it is matter of shame for the debtor. Thus in Pakistan, shame is more effective when people have personal relationships.

Face-to-face or direct interaction is also another crucial factor which increases the degree of shame. The use of word 'come' in the above quote (MQ-5.3, Line 3) implies direct interaction. People may be able to lie indirectly, for example, on the telephone but it may be difficult to lie in direct and face-to-face interactions. This illustrates the channel of communication affects the degree of shame.

From the quote (MQ-5.3) it can be said that shame can govern behaviour and work more effectively in the context where people have direct contact and personal relationships. This is partly the reason that in microfinance, bank employees try to develop personal relations with the customer. These employees know the home addresses of the customers, they visit them at their homes every 15 or 30 days and in

some cases they also develop relations with their neighbours so that they can use shame as an instrument more effectively.

Shame and honour are linked with certain things or acts that are culturally and socially defined. From the analysis of interviews, I found that in the context of microfinance, shame and honour are associated with repayment of loans. The analysis suggests that paying in time brings honour and failure to pay causes shame for the microborrowers. The interviewee in the last excerpt (MQ-5.3) states that if a friend enquires about your unpaid loan after the due date has been passed, it is so shameful that it would be better to be dead than face such situations. Another somewhat equivalent and famous Pakistani quotation is “Better to die with honour than live with shame”. Moreover, what is and is not shameful is determined by the prevailing social and cultural context. For example, in different parts of Pakistan, women are killed in the name of honour if they are believed to be in premarital or extramarital affairs (Patel and Gadit, 2008). The use of this discourse by the interview that it would be better to ‘Die before hearing it’ exhibits the speaker’s desire to accentuate feelings of shame for not paying loans on time.

Default and bankruptcy have been associated with stigma and shame historically as Judge Edith Jones, a former member of the National Bankruptcy Review Commission, noted in Congressional testimony as follows “The current system of bankruptcy law permits any person to seek relief without demonstrating financial necessity. At one time in our history, filing bankruptcy was regarded as shameful, and filers suffered social stigma and permanently ruined credit. The shame and stigma are no longer compelling” (Pomykala 1999). In light of the discussion

above, it seems fair to suggest that shame has been used as a mechanism to control individual's behaviour and action historically in the developed world and still is in use in the developing world. In the following subsections, I will discuss how mechanisms of shame and honour are used particularly in microfinance context.

#### 4.5.1 Visiting home: Honour and shame

In microfinance, borrowers and even bank employees make use of shame to discourage wilful default. In the excerpt above (MQ-5.3), the interviewee said that dying is preferable than the shame of being just asked by the friends about loan, but what if other members gather at the place of debtor to demand bank money as in the excerpt below.

	<b>MQ-1.1</b>
1	<b>Interviewer:</b> How do you deal with your new members?
2	<b>Interviewee:</b> We tell them 'Our all members pay on time, if
3	you want to join, you have to pay on time. If you do not pay
4	on time, all fifteen of us will come to your home and sit
5	there till you pay money. Whatever food you have
6	you will have to offer us'. We do not have to go
7	then, they deposit their money with me in time then I alone
8	come to pay here or sometimes, some group members
9	accompany me.
	(MFRural-M1)

Gathering at a person's home to collect a loan repayment is viewed as extreme shame for the debtor because 'home' is not a place to deal with such financial affairs. In the interview excerpt above, (MQ-1.1) the interviewee said that they caution new members at the initial stage that other members will gather at the home of debtor to collect the outstanding payments if they do not pay the loan on time.

Here, we see how group members use cultural norms and tradition in the form of shame and honour to achieve their instrumental objectives, namely to ensure debts are paid in a timely manner.

In Pakistan, it is an honour for people to have guests in their home and to serve and entertain them so that the guest leaves the host's home with gratitude but this honour converts to shame when guests visit homes for the wrong reasons. People do visit each other's homes frequently and without any prior notice and this actually shows their informal and close relations. In relation to this Abdul-Qadir (1997) notes that even the enemy is given respect when he/she is a guest. There is a common Pakistani saying that "Guests are the blessing of God". However, people usually visit each other to share happiness and pain. They do not visit each other's homes to make demands and hence to cause their hosts distress. This might be the reason that visiting a person's home to demand repayment of loan is usually a method of last resort because when someone has visits from such 'guests', it is very shameful for the host/debtor. Thus, visiting a home to demand repayment might be a hard decision for the group members since it is so shameful for the host/debtor. This shame increases when members of the extended family come to know about such visits. Debtors' parents, brothers, other family members and also neighbours may disgrace the debtor further by asking questions about the loan and debtor's inability to pay. It is extremely shameful for the host and his/her family because it implies that he/she cannot pay in time and potentially may cause other family members problems. The introduction of the utterance 'fifteen people' (MQ-1.1, Line 4) is important here and has two implications. First, 'fifteen people' suggests that it is not only the speaker who will visit debtor's home to demand loan. Thus, 'fifteen people' make the

speaker less liable for this immoral and heretical discourse. This is noted in the analysis of the previous quote (MQ-6.4) where interviewee uses ‘we’ to achieve the same objectives that is to render himself less liable for such immoral discourses. Second, the large number of people increases both the degree of shame and the degree of pressure on the debtor.

These visits are a powerful mechanism to make the debtor feel ashamed because it is done by friends and it involves direct, face-to-face interactions. In Pakistan, when a person has guests, he/she is morally obliged to offer them tea, drink and food. In fact it is an honour for the host to entertain his/her guests and in some places, if a guest does not eat anything in the host’s home, the host may feel disgraced. Similarly, the guest exhibits respect for the host by accepting his/her offer of food and refreshments. When a close relative visits, it is common that he/she will informally tell what she/he likes in meal and may prepare it by him/herself. In the quote above (MQ-1.1), the interviewee shows his informal relations with his group members when he says “whatever you have, you can offer us”. Interviewee portrays the closeness of the group as well as concern for his group members when he says ‘whatever you have’, which may mean there is no need to cook something special for the visitors as they are not formal guests.

However, the discourse is not as simple as it may first look. There seems to be tension in the talk of interviewee, as he wants to achieve an instrumental objective but, at the same time, he is also using the discourse of informality and care. As stated before, guests are seen as the blessing of God, so visitors are not supposed to put their hosts to too much trouble by making heavy demands on them. Thus,

visiting people's homes to demand repayment is not acceptable behaviour for a guest. The interviewee seems to be struggling to justify this behaviour by using the discourse of informality. The discourse of informality gives more voice to the informality of the visit and, consequently, a lower voice regarding the purpose of the visit. Thus, his discourse shows that it is an informal matter to be dealt with between friends. Similar to this, another interviewee states;

	<b>MQ-20.2</b>
1	<b>Interviewer:</b> What you do in the event of late repayment?
2	<b>Interviewee:</b> We go to their home and ask for the debt
3	repayment. I say, 'we are not leaving till you pay us'. She
4	then, pays me by borrowing from family or neighbours.
	(MFUrban-F20)

In this quote, this woman also uses the same discourse of 'visiting home' and 'staying at the debtor's home till the debt is paid'. Just like the previous interviewee (MQ-1.1), she reports using direct speech to construct a more powerful statement, and to show the level of coercion in the actual encounter. Using this construction, she is communicating that there is little doubt the debt would be paid even if it involves taking out another loan. Similar to previous interviewees (MQ-6.4; MQ-1.1), she uses 'we' so not to render herself solely responsible for such act.

Visits to people's homes by group members is a tradition however in regard to repayment, it may not be perceived as a good act, but what happens when bank employees' visit borrower's home? In the excerpt below, the interviewee seems to be annoyed by the visit of bank officials to her home and argues against, as follows;

	<b>MQ-2.1</b>
1	<b>Interviewer:</b> Tell me about the instalments. Why do you
2	stress yourself about the payments?
3	<b>Interviewee:</b> To avoid shame as they come to our doors,
4	and also because of the fine, they charge Rs. 200.
5	<b>Interviewer:</b> What is the main cause? The shame or the fine
6	<b>Interviewee:</b> I am afraid of both: the fine and also
7	shame, they come to our door and when they come, they
8	humiliate and abuse us. They make too much noise; it
9	seems they want to gather the neighbourhood. I am
10	concerned that no one in the neighbourhood should know
11	this and we are not disgraced, due to this I try to pay in
12	Time.
	(MFUrban-F2)

She is discussing bank employees who visit borrowers at home if their payments are delayed, which has similarities to the above excerpt (MQ-1.1; MQ-20.2). All of these excerpts seem to be instrumental deployment/transgression of cultural norms, but seen from different sides. For instance, interviewee in the previous excerpt (MQ-1.1; MQ-20.2) was talking about to visit home of debtor to demand repayment while interviewee in this excerpt (MQ-2.1) is complaining against such visits by bank employees. The interviewee above (MQ-2.1) is annoyed by bank employees' home visits and presents their attitude as unethical and immoral through the discourse of humiliation and disgrace. 'Home' is a private place; it is not for everyone, only close friends and relatives are welcomed. Microborrowers may dislike visits by bank officials to their home because bank officials have formal relations with them and are not supposed to make frequent visit to their homes.

The interviewee has shifted her footing many times between lines 6-12. Use of plurals implies that bank officials do this with every late payer and this humiliation is experienced by all members. If I put 'I', 'me' and 'my' instead of 'we', 'us' and 'our' then it will work against this lady. For example, if bank officials humiliate

only this lady then this interviewee may also be wrong. Thus use of plurals renders her one of the victims and also strengthens her argument that bank employees' visits to her home are humiliating and shameful

Another feature of her discourse is that she uses 'I' when she is expressing her feelings, fears and opinion. She is concerned that no one should hear about this in the neighbourhood. She is ashamed when bank employees come to her door to demand repayment of loans in a similar way to the interviewee in the previous excerpt (MQ-1.1) where a group of people gathered at debtor's house to receive payment. She says bank employees abuse and humiliate people when they come to their homes. She is presenting their behaviour as unethical and immoral because women are not supposed to be abused. Overall, it seems fair to suggest she is using this discourse to argue against bank staff's visits to her home.

Visiting home may be a useful strategy for the microfinance banks to enforce repayment but microborrowers seems to dislike it. The behaviour of the bank staff, as described by the interviewee, seems offensive for the microborrowers because they perceive that it may harm their relations with their neighbours and relatives. These people form part of their social capital and such visits, therefore, reduce their social capital. To be abused and disgraced harms one's self-respect and also one's reputation if it is done in front of those with whom one meets daily or has close relations with e.g. neighbours. It is a matter of concern for her that the neighbourhood does not hear about the loan and non repayment. These concerns may be amplified by the fact that she is a woman and woman is symbol of honour and respect in Pakistan which are further discussed in the following subsections.



#### 4.5.2 Women: Honour and shame

Pakistani woman in daily life, play the roles of mother, wife, daughter and sister. In any of these roles, she is considered to be the embodiment of honour and respect for family. Traditionally, Pakistani woman should stay at home and do not go into the market (Mittmann and Ihsan, 1991). She can cause shame and dishonour for the whole family if her name is defamed in any affair. In Pakistan, there is common proverb that “A family’s honour and shame is associated with their women’s acts” so she should be careful in her behaviour. Indeed, women have been associated with family honour in different times in Europe, Middle East and various other regions (Wikan, 2008). Moxnes (1996:21) states that “In order to maintain his honor a man had to be able to defend the chastity of women under his dominance and protection. If they lost their chastity it implied shame for the family as a whole. Women were therefore looked upon as potential sources of shame”.

**Pic: 4-3**



This is a shop named Juice corner. On the top of the shop, there are sayings used to pay gratitude to Allah and Muhammad (Prophet). Women sit behind the curtain to maintain ‘Purdah’. The encircled statement says; Men are strictly not allowed to sit inside.

Analysis of the interview transcripts showed that threats to involve the police in case of non repayment of loans is more common in the talk of female only and mixed gender groups of borrowers in comparison to male only groups. It raises question why it is more common in groups consisting of women and what implications it has for the women that I will discuss in the following paragraphs. For now consider this quote below in which a male microborrower is talking about threatening his female members that

	<b>MQ-12.1</b>
1	We cautioned their men that ‘we would stand by [miss] and
2	her staff and would report it to the police. They will take your
3	women which is not right. It is better to pay them their money
4	before it gets worse.’
	(MFUrban-M12)

This excerpt is from an interview with a male microborrower who is a member of a mixed sex group. He is talking about his two female group members who were unable to pay back bank loans. It is worth noting that he says that he talked to the women’s male family members for the repayment of loan. In spite of being group members, the interviewee, cannot talk directly to these women probably because of cultural reservations. Therefore, he warned their male family members that they should repay the loan otherwise they, along with bank would report their women to the police about the non payment.

It is noted during the fieldwork that visits by police, in Pakistan is highly negative for reputation of people and would raise many questions in the neighbourhood even if it is a friendly visit. It can cause serious consequences especially for the women, if

police is involved. It can be said that women are more vulnerable to such threats therefore it is more common in women discourse. Numerous examples of the threatening to involve the police can be found in the discourse of the female only and mix sex groups, for example, see below:

	<b>MQ-10.1</b>
1	In our culture, woman is protected so when we threaten
2	them with police, their men pays it in any case
3	(MFUrban-F10)

	<b>MQ- 20.3</b>
1	‘I told them [they] will give you to police.’
	(MFUrban-F20)

In the quote (MQ-10.1), [they] represents the bank. The interviewee (MQ-10.1) notes that women are a source of honour and, therefore, that this honour will be protected by their men by paying off debts. Thus, the interviewees states, she threatens them with involving the police. The other quote (MQ-20.3) also represents the same discourse. Therefore, it can be said microborrowers tend to threaten late female payers with involvement of the police, thus female borrowers, or their male family members, try to pay in time to save their honour of their women.

## 4.6 Conclusion

Microfinance is a commercial finance system that purportedly encourages commercial attitude among microborrowers. However, analysis of the interview transcripts revealed a considerable amount of non-instrumental discourse in the form of the discourses of ‘Allah Karesi’ although commercial/instrumental discourse tends to dominate the discussions. In the discourse of ‘Allah Karesi’, people talk more about traditional worldviews and less about calculated planning. It seems to be a strategy to render them less liable for future consequences as the outcome is in the hands of God regardless of any amount of rational planning. Their reliance on God at the expense of a more rational approach may induce them to take unjustified risks, thus, microfinance institutions should have to be careful when dealing with such clients.

On the other hand, there are those microborrowers who talk in much more rational, instrumental discourses of business, calculations, alternatives etc. and some interviewees talk about selling livestock seemingly in an attempt to represent themselves as having formal and business attitudes towards microloans. However, these microborrowers often shift their footing to make themselves less liable for these rational statements. Their discourse presents membership as being based on formal rules and their business orientation may induce them to forcefully sell possession of those members who might be unwilling to pay.

Analysis of the interview transcripts also suggests that shame and honour can be used to encourage/discourage certain behaviour and actions. Home visits that are a

cultural tradition to share happiness and sorrow have now become an instrument to induce payment. Similarly, women are used instrumentally to enforce repayment of bank money. Thus, people are threatened and treated in culturally immoral ways for instrumental reasons. It is fair to suggest that this instrumental use of cultural norms and traditions by these microborrowers is damaging the social fabric of deep seated culturally defined relationships. In relation to this, it can be suggested that microfinance is producing negative impact on the social relations and community.

## Chapter Five: ROSCAs: Creating Communities?

Pic: 5-1



This picture shows middle class ROSCA's members. These women are sitting together on the floor at the same level which represents equality and same socio economic status.

### 5.1 Introduction

In the last chapter, discourses of microborrowers are analysed to investigate how culture and microfinance are interlinked together. It is found that microfinance is commercial finance system and it has reduced importance of various cultural elements such as livestock. Moreover, microborrowers make instrumental use of cultural norms such as 'visiting homes' to achieve their objectives. After considering discourses of microborrowers in the last chapter, this chapter present excerpts from the interviews with the ROSCAs participants to analyse how these people talk about various issues such as membership, relationships etc. in the context of ROSCAs.

ROSCAs are informal system coexisting with microfinance and mainstream financial system in Dera Ghazi Khan. The participants of ROSCAs constitute salaried workers, housewives and local businessmen. A ROSCA in Dera Ghazi Khan is locally known as 'committee'. Hand and Kirton (1999) studied Jamaican ROSCAs and notes that there were different terms used for the contribution made to the 'pot' and the resulting, common pool of money. Thus 'handa' was the term used for contributions and 'draw' for the resulting pool of money. However in Pakistan, contributions made to the 'pot' and the resulting pools of money are both referred to as 'committee'. There are certain variations in the ROSCAs in terms of size, cycle length, payment type etc. however the basic structure remains the same. In its standard form, it is a group of people who commit to pay a predetermined amount every month and the collected lump sum is given to the members one by one each month. The ROSCAs members continue to pay their contributions until all the members have received the 'pot' (the total of the contributions collected from each member) once. After the completion of the ROSCA cycle, the ROSCA can be disbanded but, commonly, a new cycle is started.

This chapter focuses on an analysis of the interviews with ROSCAs participants who are salaried workers and housewives to explore the role of ROSCAs in the lives of these individuals and the community. ROSCAs in Pakistan are usually dominated by the middle classes. The Pakistani middle class consists mainly of salaried workers but is not limited to this. The task of defining social class is not straight forward in Pakistan where social class is defined by both economic and social criteria including the inherited attributes of caste, kinship, tribe etc (Qadeer, 2006: 264). In addition, the source of earning (Qadeer, 2006) among middle class affects one's standing and

position in society for example, a rice husking owner with higher earnings may have lower standing and prestige in society as compared to a college professor and both might have different lifestyles and cultural values even though both belong to the middle class (Qadeer, 2006).

As stated above, this chapter focuses on the ROSCAs of salaried workers and housewives. First, I investigate the role of ROSCAs in the lives of these members by analysing the interviews to see how members talk about ROSCAs in relation to themselves and other members. This section also includes analysis of how ROSCA's participants talk about different methods employed in ROSCA to select receiver of pot money. After this, I present interview excerpts, which inform the understanding of eligibility and selection criteria in ROSCAs. This section focuses particularly on who is being excluded by these selection criteria. The next section discusses the impact of social class, geographical distance and physical presence on the ability of the members to integrate into the ROSCA community. After this, I discuss discursive strategies employed to encourage closer relationships among members and, finally, close with concluding comments, based on the arguments presented.



## 5.2 People and ROSCAs

In the literature, ROSCAs are often presented as financial systems for the following purposes; to raise lump sum amounts to fund indivisible durable items (e.g. sewing machines, fridges etc.) (Besley, Coate and Loury, 1993); as an insurance mechanism against sudden needs (Calomiris and Rajaraman, 1998); as mechanisms to deal with self control problems regarding superfluous purchases (Gugerty, 2007); as a strategy used by women to protect their savings from their husbands (Anderson and Baland, 2002). Although ROSCAs may very well be used for these purposes, from the research in this study, I argue that a ROSCA is not just a financial/instrumental system as they seem to be presented in all of the above studies. This will become clear in the following analysis of the transcripts where interviewees talk about ROSCAs in ways that go beyond these functions. Take the example of the following quote (RQ-32.1), in which the interviewee talks about the role of the ROSCA in her life.

	<b>RQ-32.1</b>
1	<b>Interviewer:</b> For how long have you known these people?
2	<b>Interviewee:</b> Initially, I had been member of [Apa
3	Sabia Malik]'s committee till she died. From 1966 to 2003.
4	I was in third or fourth standard. I participated in
5	committees of one or two rupees. I was one of her
6	permanent members. Note this was from 1966 to 2003.
7	<b>Interviewer:</b> So you have been participating since your
8	childhood?
9	<b>Interviewee:</b> Yes. I have been participating since
10	childhood. I was daughter of a poor man so I always have
11	participated in committees. Committees are
12	part of my life. I then also financed my dowry with the
13	committee. Then paid for my husband's education. I also
14	funded wedding and dowry expenses of my daughters
15	and paid for the education of children. I and my
16	committees made it possible to do all of these.
	(RosUrban-F32)

This interviewee runs a religious school in her house and also works as a seamstress. We were talking about her participation in present ROSCA when in line one, I asked her how long she has been associated with the people involved in the present ROSCA. In response, she actually talks about past ROSCA and tells about her old association with a woman in whose ROSCAs she had been participating for 37 years. In the quote, [Apa Sabia Malik] is the name of the president of the ROSCA. 'Apa' is usually used to refer to an elder sister, however, the interviewee was not the president's sister but she uses this form of address as a way of expressing respect (I have discussed in methodology chapter that people in Pakistan usually call each other with relation names to express close relations and respect) while 'Sabia Malik' is a pseudonym. The interviewee made a point of asking me to make note of the length of time she has been with this ROSCA's president. This fronting of 'Apa Sabia Malik' represents how much she values her relationship with this woman. Further she says she was a permanent member of this woman's ROSCAs until her death. This information seems to express her loyalty towards this ROSCA's president. In addition, being in the same ROSCAs also represents one's trustworthiness as it shows she has been able to pay her contributions for a considerable length of time without defaulting. From line, 9-16, she explains that she funded her dowry, her husband's and children education, and wedding expenses of her children through this ROSCA. She also notes that her father was poor and this was the reason why she had started participating in ROSCAs. This part of the quote shows her old associations with ROSCAs and how important ROSCAs had been in funding almost every significant event in her life such as marriage, dowry, education is and so on. In line 11 and 12, she says 'Committees are part of my life' and in line 15 and 16 she says 'I and my committees made it possible to do all of these'. In

these quotes, she is expressing her very deep association with the ROSCA, which seems to be more important perhaps than that with her parents and husband. For example, in Pakistan, it is usually the parents' responsibility to pay for the dowry of their daughters as interviewee states she did for her own daughters. However, the interviewee notes that the source of the funds for the dowry was through the ROSCA. Moreover, she did not mention whether or not her husband had made any contributions to the lives of her children and credits all these achievements to herself and ROSCA. In addition, she goes on to note that she indeed also paid for her husband's education with funds raised through the ROSCA. The entire quote is just about herself and the importance of the ROSCA. She seems to be presenting herself as loyal and trustworthy in lines 2 to 6 and as self-reliant and self made in lines 9-16. In a slightly different way, another interviewee, in the following quote, talks about her strong association with the ROSCAs while paying some credit to her husband.

	<b>RQ-1.1</b>
1	<b>Interviewer:</b> why do you participate in committee? To save
2	or for need?
3	<b>Interviewee:</b> To fulfil various needs. [His] income was low.
4	When he got work, his salary was rupees 46 and when our
5	[Najama] was born, his salary was rupees 450. I was
6	literate but jobless so I did sowing and made hand-fans. I
7	used to put these earnings into committees and then I
8	fulfilled the needs of my children. He himself paid for the
9	wedding expenses of [Shabnam] and [Majida] but after his
10	death, I managed to pay for such expenses through
11	committees. My entire life has been spent with these
12	committees.
	(RosUrban-F1)

This interviewee is a female midwife. In the quote, unlike the interviewee in the previous excerpt (RQ-32.1), she talks about her husband and, in particular, she

mentions her husband's salary and his contributions to their life. However, she notes she has been participating in ROSCAs throughout her entire life even when her husband was alive so the ROSCA here is almost as important in this interviewee's life as it was for the previous interviewee (RQ-32.1).

These quotes (RQ-32.1; RQ-1.1) strongly suggest that ROSCAs are viewed as more than just financial instruments by these people. Both interviewees are widows and both are presenting themselves as being self-reliant and independent through the vehicle of the ROSCAs. Moreover, they are presenting themselves as being courageous and brave when interpreted in the wider Pakistani context. In Pakistan, living the life of a widow in itself is very difficult. Thus, the interviewees' presentations of being self-reliant and independent widows in the Pakistani context consequently represent them as being brave and courageous. In the light of the excerpts presented above, it can be concluded that ROSCAs can also be important and powerful instruments for empowering women. Further, it appears that people have strong associations with their ROSCAs because it helps them to realise their goals in life.

Having presented the excerpts above from interviews with females, the following is an excerpt from the interview with a male, university lab assistant. He is talking about ROSCA as something through which all his social and moral obligations are met.

	<b>RQ-25.1</b>
1	<b>Interviewer:</b> Why do you run committees?
2	<b>Interviewee:</b> I am the only bread winner at home. I had to
3	collect money for my sister's wedding. Committees are the
4	only source by which I can meet my family obligations. The
5	last committee was for my sister's wedding. My parents
6	were very happy with me and it was because of the
7	committee and now I will also pay my MBA fees with this
8	committee.
9	<b>Interviewer:</b> Do you intend to start a new committee once
10	the current one is completed?
11	<b>Interviewee:</b> Yes, certainly. I have moral obligations
12	towards my parents. I will give them this money so they
13	can go on the [Hajj]. And I will have their blessings.
	(RosUrban-M25)

In this excerpt, the interviewee is talking about ROSCAs as the vehicle through which he meets his family obligations such as paying for his sisters' wedding. Further, he seems to make connections between participation in the ROSCA and his parents' happiness in lines 5-7 where he says 'My parents were very happy with me and it was because of the committee'.

When asked if he would start a new cycle for his ROSCA, once the current cycle was completed, he replied 'Yes, certainly. I have moral obligations towards my parents' (Lines 11-12). Therefore, he seems to be using the ROSCA as a way of meeting his moral obligations. He is presenting himself as a good son when he talks about seeking his parents' happiness and blessings.

Participating in the [hajj] (making pilgrimage to Makkah) is compulsory for all Muslims who meet certain conditions such as financial ability, physical ability etc. In the quote above (RQ-25.1), the interviewee says that he will pay for his parents'

[hajj]. Further, by fulfilling this religious obligation towards his parents, he is also presenting himself as good Muslim and dutiful son. The Quran requires that people should be dutiful to their parents, as is exemplified in the following quotations “And we have enjoined on man to be dutiful to his parents” (Al-Qur'an 29:8).

In all the excerpts presented above, ROSCAs are presented as playing a very important role in the lives of these interviewees. The interviewees presented ROSCAs as carrying out functions that might be expected of a Pakistani father or husband. They are also presented as a vehicle for developing self reliance and independence, for making one's parents happy, for fulfilling family and moral obligations, for accomplishing study and career goals and for having a successful life.

From the above, it can be concluded that the sustainability of the ROSCAs is an important issue because only sustainable ROSCAs can help members accomplish these intended/planned life tasks. Moreover, a ROSCA can only be sustainable if it completes its cycle successfully and this entirely depends on the actions of the members. For example, these actions include such things as paying their contributions on time and making decisions such as determining the recipient of the ROSCA's money, which impact on the efficient working of ROSCAs.

In ROSCAs of salaried workers and housewives, there are different systems to determine the recipient of the ROSCA's money such as random selection, or needs based selection. In the random selection method, the recipient of the pot is determined through drawing lots while in need based ROSCAs, priority for the pot

money is established according to the needs of the members. In relation to this, an excerpt is presented below in which interviewee is talking about the advantage of need based ROSCAs, as follows:

	<b>RQ-13.1</b>
1	<b>Interviewer:</b> Have you received your committee?
2	<b>Interviewee:</b> Not yet. It is a random selection through
3	drawing lots. I badly need the committee and every time,
4	other members get it. Previously, we did not go to
5	draws. This time, I will go to watch the draw, I may get it.
6	<b>Interviewer:</b> Why didn't you go to watch the previous
7	draws?
8	<b>Interviewee:</b> Because of household tasks, or because of
9	guest and also we trusted [bhabhi] as she is
10	relative.
11	<b>Interviewer:</b> Why would you go now?
12	<b>Interviewee:</b> We will watch who gets the committee. We
13	need it. We badly need it.
14	<b>Interviewer:</b> Don't you trust your [bhabhi]?
15	<b>Interviewee:</b> It is not like this. Actually I can request
16	the winner of the committee to give us her turn. We
17	badly need it. She will help us if she does not need it.
18	This is why I think needs based is good because you get
19	money when you need it.
	(RosUrban-F13)

This interviewee is a housewife whose husband works in Saudi Arabia and sends her money to participate in the ROSCA. She notes that her ROSCA uses a random selection method in which all members get an equal chance of receiving the ROSCA's money. However, the interviewee notes that she badly needs money but that she is never drawn as the recipient. She seems to be unhappy with the system because her needs are not taken into account. She then says that she will go to watch ROSCA draw so that she can ask the winner of the draw to give her the pot if winner of the draw is not in urgent need of the money (Lines 15-19). This statement of

interviewee suggests that it may be customary of ROSCA participants to help each other by swapping their turns. Towards the end of the excerpt, she explicitly states that she thinks needs based ROSCAs are better because members can get money when they need it. The following excerpts are from interviewees who also favour needs based systems for allocating the ROSCA funds.

	<b>RQ-6.1</b>
1	<b>Interviewer:</b> So which one is better: needs based or random
2	selection?
3	<b>Interviewee:</b> Needs based committees are better because our
4	needs are taken into account. Thus, we get the committee
5	when we need it.
	(RosUrban-F6)

	<b>RQ-24.1</b>
1	In random ROSCAs, you do not know when you will get
2	the committee. I personally favour needs based
3	committees in which we can get money when we need
4	it.
	(RosUrban-M24)

The first interviewee (RosUrban-F6) is a school teacher and other (RosUrban-M24) is a university lecturer. In the first excerpt, the interviewee favours needs based ROSCAs because the pot is given to people as and when they need it. In the second excerpt, the interviewee notes the uncertainty of random ROSCAs by stating ‘You do not know when you will get committee’. The interviewee uses ‘you’ to strengthen the statement by making it appear to be a common phenomenon. From the discussion above (RQ-24.1), it appears that needs based ROSCAs are favoured to mitigate uncertainty. This uncertainty factor is discussed further below, but, first, another excerpt which is also about determining the recipient of the pot is discussed.



	<b>RQ-17.1</b>
1	In the start of the cycle, we determine the winner of the
2	committee by drawing lots for the whole cycle. And, it is
3	better because you can plan your expenses accordingly.
4	Further, you can swap your turns if you need money earlier or
5	later. In other type of ROSCAs, you do not know when you
6	will get it.
	(RosUrban-F17)

This interviewee is a bank employee who is participating in a ROSCA, in which the recipient of the pot is determined through random selection by drawing lots. However, this draw takes place once at the start of the ROSCA cycle for all the draws in the cycle so members know in advance, who will receive the first, second and third draw etc.. The interviewee notes that their draw system is better because, first, it does not involve uncertainty and, second, people can swap their turns according to their needs. From the interview, initially, I thought random selection was a method of giving all members an equal chance of winning money but, here, it seems to have the same function as needs based ROSCAs. The act of swapping turns or draws in random ROSCAs shows that these members consider each other needs and, hence, suggests that interpersonal relations are important even in this type of ROSCA.

As stated above, members consider each other needs and changes in the original sequence of allocations can take place any time during the cycle. The fact that alterations in the sequences can and do take place in random ROSCAs suggests that certainty achieved through this method is superficial. With regard to the consideration of fellow members' needs in random ROSCAs, consider the excerpt presented below;

	<b>RQ-23.1</b>
1	<b>Interviewee:</b> We select members through drawing lots.
2	In the first month, we draw the lots for all members.
3	<b>Interviewer:</b> So you get the pot according to the draws or
4	do changes ever occur?
5	<b>Interviewee:</b> Changes can occur if the members concerned
6	are in agreement. The committee that I will get next month,
7	should have been given to me in January. But there is
8	one colleague who told me that she needs money in January.
9	She had some financial problems. My need was not
10	urgent, so we swapped turns.
	(RosUrban-M23)

This interviewee is university professor. He explains that although recipient of money is determined through random selection, members can then swap their turns according to their needs. He notes that he himself has swapped turns with a colleague with greater need than himself. He states in lines 9-10, that ‘She had some financial problems. My need was not urgent’. Therefore, it seems in these ROSCAs that need is established through informal discussions. However, it was previously noted that members seem to value the certainty of knowing when they will receive their money, therefore, such changes in the original sequence may involve sharing of personal matters and problems to establish priority and to convince the members concerned to give up their turns.

The analysis above supports the idea that members in need based, and also in random ROSCAs, may share their personal problems and also consider each other needs. Hence, even the random selection method, that is apparently impersonal, is designed in such a way to provide room for interpersonal negotiations. In conclusion, assisting other members in time of need is part of the culture of ROSCAs. However, this is not always the case and the excerpt presented below

sheds light on the consequence when member's needs are not being considered in the ROSCAs.

	<b>RQ-5.1</b>
1	<b>Interviewer:</b> How do you rate your relationship with
2	your colleagues?
3	<b>Interviewee:</b> We are generally on very good terms. We
4	always cooperate with each other but because an emergency
5	need, I had to leave it.
6	<b>Interviewer:</b> You left the group?.
7	<b>Interviewee:</b> Yes, I left it. I first asked [Neelam] if she
8	could replace me. I left because [Rabia] did not give me her
9	committee when I needed it. I asked her but she did not
10	listen to me. I had to pay instalments on my plot. But she
11	also had problems. She had to give it to her husband as he
12	needed money. Then she gave some of the committee to her
13	sister, who had medical surgery. My daughter fell off the
14	roof and she also needed surgery. I may not have had to
15	leave if my daughter had not fallen from the roof.
	(RosUrban-F5)

This interviewee is school teacher who left the ROSCA because she needed money but could not be accommodated by the other members. In the quote, she explains that she asked for the money several times but her request was denied by the president [Rabia]. When asked about her relationships with the other group members in her ROSCA who are also her colleagues, she says, 'We are generally on very good terms. We always cooperate with each other'. She uses the collective 'we' to generalise her statement. She then goes on to explain that she had to leave the ROSCA because she was in urgent need of money. The introduction of this split after emphasising the cooperative behaviour of the members in the conversation, expresses her conscious action in the representation of herself as being cooperative member. Actually, she was probably aware, that I knew about this split and it is

commonly held view that leaving a ROSCA is not a good act. Therefore, she seems to justify the act by stating that it was due to urgent need. In line 7, despite not being asked directly about the reason, she goes on to speak about her break up. In line 10, she mentions that she needed money to pay for the instalments on her plot but in lines 13-15, she cites the fact that her daughter fell off the roof as the reason and notes that she would not have left if her daughter had not fallen off the roof. This suggests that leaving the group because of her need to pay for the instalment on her plot may not be an acceptable reason while leaving because her daughter fell off the roof and needed surgery might be considered more acceptable, emergency reason.

From lines 7-15, she is carefully constructing an argument to justify her act of leaving the ROSCA. She first mentions that she talked to the president [Rabia] but that the president did not listen to her. In lines 11-13, she expresses an understanding attitude as she notes that president did not give her money because she also needed money for her husband and then to her sister. The discursive function of this statement could be to suggest that because the president had helped her husband and sister who were in need, she should also listen to the interviewee who was also in a similar situation of need. While the need to pay for plot instalments may be ignored but a plea for help with 'daughter's surgery' should not be ignored. In this way, the interviewee has constructed urgency of her need and justified leaving the ROSCA. The interviewee's rhetoric seems to be suggesting that when interviewee's urgent need was not met, even though she had shown sympathy with the president's needs, she had little choice but to leave the ROSCA as it was not helping her.

In the excerpt, she portrays herself as an understanding member whose needs were not heard and who had little choice but to leave the ROSCA. In light of my point above about it being customary to assist other members of ROSCAs, it is interesting that this member left the ROSCA when she did not receive the support she had expected. This point to the importance of reciprocal cooperation and when this is not forthcoming, it may lead to the breakup of the ROSCA. In the excerpt below, the president of this ROSCA responds to my question about the school teacher (RQ-5.1) leaving the ROSCA:

	<b>RQ-1.2</b>
1	<b>Interviewer:</b> How did the others member respond when
2	she left the committee?
3	<b>Interviewee:</b> They did not say anything. I told them ‘she
4	could not continue because her daughter had fallen off the
5	roof and She needed surgery’. They said, ‘it did not matter as
6	this could happen to anyone’. My members are all very good.
	(RosUrban-F1)

This interviewee constructed her statement in such a way as to suggest she had considered the school teacher’s (RQ-5.1) need and, therefore, had allowed her to leave. She explains that this is because her daughter had fallen off from the roof because this is quite acceptable and it is understandable, that these sorts of sudden incidents are common. Interviewee reports that the other member said ‘it did not matter as this could happen to anyone’ (Lines 5-6). This suggests that the other members have also actually cooperated by letting her leave the ROSCA. This is further supported by her last statement that ‘My members are all very good’ because her members understand and consider each other’s problem.

In the quote (RQ-1.2), the interviewee associates cooperating and understanding attitudes with being a ‘good member’ while in the previous quote (RQ-5.1), the interviewee represented herself as being a good member by having an understanding attitude. It seems, therefore, that good member is one, who understands other member’s needs and is ready to cooperate. The excerpt below provides more evidence of what constitutes ‘good members’ of ROSCAs.

	<b>RQ-2.1</b>
1	A good member is one who pays on time, respect others
2	and stands by the group in bad times. This is called a good
3	[member. [He] should understand his needs and also consider
4	other’s needs.
	(RosUrban-F2)

In this quote, the interviewee says that good members are ones who understand the needs of other and also of him/herself. In the quote, [he] is generalised to all good members male and female. Thus, a good member is one who pays on time, respects others, stands by the group in bad times and also considers other’s needs as well. Similarly, in the previous quote (RQ-1.2), members are good because they consider the urgency of the need of the member who left the ROSCA.

In both quotes (RQ-5.1; RQ-1.2), the interviewees both draw upon the moral discourses of helping each other. The interviewee (RQ-5.1) emphasises that she would not have left the ROSCA, if her daughter had not fallen off the roof. In other words, she would not have left the ROSCA if it was just about paying the instalments on her plot. This brings us back to the argument that ROSCAs as not just about money and transactional relationships but also involve informal relationships,

where participants share personal problems and cooperate with each other. Indeed, it appears that ROSCAs are based on norms of cooperation and reciprocal obligations. Members have to listen and consider the needs of other members to make the ROSCAs sustainable. Hence, when these norms are not respected, the sustainability of the ROSCAs may suffer.

### **5.3 Discourse of exclusion**

As stated above, ROSCAs are not just about money but also help engender strong associations with the ROSCAs and shape interpersonal relations among members. In the last quote (RQ-2.1) an interviewee while talking about characteristics of good member says, he/she pays his/her instalments earlier, respects others and considers others need. There may also be many other characteristics that can be considered as good in the context of ROSCAs and may also influence membership criteria. Thus people exhibiting desirable characteristics may be allowed while others are excluded. This section focuses on the question who these people are and why they are excluded.

According to Burchardt et al., (2002), social exclusion is defined as inability of an individual, living in the society, to participate in socially valued activities. This definition is useful for the purpose of this chapter because it includes everyone living in the society rather than just focusing on particular groups/members. In addition to this, it refers to participation in socially valued activities however what

are those socially valued activities is open in this definition. In the following passages, I will analyse exclusion from the ROSCAs.

The process of scrutiny and selection in ROSCAs result in the exclusion of certain groups e.g. those low incomes. The selection criteria and selection process is not formally recorded anywhere, but it can be deduced from the spoken texts of the interviewees. The analysis of these spoken texts helps to provide an understanding of how the selection criteria can lead to the exclusion of certain individuals/groups. For example, consider the quote below.

	<b>RQ-29.1</b>
1	<b>Interviewer:</b> What type of people pay promptly?
2	<b>Interviewee:</b> People who have regular income.
3	Salaried people get their salary on 2 <sup>nd</sup> or 3 <sup>rd</sup> of the month.
4	They pay their committee on time. Daily wage earners
5	are trouble makers. We do not include them. The purpose
6	of the committee is to help people meet their need, if it is
7	not available in time then there is no benefit of it.
	(RosUrban-F29)

The last quote (RQ-29.1) is taken from an interview with a middle class, female ROSCA participant. She is a seamstress and her husband is employed in WAPDA (Water and Power Development Authority). She and her sister jointly run this ROSCA. In the quote, she talks about the selection of members and says that they exclude those people who are daily wage earners and she labels them as trouble makers i.e. those people who disturb the smooth functioning of ROSCAs by making late payments. The daily wage earners have unpredictable incomes and so may not be able to make timely payments. Thus, it seems that regularity of income might be



one of the selection criteria and irregularity/uncertainty of income might be one reason for exclusion. However, before discussing this further, consider the following quotes in which the interviewees discuss daily wage earners in a similar way to the previous interviewee (RQ-29.1).

	<b>RQ-30.1</b>
1	It is better not to include daily wage earners as, if
2	you include them, they will not pay on time and you will
3	be in trouble.
	(RosUrban-F30)

	<b>RQ-34.1</b>
1	Daily wage earners create trouble for everybody. I have to
2	make several visits. I have to answer to other members of the
3	committee as well.
	(RosUrban-F34)

These excerpts clearly support the idea that trouble or trouble makers is associated with late payments and late payers. There seems to be a consistent frame developing in which daily wage earners are not considered to be suitable members for the ROSCAs due to their uncertain income and this leads to the exclusion of such groups from the ROSCAs. In relation to this type of exclusion, it is worth considering this category of excluded people in more detail. A daily wage earner may be a donkey cart runner, a cobbler, rickshaw driver, etc.. These people may not only have insufficient and irregular income but, more importantly perhaps, have lower social standing (Mittmann and Ihsan, 1991). This is further exemplified in the following picture.

**Pic: 5-2**



This man in the picture with donkey cart is categorised as one belong to lower class. These are the people who are daily wage earners.

Therefore, it would seem that social standing is another selection criterion for participation in the ROSCAs. On the basis of the above discussion, it can be suggested that ROSCAs are playing a part in the community building of the middle class by excluding the lower classes. This criterion of social standing is reinforced in the following quote, which suggests that regular /permanent source of income is also insufficient for, participation in the ROSCA.

	<b>RQ-25.2</b>
1	<b>Interviewer:</b> Did you have any difficulties in the early
2	days?
3	<b>Interviewee:</b> No. Actually all my members are lecturers.
4	[Lower staff] are irritating and issue makers. I do not include
5	them. All are lecturers. They do not make troubles. They
6	pay on time. No worries at all.
	(RosUrban-M25)

This interviewee is talking about university staff and two categories are mentioned by the interviewee; lecturers and ‘lower staff’. The interviewee used term ‘lower staff’ to refer to the support staff consisting of gatekeepers, gardeners, laboratory

staff, premises staff etc. According to the interviewee, lecturers are eligible members while ‘lower staffs’ are not and the reason stated is again the ability to make timely payments. Lecturers not only earn a large income but also have high social standing in society while gate keepers or gardener belong to the lower socio economic classes (Mittmann and Ihsan, 1991). The interviewee says that lower staff irritates and issue makers which is further explained by this interviewee in the following way.

	<b>RQ-25.3</b>
1	From the first day, they start requesting more time to make
2	payments. They come with all sorts of different excuses, like
3	‘my daughter is ill’ or ‘I got my salary late’. You name one
4	who does not have these problems. They are just excuses.
	(RosUrban-M25)

The interviewee is presenting an argument against allowing lower class employees to participate in the ROSCAs not on the basis of having an uncertain income, and therefore being possibly unable to make timely payments as in the previous excerpts (see for example RQ-30.1;RQ-34.1) but on the basis of social standing . Indeed, he is drawing upon moral discourse as he says these people make excuses for making late payments. It is worth discussing here, the personal context of this (RQ-25.3) in more depth to better understand his discourse.

This interviewee himself works as a member of the lower staff in the university. He is a laboratory assistant and operates ROSCAs with lecturers as participants. He is privileged because he is educated (He was enrolled in MBA at the time of this interview) due to which he is able to move in the social circle of lecturers. It seems, therefore, that this interviewee’s oppositional, moral discourse to the participation

of ‘lower staff’ is influenced by his own socio economic standing and based on social class variables rather than on the basis of regularity of income.

In the above quote (RQ-25.3) the interviewee is talking about his colleagues and use moral discourse to justify exclusion. Consider the quote below in which the interviewee is talking about her relatives who may not have enough income to be eligible for membership. Whereas previous interviewee draws on pure moral discourse, the interviewee below seems to juggle financial and moral discourses to justify the exclusion of her relatives.

	<b>RQ-1.3</b>
1	<b>Interviewer:</b> So you faced trouble at the start?
2	<b>Interviewee:</b> Yes, at the start.
3	<b>Interviewer:</b> Don’t you understand these people?
4	<b>Interviewee:</b> People in our [vehra] are a bit irresponsible.
5	<b>Interviewer:</b> So you do not include them?
6	<b>Interviewee:</b> No. I include only two. One is my cousin’s
7	daughter. She pays committee as soon as her husband
8	gets his salary. The other is my brother’s daughter-in-law,
9	she is a teacher. She also pays her committee as soon as she
10	gets her salary.
11	<b>Interviewer:</b> Why are the others irresponsible?
12	<b>Interviewee:</b> Actually, they are poor. These [shode] people
13	spend money and then they cannot pay committee.
	(RosUrban-F1)

This is an example of exclusion of relatives and people with same socio-economic status. The interviewee seems to be somewhat sympathetic towards her relatives while drawing upon financial and moral discourse to exclude a number of them. The word ‘vehra’ refers to blood relatives living in the same vicinity. The interviewee says that she includes only two members from her ‘vehra’ both of whom are salaried workers. The interviewee justifies the exclusion of other members by calling them ‘a

bit irresponsible'. The interviewee seems to be cautious here while talking about people of her 'vehra' as the use of 'bit' modifies the utterance and reduces the degree of irresponsibility. She probably does not want to represent people of her 'vehra' in a negative way because they belong to her family. In the last line, the interviewee provides reason for being irresponsible through financial discourse. She explains that these are poor people so they cannot pay ROSCA's contributions and here she uses the word 'actually' which seems to negate her previous statement in which she described them as irresponsible.

In the entire quote, the interviewee seems to be struggling to find a discourse to represent her relatives. First, she calls them irresponsible and then negates it by calling them poor. Towards the end, her statement (lines 12-13) 'These [shode] people spend money and then they cannot pay committee' portrays her relatives as irresponsible. She seems to be flicking back and forth between financial and moral register to justify why she has excluded her relatives.

Moreover, the word 'shode' is used here in a sympathetic sense. 'Shode' is a Saraiki word that means innocent people who deserve compassion and sympathy. In one sense, the interviewee seems to be arguing against people with lower income by calling them irresponsible and on the other hand, she is showing her sympathy towards them. Thus, the use of 'bit' and 'shode' express her stake in the representation of her relatives. She is presenting them as irresponsible but with caution. Moreover unlike the previous interviewee (RQ-25.3) who renders his colleagues (lower staff) ineligible in unfriendly/impersonal tone to distance himself,

she uses words such as ‘shode’ that shows the interviewee’s sympathy towards her relatives by representing them as irresponsible but also innocent and poor.

In the above quote (RQ-1.3), the interviewees drew upon financial and moral discourses to provide justification for exclusion of members. The following quote is from the same interviewee, in which, she is talking about exclusion of residents of slums and the justification is provided through purely moral discourse. The residents of slums belong to the lowest social and economic class. These people are exploited and oppressed. They do not have any respect in society and cannot even sit next to higher class people. The following quote represents the discourse of exclusion of lowest class from the ROSCAs.

	<b>RQ-1.4</b>
1	<b>Interviewer:</b> It means you were very careful in
2	selecting members when you started committees?
3	<b>Interviewee:</b> Yes, certainly. [Yasin] was transferred.
4	There was another man, called [Bagan Khutaran]. He said ‘I
5	want to participate’. Actually he came to know from
6	the staff that [Masi] runs committees. He said ‘Include
7	me and give me the second or third committee’. I said ‘I
8	will neither include you nor give you a committee’. My
9	[peon], also advised me , ‘[Masi], Do not ever make the
10	mistake of including him. He is a very [Ganda] man. You
11	should not include him’.
	(RosUrban-F1)

From the quote, it is clear that interviewee is talking about a man whom she does not want to include in her ROSCA and in fact her ‘peon’ (peon refers to an unskilled worker who carries messages in the organization) also advises her not to include

him. In the following, I consider the social and cultural context of ‘Bagan Khutaran’ to better understand why he is treated this way.

‘Bagan Khutaran’ is a man who belongs to the lowest class. ‘Bagan’ is probably his given name while ‘Khutaran’ represents his occupation. ‘Khutaran’ is a Saraiki word to represent those people who are residents of slums and do jobs like cleaning toilets and street gutters. They often search public rubbish plots to find food or other usable things. Mittmann and Ihsan (1991:51) provide the following description “The lowest class are the sweepers. In cities, they live in ghetto-like settlements consisting of mud huts. The sweeper comes to your home daily to clean; in less developed areas, he will also empty the pot of commode.....he or she will not touch anything except furniture and nobody touches him unless he is ill”. Thus, they are denigrated by other members of society. They are not permitted to sit close to or at the level of relatively higher classes. Similar to ‘Dalits’ in the Indian caste system, these people are untouchable (Chandra, 2005). They are perceived to be dirty and a source of disease. They are assumed to have no values and prepared to do anything for survival.

People of the lowest class are usually not called by their real names but are called by ironic and meaningless names. For example, in Dera Ghazi Khan, one such man is called ‘Shahrukh Khan’ to make fun of him. Shahrukh Khan is celebrity of Indian film industry with a very fair complexion while this ‘Shahrukh Khan’ is very dark in complexion. People make fun of his complexion. In this way, these people are denigrated and become a source of entertainment for other people.

After briefly setting the quote above (RQ-1.4) in its cultural context, it can now be explained why the interviewee refused to include him. In lines 6-7, there is the reported statement 'Include me and give me the second or third committee'. This is an imperative statement, used by people with higher power than the people they are talking to and also by who have informal and close relations. They can give commands and make demands. However, in above quote, the interviewee attributes this as being said by 'Bagan Khutaran', which gives this imperative quote a different meaning. It suggests that 'Bagan Khutaran' lacks respect in the way he talks and addresses the interviewee. The interviewee is probably trying to express that 'Bagan Khutaran' has no respect for elders and women and is also using this as a further justification for exclusion.

In this excerpt, the term 'Masi' is also used and is worth considering in more detail. Interviewee uses this term when talking about other staff but does not use it when she quoted statement of 'Bagan Khutaran'. It is worth considering whether this is done strategically, which requires a cultural exploration of this term to provide fuller interpretation. 'Masi' is Saraiki word meaning "mother's sister". I previously mention that people in Pakistan, call each other by such relational names. It is usually done to express informal relations and/or to give respect to the other people. In the above excerpt, this term is absent only when interviewee reports the speech of 'Bagan Khutaran' in lines 6-7. The absence of this term can be interpreted in two ways. The use of this word shows respect for the other person and the interviewee might want to represent that 'Bagan Khutaran' has no respect for elders. The other meaning this word conveys close and informal relations and the interviewee is probably trying to distance herself from him.



In line 10, the term ‘Ganda’ is used to refer ‘Bagan Khutran’. It is Saraiki and Urdu adjective, which means dirty and filthy, and here as it is used to mean ‘a man having all sorts of evils’. In other words, a man who is very ‘Ganda’ has all types of evil characteristics. ‘Ganda’ is a much stronger term than the terms ‘trouble makers’ and ‘irresponsible’, used by previous interviewees (See for example RQ-34.1; RQ-1.3).

In the quote (RQ-1.4), in lines 8-11, the interviewee mentions that her ‘peon’ told her that ‘Bagan Khutran’ is not a good person. The interviewee reports and uses direct speech to do so, that her peon told her about his evil character thus, she is presenting this as a collective view. All the arguments in the excerpt above are constructed to denigrate ‘Bagan Khutran’ e.g. form of address, use of ‘ganda’ etc. I analysed this excerpt in detail because it was a unique piece of discourse found during the analysis. It is also surprising as the lowest class are not supposed to ask, and certainly not demand, to participate in ROSCAs.

Up to this point, I have discussed discourses of exclusion of the lower and lowest socio-economic classes from the ROSCAs. It is found that people draw on various discursive resources to talk about exclusion of different groups. The discourse used for the exclusion when interpreted in the relevant context not only informs the readers about the positioning of the speaker but also the individual/groups concerned. In the light of discussion and arguments presented, it can be said that ROSCAs are helping to build middle class communities by enforcing lines of demarcation.

## 5.4 Being part of community

In the section above, it is found that despite sharing the same locale, people are excluded from ROSCAs. Having considered exclusion from ROSCAs in the previous section, this section considers inclusion in ROSCAs. Inclusion that allows someone to participate in ROSCAs but does this mean one can become part of the ROSCA's community? A sense of being part of the community gives people a sense of belongingness and shared identity and, conversely, a lack of sense of belongingness leads to a weak sense of community. In the following sub-section, I discuss how one can remain an outsider despite gaining membership in ROSCAs communities. Take the example of the following quote.

	<b>RQ-23.2</b>
1	<b>Interviewer:</b> Do you know all the other members?
2	<b>Interviewee:</b> I know all the other members.
3	<b>Interviewer:</b> Do they work in this university?
4	<b>Interviewee:</b> Yes, they all work in this university. There is
5	no one from outside.
6	<b>Interviewer:</b> Who is the president of this committee?
7	The president is the one who initiates committee. How
8	long have you known him?
9	<b>Interviewee:</b> The President also works in this university.
10	Basically, he is a member of the [lower staff]. He is a lab
11	assistant. He manages everything. However, there is no
12	regular committee over here which should have a President.
13	There is one man who does all the collections and that is all.
14	Now it is up to you if you want to call him a president or
15	a collector.
	(RosUrban-M23)

The interviewee is an assistant professor in the university. He is member of a ROSCA whose members are all lecturers and professors except the head member or president who is a lab assistant (also see RQ-25.2; RQ-25.3) and a member of the

university support staff. The interviewee's response to my calling the head or initiator of ROSCA a president is interesting and is discussed in more detail below.

I called a member of the support staff as president which is not readily accepted by the interviewee. Therefore he repair talk by commenting on the social status of president of their ROSCA and whether a member of support staff can be called a president. The members of the support staffs have lower standing and position in the society. Indeed interviewee has used term 'lower staff' to represent his lower standing. Thus the trouble source is labelling a member of the 'lower staff', as president of a ROSCA. Here the word 'basically' is used by the interviewee to initiate the repair work (Line 10). The interviewee says that their ROSCA has no president but it is unlikely that a ROSCA would not have a president. Moreover, the interviewee presents contrastive rhetoric to legitimize this. He says their ROSCA is an irregular ROSCA so it is not necessary to have a president. The interviewee further explains that there is simply a man who just collects members' contributions but cannot be considered to be president of the ROSCA.

The interviewee might not want to accept the lab assistant as 'president' because he is a member of the lower status support staff. In ROSCAs, a president is the person who organizes ROSCAs, and he is the one who initiates the ROSCAs and is responsible for collections from the members. In the quote above, (RQ-23.2) the interviewee stated that the lab assistant manages the ROSCA and collects the contributions but should not be called 'president'.

Generally, a president is the head or leader of the group and the entire group is in a sense subservient to the president in terms of power relations. However, in the quote above, the interviewee seemingly cannot accept a member of the lower status support staff as president of a ROSCA whose members are all lecturers and professors. In addition to this, a president should have the prestige to sit with other members, have coffee or drink with them but this president cannot do these things because he is an outsider to the group of professors and lecturers. However, the lab assistant has some characteristics of a ROSCA president as he initiates and collects ROSCA's contributions but he does not have all the characteristics to be a president of this group. It is, therefore, seems to be difficult for the assistant professor to accept his presidency and he prefers to call him a 'collector', which is clerical and relatively lower status term. A collector may have the authority to collect contributions from all members but nothing more. It shows despite being a member of a community made up of professors/lecturers, the lab assistant is only partly included in it as he is not given the same prestige and social status as the other members.

On the other hand, the president of this ROSCA is trying hard to be accepted as part of this community. For example, look at another excerpt below from an interview with the lower status, lab assistant president of this ROSCA who has not been accepted as president by the above interviewee (RQ-23.2). This interviewee seems to be drawing a line between him and his lower class fellows.

	<b>RQ-25.4</b>
1	The problem is that [they] have low incomes. They also
2	participate in committees. There are three or four

3	committees running over here. They have their own
4	committees. We have ours because ours are of RS.5000
5	monthly. They participate in committees of Rs. 1000 or Rs.
6	500.
	(RosUrban-M25)

I previously discussed this interviewee in section 4.3 of this chapter and noted that he is educated in comparison to other support staff and is also doing an MBA so it is possible that he is allowed to be a partial member of this community made up of professors and lecturers due to his level of education. In the quote, the words ‘they’ refers to, and represents, lower status support staff and ‘we’ refers to, and represents lecturers and professors but includes the lab assistant/president. The use of ‘they’ and ‘we’ in the quote shows the interviewee’s struggle for class identification and acceptance. This interviewee also uses the pot size of his ROSCA in comparison to the lower status support staffs’ ROSCA to construct his identity as a member of the higher status group (lines 4-6). In the quote, he strategically sometimes uses the discourse of money and sometimes status to draw a line between himself and the other lower status support staff to try and establish his class. .

Despite these attempts, he is only partially at best accepted as a member of the community of professors/lecturers as evident from the previous quote by one of lecturers involved in his ROSCA (RQ-23.2). In summary, it seems that being part of the ROSCA community and having some of the necessary characteristics for group membership is not sufficient for group acceptance and here the social class of the president restricts his ability to interact with the other members and be a full part of the community.

Previously, I discussed the impact of social status on the ability to be part of the community. Lower social status reduces the ability to involve and participate in the community activities. Further it is found that lower classes may get membership of ROSCAs however, they are not considered as being one of the insiders to these ROSCAs. The other factors effecting sense of community may be locality because ROSCAs' members usually live in the same vicinity. Therefore, they typically have multifaceted and frequent interactions, visiting each other's homes at least twice in a month. Due to the multifaceted interactions, the sense of a community becomes stronger. It is however found that there are some ROSCAs whose members are geographically dispersed. In the following I will explore what impact it can produce on the ability of distant members to be part of the communities and do people living apart have same sense of belongingness?

Take example of quote below:

	<b>RQ-9.1</b>
1	We have been told that it is done by drawing lots. How can
2	we know if someone gets the first or second committee as she
3	sorts it over there? We have never said anything. They are
4	together over there and they can do it even without drawing
5	lots. We trust her. We never complain.
	(RosUrban-F9)

The interviewee in the quote is participating in a ten person ROSCA whose president and other members are from Dera Ghazi Khan except interviewee and two other members who come from Yaroo. The members from Yaroo became acquainted with the president at the hospital in Yaroo where she works as a midwife. The participants from Yaroo seldom have interactions with the president and have

no interactions with the other members. However, the members from Dera Ghazi Khan live 10-12 minutes of drive from each other. Some of them are working colleagues so they meet daily while some are siblings and relatives.

In the entire quote, the interviewee gives us no sense that she is a member of the ROSCA community even though she is also one of the members or it would be more appropriate to say that there is sense of shared experience between her and other two members who reside in same locale which is expressed by the use of 'we'. She uses the inclusive word 'we' when talking about her and the other two members from Yaroo which expresses commonality and shared consciousness between them but she uses the oppositional 'they' when she talks about the president and other members from Dera Ghazi Khan to express their 'otherness'. This is also exemplified in the picture below.

**Pic: 5-3**



There are four women in the picture. The two women covering their heads belong to Yaroo and other two belong to the city of Dera Ghazi Khan. The two urban women are not covering their head which represent modernity. In the quote, interviewee's discourse expressed weaker sense of belongings to the ROSCA of these urban women. However, it can be seen even from the appearance, why yaroo women were unable to relate with these urban women.

In the first line, she says 'We have been told' which seems to express her doubt about the truth of the statement. She seems uncertain that members are actually chosen through drawing lots in her ROSCA, which is supported in the statement 'How can we know' (Lines 1-2), which seems to be a consequence of the physical separation and lack of interaction. She seems to be distinguishing members of Yaroo and Dera Ghazi Khan on the basis of their geographical boundaries which is represented by the use of 'there' (lines 3-4). In lines 4-5, she says 'We trust her. We never complain'. In ROSCAs, it is immoral to complain or expressing non trusting attitude. Thus, it can be said that her discourse (line 4-5) expresses her moral position and also conscious action in the representation of herself as good member.

The lack of shared experience is apparent in the lines 3-5 where she says 'They are together over there and they can do it even without drawing lots'. It can be said that geographical distance has reduced her ability to be involved and participate in various activities in ROSCAs. Moreover people sharing same locale can visit each other more frequently. They often share same resources such as go to same shops, attend the same parties and their children go to same school. They have a stronger sense of connectedness because of these different factors. The members from Yaroo only know the president of the ROSCA and do not have contact with other members of their ROSCA so they have to believe everything that president tells them. They do not know any other members so they have a weaker sense of community in which negative doubts seem to be stronger. From this, it can be suggested that geographical distance decreases sense of belongingness to community among members of ROSCAs.



In the above, it was noted that members of ROSCAs who reside in the same place can easily approach each other and thus have certain advantages in community building. I will now present a quote from the interview with the president of the ROSCA discussed above (RQ-9.1) which will explain how people, who do not share the same locale, are at least partially excluded from the ROSCA community and perceived as outsiders.

	<b>RQ-1.5</b>
1	<b>Interviewer:</b> How do you select the receiver of the
2	committee?
3	<b>Interviewee:</b> Previously we drew lots but now we just
4	decide, this member will get on this date, this one will get on
5	that date.
6	<b>Interviewer:</b> If you remember, last time you told me
7	that you drew lots.
8	<b>Interviewee:</b> No
9	<b>Interviewer:</b> To make them satisfied?
10	<b>Interviewee:</b> Yes. Yes. To those members, the members
11	of Yaroo but everyone in house, knows that it is need based.
	(RosUrban-F1)

The interviewee is discussing the method of selecting the recipient of the ROSCA money pot. She says that previously, it was random selection through drawing lots but it is now converted into need based. The use of ‘we’ in line 3 suggests there is a consensus among members on the selected method. When she is reminded in line 6 about what she has said in previous meeting, she explains further about method of selecting members.

Before going into interpretation of this quote, I provide some contextual background to help the reader better understand the intended meaning and strategies employed.

It appears that interviewee has told different things to her members in Yaroo and to the members of Dera Ghazi Khan. She seem to have told the Yaroo participants that she selects the recipient of the pot through drawing lots (see also the previous quote RQ-9.1) but in fact she does not draw lots. For some reason she seems to have fabricated a story for the participants of Yaroo but not for those from Dera Ghazi Khan. In lines 10 and 11, she says that ‘To those members, the members of Yaroo but everyone in house, knows that it is need based’. Interviewee refers to the members of Yaroo as ‘those’ and Dera Ghazi Khan (her city) as ‘everyone in house’. With this, she seems to create an insider/outsider divide.

Lying or deceiving people is generally perceived as immoral unless one can present acceptable justification. Therefore, the interviewee in the quote (RQ-1.5), expresses her moral position by stating ‘but everyone in house knows’. Thus, she is prepared to lie to the Yaroo members and not the members ‘in house’. In this way, she represents herself as being honest to the insiders. Her discourse also informs the listener that she does not perceive any real responsibilities towards members of Yaroo. In the light of these arguments, it can be suggested that deceiving insiders may perceived as immoral while lying to the outsiders may not taken seriously.

In the above, it is seen that the sense of community and shared identity is strong among the members of Dera Ghazi Khan in contrast with the ‘distaniciated’ members from Yaroo. These quotes show that how the location of ROSCAs members can restrict their ability to participate in and be fully part of the community. This seems to weaken the sense of community as distance leads to mistrust of these outsiders by the core, inner participants who live in close proximity.

### 5.4.1 Members/non-members of ROSCAs

Participating in a ROSCA does not necessarily make someone a member of a ROSCA. One must be present physically if one wants to be fully integrated as member of a ROSCA. A participant who has reduced contact or communication with the other members cannot be assumed at all to be a member of the ROSCA. In the quote below, the interviewee is talking about her sister who has been participating in the ROSCA indirectly through the mediation of the interviewee. Her sister resides in Karachi and never has any direct contact with the president or other members.

	<b>RQ-10.1</b>
1	<b>Interviewee:</b> We do not include people residing far
2	from us.
3	<b>Interviewer:</b> You just told me that your sister from Karachi
4	is also member of the committee.
5	<b>Interviewee:</b> She is not a member.
6	<b>Interviewer:</b> What do you mean? You told that she
7	participates in it.
8	<b>Interviewee:</b> She does. She sends her committee to me but
9	she is not a member. She neither knows anyone nor sees
10	anyone. I am a member. When her name is announced
11	after the draw, I send off her committee.
	(RosUrban-F10)

The interviewee carries out repair work after identifying the trouble source in line 3 when I noted the contradiction in her statement. She then explains that her sister cannot be seen as a member of the ROSCA because ‘She neither knows anyone nor sees anyone’ (Line 9). It can be suggested that knowing and seeing each other is crucial to become member of ROSCAs. Further she says that ‘she sends her committee to me but she is not a member’ (Line 8). It shows that membership in

ROSCAs is not only about monetary contributions. This point is emphasised in quote below.

	<b>RQ-15.1</b>
1	<b>Interviewer:</b> How many committees do you have?
2	<b>Interviewee:</b> Two. One is my sister's and one is mine.
3	<b>Interviewer:</b> Do these people allow your sister to be
4	a member?
5	<b>Interviewee:</b> Yes. Actually I am a member. My sister is not
6	a member. She just sends money.
	(RosUrban-F15)

The interviewee above (RQ-15.1) is a bank employee and is participating in a ROSCA with her colleagues from the bank. She explains that she has two 'committees' which means, she makes double contributions. For example, if all members contribute Rs. 1000, the interviewee pays Rs. 2000 in total of which Rs. 1000 is contributed by her sister. When she is asked whether the other members of her ROSCA allow her sister to be member, she first replies in the affirmative and then goes on to further explain by stating, 'Actually I am a member. My sister is not a member. She just sends money' (Lines 5-6). The interviewee does not seem to view her sister as a member because 'she just sends money' (Line 6). Her discourse suggests that contributing monetarily is not sufficient to be recognised as member of the ROSCAs. Although neither interviewee explains exactly what qualifies a person as a member of a ROSCA, nevertheless, from the interviewee's assertion (RQ-10.1) that 'She neither knows anyone nor sees anyone', it can be suggested that knowing and having acquaintances is a crucial criteria of membership. Moreover, ability to interact with the other members is also very important.

From the above, it can be said that membership in ROSCAs is not just about money that brings me back to the discussion of community building. Previously, it is found that members of ROSCAs sharing same locale have stronger sense of community. They have frequent interactions, also share personal affairs with each other. The increased interactions develop sense of belonging to the community. Hence close relationships are central to the community. In the above quotes, interviewees do not call participants as member because they are living outside the ROSCAs community and therefore do not belong to them.

## **5.5 Tales of stolen money**

During the fieldwork, I heard various tales of stolen money all of which followed the same discursive rules. Typically, the stories involved a president who initiated a ROSCA, collected money and then ran away to Karachi or, occasionally, another place such as Saudi Arabia. In none of the narratives did the president of the ROSCA remain in the same place but absconded to another city or country. In the following, I discuss why these narratives present a common theme of the presidents running away, particularly to Karachi and consider what role these narratives have in shaping the ROSCA communities.

Although, I came across many such narratives during the research, I could not locate any victims of such frauds. Therefore, I thought these were ‘cautionary’ narratives for other members because every narrative tends to end with a statement to the effect that the president succeeded in deceiving the participants because of the

weak links between the ROSCA participants. However, I did finally meet one ROSCA participant who reported that she had been a victim of such a fraud.

	<b>RQ-32.2</b>
1	Yes, she deceived 10 members at the same time. She told
2	every member ‘I will give you 8 <sup>th</sup> committee.’ As
3	all the other members did not meet together, we were not
4	aware of her trick. The members were unaware. I was used
5	to participate in committees so I trusted her. When I went to
6	her home, there were also a few other members there. I
7	asked, ‘What did she say to you?’ One woman told me that
8	she had promised to give her the 8 <sup>th</sup> committee. The other
9	woman also told me the same thing. In this way, she
10	promised almost 10 members that she would give them the
11	8 <sup>th</sup> committee and she ran away to Karachi.
12	<b>Interviewer:</b> Did you go after her?
13	<b>Interviewee:</b> Karachi is big city and it is not safe anyway.
	(RosUrban-F32)

The interviewee is a widow whose husband was a Government servant. In this quote, the interviewee explained how one woman deceived her along with nine other participants. She uses a direct quote in line 2 rather than indirectly reporting what was said when she reports on the promise made by president to make her statement more powerful. She explains that the president deceived 10 members and ran away to Karachi after absconding with the participants’ money. It seems necessary in this genre of narrative to have an element where the president absconds after stealing the money. The act of ‘Leaving the place’ performs several functions that can be interpreted in many ways. It suggests that the fraudster leaves because they do not belong to the place in question, which seems to imply fraudsters are perceived as non local people. In addition to this, it also suggests that people are not welcome if they deceive community members. Community members may not allow him/her to stay in the place and hence it may be used as mechanism to dissuade people from

deceiving. Further the element where the perpetrator ‘runs away’ helps to cleanse the community of such negative acts.

The interviewee notes the deceiver ran away to Karachi and it is worth considering why Karachi is used in the narratives as the choice of destination for the fraudster. Karachi is one of the biggest cities in Pakistan and it is an industrial city where people from all over Pakistan go to earn money. Moreover, Karachi is perceived as a corrupt city and cases of robbery and killing are numerous and frequent in Karachi. A news paper states that “According to one official report 40 to 50 mobile phones are stolen and snatched daily in Karachi, while the actual figure is somewhere around 500 to 600. Another survey says that some 60,000 mobile sets were stolen or snatched in Karachi during the last six months alone” (Daily Times, 2006). Therefore, Karachi is considered to be a city of robbers and thieves.

Karachi is a symbol of the ‘big city’ for the people of small city like Dera Ghazi Khan where people know each other very well. Moreover, it is very easy to locate people in Dera Ghazi Khan but, it is hard to find people in an enormous metropolis such as Karachi where people have anonymity in comparison to Dera Ghazi Khan. Due to these characteristics, it can be understood why Karachi is the choice of destination for the fraudsters in almost every narrative of stolen money. When I asked the interviewee why she had not gone after the fraudster, she replied, ‘Karachi is big city and it is not safe anyway’. With this statement, the interviewee is drawing upon a common discourse that is understood by everyone in the town. Everyone knows that it is not easy to find people in Karachi and it is not a safe place.

In lines 2-3, the interviewee notes that ‘As all the other members did not meet together, we were not aware of her trick’. The use of ‘We’ here represents the shared experience of all the members and she attributes the fraud to the fact that the members ‘did not meet together’, in other words, because the other members did not communicate effectively. Her statement suggests that it is necessary to keep in close contact with other members of ROSCAs to prevent such frauds from taking place.

In summary, fraudsters leave the community and move to the Karachi in these tales. ‘Leaving the place’ and ‘moving to Karachi’ performing several functions. It suggests that people leave the place (Dera Ghazi Khan) because it is not a city of fraudsters so they usually move to the Karachi, which is known for its high crime rate and it is usually perceived that all criminals and fraudsters belong to Karachi and this is the place, where they can hide themselves. In short, these ‘cautionary tales’ against such frauds first seem refrain from blind trust on non local people and also induce participation and involvement by the members in ROSCAs because such increased participation and involvement provides an increased sense of belongingness that helps to build stronger ROSCA communities, which are unlikely to suffer such problems.

## **5.6 Conclusion**

ROSCAs are vital in people’s lives not just because many important events such as weddings, education etc are only possible through the funding provided by the ROSCAs but also because ROSCAs are seen as a vehicle to gain parents happiness and approval and to fulfil moral obligations. From the quotes by the two widows



(RQ-32.1; RQ-1.1), it can be also suggested that ROSCAs may also have positive impact on women's empowerment. Further, norms of reciprocal obligations induce people to help each other in times of need. Hence people share their problems and also consider other member's needs. In addition to this, ROSCAs are also appeared to play an important role in shaping interpersonal relationships between people. For example, when members need money, he/she has to discuss this with the other members and also share their personal problems. Consequently, their relationships are reshaped through the ROSCAs.

It also seems that ROSCAs play a role in helping to build middle class communities by excluding people with irregular/uncertain and low incomes. The analysis of the interview transcripts reveals that people belonging to the lower social classes are excluded and the discursive resources used to justify exclusion change depending on the individual, family and class. For example, the discourse used to exclude residents of slums is denigrating while for relatives, it was sympathetic. It is also found that members of relatively lower classes to other members of particular ROSCAs are only given partial membership and not fully accepted by the other members.

The analysis of the interviews further revealed that class, distance, and physical presence influence the ability to interact with other members and hence member's sense of belongingness. In instances when a lower class individual gets the chance to be in community of middle class, they are yet considered as outsider and are not allowed to participate in various affairs of the community. Similarly, distance and physically absent weakens sense of community. In addition, the analysis suggested

that narratives of fraud are found to build stronger communities because the cautionary stories socialise participants and potential participants to avoid participating with non local people and to maintain contact with the other ROSCAs' members. Thus, such narratives seem to encourage close relationships to reduce the risk of being a victim of fraud. Close relationships are indeed central to community life; hence it is reasonable to suggest such discourse play a part in building stronger communities through encouraging increased participation and involvement by the members of the community.

## Chapter Six: ROSCAs in the Bazaar

**Pic-6-1**



This is building of a school. It is under refurbishment, therefore bricks and machines can be seen in the picture. There is something written on building. This statement is about the importance of trustworthiness, promise keeping, honesty etc.

### 6.1 Introduction

In the last chapter, it was suggested that ROSCAs of salaried workers and housewives are helping to create communities of middle classes. These ROSCAs are based on informal and close relationships. Furthermore, the design of this type of ROSCA is flexible and, therefore, can accommodate the various needs of its members. Having considered the ROSCAs of salaried workers and housewives, this chapter goes on to consider the ROSCAs of the bazaar. ROSCAs in the bazaars are organized by local businessmen and the basic structure and function of these ROSCAs is the same as that of ROSCAs in universities, schools, banks and

households. However the objective of participation is different: businessmen participate with investment objectives that mean, they participate to get funds to invest in their businesses.

As stated above, this chapter focuses on an analysis of discourse of the ROSCAs' participants in the bazaar. For this purpose, all interviews were conducted in the city centre of Dera Ghazi Khan. The term business owner is used interchangeably with shopkeeper in this chapter because the interviewees are business owners and also shopkeepers (dukandar). The structure of this chapter is as follows. First, I discuss different forms of address used in the bazaar ROSCAs and also analyse their discursive functions. After this, I analyse how various rules and procedures are constructed discursively such as determining winner of ROSCA's pot money. After this, the interviews are analysed to investigate trust among ROSCAs members. Following this, the construction of identity and status in the ROSCAs is considered. I then present and analyse excerpts containing a mix of business and personal discourses. At the end, the discourse of morality is explored, followed by the conclusion.

## **6.2 ROSCA's parties: Business entities and commercial activities**

The members of the ROSCAs in the bazaar are commonly known as 'parties'. This raises the questions as to why 'party' is used instead of 'members' as in ROSCAs of salaried workers and housewives. What is implied by this term in the context of the bazaar? And what sorts of functions are performed by this term? Therefore this term

‘party’ is explored here to investigate questions raised above. For example, consider the following excerpts in which ‘party’ is used to denote members of the bazaar ROSCAs.

	<b>RQ-36.1</b>
1	There are such parties [baji] especially in our D. G. Khan
2	Which are strong, particularly these wholesalers.
	(RosUrban-M36)

	<b>RQ-37.1</b>
1	We check the reputation of the ‘party’. For example, how
2	long it takes them to pay their committees.
	(RosUrban-M37)

After identifying the widespread use of this term ‘party’ in this particular ‘world’, I investigated the cultural meaning and usage of this word. ‘Party’ generally involves a group of people who have the same perspective on something that is a group of likeminded people. From this understanding, the term ‘party’ can be a plural term but it is not always the case: sometimes an individual may also be considered as a ‘party’.

In order to further explain the term ‘party’, presented above, it is necessary to understand the context of the bazaar in Dera Ghazi Khan. The local businesses are mostly structured as sole proprietorships and generally, more than one family member works in the same business. For example, if a person has a cloth shop; all their sons are likely in the same shop. Thus, all family members share in the business regardless of the fact of whose name appears on the ownership documents.

In this context, it can be seen that the term ‘party’ signifies that a ROSCA’s participant is not seen as an individual but as a business entity. In other words, the participants are not individual A or B but A-cloth house, B-jewellers etc. In the situation described above, the use of the term ‘party’ seems to make the business entity as a whole liable for the payment. However, the term ‘party’ is not just associated with ROSCA’s membership but is often associated with commercial activities. Indeed, the term was often used a business context during the fieldwork. For example, different interviewees referred to ‘parties’ in this way, as follows;

	<b>MQ-20.4</b>
1	Boutique dresses were in fashion when bank-A started.
2	So we bought readymade dresses from villages to sell to
3	other ‘parties’.
	(MFUrban-F20)

	<b>MQ-23.1</b>
1	Every week a ‘party’ comes and buys 10 dresses and we
2	make profit of Rs. 3000 against 10 dresses.
	(MFUrban-F23)

	<b>RQ-41.1</b>
1	A ‘party’ came to buy commercial plots.
	(RosUrban-M41)

Thus the term ‘party’ is used to represent a member of a ROSCA as a business entity involved in commercial activities. It is not an acceptable term for use in social and family matters. For example, if a family comes with a proposal of marriage, he/she cannot use the term a ‘party’ because it would be inappropriate to use a business term in personal context. However, it might be acceptable to use the term ‘party’ when a marriage proposal is associated with a business deal, for example, when a

marriage is not only a merger of two families but also a merger of two companies. From the above discussion, it can be concluded that the term ‘party’ is used to represent business entities and commercial activities and it performs the function of creating a collective business entity in which all members are liable for payments.

Initially, it appeared to me that bazaar ROSCAs are solely concerned with business. The term “‘party’” was identified because it was used repeatedly however during the analysis, it was found that some shopkeepers occasionally used other terms to denote ROSCA’s participants such as ‘sathi’, ‘friend’ and ‘member’. ‘Friend’ and ‘member’ are the English words employed by the interviewees, while ‘sathi’ is a word of local language that, in personal context, is equivalent to companion and in a business context, might refer to a partner. Unlike the term ‘party’, it is much less formal; the terms ‘friend’, ‘member’, and ‘sathi’ all indicate that ROSCAs participants have relationships that extend beyond the business context.

### **6.3 ROSCAs as formal systems: Set rules and procedures**

As described above, businessmen in a similar way to salaried workers and housewives, also use informal forms of address that express their informal relations with each other. However the rules, procedures and strategies employed in these ROSCAs are described by the businessmen as formal and must be followed by all the participants. This section will analyse discourses used by the businessmen in the context of determining winner of ROSCA’s pot money, repayment, etc.

The businessmen determine the recipient of the ROSCA's money through drawing lots every month. This is seen as being a fair system as is exemplified in the following excerpt.

	<b>RQ-36.2</b>
1	<b>Interviewer:</b> Which one is better: needs based or random
2	selection?
3	<b>Interviewee:</b> Random committees are better because it is
4	a fair system and free from conflict. All the members have
5	an equal chance to win the committee.
	(RosUrban-M36)

In this quote the interviewee is arguing in favour of using a random selection method. According to him, 'It is a fair system and free from conflict'. In this system of selecting the recipient of the ROSCA's funds, all the members, technically, have an equal chance of winning. However, there may be adjustments among the members following the draw but it seems these businessmen favour a method in which all members are provided with an equal chance of winning the ROSCA's money. They see this method as 'fair', which consequently implies that a needs based system is an unfair method. In a needs based system in which the ROSCA's money is awarded according to the needs of the member, the way the money is allocated also depends on how well one member can convince the others that his/her need is greatest. Before exploring this issue of allocation in needs based systems further, I want to present another excerpt from the interviews in which random selection is favoured.



	RQ-37.2
1	Random method is better. All the members have an equal
2	chance of winning and it is free from conflict. All the
3	members here have personal relations and are well
4	acquainted. With a random selection, no one can influence
5	decision making concerning the committee. No one can
6	demand the first, second or third committee by representing
7	himself as needy because everyone is in need here. That is the
8	reason I use this system of random selection.
	(RosUrban-M37)

This interviewee is the president of his ROSCA. He favours random ROSCA because, according to him, it reduces the risk of allocation being influenced by the other members. At the start of the quote, he noted that the random selection method is free from conflict because conflict may arise in a system where personal relations can influence decisions or where decisions are not seen to be fair but the method used in the interviewee's ROSCA gives equal chance to every member.

In both of the above quotations (RQ-36.2; RQ-37.2), the interviewees are drawing upon formal discourse to express that their system is free from personal influence on decision making. Further interviewee (RQ-37.2) pointed out that the people in Dera Ghazi Khan and particularly in the bazaar have close personal relationships. He (RQ-37.2) also pointed out that any member could present themselves as in need and uses their personal relationships to influence decisions in how the money is allocated. Therefore, a random selection method is employed to reduce the influence of personal relationships. It shows that discourse of formality may help to avoid mixing of personal with business affairs.

Further, it can also be suggested that discourse of ‘needy’ does not fit with idea of solidarity in these ROSCAs. For instance, all members in bazaar ROSCAs have investment objectives and establishing priority for one’s need over the other is complicated as interviewee (RQ-37.2) said that ‘Everyone is needy here’. On the contrary, in the ROSCAs of salaried workers and housewives, members have distinct objectives. For instance, one member may want to pay school fees of his/her children in September, the other may need money in December to fund the dowry of daughter, another member may need money in June to pay back a loan or to buy wheat grains for household consumption etc. Therefore, the discourse of needy may not be appropriate in the ROSCAs of bazaar.

The discourse of formality prioritises rules and, therefore, creates an impression that decisions are not affected by personal relations or favouritism. For example, in the quote below, the interviewee notes that all participants are given equal treatment regardless of whether a relative or just a ROSCA’s member.

	<b>RQ-35.1</b>
1	<b>Interviewer:</b> Well. What if someone misses the next
2	payment as well?
3	<b>Interviewee:</b> If they miss the next one as well, then we talk
4	to him. If he cannot pay, we exclude him and pay his
5	committee at the end.
6	<b>Interviewer:</b> Well, what if that person is your relative then?
7	<b>Interviewee:</b> Yes. we will exclude him even if he is
8	a relative.
	(RosUrban-M35)

This interviewee is also drawing upon formal discourse; rules are paramount and personal relationships cannot influence decisions. The presentation of the discourse

of formality by participants in the bazaar ROSCAs suggests that these ROSCAs have established certain rules that everyone has to follow. In line 8, I asked him, what he would do if the other person was a relative. The reason for asking this question is that favouritism is commonplace in Pakistan and people openly favour their relatives and friends. However, by denying that favouritism exists in his ROSCA, he is promoting or fronting some degree of formality. Further, in the excerpt below, the interviewee talks about formal rules and procedures in the context of matters involving receipt and payment in ROSCAs.

	<b>RQ-41.2</b>
1	We accept absence till 5 <sup>th</sup> of month. On the 7 <sup>th</sup> of
2	month, we have to make payment. We clear all accounts on
3	5 <sup>th</sup> of the month. If [he] has marked his attendance till 25 <sup>th</sup> of
4	month then he has to clear his fees on 5 <sup>th</sup> of month. Otherwise
5	his name will not be included in the draw.
	(RosUrban-M41)

This quote is taken from the interview with the president of the ROSCA. He is talking about delays in payments by the members. In this quote, [he] can be any member who delays his payments. To better understand what interviewee is saying, it is important to discuss his ROSCA. In his ROSCA, all members make contributions on daily bases for fifteen days (from 1<sup>st</sup> to 15<sup>th</sup> and 15<sup>th</sup> to 30<sup>th</sup> of each month) and draws take place twice in a month that is on 5<sup>th</sup> and 20<sup>th</sup> of the month. Interviewee says ‘If [he] has marked his attendance till 25<sup>th</sup> of month then he has to clear his fees on 5<sup>th</sup> of month’. It means, if someone has paid his contributions till 25<sup>th</sup> and misses even five days (as they have to pay up till 30<sup>th</sup>), his name will not be included in the draws, hence he will lost his chance of winning ROSCA’s money.

Interviewee says that they bear absence till 5<sup>th</sup> of the month and by this date every member has to settle the payments. Setting aside the context of the interview and the ROSCA for the time being, an analysis of this quote suggests the utterance has similarities with the discourse of a school master talking about his/her students and their fees. In the schools, there are set rules and record keeping and similar picture is presented here through the use of the terms like ‘absence’, ‘attendance register’, ‘fees’ and ‘clearing accounts’. It suggests that formality in ROSCAs is maintained through set rules and record keeping.

Discussion of set rules and procedures were common in the discourse of businessmen whereas participants in ROSCAs for salaried workers and housewives did not talk about set rules and formal record keeping, on the contrary, their discourses stress flexibility through the entire cycle. However shopkeepers put emphasis on formal rules. At another point this interviewee says:

	<b>RQ-41.3</b>
1	If lots are drawn on the 5 <sup>th</sup> of the month, then on the 7 <sup>th</sup> , we
2	have to write a cheque for the winner. If lots are drawn on
3	20 <sup>th</sup> , our committee is of 15 days, so if lots are drawn on 20 <sup>th</sup> ,
4	then immediately , we have to write cheque for them on 22 <sup>nd</sup> .
	(RosUrban-M41)

The interviewee is talking about payments and cheques. The way, he talks about draws and payments, seems to express an urgency to pay on time. For example, he uses the expression ‘have to’, which suggests an obligation or rule. Further the use of the collective ‘we’ represents commonality and thus serves to generalise interviewee’s statement. The interviewee says that when draw takes place on 20<sup>th</sup>, he

then have to write cheque on 22<sup>nd</sup>. Although interviewee has two days to make payment but he used term ‘immediately’ to create an urgent affect which express importance of making payments in time for the interviewee.

This section found that businessmen in bazaar ROSCAs use discourse of formality which favours record keeping, and priorities rules and procedures. On the contrary, ROSCAs of salaried workers and housewives use the discourse which favours informal reciprocity, personal relationships, understanding personal need of other members etc. The different discourses are appeared to fit with distinct objectives of the two ROSCAs: bazaar ROSCAs and ROSCAs of salaried workers and housewives.

#### **6.4 Trust and ROSCAs**

The analysis presented in the section above suggests that the discourse of formality is common in the bazaar ROSCAs. This type of discourse seems to have the discursive function of reducing the influence of personal relations. This discourse reflects and engenders set rules and selection procedures, which leave little room for interpersonal negotiations/bargaining. However, while it may be desirable that these ROSCAs have formal rules and procedures, there is no established method to monitor whether people abide by these rules. For example, the interviewees (RQ-36.2; RQ-37.2) described their system of random selection as ‘fair’; however, they often do not even attend the draw to see that it is carried out fairly. This is exemplified in the following excerpts.

	<b>RQ-36.3</b>
1	<b>Interviewee:</b> They draw lots every month. Sometimes
2	I go to watch them.
3	<b>Interviewer:</b> Why don't you go to watch every draw?
4	<b>Interviewee:</b> We trust him. He tells us the result after the
5	draws anyway.
6	<b>Interviewer:</b> So you believe whatever he tells you?
7	<b>Interviewee:</b> Yes. You cannot do business without trust.
	(RosUrban-M36)

	<b>RQ-38.1</b>
1	<b>Interviewer:</b> Do you go to watch the draws?
2	<b>Interviewee:</b> Rarely.
3	<b>Interviewer:</b> Why?
4	<b>Interviewee:</b> Because of trust. We trust him.
	(RosUrban-M38)

In the both excerpts (RQ-36.3; RQ-38.1), the interviewees state that they do not go to watch all the draws because they trust the president. In the quote above (RQ-36.3) in line 6, I asked the interviewee whether he believed whatever the president told him. In response, he says 'Yes. You cannot do business without trust'. The interviewee uses the pronoun 'you' in this context to generalise his statement beyond ROSCAs and present trust as a universal aspect of doing business. All the interviewees presented similar discourses of trust that the other members would 'play fair' and suggested that deception did not take place in the ROSCAs. In light of the discussion above, it can be said that in these ROSCAs the discourse of trust is dominant, which contrasts with the ROSCAs of salaried workers and housewives, who, on many occasions, drew on the discourse of doubt. I asked another interviewee what strategies he employed to deal with members who default, as is shown in the following quote.

	<b>RQ-41.4</b>
1	<b>Interviewer:</b> Well, what if someone does not pay after
2	receiving his pot money
3	<b>Interviewee:</b> [wo tu ji]....[wo tu], I already have told you, we
4	have to trust our members. If someone defaults after receiving
5	the pot, he cannot be part of the committee.
6	<b>Interviewer:</b> then how do you deal with it?
7	<b>Interviewee:</b> we have to deal with it. It has to be borne, the
8	main member bears the loss.
	(RosUrban-M41)

This interviewee has previously discussed set rules, strategies, and records keeping (RQ-41.2); hence presented himself as a serious ROSCA administrator. However, when I asked the interviewee about defaulting after receiving pot, he seemed at first unable to answer. He took considerable amount of time to find the discursive resources to draw upon in order to construct an answer in this context. The utterance in the brackets above does not mean anything but expresses struggle of interviewee to respond to my question and is essentially a time buying strategy. This pause is denoted by the dots in the quote. This may be because I asked him a question about a subject, namely defaulting, that is unthinkable so the interviewee had to struggle to construct an answer. And after considering how to answer the question, he states ‘We have to trust’. His answer was then that people have to trust that other person will not default. However my question was about what strategies if any were used by ROSCAs members to deal with defaulters and he seemed to avoid the question or perhaps to answer a different question.

The interviewee later attempted to construct the answer (see Line 4) as he says ‘If someone defaults after receiving the pot, he cannot be part of the committee’, which, of course, makes no sense because a person who willingly default may no

longer want to become part of the ROSCA. I repeated my question (Line 6), and asked him clearly about how they deal with defaulters. In response, he stated ‘We have to deal with it’, which is clearly not a direct or complete answer to my question.

In response to such questions, other interviewees also seemed to be struggling to find answers, some interviewees have completely discounted it (It is discussed below, RQ-37.3) and others drew on moral discourse (It is discussed in last section, RQ-41.7). For example, consider the quote below from another interviewee, in which, I asked the same question as above concerning defaulters. This interviewee, who is also a president of a ROSCA, at first replied in a similar way as the previous interviewee.

	<b>RQ-37.3</b>
1	<b>Interviewer:</b> How many committees do you have?
2	One, two or more than that?
3	<b>Interviewee:</b> No. No. Just one. There is no possibility
4	of being in more than one committee in the current
5	situation. You know, the country is in an economic
6	crisis. Prices are rising. It is not possible.
7	<b>Interviewer:</b> well! So you are running a committee in
8	an economic crisis. What happens if anyone makes late
9	payments or defaults?
10	<b>Interviewee:</b> All this is done on trust. It works like
11	this.
12	<b>Interviewer:</b> Well, but what if someone cheats? I
13	mean there is a crisis as you said
14	<b>Interviewee:</b> God will do well. First of all, such things
15	never happen because businessmen cannot be
16	dishonest. He might make late payments due to rises
17	and falls in the business, but he pays them eventually.
	(RosUrban-M37)



It is common in ROSCAs that members make double or triple contribution in the ROSCA depending on their needs and affordability. I ask interviewee if he is making double or triple contributions, and he replied by drawing upon economic discourse. I asked him (Lines 7-9) whether or not the economic crisis was causing difficulties for participants when the interviewee introduced topic of economic crisis. The interviewee replied in a similar way to the previous interviewee by turning to the concept of trust. He noted 'All this is done on trust. It works like this' (Line 10). By using the discourse of economic crises, the interviewee seems to be expressing his understanding of such issues but avoids at first specifically raising the issue of defaulting. It seems unlikely that participants never default on payments but from the discourse of ROSCAs members, it seems that this is a highly sensitive topic, which is avoided and replaced by the topic of trust. I repeated my question in line 12-13 by referring specifically to the economic crises and he responded that this never happened because 'Businessmen cannot be dishonest'. Here, the interviewee has generalized his statement to imply that there is no question of defaulting or being cheated because it is ROSCA of bazaar, a business ROSCA. Thus, due to economic crises, one might make a late payment but accounts would be cleared eventually. In other words, he seems to simply discount the proposition that default can happen in these ROSCAs. One possible reason for the avoidance of the topic of default can be found in the historical attributes the Baluch people who form the majority in Dera Ghazi. The Baluch are known for their honest attitude and, thus, talking about default may be problematic as it impacts on the interviewee's self image.

In the above quotes, it is seen that interviewees avoid discussion of default rather they employed discourse of trust. They did not talk about coercive mechanisms to enforce payments as it is found in the discourses of microborrowers (Chapter Four) rather states that members pay their contributions sooner or later. With this discourse, interviewee might want to say that members have to trust and have patience as debtor will settle all payments eventually. It shows that trust may be very important element not only in ROSCAs but all business dealings. This concept of trust is further developed in the quote below, in which the interviewee talks about strategies used to ensure trust in those who are not trusted in the community.

	<b>RQ-41.5</b>
1	For example, there is a man who wants to join the committee.
2	If we do not trust him, we allocate his contributions to two
3	different committees. We neither treated him badly nor told
4	him that we do not trust him. But we divided his committee
5	in two parts and allocate to two different committees. If he
6	gets one committee earlier in the cycle, he still has other
7	committee with us.
	(RosUrban-M41)

In this quote, the interviewee is talking about a strategy to include those who cannot be trusted. According to the interviewee, such people are given membership however their contributions are divided in two parts and made to two different ROSCAs. With this, if he/she defaults on one ROSCA, president can still get the amount from the other ROSCA. On line 3-4, interviewee states that “We neither treated him badly nor told him that we do not trust him”. This statement expresses the idea that talking badly or saying face-to-face that someone is not trusted is not acceptable. The interviewee has used the collective ‘we’ to generalise his statement and express that whatever he is saying is a common, shared phenomenon.

Talking negatively about people and telling them face-to-face is neither acceptable morally nor socially whether the other person is a stranger or a friend. Thus, by stating this, he is presenting himself as good, moral social being. The interviewee then explains what strategies are in place to deal with such matters so even if a person is not trusted; he/she is not treated badly but is dealt with using the compensatory strategies, outlined above.

From these quotes, we can understand that trust is an important concept in dealings between ROSCAs members however it leads to ask question as what is base of this trust. One base of this trust can be personal experience as in the above quote (RQ-41.5) in which interviewee is allowed to play game of trust. If he will deal honestly, will be considered as trustworthy and he may enjoy benefits of full membership in future. In an attempt to investigate base of trust, concept of honour in Pakistan will also provide useful insights. For example, while talking about keeping records of transactions with wholesalers and customers, one interviewee states that

	<b>RQ-36.4</b>
1	Most of the business is done through [zaban].
	(RosUrban-M36)

[Zaban] literally means tongue. As the tongue is used to speak, so in literal sense, the interviewee is saying that most business dealings are agreed orally with no written contracts etc. Another term used in this regard is [zaban di], the literal meaning of which is ‘giving tongue’. This term is used in both business and personal contexts. Giving [Zaban] is to ‘pledge one’s honour’, which, in this case, is a very

serious promise to fulfil a commitment. Moreover one can only redeem one's [zaban] back and hence protect one's honour by fulfilling the pledge (i.e. making the payments as agreed).

In a country like Pakistan where legislation is not strong enough to protect the rights of people, it seems such discourses as [zaban] are used to hold people to their commitments. It is usual, especially in Dera Ghazi Khan, that once a person has made a commitment to do something, then he/she will keep his/her commitment whether it is matter of marriage, inheritance, or business dealings. This commitment to keeping one's promises (in the sense of retaining one's honour) is also a particular quality of the 'Baluch', (the residents of Dera Ghazi khan). A text by Abdul Qadir (1997) on the history of Dera Ghazi Khan states that 'The Baluch are promise keepers'. Indeed, in the west of Dera Ghazi Khan, there is large rock on the mountain, known as the 'Rock of Curses', which is used to curse those who cheat their friends and companions. Further, to exemplify the characteristics of the Baluch, Abdul Qadir presents the example of a 'Mr. Flair', who needed to send a large sum of money to another place in Pakistan. He was considering whether he should send his servant when he discovered that another person was going to the place where Mr. Flair wanted to send money. It was suggested that send money through this person who was stranger even to those who were making this suggestion. When Mr. Flair expressed doubts about the trustworthiness of the proposed courier, he was reminded simply that the courier was a Baluch. Thus, being Baluch meant he was inherently trustworthy and indeed, the amount was handed over to the other 'party' safely (accounts from Abdul Qadir Ahmadani, 1997: 82). By drawing upon these accounts of Abdul Qadir, I do not, however, want to suggest that everyone is

trustworthy in Dera Ghazi Khan, but that the people place a heavy emphasis on the concept of trust, are , ready to trust, and hence are trustworthy. The importance of trustworthiness, promise keeping, and honesty is also evident from the picture (Pic: 6.1).

As analysed above, the base of trust constitutes of social characteristics, cultural values and personal experience. Reputation also seems to be an important factor in the establishment of trust, as the following excerpt suggests;

	<b>RQ-40.1</b>
1	<b>Interviewee:</b> We always want to have good members
2	who pay on time.
3	<b>Interviewer:</b> How do you know who is good?
4	<b>Interviewee:</b> We do business in the same market so
5	we know about the other businessmen. And we also
6	ask the wholesalers who deal with them.
	(RosUrban-M40)

In the quote (RQ-40.1), the interviewee states that the reason for trusting a potential participant is personal experience and reputation. For example, he says that ‘We do business in the same market so we know about the other businessmen. And we also ask the wholesalers who deal with them’. In the first part, the interviewee talks about ‘doing business in the same market’ and knowing ‘about the other businessmen’. The interviewee seems to be suggesting that operating in the same market makes it easy to get the information about the other businessmen. Moreover, they also ask wholesalers about the trustworthiness of other businessmen. Another interviewee also stresses the importance of reputation in the following way:

	<b>RQ-35.2</b>
1	<b>Interviewer:</b> How do you know that [he] will not
2	deceive you?
3	<b>Interviewee:</b> Son, he will not deceive? He has business,
4	property and family here. His business is worth billions
5	of rupees. Why would he deceive us for just millions of
6	rupees? If he did he could not do business here.
7	<b>Interviewer:</b> Why not?
8	<b>Interviewee:</b> Who would do business with him? No one
9	would do business with a dishonest man.
	(RosUrban-M35)

In this quote, [he] can be any member. The interviewee's statement 'If he did, he could not do business here' (Line 6) informs the listener about the consequences of being dishonest. This would appear to result in losing one's reputation as the interviewee says further that 'No one would do business with a dishonest man'. The interviewee seems to be suggesting that social pressure to 'play fair' is exerted and that businessmen who behave dishonestly may be boycotted by the others in the market.

In line 1, the interviewee is asked how he can trust the other members and he states that 'He has business, property, and family here'. This suggests that having property, business and family in the area makes it difficult for the member to be dishonest possibly because the benefits of dishonesty are likely to be less than participating honestly as the interviewee further states 'His business is worth billions of rupees. Why would he deceive us for just millions of rupees'? The interviewee seems to suggest that property and business ensure that people will not deceive. From this, it can be deduced that wealth may also be another element which is used to establish

trust among members, hence wealthy people are seen as trustworthy. This is illustrated in the quote below:

	<b>RQ-36.5</b>
1	<b>Interview:</b> There are such people, often in Pakistan, these
2	people initiate committees when they are about to go
3	bankrupt. They try to support themselves through the
4	committee as they take first committee.
5	<b>Interviewer:</b> It means committees are very risky so no one
6	should participate in them?
7	<b>Interviewee:</b> Yes. They are risky but they are crucial for
8	business. Sometimes it proves to be a big financial support
9	when we get second or third committees. We cannot save
10	money without them.
11	<b>Interviewer:</b> I understand that but you just said that
12	committee is initiated by those who are about to go
13	bankrupt.
14	<b>Interviewee:</b> There are such shopkeepers at the small scale
15	in the bazaar who run committee of RS.100,000, Rs.
16	150,000 or Rs, 200,000. Now the committee in which I am
17	participating is of Rs 0.7 million. We participate in the
18	committee only after checking the ‘party’, what the worth of
19	his shop is and what his business is and so on.
	(RosUrban-M36)

In this quote, the interviewee is being critical of small scale shopkeepers who initiate ROSCAs when they are bankrupt. He generalizes his view point by using the collective, generalised term ‘often in Pakistan’ and so, according to him, it is commonplace that financially weak businessman initiate committees. The effect of this discourse strategy is to strengthen his statement. In response to the statement by the interviewee, I commented in line 6, that this means such ROSCAs are risky and people should not participate in such risky instruments. In response, the interviewee states ‘Yes. They are risky but they are crucial for business’. The first part of this line is confirmation of the risky nature of such ROSCAs. However, in the other part, interviewee disconfirms my other statement (‘no one should participate in it’). His

utterance about the necessity of participating in ROSCAs is a reflection of the interviewee's stake in the ROSCA system and a justification for participating in ROSCAs. He justifies this by talking about how crucial participation in ROSCAs is, which a common discourse is; one can get lump sum amount. This discourse can be found in all contexts whether it is in the bazaars, schools, or banks.

I pressed him about his previous statement concerning entering in to business arrangements with people that are at risk of defaulting (Lines 11-13). In response to my question about risk, he draws upon oppositional discourse about small/large scale business persons. Again, he seems to avoid a direct response to my question about risk but, albeit indirectly, 'fronting' the concept of trust. He states that decisions on participation should be made after assessing shops' worth i.e. by assessing whether or not businesses are trustworthy. It shows that business worth and trust may be linked together. Thus, you can trust whose business worth more.

The interviewee notes that 'We participate in the committee only after checking the 'party', what the worth of his shop is and what his business is and so on". The use of the collective 'we' is an attempt to express that it is a usual and commonplace way of operating. In other words, the financial worth of the initiating 'party' is very important when deciding in which ROSCAs one should participate. This is supported by the excerpt below where the interviewee talks about trust in terms of wealth/business worth.



	<b>RQ- 38.2</b>
1	<b>Interviewer:</b> You mean, [he] should watch his pocket size
2	before initiating a committee.
3	<b>Interviewee:</b> Yes. What his source of income is and how
4	much his income is. Are there enough goods in his shop? A
5	shopkeeper, who does not have enough goods but is
6	initiating a committee, he is of the hope that [Janab] I will
7	do my business with this committee. In cases where any
8	‘party’ defaults and there are not enough goods in his shop
9	then how will he pay? He can never pay.
	(RosUrban-M38)

In this quote, the interviewee is talking about a president who initiates a ROSCA. The statements of the interviewee (line 3-9) are an attempt to criticise small scale business owners. When talking about a business worth, he uses the word ‘Janab’ to make fun of small scale shopkeepers and presents a hypothetical situation to clarify and justify his point of view.

‘Janab’ is an Urdu word and can be translated in English as ‘Sir’. However, ‘Janab’ has different meanings, depending on the context of use. Generally, it is used to give respect and honour to someone but, in the quote above, it is used to taunt and expresses dislike. ‘Janab’ is used for the initiator of ROSCA who according to interviewee is not worthy of being a president. The word ‘Janab’ in this context represents the interviewee’s belief that presidents should be wealthy.

Lines 7-9 are constructed rhetorically to convince the interviewer that wealth is an important factor in becoming a president of a ROSCA. He said ‘In cases where any ‘party’ defaults and there are not enough goods in his shop then how will he pay?’. In this part, the interviewee is presenting a hypothetical situation about the possible

financial complications such as delayed payments or defaults that can take place in ROSCAs. He says that 'In cases where any 'party' defaults', in relation to this it is worth noting that this is an extreme case and rarely happens in a ROSCA (Ven Den Brink, 1997; Srinivans 1995). A more common situation is when a 'party' delays payment but pays within 10-15 days. It can be said that the interviewee might be trying to complicate the hypothetical situation to argue against such initiators. However, this rhetorical construction of the need to have wealthy presidents of ROSCAs is more complex here than in the previous excerpt (RQ-36.5). In the previous quote (RQ-36.5), the interviewee talked about default by the president but in this quote, the interviewee refers to 'any 'party''. In a literal sense, he seems to want to say that presidents should be able to pay for any other 'party' that defaults in their ROSCAs.

Although, the interviewee (RQ-38.2) did not use the term of 'small scale', he talks about the type of business, level of income and the value of the business. By source of income he means what type of business is the person doing: gold, garments, food etc. For example, not everyone can be involved in the gold business because it requires a large investment. Thus, a person dealing in gold must be a large-scale businessman. Similarly, how much one earns, and the value of the business all separate large scale businessmen from small scale businessmen.

The previous interviewee (RQ- 36.5) also referred to worth of the shop and type of business (Lines 18-19). The worth or value of shop includes elements such as the location of shop, the size of the premises, the ambiance and so on that separate a large scale from small scale businessmen. All these elements increase the value of

the business and hence, help construct large scale businessmen. There is picture of cloth shop that according to these interviewee discourses can be categorised as small scale.

**Pic: 6-2**



In the light of interviewee's discourse, this is small scale business. There are only two workers. The inventory and ambiance are representing status.

The discourse of small-scale and large-scale business carries considerable implicit meaning in a similar way to discourse of class difference discussed in the chapter five. In the oppositional discourses presented above, interviewees seem to be attempting to present large scale businessmen as trustworthy, while implicitly portraying small scale businessmen as the opposite i.e. those who are not wealthy, are not worthy of being trusted. In some ways, this suggests that wealth plays an important role in establishing trust or in other words, wealth transfers trust.

In this section, it is found that trust plays an important role in ROSCAs. In order to participate and run ROSCAs, people have to trust on each other and when people deal honestly are considered as trustworthy and hence get good reputation. However

when people deceive, consequences may be severe and this may be the reason, people do not talk about deceiving or being deceived. Further it is found that reputation, personal experience, cultural values, and wealth are used to establish trust among the members.

## 6.5 ROSCAs: Construction of identity and status

In the last two quotes of the above section, it is found that people were constructing businessmen as large/small scale businessmen. This discourse of large/small scale businessmen was common among the ROSCAs members. The quotation below illustrates this point in which the interviewee is constructing himself as large scale, experienced and serious business-owner.

	<b>RQ-38.3</b>
1	I always check that the 'party' is very, very sound because
2	our committee is not just RS.100 or Rs.200. It is a big
3	money committee. So we check that the 'party' is very very
4	sound. I do not know about the experience of people in
5	smaller committees. I am talking about large scale
6	committees. I am talking about people who runs committees
7	in millions; .7 million, .9 million and even 1 million. These
8	are not yearly committees But ones which run for six
9	months so that turnover can be achieved in a Year. I don't
10	favour committees that run for one or two years. It is
11	wrong. My own experience is that the cycle should not be
12	more than six months so the amount which is paid to the
13	committee in six months, is paid back and investment can
14	can be made twice in a year,
	(RosUrban-M38)

This quotation is taken from the interview with an experienced shopkeeper who has been running his business in the city bazaar of Dera Ghazi Khan for more than two decades and his sons also work in the same shop. He has been participating in the ROSCAs since he started his business and hence is one of the more experienced members of the ROSCA. In the first line, he says ‘I always check’, which seems to represent him as a responsible businessman. Unlike microborrowers talking in the discourse of ‘Allah karesi’ (Chapter Four) to limit their liability and responsibility in such matters, this interviewee seemed to be talking about taking responsibility in a way that, according to him, is the right way of doing things, especially when it involves large amounts. For example, he said that he checks ‘party’s’ business worth because his ROSCA is involved with big amounts (line 2). This statement not only represents him as an experienced, serious and responsible businessman but also as an important businessman.

Moreover, he consistently uses the ‘first person singular’ except in a few places where he shifts his footing to ‘we’. This foot shifting between ‘I’ and ‘we’ seems to be performing the same function, that is to represent him as one of a collective of serious, responsible and important businessmen. This is supported by such utterances as ‘I always check’, ‘I never favour’, and ‘Our committee is not of RS.100 or Rs.200. It is of big money’. In line 11, the utterance ‘My own experience’ seems represents him as confident, experienced and knowledgeable about his claims.

Further, he talks about his ROSCA’s size (size in terms of money) on line 2-3 that ‘It is of big money’. This statement implies, he is a big businessman because his committee involves bigger amount. Numerical figures on line 2 and line 7 are used

to emphasise interviewee's higher status. There is large difference of amounts on line 2 and line 7 that are used to represent small scale and large scale businessmen respectively. He is talking in 'hundreds' for small scale and 'millions' for himself and hence put emphasis on his status as big businessmen.

He further marks his status as big businessman in lines 4-5 'I do not know experience of people at small scales' and is also creating a distance with the small scale ROSCA's participants as he expressed lack of knowledge and experience about small scale ROSCAs. Instead of 'I do not know experience of people at small scales', If interviewee would have said that 'I am not talking about people at small scale', then it means that interviewee knows about small scale however he is not talking about them in this particular context but interviewee has created a class separation by saying 'I do not know'.

The entire quotation is constructed in ways to represent interviewee as large-scale businessman. Towards the end, interviewee talks about cycle of ROSCA. Interviewee talks about ROSCA's cycle length should be short. He said that 'it is of six months so that turnover can be achieved in a year'. If it is interpreted in the light of speaker's orientation, it speaks that important men like himself demand quick turnover. Thus, it also is used to represent him as a man doing serious business and not just any business.

**Pic: 6-3**



It is cloth shop. The furniture, inventory, ambiance is representing the status. In the light of discourses presented by the businessmen, this can be categorised as large scale business. However it is evident that this business worth less than gold shop shown in picture 6-4

Similar to this interviewee, other interviewees also used discourse of large/small scale committees to construct their identities as large scale businessmen. Thus a large scale businessman in the context is one whose committee is bigger in terms of money involved. This interviewee below is doing business in the city bazaar of Dera Ghazi Khan, more than a decade and in fact, his committee is also of rupees .7 million as the previous interviewee had.

	<b>RQ-36.6</b>
1	There are such parties [Baji], especially in our D. G. Khan
2	which are very strong, particularly these wholesalers. They
3	do business in billions. The person, with whom I am
4	participating, runs a committee of 5 to 10,000 rupees daily
5	but there are some people who runs committees of 30,000
6	rupees daily. Some even run committee of 1tola gold. Now,
7	I too intend to participate in such committees in which they
8	they will give 30 tolas gold at the end. They pay in gold! In
9	other types of committees, Rupees are devaluing day by day
10	so gold committees are good. [Baji] only our currency is
11	devaluing. Look at dollars, Riyals, they are improving. In
12	fact, they are not improving but our currency is devaluing.
	(RosUrban-M36)

Although his committee's 'pot' size is equal to that of the previous interviewee (RQ-38.3), he does not seem to be constructing himself as a large scale businessman as the previous interviewee did. The introduction of much bigger committees into conversation has made a committee of millions to look relatively small. Thus, the interviewee's definition of a 'big committee' has changed from millions to billions as in line 3. Thus, the local context of interview is very useful to explore why he does not represent himself as a large scale businessman although the same interviewee, on another occasion, attempted to construct himself as large scale businessman while talking about relatively smaller scale businessmen (RQ-36.5). However, in a similar way to the previous interviewee (RQ-38.3), he is also using 'pot' size to construct large/small scale businessmen. He is not representing himself as a big businessmen, for example, lines 3-6 'The person, with whom I am participating, runs committee of rupees 5 to 10,000 daily but there are some people who runs committees of rupees 30, 000 daily' and, indeed, the introduction of a much bigger committee represents him as a relatively small scale businessman. However by talking about much bigger committees, gold and inflation, he seems to be attempting to present himself as serious and knowledgeable businessmen.

**Pic: 6-4**



It is Gold shop. The furniture, ambience, decoration, everything is very expensive and hence representing wealth and higher status.



Thus, the interviewee's discourse about 'strong' parties e.g. 'There are such parties.....particularly wholesalers..... very strong....., do business in billions.....runs committees of rupees 30, 000 daily', shows that ROSCAs 'pot' size is used to represent one's status in the Bazaar and wholesalers are perceived as strong parties because they have bigger committees. Thus, businessmen participating in bigger ROSCAs are considered as bigger businessmen. Along with this, it should be noted that the interviewees also talk in the language of business by talking about turnover and inflation to represent themselves as serious and knowledgeable businessmen with important businesses.

The discourse around 'Gold' speaks for itself and suggests people show off their wealth and status through gold. Talking about gold in terms of investing in it, is a way of representing one's business attitude plus social status. For example, the interviewee expressed his intention to participate in gold ROSCAs in the future, which implies he has the means and status to access such ROSCAs, thus helping to construct a relatively higher social status. Then, he presents a rationale for participating in gold ROSCAs and thus constructs himself, and others participating in gold ROSCAs, as serious businessmen, who understand subjects such as inflation, devaluation etc. He talks about riyals and dollars to express his exposure and knowledge about such issues, again developing an identity as a serious businessman.

Talking about inflation currently in Pakistan, represents knowledge and awareness of current affairs because of the rapid growth in the inflation rate in Pakistan. A person who does not understand and talk about this, may be perceived as being ignorant and disconnected from the important business matters of the day and one

cannot be represented as serious businessman if one does not understand such important business matters. In the end, he says that other currencies are improving which is then corrected by the interviewee himself in the following ways ‘in fact, they are not improving but our currency is devaluing’ (lines 11-12). It can be good example to talk about influence of my position as business student/researcher on responses constructed by the interviewee. As he knows that I understand all this stuff about inflation and devaluation of currencies therefore, interviewee repair his talk after identifying trouble source by himself and says dollar and riyal are not improving but rupees is devaluing.

In this section, it is discussed that ‘pot size’ and ‘gold’ are used to construct large/small scale businessmen. Thus, bigger pot size means large scale businessmen. The interviewees in the above quotes presented themselves as large scale and responsible businessmen through this discourse of wealth. Further, speaking about ‘inflation’, ‘turnover’, and ‘devaluation of currencies’ also used to represent interviewees as knowledgeable and serious businessmen.

## **6.6 Mixed discourses: Business and personal**

In the previous section, the discussion considered how people construct their identities and status through pot size, and also considered the role of trust in ROSCAs. In this section, various interview segments are discussed in which interviewees mix business and personal discourses. Take example of excerpt below:

	<b>RQ- 36.7</b>
1	I am member of a classic committee [baji]. I also participate
2	in other types of committee. Actually, when a friend comes
3	and asks you to participate and says that “We will give a
4	motor cycle in the first draw”. They are our permanent
5	cutomers. We cannot refuse them just for Rs.1500, can we?
6	So, we participate.
	(RosUrban-M36)

This quote represents mix of business and relational discourse. The interviewee is talking about two different types of ROSCAs; random ROSCAs and prize ROSCAs. However, analysing this type of mixed discourse, it is important to establish what prize ROSCAs are. They are a new type of ROSCA, which I discovered during the fieldwork. They are known as ‘prize committees’. In prize ROSCAs it is not compulsory for the members to be a businessman but the initiator is usually a businessmen. They generate large amounts of cash and the main beneficiary is the president who receives large interest free funds in the first month. They have a longer cycle (of more than two years) than other ROSCAs and consist typically of 100 members. They are basically a kind of lottery, based on luck and are therefore not very popular among businessmen seeking a sustainable source of finance.

In the interview, the interviewee notes that he participates in prize ROSCAs to maintain personal relationships. The interviewee’s business oriented nature is suggested by the fact that he calculates the benefits and costs of not participating in such ROSCAs e.g. In Line 5, he says that ‘We cannot refuse to them just for Rs.1500’. It suggests that businessmen usually calculate the cost of each transaction and try to maximize profits. Further, the discussion of the prize, winning motor cycle, seems to suggest that the interviewee himself is interested in trying his luck.

However, while representing a business oriented person, this quote also contains elements of relational discourse, which is discussed below.

	<b>RQ-41.6</b>
1	<b>Interviewee:</b> Do you demand your money then?
2	<b>Interviewee:</b> Yes we do! But we have to remember these are
3	our acquaintances. It is small city and everyone is acquainted
4	with each other. We cannot ruin our relations. Look, we had a
5	customer who did not pay back money for ages but it does not
6	mean we will not transact with them.
7	<b>Interviewer:</b> So are you saying you will keep relations with
8	them?
9	<b>Interviewee:</b> We have to! We just become more careful.
	(RosUrban-M41)

In the quote, business and personal discourse are intertwined. The interviewee is discussing someone who has not paid money back. In response to my question in Line 1, he responds ‘Yes we do! But we have to remember these are our acquaintances’. In the second part of this statement, the interviewee uses the contrastive ‘but’ and notes that he has a personal relationship with this person. It can be inferred that ROSCA members cannot use coercive methods with other members when they have personal relationships with them. In other words, personal relationships constrain the use of coercive methods. The interviewee then goes on to say that it is small city and everyone has acquaintances and expands on this in Line 4, and seems to be suggesting that one cannot survive by spoiling one’s relationship with others, especially in small cities.

It will be useful here to place the interviewee’s discourse in its wider context so that the reader may better understand the intended meaning. Everyone in Pakistan needs to make contacts and social relations and social capital is crucial for the survival of

people (Mittmann and Ihsan, 1995). For example, receiving medical treatment is an apparent universal right but only those people who have personal contacts with the doctors or other medical officials are guaranteed such treatment, especially in a timely manner. Similarly, the police have a duty to protect the public but good personal relations are likely to lead to better police protection. Such social capital becomes much more important in a city like Dera Ghazi Khan, where everyone knows each other. The residents are dependent on each other and because legal system is relatively weak, people depend on personal contacts to get their things done whether this concerns medical treatment in a medical centre, a financial transaction in bank, or an educational problem in a school.

The discourse of the interviewee expresses awareness of the importance of these social relations. Towards the end, when he was asked about continuing relations with those who did not pay money back, he says ‘We have to’, which emphasises the importance of maintaining relationships. Thus, in the both quotations, (RQ-36.7; RQ- 41.6), the discourses of interviewees suggested importance of social relations.

## **6.7 Reintroduction of morality**

The culture of any country plays an important role in shaping people’s beliefs, behaviour and attitudes (Zukin and DiMaggo, 1990). Culture is very strong and it becomes visible in even tiny things for example, people may have typical style of smile towards different sex or they may have different views on keeping eye contact during conversation. When culture affects every little thing than how bazaars and

shopkeepers can go uninfluenced from the culture. Thus these businessmen also appear to talk about culture, cultural values and morals.

Before considering the discourse of morality in detail, it is pertinent to discuss the title of this section in more detail. The reader may be forgiven for thinking that the discourse of morality might be confined to this section of the study but I want to emphasise here, that references to morality were made in much of the discourse discussed in previous sections. However, this section specifically on morality and tries to distinguish it from the previous sections , that dealt with a mix of moral, business and personal discourse.

	<b>RQ- 41.7</b>
1	<b>Interviewer:</b> How do you select your members? How do
2	you know this person is not going to create trouble.
3	<b>Interviewee:</b> Look! It is not written on someone's forehead.
4	It is matter of observation. Observation about each other's
5	dealings. One can get to know someone through eating
6	from the same plate, dealing, or travelling together.
7	<b>Interviewer:</b> Ok. But if I want to assess someone from his
8	wealth that this person will pay on time and will not create
9	trouble then how can you assess.
10	<b>Interviewee:</b> There is no judgment for this.
11	<b>Interviewer:</b> No judgement?
12	<b>Interviewee:</b> No. there is no judgment.
13	<b>Interviewer:</b> So, according to you, if someone's shop is of
14	good value and one can guess that this person's shop is
15	earning well, even after that you cannot judge whether this
16	person will pay you on time or default.
17	<b>Interviewee:</b> I have experience. If someone's intentions are
18	bad swear to God, he gets last committee. It is my own
19	experience. If someone starts a committee with bad
20	intentions, his name is not drawn out till last. We do not face
21	any problems. We know only about our intentions. We think
22	that if we keep good intentions then <b>Inshallah</b> We do not
23	have to face any problems. Therefore first and foremost we
24	should remain honest.
25	<b>Interviewer:</b> Does it mean you do not assess people's
26	business worth?
27	<b>Interviewee:</b> No. indeed no one assesses other's

28	through business worth.
29	<b>Interviewer:</b> Then, how do you know then?
30	<b>Interviewee:</b> I already told you there is no judgement for
31	this.
	(RosUrban-M41)

This excerpt, similarly to excerpt (MQ-5.1) in Chapter Four, also shows my limited ability to be an insider. In addition, it also contains conflicting modern and traditional discourses in a similar way to excerpt (MQ-5.1). I asked the interviewee how they select their members and how they know if a potential member will not cause problems. In response, he said, ‘It is not written on someone’s forehead’. In other words, he is saying that it is a complicated issue to know who will and will not cause problems in the ROSCA. On lines 5-6, he said ‘One can get to know people through eating from the same plate, dealing, or travelling together’. He has constructed his response, using a popular, stock expression. The meaning of the expression is that when you eat with someone, you can understand what type of person is he/she because some people will try to eat more than the other, and some will take less so the other can eat his fill. The idea is that if a person eats more than his/her share and behaves selfishly, it suggests he/she is not trustworthy and vice versa. Similarly, when you make a deal with someone, the way, he/she behaves in the deal will reveal much about his character. The last element is this expression concerns ‘travelling’. In the past, people had limited resources during their travels, so if one of the parties behaves selfishly during the trip, and uses more than his fair share of the limited resources in a situation where the travellers are aware of the fact that resources are limited, then, he/she is not trustworthy. It seems clear then that the interviewee is using this phrase to explain how one can know if another person is trustworthy.

As presented above, the interview draws upon religious discourse while I was expecting that he will draw upon financial discourse because previously most of the interviewees had used the discourse of wealth to determine ROSCA's membership eligibility. I asked him again same question in different way that 'But if I want to assess someone from his wealth?' (Line 7). His response was that there is no judgement. This statement is repeated and reinforced several times but the interviewee does not try to rephrase or reorganize his discourse. I then tried to focus the discussion on the concept of business worth (Lines 13-16) to try and 'get at' his views on this. The interviewee again constructs his response through drawing upon the discourse of morality. He states (Lines 17-25) that it is his experience that if someone participates with bad intentions, he gets the last committee. He reinforces this point by referring to his personal experience to validate his statement. His discourse, in the present context, suggests that one should not judge others as it is God, who judges and rewards or punishes. Therefore, he seems to be saying that one should leave judgement to God, and if you keep your intentions clean then God will reward you.

In a similar way, to the section on 'Allah karesi' in Chapter Four, this interviewee is also drawing upon the same discourse, namely that there is God, who is master and rewards. However, as I was unable to understand how he makes decision this way, I sought confirmation by asking 'Does it mean you do not assess people's business worth?' (Line 25). He responded by stating 'No. Indeed no one assess other's through business worth', and, by generalising thus his statement in such a way, his intention seems to be to close the topic and stop my line of questioning. Indeed, I tried to reintroduce the topic in line 29, but the interviewee simply refers back to his



previous statement that there is no judgment which reinforces the closing of the topic with ‘I have already told you...’

In lines 17- 24, interviewee expresses his belief that because he has good intentions he faces no difficulties. In order to strengthen his statement, he swears to God (Line 18). In ‘Swearing to God’ is used for the fact constructions in Pakistan (It is discussed in more details in Chapter four). The interviewee is using this discourse to increase the believability of his statement as people in Pakistan tend to believe the speaker’s statement when a speaker swears to God. Further, when someone completes a statement by swearing to God, it is unanswerable. Thus, in the quote, when the interviewee shares his experience and swears to God and, it confirms that he does not make judgments and has left everything on God and had effectively closed the topic. Moral and religious discourses by the businessmen express importance of religion and culture in the business context. Thus, to understand bazaar ROSCAs, understanding of culture and religion prevailing in Pakistan is also very important.

## **6.8 Conclusion**

All the members of bazaar ROSCAs are businessmen and bazaar ROSCAs at first seems to permeate, discourse of business. For example, the basic form of address (‘party’) in bazaar ROSCAs represents business entities and commercial activities. Further, it also brings some degree of formality which seems to minimize influence of personal relations. Actually, communal bonds and personal ties facilitate

cooperation among members but also restrict enforcement by the members. On the other hand, these businessmen distance themselves by referring to each other as ‘party’, which makes it easier to force people to make timely payment. In relation to this, set rules and procedures exhibited through the discourse of formality makes it easier to enforce traditions (Irvin, 2009).

The discourses of these businessmen reveal that trust is an important concept in the effective functioning of these ROSCAs; in order to be part of a ROSCA, people have to trust each other and when people have trust, they form ROSCAs. Thus, trust is crucial to the success of ROSCAs as there are no legal or written contracts (except some informal record keeping) on which to exercise control. The interviewees draw upon calculative and personal discourses to talk about trust while others appeal to God as the final arbiter of trust. In summary, discourse of business and formality in bazaar ROSCAs express formal relations. However morality, status and community still seem to be important drivers in the ROSCAs of businessmen. For example, interviewees talked about importance of retaining social relationships.

## Chapter Seven: Microfinance in theory and in experience

**Pic:7-1**



This picture is taken in a microfinance bank. The logo of the bank is displayed on the wall in English. The three men are dressed differently. On the right is the bank manager, wearing western clothes, which represent modernity. On the left is my father, a GP, wearing white cotton, representing culture, and the higher middle class. In the middle is a microborrower, wearing coloured wash n wear, which represents the lower middle class.

### 7.1 Introduction

In 2000, the United Nations set out eight goals as part of ‘millennium development goals’ agenda. Target 1 states “Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day” (United Nations, 2005). In relation to this, one possible strategy to reduce poverty is to provide the poor with micro credit. UNCDF (United Nations Capital Development Fund) (2005:5) stated in relation to microfinance that “Microfinance is one of the practical development strategies and approaches that should be implemented and supported to attain the bold ambition of reducing world poverty by half” and thus the year of 2005 was declared ‘The

International Year of Microcredit’ to stress the importance of financial services to the poor people. Dr. Muhammad Yunus, one of the pioneers of microfinance programmes states that “Credit is more than business. Just like food is; credit is a human right” (Yunus and Jolis, 1999). Thus, it is believed that microcredit should be extended to more poor people to make a real difference to levels of poverty. In relation to this, a report states:

“Access to financial services underpins the ability of the poor to achieve the MDGs on their own terms in a sustainable way. Financial services enable the poor to increase and diversify incomes, build human, social and economic assets, and improve their lives in ways that reflect the multidimensional aspects of poverty. Evidence shows that poor people choose to invest in a wide range of assets: better nutrition, improved health, access to schooling, a better roof on their homes, and expansion of their small businesses.”

(Donor Brief, 2002:1)

The MFIs, donors and international development agencies present microfinance as a ‘magic bullet’, which can make a real difference in poverty levels, resulting in improved income, health and education for poor people<sup>13</sup>. It initially originated with one core objective and mission, which is poverty reduction. It has been suggested that poverty is the root cause of many problems such as ill health, inequality, illiteracy and therefore, it needs to be seriously addressed. Microloans are seen as a solution because they will enable microenterprises to flourish, empower women, improve education prospects for children, improve access to health facilities etc.

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<sup>13</sup> From the tremendous growth of microfinance and reported success (Chapter Two), it is projected that microfinance, indeed can help in achieving all millennium development goals set by the United Nations (Littlefield, Morduch and Hashemi, 2003; Dunford, 2006).

(Donor Brief, 2002). According to CGAP (2010) “Financial services for poor people have proven to be a powerful instrument for reducing poverty, enabling them to build assets, increase incomes, and reduce their vulnerability to economic stress.” Such quotes by microfinance stakeholders show that microfinance is thought to be able to engender deep changes into the world that will help in achieving all millennium development goals (Littlefield, Morduch and Hashemi, 2003; UNCDF, 2005; Dunford, 2006). However, in most of the microfinance literature, we hear from people who are not the actual consumers of microfinance and the places where we usually find borrower’s accounts are the microfinance websites that publish these stories to market their own products. Thus, it is very important to take into account who is projecting these stories and why. The contemporary literature on microfinance presents a win-win<sup>14</sup> discourse on achieving profitability and outreach (Christen and Drake, 2002). Thus, microfinance success is measured through profits or number of people being reached and little attention is paid to important issues such as who is being served and whether microfinance is meeting its original goals.

In this chapter, I discuss microfinance in terms of its conventional wisdom and actual practice. I analyse the advantages and disadvantages of microfinance and the claims of its theory, promoters and beneficiaries as to the benefits of microfinance and compare it with experiences as reported by the borrowers through an analysis of the discourses of microborrowers. I will first discuss commercialization of microfinance sector and mission drift (see also Chapter Two). I will analyse the arguments presented by the Institutionalists and Welfarists regarding mission drift

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<sup>14</sup> In relation to microfinance, the win-win proposition refers to the ability of microfinance to achieve sustainability and outreach (cf. Morduch, 2000)

and charging higher fees and then will assess this through a presentation and discussion of the discourse of borrowers to try to better explain what is happening in microfinance.

After considering commercialization and mission drift, I will analyse interviews of microborrowers to examine on what discourses, they draw on to talk about microloans and will compare this with the development discourse of microfinance. Following this, quotes from the interviews will be analysed to explore the topic of women empowerment. It is an important topic as the theoretical and empirical research (Khandker, 2005; Armendariz and Morduch, 2005; Kim et al, 2007) on microfinance and women's empowerment found that women can lift themselves and their families out of poverty by taking small loans, which not only increase feelings of self worth within themselves but also provides them with a greater voice in the household decisions. This will be compared with the discourses of women microborrowers to analyse if these women are experiencing empowerment. I will then analyse the interviews to investigate discourses of vulnerability. These all will be discussed in the context of microfinance conventional wisdom and then will be analysed and compared with the discourses prevailing among microborrowers. At the end, conclusion will be drawn from the analysis of the discourses presented in the chapter.

## **7.2 Commercialization and mission drift**

I noted above that microfinance is thought to produce positive outcomes in a number of ways (e.g. poverty reduction, job creation, improved education and health), thus, considerable efforts are being made to make it commercially sustainable. Initially microfinance services have been provided through NGO's and donor funding. However, these subsidized programmes were not self sufficient therefore arguments are being made that subsidized and donor funded programmes cannot be sustained in the long run and, thus, a market approach should be introduced (Chapter Two).

The basic argument regarding the commercialization of microfinance is 'mission drift' (detailed discussion in Chapter Two). The proponents of commercialization (Institutionalists) see commercialization as a necessary step to help poor people by providing them financial products at competitive prices (Christen and Drake, 2002). This group appears to believe that the success of microfinance depends on its ability to remain self sufficient (Robinson, 2002). Institutional profitability is often used as a proxy to claim that poor people can pay higher interest rates and creates the illusion that poor borrowers' business is profitable. Thus, the commercial discourse of microfinance is dominated by 'institutional efficiency' discourses and presupposes positive outcomes.

The term 'outreach' (Chapter Two), as it is used by stakeholders in favour of commercialization only provides information on the number of borrowers served by MFIs and says nothing about who is being served. This is exemplified by Charitonenko, (2003:49), who states "Increased commercialization is likely to have

a positive impact on outreach in the future, resulting in more clients served and increased competition among MFIs”. On the contrary, Welfarists are concerned that commercialization, in order to achieve profitability will target less poor people and poor people will be crowded out by wealthy borrowers (Morduch, 2000). Thus, commercialization might result in greater breadth of provision but the depth of outreach will decrease. However, the discourse of institutional profitability appears to dominate the microfinance industry with the rapid growth of the commercial microfinance sector.

I, after considering the debate around commercialization of microfinance, present a quote from the interview with a rural microborrower in which the interviewee is presenting himself as wealthy borrower, which raises several questions regarding the original mission of poverty reduction. The quote is presented below.

	<b>MQ-6.5</b>
1	<b>Interviewer:</b> What work you do?
2	<b>Interviewee:</b> I cultivate land and keep livestock too. I have
3	almost 40 to 50 she-buffaloes.
4	<b>Interviewer:</b> It means you have a very big business.
5	<b>Interviewee:</b> Yes certainly. I have a very big business.
	(MFRural-M6)

This interviewee is representing himself as a financially sound and wealthy man. This excerpt is part of an interview that was conducted with the interviewee when he came to the bank to clear his previous debt and to make a new application. The whole discourse is designed to construct the interviewee as a financially sound applicant. For example, mentioning of number of she-buffaloes, although not



directly asked about this, strengthens his statement about his financial position. In Pakistan, a man who has five to ten she-buffaloes is considered a rich man and so by stating that he owns 40 to 50 she-buffaloes the interviewee is representing himself as a relatively very wealthy man. Further, when the interviewer seeks confirmation of his business position, he responds by stating ‘Yes, certainly. I have a very big business’. He explicitly confirms that he has a big business and implies he is a rich and wealthy borrower. Similarly, another interviewee has used a discourse of wealth in the context of eligibility for and ability to repay a microloan in the following quote.

	<b>MQ-4.3</b>
1	We are all businessman. There is no one has
2	nothing. Everybody has got 15-20 livestock and also
3	owns land. We know this man is not like this. [He] at
4	least has livestock, 15 to 20 she-buffaloes. The loan is of Rs.
5	15000 and one she buffalo is worth Rs. 60,000.
	(MFRural-M4)

This interviewee is using a similar discourse, as the above interviewee (MQ-6.5), to establish his credibility. He also mentions the number of she-buffaloes owned by each group member. In addition to this, the interviewee uses the collective ‘we’ and ‘everybody’ to represent the whole group as rich, for example, ‘We are all businessman’ and ‘Everybody has got 15-20 livestock’. In line 3, [he] is a generic term used by the interviewee to represent all members. Towards the end, the interviewee presents some calculations that lend further weight to his contention that he and his group members are able to make repayments in the context of the wider discussion on repayment capacity. For example, ‘[He] at least has livestock, 15 to 20 she-buffaloes. The loan is of Rs. 15000 and one she-buffalo is worth Rs. 60,000’.

This fronts the idea that every member has assets far more in value than the loan amount and hence that they are not poor people and can easily make the repayments.

The interesting point in relation to the debate about the commercialization of microborrowing is why a microborrower would use the discourses of wealth to establish his eligibility for microfinance loans that are particularly designed for the poor? It would perhaps be expected that people would present themselves as poor to qualify for these microloans and presenting themselves as rich man and claiming eligibility for microloans is counter intuitive. If we accept that people are active users of discourses, it suggests that the interviewees quoted above are representing a discourse of microfinance that is not about poverty but about wealth. The picture (Pic-7.1) also supports these suggestions because the microborrower's appearance is of a middle class man rather than of a poor man, who can be seen in the picture below.

**Pic: 7-2**



These are poor people. Their dirty clothes, folded sleeves and head cloths represent their poverty and lower status. One of them is wearing jeans but the material, and condition of his dress, shows his economic status.

In Pakistan, most of the previously subsidized banks and microfinance NGO's have been transformed into commercial microfinance institutions and the one, in which I conducted interviews with these interviewees, has recently been transformed into a commercial bank. Returning to the Welfarists argument that commercialization will result in the crowding out of poor borrowers (Morduch, 2000), it is fair to suggest that this discourse of wealth may be reflection of commercial concerns of microfinance but whether it is or not, it will mean exclusion of poor.

I hereby, do not wish to claim that discourse of wealth was dominating the microfinance discourse but rather to note its presence in the talk of microborrowers. My concern is that presence of such discourses in the microfinance context may lead to the exclusion of poor people in the longer run. For instance, people who do not see themselves as rich and wealthy will be self excluded. As a result of which only wealthy people, or those who perceive themselves as wealthy, may apply for loans which will ultimately cause mission drift in the microfinance.

### **7.3 Microfinance and development: Discourses of easy money, basic right and/or a burden?**

Microfinance has expanded tremendously over the last decade as, according to one World Economic and Social Survey report (WESS, 2008), more than 7,000 microfinance institutions extended loans to 80 million borrowers in about 65 countries, including some developed ones (UN-DESA, 2008). It is claimed that these loans will not only result in business development but also contribute to the

economic development through increasing incomes. For example, Littlefield, Morduch and Hashemi (2003: 1) state that:

“Microfinance, and the impact it produces, go beyond just business loans. The poor use financial services not only for business investment in their microenterprises but also to invest in health and education, to manage household emergencies, and to meet the wide variety of other cash needs that they encounter.”

(Littlefield, Morduch and Hashemi 2003: 1)

These authors (2003:2) also state that

“Loans, savings, and insurance help smooth out income fluctuations and maintain consumption levels even during lean periods. The availability of financial services acts as a buffer for sudden emergencies, business risks, seasonal slumps, or events, such as a flood or a death in the family that can push a poor family into destitution.”

In these quotes, microfinance is presented not just as money but something that will lead to the development of local businesses, health, education, consumption and hence the overall economy. In the light of such claims, one might expect to find discourses of development in interviews with microborrowers, however, when I discussed microcredit with interviewees, they constructed discourses about microcredit, which presented it alternatively as easy money, a basic right or a burden. For example, in the following excerpt, the interviewee constructs a discourse of microcredit as easy money.

	<b>MQ-10.2</b>
1	<b>Interviewer:</b> Why did you take the loan?
2	<b>Interviewee:</b> We heard loans were being distributed and we
3	thought, we should benefit from it. If something is given, we
4	should take it. Secondly, this bank does not require any
5	financial guarantee just oral guarantee. it is very easy
6	money. The good point is, there is no investment from our
7	side so we can get money without putting anything in. So we

8	thought to take this opportunity.
	(MFUrban-F10)

The excerpt is taken from the interview with a female microborrower. She is well off and all her children are enrolled in schools and colleges. She says that loans were available so she and her members also decided to take loans. She neither mentions any need for the loans nor the discourse of business development but presents a position where she took the loan simply because it was available. She uses ‘we’ to emphasise the shared experience of the whole group in this regard. The microfinance institutions do not ask for financial collateral for loans; an identification card and oral guarantee is sufficient for someone to be eligible for a microloan. Hence, according to the interviewee, borrowers take microfinance loans because it is easy money and readily available. Here is another excerpt from the interview transcripts in which the interviewee draws on similar discourse.

	<b>MQ-16.1</b>
1	<b>Interviewer:</b> How do you perceive microfinance?
2	<b>Interviewee:</b> It is a [facility]. It is easy. I heard all my
3	neighbours are getting loans so I requested [Zara] that
4	when she takes the next loan to put my name too.
	(MFUrban-F16)

This interviewee is an illiterate female. [Zara] is a pseudonym for the president of her group. In this excerpt, the interviewee is asked about her perceptions of microfinance. In a similar way to the previous interviewee, she also portrays microfinance loans as something that she took because everyone in the neighbourhood was receiving them. It is interesting to analyse interviewee’s use of the term ‘facility’ in this context. She is talking about it in the way someone might

talk about a shopping mall facility or drinking water facility that may have been provided in the area. It seems she is arguing that she should benefit like everyone else from this ‘public’ good so she also decided to take a loan. The interviewee’s use of the discourse of ‘facility’ and ‘easy money’ suggest that loans are seen as beneficial by the interviewees, however, as in the previous quote (MQ- 10.2), taking loans is not tied to the discourse of development. In the following excerpt, the interviewee represents microfinance in a different way.

	<b>MQ-11.2</b>
1	God be praised. It is the facility. The government is mother
2	and father. The rich are getting benefits from the government
3	so why not we poor people as well?
	(MFRural-M11)

The interviewee is an illiterate villager. Unlike the previous quote (MQ-10.2) where the female microborrower considers microloans as easy money because no material input is required from the borrowers, he seems to perceive microloans as a public good, his basic right and perhaps almost a duty to take a loan, regardless of circumstance.

According to the interviewee (MQ-11.2), these loans are provided by the government through the bank. He states that government is like one’s mother and father and thus a microloan is his right. He further states ‘The rich are getting benefits from the government so why not we poor people as well?’. This represents jealousy to some extent, which he uses as a justification as to why the poor should also get financial assistance. However, if interpreted in the context of the parent-child relationship, then this jealousy is understandable as, if the government (bank) is the father and mother, then all children should be treated equally.

From these excerpts, it can be said that for these interviewees, microfinance is seen as beneficial and perceived as easy money, and a right to receive loans because others are also receiving them. However, it can also be noted that ideas or views concerning development were not found. Moreover, the stated goals of microfinance are to provide funds for business development and expansion of entrepreneurial activities (Armendariz and Morduch, 2005) and not to provide people easy access to money that they do not really require. However, this discourse of easy money, facility and basic right to get loan does not reflect the stated goals of microfinance (e.g. microenterprise development) and there may be a need to rethink microfinance strategies so that it better meets these goals.

Although the above discourses show that these borrowers see microfinance as beneficial for them, it is not always portrayed as beneficial either in the literature or in the interviews of my respondents. For example, recent studies have pointed towards its negative effects on poor people and warn that microcredit may better be seen as microdebt. Dichter (2007:14) argues that debt is socially undesirable in certain cultures and brings feelings of shame and guilt to the debtor.

“And almost everywhere debt has been seen as bad; bad for society, bad for the individual, bad for religion, bad for the family.....indebted person internalizes the guilt imposed by the debt. That is to say that the indebted person could end up feeling, depending on the construct available in particular culture, unequal in stature, unempowered, diminished and could even undergo a loss of identity.”

Hulme (2000: 26-27) states in relation to the negative effects of microcredit that

“Many reported as.....being threatened by group members and

MFI staff or having their possessions (pots and pans, roofing iron) seized. In Bangladesh, MFI debtors have been arrested by the police (this came to light in 1997 when a police vehicle carrying such debtors crashed and the individuals concerned were killed), are threatened with physical violence (Montgomery, 1996), and the press regularly report female suicides resulting from problems of repaying loans.”

Dichter (2007) and Hulme (2000) in the above quote are talking about the negative effects of microdebt. Dichter has looked at the social meanings of debt and warns against considering credit as a ‘human right’ while ignoring the negative side of credit as debt and Hulme (2000) reports on threats of seizing possessions, physical violence and police arrests (It has been noted in chapter Four that discourse of ‘coercive enforcement’, ‘threats of involving police’ etc. are common in microfinance discourse.). In the following, I analyse interview excerpts to see how microborrowers talk about this negative side of microfinance that may not be as positive as that presented by the previous interviewees. Below is an excerpt from an interview with a female microborrower who constructs the rhetoric of ease and burden in her talk in reference to microfinance.

	<b>MQ-17.1</b>
1	<b>Interviewer:</b> Why did you take loan?
2	<b>Interviewee:</b> It is the 2nd time, we have taken this
3	loan. Previously, we took a loan from bank A, there was no
4	burden of this Rs. 20 and they deduct Rs. 300 and there were
5	11 instalments but this bank B deducts Rs. 500. There are
6	twelve instalments and we have to pay Rs. 20 as well and if
7	the payment is late by one day, they charge Rs. 200 but
8	bank A charges no fine.
	(MFUrban-F17)



In the interview excerpt (MQ-17.1), the interviewee is talking about two banks, bank A is a non-commercial bank and bank B is a commercial bank. She uses contrastive rhetoric to make her point regarding the different costs of borrowing from the two banks. I want to note here that my question is about the objective of the loan (Line 1) that is not answered in the quote. Rather, she constructs her arguments against bank B probably because this topic is of deep concern for her. She seems to be constructing an image of the commercial bank loan as problematic, burdensome and expensive, while contrasting this with an image of the non-commercial bank, which suggests it is easy, convenient and cheap.

In the excerpt (MQ-17.1), moral and commercial arguments are combined to argue against the commercial bank as she says bank B charges higher interest rates and imposes fines, and hence bank B is profiting from her. However, before I consider the interviewee's construction of rhetoric in more detail, it is important to discuss some of the arguments of Welfarists and the Institutionalists (Morduch, 2000) regarding high interest rates and service charges because the interviewee's talk revolves around these.

The Welfarists argue that poor people cannot pay higher interest rates (Morduch, 2000) as higher interest rates may result in a larger share of income being used to repay the higher interest and, thus, this would not help the poor to escape poverty. However, the advocates of commercialization argue that microfinance can only be sustained in the longer run if MFIs charge high enough interest rates to cover operating expenses; and also earn some profits for the investors. In order to justify higher interest rates, the example of moneylenders, who charge exorbitant interest

rates, is used to argue that poor people can pay higher interest rates. The Institutionalists position is that poor people need continued access to credit and not 'cheap credit' (Morduch, 2000: 617). Thus, the Institutionalists argue for the full cost recovery from their operations in order to be self sufficient and sustainable in the long run.

Bank A in the excerpt (MQ-17.1) above is a non commercial bank. The interviewee says that Bank A does not impose fines on the borrower in case of delayed payments. They also insure their loans in case of death of the borrower and for this reason they deduct Rs. 300. In contrast Bank B insures their loan against death, medical health, or default and, therefore, deduct Rs. 500, which is Rs. 200 more than the Bank A charges. Moreover, they also charge higher interest rates and there are, therefore, more and bigger instalments to pay as compared to Bank A.

The analysis of the discourse of the interviewee shows she has negative views and feelings about Bank B. She explains every little detail to express her negative feelings about the bank. She does not use the word 'interest' probably because she does not want to talk about interest (It is noted in chapter Four that these borrowers avoid topic of interest due to the prohibition of interest in Islam.). She notes that the instalment payments are higher by Rs. 20, which shows the importance of Rs. 20 for her. She seems to be annoyed with the Bank B and notes the higher initial deduction of Rs. 500, and the higher and increased number of instalments and the fine of Rs. 200 for late payments. Taken together, these portray an image of Bank B loans as expensive, immoral and burdensome. This negative, rhetorical construction of

commercial bank loans also indicates that such loans are not perceived as helping the recipients. Similarly, another interviewee says about the microloan as follows:

	<b>MQ-2.2</b>
1	<b>Interviewer:</b> How do you perceive the microloan?
2	<b>Interviewee:</b> It is burden. The monthly instalment has to be
3	paid. It doesn't matter for them if we can pay or not. [Kaffara]
4	has to be paid.
	(MFUrban-F2)

The interviewee says about the microloan that 'It is burden'. Further, the interviewee uses the word 'Kaffara' for monthly instalments that shows her annoyance with the bank. 'Kaffara' is an Arabic word that means compensation for sin or wrongdoing, thus, whoever commits a sin has to pay the price regardless of the fact of whether he/she can pay it or not. The interviewee seems to use 'kaffara' to represent the burden of sin she is feeling and constructs the repayment of loans as compensation for one's wrong doing, seemingly equating debt as sin. Similarly, in the following quote, the interviewee constructs a discourse of burden, which is associated with honour.

	<b>MQ-15.1</b>
1	<b>Interviewer:</b> Why do you repay on time?
2	<b>Interviewee:</b> The reason is this that when I pay
3	the instalment, the burden will lessen. I feel lighter. The load
4	from the head lessens and no one will complain.
5	Otherwise we would also loose that little respect we have.
	(MFUrban-F15)

In the quote (MQ-15.1), the interviewee says that loan is a burden that is lessened when it is repaid. She associates loan repayments with her respect among others (Line 5). In other words, she maintains her respect by paying on time. She constructs loan repayment as a mental burden. For example she says 'I feel lighter. The load from the head lessens' (Lines 3-4). However, this load does not seem to be constructed as a financial problem but as a moral and social problem in relation to protecting one's honour and respect. From the quote, it can be seen she feels a great burden because of this loan. This resonates with Dichter (2007)'s comments (see above) who states that a person in debt could develop feelings of guilt.

This section discussed various discourses (e.g. 'easy money', 'basic right', 'burden' etc.) in relation to microloans. The use of these discourses does not seem to reflect the objectives of economic or business development as claimed by microfinance proponents. The higher interest rates may not necessarily be seen as a major problem by some poor borrowers, particularly the better off, however, the discursive construction of microloans as a 'burden' indicates that microloans are problematic for other poor borrowers. On the other hand, the analysis reveals the presence of discourses of easy money and basic right that indicate loans are being taken out because of jealousy or simply because they are available. Based on these findings, it can be suggested that in order to achieve the microfinance objectives of business and economic development, lending policies should be carefully devised to establish who really needs microloans and who can better utilise such loans to contribute to economic development for the poor.

## **7.4 Women and microfinance**

The last section raises question about the economic and development goals of microfinance which are often presented as if they are of high concern in microfinance. International development agencies have promoted microfinance because of its contribution towards economic and social empowerment of women in areas such as entrepreneurial development, health and education. The microfinance industry has paid considerable attention to indentifying barriers to women's access to financial services and has developed strategies to deal with such barriers so that women can have better access to these financial services.

“According to the State of the Microcredit Summit campaign 2001 report , 14.2 million of the world's poorest women now have access to financial services through specialized MFI's, banks, NGO's and other non bank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest people now being served by microfinance institutions.”

(Cheston and Kuhn, 2002:4 )

A survey of 29 microfinance institutions was conducted in 2001 by a special unit on microfinance of the United Nations Capital Development Fund (SUM/UNCDF). The findings suggested about 60% of the clients of these institutions' were women, while six of the 29 institutions dealt exclusively with women and among the remaining 23 institutions, 52% of the clients were women (Deshpanda, 2001). Microfinance has developed such loan contracts “that avoid the barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy” (Cheston and Kuhn, 2002:6). On the

other side, women have also demonstrated higher saving and repayment rates than male clients (Littlefield, Morduch and Hashemi, 2003), which has made female clients more attractive for the MFI's.

Microfinance websites, annual reports and press releases report heart warming stories of how microfinance loans that have brought positive economic and social changes to women's lives (Davidson, 2007). In these stories, women are found talking about being empowered and confident after receiving microcredit and investing it in income generating activities. Littlefield, Morduch and Hashemi (2003: 7) notes that

“A survey of 1300 clients and non-clients in Bangladesh showed that credit-program participants were significantly more empowered than non-clients on the basis of their physical mobility, ownership and control of productive assets (including homestead land), involvement in decision making, and political and legal awareness. This empowerment increased with duration of membership, suggesting strong program influence”.

In most of the microfinance literature, women are portrayed as vulnerable in male dominated societies in developing countries. They are portrayed as not having any say in household decision making and as being abused and treated violently by male acquaintances. However, the power relations among female borrowers have either been ignored by microfinance researchers or often it is romanticized with the notion of sisterhood. In the following section, I analyse excerpts from the interview transcripts to investigate how the increasingly commercial nature of microfinance has affected this notion of sisterhood and how women treat each other formally. Therefore, in this section, the discussion focuses on the discourse of empowerment, power relations, and discourse of vulnerability/disempowerment.

### 7.4.1 Discourse of empowerment

It is claimed that women's ability to borrow money and invest it in income generating activities helps to boost their confidence and increase their say in household decision making. For instance, a donor report (2002:2) states that "The ability to borrow, save, and earn income enhances poor women's confidence, enabling them to better confront systemic gender inequities". Microfinance can bring a change into the lives of the poor people through lending loans to the poor. This is supported in the following quote where the interviewee's expresses feelings of increased self worth because of her self reliance.

	<b>MQ-21.1</b>
1	It generates profit for us. Our business keeps going with this.
2	It is easy for us. No doubt, there is interest, we know this.
3	Our men are not willing but we women have been persisting.
4	They say 'Interest is prohibited' and we say 'we get some
5	money this way'. A woman should not sit and watch while
6	man does everything. If a man cannot find work someday,
7	and if a woman has some money, she can pay for the
8	children's school fees and their health needs.
	(MFUrban-F21)

This quote represents the interviewee's financial independence, self reliance and empowerment. The Interviewee uses 'we' to express the collective voice of the women in favour of microloans because microloans help them to earn some money. Furthermore, the interviewee talks about arguments about interest between their husbands and wives. She notes that husbands try to stop them from taking loans and these women counter this in the following way 'They say 'interest is prohibited'. We say 'We get some money this way' (Lines 4-5). This excerpt is particularly

interesting because the woman is expressing herself as someone who can have a say in household decisions, which suggest that the interviewee is empowered.

Women's empowerment is defined in many ways; according to some it is 'self reliance' and others argue that it is about exercising power. UNIFEM (United Nations Development Funds for Women) states that the important elements of women's empowerment are as follows: ".....[g]aining the ability to generate choices and exercise bargaining power," "developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life" (Cheston and Kuhn, 2002: 12). In the above quote (MQ-21.1), all elements in the definitions of women's empowerment by UNIFEM can be seen clearly. Throughout the quote (MQ-21.1), she is presenting herself as an empowered person who is in control of different aspects of her life. She understands and has developed her sense of self worth and self reliance and can question and argue with her husband on different issues.

Pakistan is, traditionally, a male dominated society. A traditional woman does not have a say in household decisions, she is ignored in many important decisions such as the schooling of children and their marriages, where money should be spent etc. In such a male dominated society, a woman employing the discourses in the above quote (MQ-21.1) indicates a considerable degree of women's empowerment. She is arguing for equity and financial independence by stating 'A woman should not sit and watch while the man does everything' (Lines 5-6). She presents an argument that women should be able to earn money, like men, and that a woman should not be dependent on the man. This is supported in the following quote;



	<b>MQ-20.5</b>
1	We thought that we would do business with this. I mean
2	we should not look to [them] for everything
	(MFUrban-F20)

In this quote, the pronoun [them] is referring to husbands. This interviewee also used the collective ‘we’ to express shared thought and experience and is expressing the idea that women should have financial independence in a similar way to the interviewee above (MQ-21.1). Below is another quote giving a similar representation of independence and empowerment.

	<b>MQ-22.1</b>
1	<b>Interviewer:</b> When you took a loan for the first time,
2	did you think you could repay the loan?
3	<b>Interviewee:</b> Yes. I do sewing, stitching, also decorating
4	clothes. I knew I could repay. I am skilled. It means if
5	tomorrow my husband cannot help me, I am able to pay.
	(MFUrban-F22)

This interviewee is talking about her independence and empowerment in the context of taking and being able to repay a loan repayment. She uses the first person to express and underline her confidence in her capabilities. She describes how she was able to repay her loan through her vocational skills. It is worth noting here that she does not draw on discourses of wealth to do this, as other interviewees have (e.g. MQ-4.3). This reference to her skills is also important because microfinance aims to alleviate poverty through microenterprise developments. Further, she says that ‘If tomorrow my husband could not help me, I am able to pay’ (Line 5). This discourse of independence expresses the increased confidence of women in themselves rather than subservience to their male relatives.

Another important point about the previous quote (MQ21.1) is that she discusses interest. Interest is not just a household issue but a religious topic as the charging of interest or usury is strictly prohibited in Islam (Chapter Four) and is, therefore, a topic that is often avoided by microborrowers. The interviewee introduces this topic herself possibly because she knew this question may be asked in the interview. Thus, her raising of what is essentially a taboo subject, suggests the importance of empowerment to her (and probably for all women), which is important enough to justify paying interest'. Further, she (MQ-21.1) justifies the loan and the interest by presenting contrastive rhetoric in the following way 'If a man cannot find work someday, and if a woman has some money, she can pay for her children's school fees and their health needs' (Lines 6-8). In this excerpt, she seems to be justifying the interest bearing loan by drawing on the discourses of children's education and health. This response may have been prompted by her perception of the interviewer as an educated female who, therefore, might be sympathetic to discourses relating to children's health and education.

Another interpretation of these discourses of children's education and health can be provided through the Pakistani context explained as follows. In Pakistan, men are usually the bread winners while women look after the children and are responsible for domestic duties. This means that if a man cannot get work for some reason, then there may well be a shortage of money to pay for the children's food, their school fees and for their health needs. However, if women also have an income, she can contribute to the household expenses. With this discourse of spending money on children's fees and health, she is also presenting herself as a responsible mother. A responsible mother is one who looks after her children and understands their

educational and medical needs. Her discourse of maternal responsibility closely echoes the discourse of responsibility and empowerment advanced by microfinance proponents. Microfinance theories also argue that women are more likely to spend money on the health and education of children in comparison to men. According to the Women's Entrepreneurship Development Trust Fund (WEDTF, 2001), women's increased income benefits their children, particularly in education, diet, health care, and clothing (Cheston and Kuhn, 2002). Further it is stated in Cheston and Kuhn (2002) that "Women tend to keep nothing back for themselves, with the result that more money is usually available in women-headed households for collective household expenditure." This is one of the major reasons advanced by the microfinance proponents to target women.

On the basis of the analysis of the discourses of these microborrowers in the context of microfinance theories, it seems fair to suggest that lending to poor women could indeed be an effective strategy to improve overall family and economic development because these excerpts support the idea that women spend more of their income on household activities.

Microfinance has designed to serve the poor, especially poor women for the following theoretical and empirical reasons. Many research studies have suggested that gender inequality is a major obstacle to economic growth. Robert B. Zoellick (2011), states in relation to this that "The empowerment of women is smart economics". Studies show that investments in women yield large social and economic returns. A recent report by World Bank states that "societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic

growth, weaker governance, and a lower living standard of their people” (World Bank, 2001: 97). Moreover, women are considered to be most destitute and marginalized segments of many societies. This is not always because women are poorer than men but “...[b]ecause of the weaker and conditional basis of their entitlements, women are generally more vulnerable to poverty and once poor, have less option in terms of escape. Gender discrimination in the household and the market can result in the unequal distribution of resources leading to women experiencing a greater severity of poverty than men” (Baden and Milward, 1995: 6). In addition to this, women are targeted because it is found from many studies that women have far better repayment rates than man. A study by Espallier, Guerin and Mersland (2011:1) reveals that “The results indicate that more women clients are associated with lower portfolio-at-risk, lower write-offs, and lower credit-loss provisions, *ceteris paribus*. These findings confirm common believes that women in general are a better credit-risk for MFIs”. One World Bank report indicate that repayment is higher among female borrowers, mostly due to more conservative investments and lower moral hazard risk” (World bank, 2001). Armendariz and Morduch (2005) in their book ‘The economics of microfinance’ recounts the experience of the Grameen Bank that excluded men and focused exclusively on women after encountering some repayment problems with the men. Similarly, Kevane and Wydick (2001) report that women groups perform better regarding repayment than male groups.

The above evidence underlines the fact that repayment efficiency is the reason that women are targeted by the microfinance. Hence, women are perceived as more responsible clients not only in terms of how the loan is spent but also regarding the

repayment of loans. However, some also argue that women are targeted because they are easily exploited and threatened. Rahman (2001) found that women tend to be more responsive towards coercive enforcement, peer pressure and interventions of the bank staff. This can be related to the discussion on honour and shame in chapter four, where it was noted that the cultural discourse of responsibility puts much burden on women to protect family honour and hence a cultural discourse of responsibility makes women more vulnerable to coercive actions. This is exemplified in the following quote:

	<b>MQ-14.1</b>
1	[Those people] degrade us at our house. [They] abuse us.
2	And then people in the neighbourhood start commenting that
3	the women of this house are not good, they take loans, use
4	them and then do not pay.
	(MFUrban-F14)

This interviewee is arguing against bank employees who visit her house to demand repayment and presents this behaviour as immoral. She notes that bank employees degrade and abuse the customers they visit at home. Further, the interviewee notes that people in the neighbourhood make negative comments when they hear about non repayment of loans and abuse by bank staff. The interviewee's statement suggests that she perceives the attitude of bank officers as a threat to her personal relationships. This perception supports the findings of Rahman (2001) who states that women are targeted because they are easily exploited and more responsive to coercive actions. It seems that the policy of banks to lend to women is safe and effective in countries like Pakistan because women are easily intimidated and susceptible to coercion and intimidation.

According to the research, women are more vulnerable to coercive action (Rahman, 2001) and the quote below provides some evidence that coercive action is encouraged in microfinance.

	<b>MQ-20.6</b>
1	<b>Interviewer:</b> You are the head, how do you persuade
2	someone when they do not pay?
3	<b>Interviewee:</b> I argue with them forcibly. I abuse and insult
4	them. I say ‘If you cannot pay, why did you take the loan’?
	(MFUrban- F20)

In this quote, the interviewee is discussing how she uses coercive action in the form of abusing and disgracing her group members in case of late repayment. She is group president and responsible for group repayment and this may be the reason she is talking about coercive means to enforce repayment. However, abusing, degrading and insulting someone in this way is perceived as unethical and immoral in the Pakistani culture. Nevertheless, she seems to be present it as a legitimate form of behaviour. This can be linked to the discussion of the discourse of responsibility above however, unlike the previous quote where the discourse of responsibility (responsibility to protect family’s honour) makes women vulnerable to coercive actions, here, the discourse of responsibility in the context of microfinance (borrowers are jointly responsible for the repayment of loan) seems to be allowing her greater freedom of action to get the loan repaid by the debtor.

In microfinance, loan repayments are important because they are used to measure success of the microfinance programmes. Generally, it is thought that if loan repayments are being made, it means clients are making profits and microfinance

organizations are operating efficiently. I have noted previously at various points that peer monitoring and pressure is used to secure loan repayment. In the excerpt (MQ-20.6), the interviewee discusses using abusive and insulting behaviour. She also states ‘If you cannot pay, why did you take the loan?’, which presents her as unconcerned and indifferent to the problems of her group members. Later in the interview, the interviewee states;

	<b>MQ-20.7</b>
1	Finally, I get them to repay the loan, whether they borrow it
2	from someone or sell something, they repay me.
	(MFUrban-F20)

In this excerpt, the interviewee is also representing her formal attitude towards group members. Unlike ROSCAs, where personal/relational discourse dominates, the commercial discourse of microfinance seems to focus on commercial benefits. This interviewee says that she gets her group members to repay loans even if it means they have to borrow or sell something. Similarly, the interviewee (MQ-6.4) in chapter four says that loan can be covered by forcefully selling debtor’s possessions. Such discourses in the context of microfinance point to the formal relationships that exist between borrowers, which seem to go against cultural values and norms, which require that people help each other. This is further exemplified in the following excerpt.

	<b>MQ-16.2</b>
1	My mother-in law has to pay me whether she takes a
2	loan from a friend or a loan on interest.
	(MFUrban-F16)

In this quote, the interviewee is discussing her mother-in-law's loan repayments and she portrays herself as indifferent to her mother-in-law. The interviewee states that she does not care from where her mother in law gets money to repay the loan and hence she seems only to be concerned about money. This attitude of indifference is exemplified again in the following quote, below, where the interviewee uses a similar discourse while talking about her mother.

	<b>MQ-22.2</b>
1	In the case of a loan, one would fight even with one's
2	real mother.
	(MFUrban-F22)

In this quote, the interviewee suggests she would fight with her real mother over the matter of a bank loan repayment. The Mother-daughter relation is informal relationship broadly characterised by love, care, support etc. However, the interviewee draws on formal and coercive discourse in her statement 'one would fight even with one's real mother'. Further, she used 'one' to generalise and strengthen her statement by representing it as a common phenomenon. The presence of such discourse in microfinance suggests that coercion is acceptable behaviour and may be encouraged by commercial discourse of microfinance.

Microfinance through, group lending and joint liability, puts the responsibility to enforce repayments on the borrowers. This way, microfinance reduces their cost of monitoring and enforcing loan repayments. In one way, this suggests the success of microfinance because peer monitoring and pressure are noted as important concepts in group lending to enforce repayment (Chapter Two). However, on the other hand, it



suggests that such coercive mechanism may produce negative impact on social/personal relations.

#### 7.4.2 Discourse of vulnerability

In the discussion above, I have presented a discourse of empowerment and coercion where women are talking about decision making, financial independence, having control of their lives, and also being coercive towards other women. In this section, I present a discourse of disempowerment where women are talking about indebtedness, helplessness and vulnerability. The analyses of such discourses will provide more understanding about the impact of microfinance on the welfare of microborrowers. Take the example of the quote below in which the interviewee is presenting herself as helpless and vulnerable in the context of microfinance.

	<b>MQ-17.2</b>
1	I am helpless. I am absolutely helpless. I could not pay
2	this month's loan. This poor lady has paid for me. I am
3	very helpless. Bank B charges Rs. 200 fine per day in
4	case of late payment while bank A charge of
5	Rs.200 for a loan of Rs. 1000. I am very helpless and I
6	have to pay it.
	(MFUrban-F17)

This interviewee (MQ-17.2) used a loan to pay for her daughter's marriage<sup>15</sup>. In this quote, the interviewee is arguing against the behaviour of the banks and not other uncontrollable circumstances such as sudden financial shocks. She is presenting

<sup>15</sup> It is noted in literature review that this study focuses on those microborrowers who take entrepreneurial loans. This interviewee took an entrepreneurial loan and used it to pay for expenses incurred in her daughters' marriage.

herself as a helpless woman who cannot repay her loans but she does not state why she cannot pay but rather seems to blame both banks which have loaned her money and expresses her vulnerability to these banks' policies. The explanation for such discourse can be found in her already weak financial position. She is a poor woman but she took a loan because she needed it. However, loan is consumed while her financial situation remained same or perhaps worsens because of this debt burden. For example, this vulnerability is expressed when she states 'I am very helpless and I have to pay it'. The interviewee uses the first person singular to represent her unique situation. She seems to be doing this to describe her personal experience that makes her situation appear more critical because it suggests it is not a common phenomenon but one that is unique to this women and she presents herself as being the only who is affected . Another interviewee also draws on similar discourse while talking about a microloan.

	<b>MQ-2.3</b>
1	<b>Interviewer:</b> What day of the month do you have to repay
2	your loan?
3	<b>Interviewee:</b> What should I tell you? I have bad
4	health and my husband is old. I am poor but I have to pay.
	(MFUrban-F2)

This interviewee (MQ-2.3) has taken a loan for consumption purposes. I asked her what I thought was a straightforward question about repayment dates on the loan. However, in response, rather than answering the question directly, she draws on the discourse of vulnerability and notes that she has bad health and her husband is old. Further she says, 'I am poor but I have to pay'. Her statement seems to be a complaint against banks that require loans to be repaid irrespective of the financial

position of poor borrowers. In a similar way to this interviewee, the interviewee below also seems to be resisting the compulsion or obligation to repay the loan.

	<b>MQ-14.2</b>
1	We are compelled to pay. We pay them by borrowing
2	money.
	(MFUrban-F14)

This interviewee says that these people must pay back the loan and for this, they sometimes have to borrow money. This interviewee uses the first person plural to express shared experience. In a similar way to the previous interviewees, she seems to be arguing against the unfairness of having to borrow to pay back bank loan and uses the first person plural to strengthen her argument and make it a collective problem in contrast to the interviewee in the last excerpt (MQ-17.2; MQ-2.3). The interviewee below is also complaining about the compulsion of repaying loans and the methods used to enforce payment.

	<b>MQ-13.1</b>
1	There is no option but to pay back their loan and it does
2	not matter for them where we get the money from. They
3	want money otherwise they charge fines and [she] also
4	abuses us.
	(MFUrban-F13)

In this quote (MQ-13.1), the interviewee also represents herself as being helpless by saying ‘There is no option’. She further presents financial and moral arguments

against the bank and her group members. She notes that they do not care about the borrowers and just want money. She also complains about ‘fines’ and ‘abuse’ by her group president [she].

In all these quotes, these women are presenting themselves as helpless and complaining about the indifferent attitude of banks and group members. All the interviewees in this section are complaining about the compulsion to pay regardless of their situation and hence present themselves as helpless in the face of the bank’s policies and the actions of group members.

## **7.5 Conclusion**

From the discussion, it can be said that microfinance has the ability to change the lives of the destitute and vulnerable but this is often exaggerated by proponents of microfinance. The discourse and rhetorical analysis of the interviews provided evidence that microloans are perceived as beneficial but this is not necessarily based on the idea of development but rather seen as easy money, basic right and facility and is often driven by the fact that other people are receiving loans. Further, it was found that some borrowers have constructed microloans as a burden through financial, moral and social arguments. Making loan repayments is associated with the need to protect one’s honour and respect in the neighbourhood, and non repayment may result in loss of dignity and identity.

Commercialization was introduced into microfinance with the promise that it would result in variety of better products and services that will better meet the different

needs of the poor. However, the analysis presented here suggests that it is causing 'mission drift' as some interviewees particularly rural borrowers were constructing themselves as rich in the context of microfinance in order to qualify for loans, which suggests that microfinance may be seeking relatively wealthier and profitable borrowers.

In relation to the commercialization of microfinance, it is often argued that microfinance will provide a greater variety of products such as consumption loans, insurance etc. (Christen and Drake, 2002). The analysis of the excerpts of the interviews revealed that some of the microborrowers, who drew on the discourse of vulnerability, were those who used loans for consumption purposes which suggest that consumption loans may not be good for poor people. For instance, unlike business loan, consumption loan do not generate earnings and hence used up resulting in debt burden on the poor people.

The advocates of microfinance talk about the empowerment of the women in relation to men but tend to ignore power relations among women. The analysis revealed a discourse of empowerment in some of the women's talk where they represent themselves as confident, decision makers and independent. This suggests that microfinance may be contributing towards empowerment of the women but this discourse of empowerment was also present in the talk of the ROSCAs members, which suggests that microfinance is not unique in its ability to empower women. Further, whereas discourses of cultural responsibility make women more vulnerable to coercive actions by bank and group members, discourses of joint responsibility allow greater freedom to group members to use coercive means to enforce

repayments. Such discourses suggest that microfinance may be damaging social relations and creating negative social problems.

An analysis of these discourses reveals the effect of commercialization and the predominance of commercial discourse. I have discussed in detail in chapter four how microborrowers use commercial, instrumental and formal discourses regarding repayments of loans by exploiting cultural values and moral obligations to put pressure on poor borrowers to repay loans. Poor borrowers are made to feel shame for not paying loans and are socially excluded on occasions. Similarly, in this chapter, we have seen that women talk callously about repayment. For example, one woman noted that she may fight with her real mother over a loan. This suggests that commercial imperatives dominate over social relationships.

However, I do not want to claim that microfinance is all negative for poor people but rather I want to argue against its increased focus on profitability. For example, a common theme noted in the discourse of microfinance is compulsion to repay loans irrespective of circumstance of the poor. It is reported that microfinance has helped people to improve their well being (Khandker, 2001; Pitt et al., 2003) but the current discourse of microfinance focuses on financial innovations and institutional efficiency at the expense of social and relational discourses, which need to be accommodated if the potential of microfinance is to be realised.

## **Chapter Eight: Conclusion**

### **8.1 Introduction**

It is time to remind readers of the research objectives of the study so that analysis of the findings can be discussed in that light. The study set out: 1) to explore ROSCAs and microfinance in practice in Pakistan, focussing on the users of the two systems; 2) to examine the commonalities and differences between ROSCAs and microfinance; 3) to investigate how microfinance impacts upon the traditional environment for ROSCAs; and 4) to study interactions between culture and microfinance and ROSCAs. These were explored in chapters four to seven of the thesis through analysis of the discourses gathered in interviews of ROSCA members and microborrowers. The study demonstrated the level of social and cultural embeddedness of both microfinance and ROSCAs. . Culture and social context ran through all aspects of ROSCAs but can be highlighted in the evidence from selection and exclusion of members, collection and enforcement of payments from household to bazaar. It is further apparent that financial discourse of microfinance influences, and, is influenced by the social cultural settings including, importantly, those previously shaped by ROSCAs. This chapter further explores these findings and also makes some recommendations, based on this analysis.

## **8.2 ROSCAs: Identity construction and community building**

Identity formation and exclusion appear to be central concepts in ROSCA's communities. The interviewees from the ROSCAs constructed their oppositional identities as salaried/daily wage earners, academics/lower staff, rich/poor, "very 'acha'/'very 'ganda'" (Chapter Five) and large scale/small scale businessmen (Chapter Six). The broader social and cultural context can provide explanations of these various oppositional constructions by the ROSCAs' participants. In the ROSCAs consisting of salaried members, identity is constructed through salaried/daily wage earners where the salaried class represents the middle class. In the university, ROSCAs' participants constructed their identities as academics and 'lower staff' (Gate keeper, peon, lab assistant, etc.) where academics represents a relatively higher social class. Identity is constructed as rich/poor when interviewees talk about exclusion of their relatives. In the bazaar, identity is constructed through an individual's 'business worth'. ROSCA's participants used words such as 'very "ganda"' to construct others (slum resident) and consequently construct self as 'very "acha"'.

The analysis of the discourses of exclusion (Chapter Five) provided further information about one's social position and standing in relation to class. The discourse analysis of the interviews of ROSCAs' participants reveal that selection criteria in the ROSCAs leads to the exclusion of the lower classes and hence helps in building middle class communities. It is also very interesting to analyse what discourse is used to justify exclusion, for example, 'trouble maker' is used for daily wage earners and are associated with repayment attitude of the member but "very



‘ganda’” is attributed to the character/personality of the person. Therefore, for example, the individual called ‘Bagan Khutaran’ (Chapter Five) is referred to as “very ‘ganda’”, which is used to imply that even if he could afford to participate in the ROSCA, he would not be permitted to do so on character/personality grounds rather than on the basis of repayment capacity.

The cultural context can provide explanations of different discourses used for different categories of people. For example, discourses of exclusion contain a sympathetic tone for one’s relatives because one is supposed to be sensitive regarding family members. A disgracing tone is used for the ‘Bagan Khutaran’ seemingly because he is of the lowest of the lower social classes. They cannot touch anything except toilets and washrooms. The interviewee used the expression “very ‘ganda’” for the slum resident and this word actually contains all the characteristics of the ‘bad’ man.

From the discussion above, it can be concluded that ROSCAs are playing a role in building communities of the middle class and, thereby, excluding the lower classes. Further the discourse analysis reveals that people exhibit a weaker sense of belonging to the community, especially when these people belong to different class or locale. This can be exemplified with reference to the analysis of the transcripts from the university ROSCA (Chapter Five, Section 5.4). In the university, people are categorized as lower class support staff/academics and both categories broadly constitute the middle class. However support staff cannot associate themselves with academics because they do not share the same social status, for example, they are less well educated, have less income, and have a lower standard of living. Therefore,

a member of the relatively lower level support staff may be able to participate in the university ROSCAs but is still considered as an outsider by the academic community.

Having a shared locale also contributes to an increased sense of community belongingness. People who share the same locale also share other facilities such as super markets, schools, health centres etc. This sense of 'shared space' induces a sense of belongingness among ROSCAs participants. It can be said that this sense of belongingness increases when people share life spaces.

Based on the above discussion, community can be defined as group of people based on common interest, shared locale and similar socio-economic status. The key concept in this definition is the 'degree of interaction'. For example, class difference and location of participants affects the degree to which they can interact so, for example, people sharing the same locale can have frequent interaction, compared to those who are more spatially distant. Therefore, it is possible to suggest that sense of community is stronger when people can have frequent interaction, which is increased when people belong to the same class and are located in the same place.

I noted above that the 'degree of interaction' is very important in creating a sense of belongingness. This can be exemplified with reference to the analysis of the narratives of stolen money (Chapter Five, Section 5.5). In Dera Ghazi Khan, people tell stories about stolen money. Typically, in these narratives, the president runs away after stealing the money of all ROSCA's members. The lesson/advice/moral in these narratives, however, remains the same: that ROSCAs members should be in

contact with each other through the whole cycle and should not rely on or trust only the president and in particular a non local president. Such narratives encourage ROSCA members to remain in touch with other members and hence play a role in building stronger ROSCAs communities.

### **8.3 People and ROSCAs**

ROSCAs are financial instruments used to raise funds that may either be consumed or invested in business, however, the discourses of salaried workers and housewives indicate that ROSCAs are not perceived as just financial instruments but also a part of life's constituting struggles, achievements, happiness, etc. ROSCAs' members develop emotional attachments with the ROSCAs over time because they help them to realise their goals, fulfil parental responsibilities, meet social and family obligations, etc. The ROSCAs of salaried workers and housewives involve personal relationships, cooperation, and reciprocity. The members of these ROSCAs discuss personal matters with each other and it is customary to consider the needs of other members. The members often engage in bargaining and negotiations when determining the recipient of the ROSCA's money. Therefore, these ROSCAs are informal and flexible, allowing for changes and adjustments in the original structure of the ROSCAs.

ROSCAs for businessmen have the same basic features as other ROSCAs in university, schools, banks etc. The objective of these ROSCAs is to get funds for investing in business and, therefore, these ROSCAs have shorter life cycles and

involve larger amounts of money so that large investments can be made several times in a year. However, the discourses are different and while the ROSCAs of salaried workers and housewives exhibit informal structure and cooperation, the ROSCAs of businessmen are formal and commercial. This is underlined by the fact that the most common form of address used by businessmen in these ROSCAs is 'party', which expresses a business relationship and commercial activities. In addition to this, the discursive function of the term 'party' seem to be to make business entities liable for their payments in the ROSCAs.

Initially, it appeared to me that bazaar ROSCAs are based only on business interest, however, more investigations make it clear that personal relationships are indeed, very important in these business ROSCAs. Therefore, unlike microborrowers who draw on discourses of coercive mechanism to enforce repayments, in bazaar ROSCAs, set rules and formal procedures are used to minimise the influence of personal relationships (Chapter Six). For example, random selection methods are used to determine the recipient of the ROSCA's money, which is seen as a fair method and free from personal influence. While businessmen favoured a formal and inflexible structure to reduce personal influence, they also note the importance of personal relations. For example, one interviewee noted that the reason for participating in a prize ROSCA was because he was unable to refuse the other party who was initiating the prize ROSCA.

From the above, it can be concluded that personal relationships and networks are very important mechanisms influencing ROSCA related decisions and priorities but not always in positive ways. Personal relationships and networks also affect levels

of trust and it was found that when people have weaker ties, and hence less frequent interaction, trust is not very strong (Chapter Five). For example, the members of a Dera Ghazi Khan-based ROSCA from Yaroo were aware of their relatively weak ties with other members from Dera Ghazi Khan and stated that this negatively affected trust between the members (Chapter Five).

#### **8.4 Trust in bazaar ROSCAs**

The sustainability of the ROSCAs depends on trust among the members (Ardener and Burman, 1995). Businessmen reported that they rarely go to watch draws in which the recipient of the ROSCA's money is to be determined because they trust their fellow ROSCA members. This trust is established through personal relationships and the reputation of the members. In addition to this, the businessmen were found to be instigating tests of trust. For example, various strategies were devised by the businessmen in which new or potentially untrustworthy members were given chances to join the ROSCAs, and then had to pass various tests to establish their trustworthiness. Further, the discourse of formality, used by the businessmen, prioritise rules on personal relationship, therefore, it can also be suggested that formal rules also increase trust among members.

Levels of trust in the bazaar ROSCAs are stronger compared to the ROSCAs of salaried workers and housewives. This can be explained by examining the contexts in which both ROSCAs operate. The businessmen are conducting their business in the same locale and, thus, have a good knowledge of the local business environment

and, hence, are in a better position to obtain information about one's business worth. In addition to this, formal methods such as set rules and random selection in these ROSCAs also increases trust among members. In contrast, the informal and inflexible structure of ROSCAs in universities, banks, and households increases the influence of personal relationships due to which members who have weaker ties in the network are seen to be less trustworthy. In addition to the above, it was also seen that the wealth of the member also contributes to trust among members (Chapter Six). Therefore, business worth of other members is assessed to help establish whether one can be trusted or not.

## **8.5 Is ROSCA for all?**

ROSCAs are found almost all over the world with a variety of different/local names and there are ROSCAs for many different kinds of people. The analysis revealed that they vary in length and size and have various other variations to cater for different needs and interests of the participants. It is, however, generally perceived, especially in anthropological literature, that ROSCAs are informal systems and predominately used by the poor. For example, Ardener (1995, p.2) states that "Where incomes are very low, where there is no formal social security network, where ill health stalks and a variety of calamities hover, a system of low-cost ROSCAs helps to meet the challenges for all ...". Calomiris and Rajaraman (1998) found evidence that participation by the poor in ROSCAs is very widespread. Kurtz (1973) also talks about the positive correlation between poverty and ROSCAs participation. He states "A state of poverty is a significant theme underlying almost all rotating credit associations (p.51)."

However, there is also some evidence of participation in ROSCAs among relatively rich people. For example, Ambec and Trieck (2007) found that ROSCAs participants are of average income that neither poor nor rich. My analysis of ROSCAs provides some support for the findings of Ambec and Trieck (2007). This study reveals that ROSCAs are often used by teachers, professors, bank employees and local businessmen. None of these people can be considered as poor people as, according to the definition provided by world bank, poor people are those who earn less than \$2 a day ( $\$2 * \text{Rs. } 85 = \text{Rs. } 170$ ). The groups mentioned above earn more than Rs.5100 monthly and should, therefore, be considered as middle class.

The analysis of the interview transcripts also found that participants of ROSCAs try to group themselves with other middle class (salaried and businessmen) and exclude lower social and economic classes. Interviewees argued that daily wage earners with uncertain/irregular earnings should not be allowed to participate and these people were portrayed as troublemakers who would cause problems for the president and other group members by making late payments. This seems a logical argument as increases in the amount of late payments would result in inefficient functioning of ROSCAs and people might be discouraged from participating in the longer run. However, the important point is that the daily wage earners belong to the lower classes and, thus, the selection criteria in ROSCAs results in exclusion of poor people.

The selection criteria of the ROSCAs exclude those people who belong to the lower socio economic classes and justifications are provided by the interviewees regarding the exclusion of such groups and they are labelled as ‘trouble makers’,

‘irresponsible’ and ‘very ‘Ganda’’ (Chapter Five). My analysis in Chapter Five (Section 5.3) further suggests that extreme poverty becomes a social stigma and extremely poor people lose their dignity and respect in society. The choice of the word “very ‘ganda’” to portray and label a slum resident suggest how such people are being degraded in the discourse of the interviewees.

From the above discussion, it can be concluded that ROSCAs are, in fact, not for all and some groups are being excluded. This seems to suggest other systems are needed to meet the needs of this cohort, such as microfinance. Thus, it can be said that ROSCAs and microfinance (microfinance as it originally conceived) serve two different markets. ROSCAs are not a substitute for microfinance and the microfinance market is not served by the ROSCAs but rather they coexist with each other to cater for the needs of different segments of society.

## **8.6 Microfinance goals: Poverty reduction and development**

The vulnerability of the poor is a well known worldwide phenomenon. In today’s world, poverty is a growing concern in most of the developing countries and in the world as a whole. According to one estimate, there are 1.4 billion people who live on less than \$1.25 a day in 2005 (World Bank, 2008). These people are not only unable to get food but also education, health care etc. and, in addition to this, these people also face social exclusion and are not permitted to take part in various social activities. I noted above that the poor are excluded from ROSCAs, which is a community based funding system.



In fact, poor people are excluded from many different types of formal and informal sources of finance. For example, the slum residents are excluded from the ROSCAs and they may not be able to get financial assistance from friends and family because their friends and relatives are too poor to provide such support. The remaining option is the moneylender and moneylenders do not give loans to those who have nothing to offer as collateral. Thus, the fact that poor people are excluded from most other sources of financial support emphasises the potential importance and need for microfinance.

The importance of finance for the poor can be shown through the analysis of interest in the context of microloans (Chapter Four). The charging and paying of interest is strictly prohibited in Islam. However, borrowers are found to draw on different discourses to justify for paying interest. Some interviewees presented themselves as victims of this interest system while others draw on economic discourse to justify the use of such a system. For instance, an interviewee notes, that although interest is prohibited, but one has to judge whether to prioritise one's religion or one's survival. Therefore, it is fair to suggest that access of finance is more than religion when deciding on engaging with an interest-based finance.

Microfinance as it was originally conceived was designed to help poor people. It has been marketed and popularised as a global, poverty-fighting tool (for more discussion, see Chapter Two and Chapter Seven). The original concept behind microfinance was that poor people would invest money in income generating activities (Chapter Seven). This would then help poor people to lift themselves out of poverty and also generate jobs. However, the ideology of microfinance has

changed from one of poverty reduction through entrepreneurial loans to one where the emphasis has changed towards the provision of a wider range of financial services through commercialised banking. However, the positive effect of this form of microfinance on economic development through poverty reduction is still claimed in the microfinance world.

It is widely reported that microfinance has positive impacts on individual wellbeing and economic development (Chapter Two). However, the analysis of the borrowers' discourses revealed that microborrowers portray microloans as a 'burden', which suggests that microfinance is not always perceived as producing positive outcomes. However, there was evidence of 'oppositional discourses of 'easy money', 'facility', and 'basic right', which suggest that microloans are seen as beneficial by some people but, even in those cases, it cannot be said that microfinance is achieving its goals (Chapter Seven, Section 7.3). Indeed, the discourses of 'easy money' raise many questions such as whether the point of microfinance is to provide easy loans and/or whether this will help microfinance in achieving development goals.

The microborrowers talk about these loans as if it were their basic right to receive loans irrespective of whether they need them or not. In light of this finding, it appears unlikely that microfinance initiatives will achieve their original mission of business and economic development for the poor if borrowers perceive them as an easy way to get money they may not really need or perceive them to be a basic right.

During the analysis, I found that certain interviewees presented themselves as rich people (Chapter Seven, Section 7.2), which is surprising as the discussions were in the context of microcredit and not mainstream banking. Therefore, this suggests the discourses of wealth, which exist in the traditional bank-based borrowing and lending sector, also occurs in microfinance. The presence of such discourse in microfinance may lead to self exclusion by those people who do not see themselves as rich. As a result of which only wealthy people, or those who perceive themselves as wealthy, may apply for loans. In other words, the discourse of wealth in the context of microfinance may lead to ‘mission drift’ through the exclusion of poor people.

Further, in chapter Four, the discourse analysis revealed that land, property and other material possessions are used to assess one’s credit worthiness, which, of course, is a system that is used in the traditional banking sector and which is reflected in borrowing-lending discourses of mainstream banking. Hence the presence of such discourses raises questions about the extent to which social collateral is actually used as a method for establishing creditworthiness. It also raises concern as whether such traditional discourses of material possession may result in the exclusion of poor people.

The findings of this study suggest that there should be a re-think of the current strategies being employed by microfinance initiatives to evaluate whether they are achieving the stated poverty reduction and development goals and/or whether they are reaching the people they are supposed to help.

## **8.7 Impact of consumption loans on the wellbeing of people**

The field of microfinance has undergone various developments in recent years and whereas there was only one product (micro-credit) offered in the initial stages, now there are a variety of products targeted at the poor people, for example, consumption loans, saving products etc. It is, however, very important to assess the impact of such developments on the wellbeing of the poor. The research carried out as part of this study suggests that in many cases microfinance loans, especially consumption loans, are making the situation of the poor worse. However, before embarking on a discussion of the disadvantages of consumption loans, I want to clarify certain issues. First, I interviewed only micro-borrowers who had taken out what were, technically, entrepreneurial loans but, in reality, some of these borrowers had used these loans for consumption purposes. Therefore, the findings may not be sufficiently robust to make widely generalisable claims but the findings from the interviews do raise questions as to whether microborrowers need consumption loans and give some insight into whether consumption loans are beneficial for them.

For example, I found people who had taken loans and used them for consumption purposes using the discourse of vulnerability in the context of repayment of such loans. These people effectively increased their vulnerability by taking out loans, using them for consumption purposes and then finding they were unable to repay them. They not only face considerable financial difficulties but also suffer from depression and face shame in society. Therefore, microfinance initiatives, instead of ameliorating poverty, may actually be trapping some recipients in financial debt and additionally causing them severe social stigma.

The use of entrepreneurial loans for consumption does indicate, on the one hand, that there is need for consumption loans. The discourse of vulnerability, on the other hand, raises questions as to whether consumption loans help the poor or put them under an additional burden of debt and shame.

Poor people already have limited resources and when they are offered loans, they take them because, first, they might need them and, second, they can access them relatively easily. In Chapter Seven, I presented evidence for this. According to the discourses of these microborrowers, microloans were perceived to be ‘easy money’ in terms of accessing them. However, when discussing repayment, microborrowers portrayed the loans as a burden. It is, therefore pertinent to ask whether microfinance is improving the situation of the poor or making an already slippery slope more slippery. Microfinance may have the ability to help the poor and change the lives of the destitute as suggested by its proponents, however, my analysis suggests that microfinance needs to be a more responsible lender to help the poor as irresponsible lending to poor people may actually worsen the situation.

## **8.8 Microfinance is commercial**

Microborrowers are seen to employ commercial and instrumental discourses in the context of microfinance. For example, livestock has great cultural importance in Pakistan, especially in villages, but are talked about as though they were just another asset for use in transactions in the context of microfinance (Chapter Four). Further, microborrowers were found to make instrumental use of cultural obligations and

norms. This reconstruction and use of cultural norms in instrumental ways for commercial purposes indicates the commercial nature of microfinance.

Microborrowers usually form groups among those with whom they already have relationships. The discourses of borrowers, however, suggest that personal relationships are less important in microfinance. For example, in Chapter Four, it was found that borrowers frequently talk about selling debtors' possessions or property. Selling the possessions of a debtor is discouraged in Islam rather the lender is advised to wait until debtor gets money to repay loan. However, in the context of microfinance, selling the possessions of debtors is seen as a legitimate act. Thus, talking about the selling debtor's possessions suggests that the relationship among the microborrowers has become one that is structured by commercial needs. For example, this type of discourse was not found in the interviews with participants in the ROSCAs of salaried workers, housewives or businessmen. In the light of the above arguments, it can be suggested that commercial discourse of microfinance has reduced the importance of social relationships and community.

Microborrowers were not only found talking about selling each other's personal possessions but also making instrumental use of various cultural norms and obligations. For example, shame and honour is a powerful mechanism to encourage or discourage certain behaviours or attitudes. Shame and honour are associated with certain acts and behaviours that are defined by community and culture. In the discourses of microborrowers examined in the study, unpaid loans were found to cause shame while timely repayment brings honour. This can be exemplified through an examination of the quote in Chapter Four (Section 4.4, MQ-5.2) in which

the interviewee suggests it would be better to die rather than being asked about unpaid loans. The stigma of an unpaid loan is increased, and made more effective, through 'visiting homes' and threatening 'involving police'.

In Pakistan, people visit each other homes as an expression of close and informal relations. Home visits are made to share joys and happiness and not to cause distress to the host. Moreover, visits to the debtor's house by peers to demand repayment can cause extreme shame for the debtor. Therefore, as guests are perceived as blessings of God, visiting homes to demand repayment of loans is culturally inappropriate in Pakistan and, therefore, should be used as a last resort. However, the analysis of microborrowers' interviews reveals that discourses of 'visiting homes' to demand repayment are very common, which shows instrumental transgression of cultural norms.

Home is associated with personal affairs and it is the place where one's family members live. Thus, bringing outside affairs, relating to work or money etc., into the home space is considered inappropriate. Visits to people's homes are an important part of the cultural tradition of Pakistan. While this is changing in the larger cities where people now often meet in restaurants or cafes but in smaller cities like Dera Ghazi Khan, people still usually meet at homes. Indeed, inviting people to lunch or dinner in a restaurant would be seen as disgrace to the guests in Dera Ghazi Khan. On the contrary, inviting guests and visiting people's homes is seen as an honour for both hosts and guests as it conveys the idea of personal and informal relations between the parties. Therefore, microborrowers are seen as arguing against bank employees' visits at their homes to demand repayment (Chapter Four). Such

visits by the bank employees to demand repayment are presented as immoral and seen as damaging one's reputation in the neighbourhood.

For the above, it can be concluded that the analysis of the interviews with micro-borrowers reveals that they contain aspects of the discourses of coercion. Specifically, interviewees discuss selling livestock to cover loans and visiting homes to pressure borrowers to make their payments on bank loan, which are all coercive mechanisms, seemingly encouraged by microfinance. The use of such coercive mechanism often results in damaging the social capital of the poor, which is often the only capital they have.

## **8.9 Women and microfinance**

The empowerment of women is one of the main objectives of microfinance. It is widely argued in the literature that women are less empowered than men and, in fact, one of the most destitute and vulnerable social groups. Therefore, women should be empowered through microcredit initiatives that will help them achieving financial independence and self reliance (Chapter Seven). The discourse analysis revealed discourses of empowerment in the talk of women (Chapter Seven). They portray themselves confidently as financially independent, self reliant and as being empowered. Such discourses of empowerment indicate that microfinance can change the lives of poor women. However, female interviewees from the ROSCAs also used this type of discourse of empowerment, which suggest microfinance is not doing anything new but building on what is already there. Further, the analysis suggested that unequal power relations exist between groups of female borrowers.



Specifically, the study produced evidence that women are exploited and threatened by other women which raise questions regarding power relations between women which are largely been ignored in microfinance literature.

In addition to above, the discourse analysis of the women microborrowers suggest that women are more vulnerable to coercive enforcement mechanisms (abusing, threat of involving police etc.) employed by the peers or bank employees. As noted in Chapter one, in Pakistan, family's reputation is associated with women's actions. Thus, ill reputation of a woman may cause extreme shame for the family. I noted discourses of threat of involving police among women in Chapter Four and Seven. In Pakistan, it is very shameful if a man is taken to the police station and raises various questions among community members. Hence imagine how serious outcomes might be when a woman is taken to the police station. It can damage a family's reputation and social capital. This might be the reason that the discourses of threat of involving the police was more common in the women's talk probably because women is more susceptible to such threats. The presence of such threats to use the police in the talk of women indicates a form of exploitation of women by the microfinance institutions.

## **8. 10 Culture of 'Allah Karesi'**

The culture of 'Allah Karesi' is found in all over Pakistan. This culture emphasises the role of luck, destiny, fate etc in the life of humans and, hence, discourages active planning. Believers in 'Allah Karesi' do not think about tomorrow because, in their

eyes, every decision or outcome is in the hands of God and, therefore, there is no point in actively planning for the future. The discourse of ‘Allah Karesi’ can be found in both the interviews with micro-borrowers and ROSCAs participants where it seems to be used to make excuses for negligence and deny liability in the event of project failure. This belief system leaves humans with limited liability if things go wrong. Moreover, in a Muslim country where one is supposed to confirm God’s Greatness by agreeing with the speaker, it can be used to free the speaker from liability by getting the listener to agree that it is God’s will that things have gone wrong.

However, there are some people who argue against ‘Allah Karesi’ and believe it hinders progress. These people take responsibility and accept liability for their actions and the associated outcomes and are likely to carefully consider the risks before making decisions. It seems, therefore, that the culture of ‘Allah Karesi’ could have serious implications for microfinance. It might encourage borrowers to take higher risks without considering the consequences and to take multiple loans, which could contribute to project failure through higher rates of default etc. as well as creating serious debt problems for the recipients who are already poor.

### **8.11 Concluding comments**

ROSCAs are indigenous informal systems which are based on existing social structures. The members of ROSCAs put emphasis on personal relations and community building. However in the process of community building, it is found that

certain groups are excluded such as the very poor and socially destitute. The exclusion of such groups from ROSCAs points to the need for microfinance. Microfinance, on the other hand, may have the ability to help the poor in lifting themselves up and to empower women. However, microfinance, as it is practiced is damaging existing social structures and community. The present study finds that there is need to rethink microfinance practices as to whether it is serving its original missions or whether strategies adopted by microfinance will help it to achieve its mission.

Based on the findings, this study makes following recommendations:

- ROSCAs and microfinance coexist because they serve two different markets. Therefore, it should not be assumed that poor people can get finance from other resources like ROSCAs. However microfinance needs to rethink its strategy to make sure poor people are served by microfinance and not rich people.
- My analysis raises questions regarding consumption loans. Use of entrepreneurial loans for consumption suggests that poor people may need consumption loan but they may end up in worsening their situation. Poor people may take loans and later may not be able to pay because consumption loans do not generate any income. Therefore, microfinance should think of new strategies to help the poor rather than offering them high interest consumption loans because they may worsen the situation by not only causing financial problems for the poor but also damaging social collateral.
- Microfinance strategies to engage with the poor may lead to serious consequences for poor people. For example, the strategy of visiting homes to enforce payments

may have devastating social consequences. This is because visiting homes is a cultural practice and people practice it to remain connected with each other. However, visits by an ‘outsider’ can raise various questions among neighbours regarding such visits that can seriously damage reputation of the borrowers.

- Peer pressure and peer monitoring are basic features of group lending. It may help microfinance banks but has negative impacts on poor people. Microfinance encourages borrowers to use coercive means to enforce payment that is against prevailing cultural values. Such coercive mechanisms may be damaging social relations and community.
- However this research was carried out in Pakistan and in particular in Dera Ghazi Khan, where people have close relations and still follow traditional values. The situation in other parts of Pakistan and in other parts of the world may be different because of the different cultural context. However, there may be some common elements such as honour and shame. Karim (2008) conducted an ethnographic study on microcredit programmes in Bangladesh and reported instrumental use of women’s honour and shame. She has presented a quite similar picture as to that found in this present study. Bangladesh, that was previously part of Pakistan, shares common cultural elements, for example, both countries were British colonies. However different findings may be produced in other places like Latin America. There is need to do future research in other parts of Pakistan and other countries that could provide useful insights on microfinance practices in different parts of the world.

## **Appendix 1**

### **Interview guide: ROSCAs**

#### **Cultural Greetings**

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#### **Confidential**

The issues related to confidentiality and privacy is negotiated.

#### **Tape**

Issues related to tape recording the conversation are discussed.

#### **General information**

- Name
- Work
- Marital Status
- Family members

#### **ROSCAs Participation**

- Committee's Participation
  - Duration of participation?
  - Why did u participate?
  - Where you used committee?
- How many committees do you have?
  - How you will repay it?
  - If you have other needs, how will you pay committee?

- How do you perceive committee?
  - Do not you perceive it as loan?

### **Needs based/Random Committee**

- Is it Random/need based?
  - Which one is better: Need based or Random
- Random ROSCAs
  - Do you go to watch the draws?-why?
  - What if your name is not drawn out and you need earlier?
  - What is someone else in the group need committee earlier?
  - Did you ever give your turn to others?
- Need Based
  - How you establish whose need is urgent?
  - If two members need committee at the same time?
  - How do you resolve if any issues regarding turns?
  - What if someone need it urgently?
- Will you participate again?

### **Group membership**

- How old is your group?
- How many members are in your group?
  - Are group members relatives?
  - How long you have known these members?
  - Are group members remain same?
  - If change/same why?
- How do you trust that other will pay in time?

- What if someone does not pay after receiving committee?
- Who you want to include/exclude?
  - Why did you exclude him/her?

### **Roles**

- Who is president of group?
  - Why did you choose him as group president?
  - What are group president' responsibilities?
- What are your responsibilities?
- Personal/professional relationships

### **Reciprocity**

- Do you help each other in difficult times?
  - Have you ever helped anyone? and why?
  - Did someone help you? And why?

### **Repayment**

- Who is responsible for insuring timely repayment?
- How you deal with late payer?
- How you can enforce payment?
- Have you ever make late payment?
  - How other people respond?

### **Thanks**

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## **Appendix 2**

### **Interview guide: Microfinance**

#### **Cultural Greetings**

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#### **Consent and Confidentiality Issues**

The issues related to informed consent, confidentiality and privacy is negotiated.

#### **Tape**

Issues related to tape recording the conversation are discussed.

#### **General information**

- Name
- Work
- Marital Status
- Family members

#### **Microloan**

- Duration of loan
- Why did you take loan?
  - How did you spend your loan?
- How many loans you currently have?
  - From where did you get loan?
- Does it help you?



- How you will repay it?
- Where did you heard about microloans?
- How do you perceive loan?

### **Group membership**

- How old is your group
  - How many members are in your group?
  - Are group members relatives?
  - How do you select your member?
  - How do you know, he/she will repay on time?/
- Are your group members remain same?
  - If change/same why?
- Who you want to include/exclude
  - Why?

### **Roles**

- Who is leader of group?
  - Why did you choose him as group leader?
  - What are group leaders' responsibilities?
- What are your responsibilities?
- Personal/professional relationships

### **Guarantee**

- Did you give guarantee of anyone?
- Who you gave guarantee
  - Why you give guarantee
- Who take your guarantee?

- Why he took your guarantee?
- If he/she will not pay then?

### **Reciprocity**

- If someone genuinely cannot pay?
- Do you help each other in difficult times?
  - Have you ever helped anyone?
  - Why?
  - Did someone help you?
  - Why?

### **Interest**

- What is interest?
  - Why did you take interest bearing loan?

### **Repayment**

- Who is responsible for insuring timely repayment?
  - How you deal with late payer?
  - Any cases of default?
  - How you can enforce payment?
- Have you ever missed any instalments?
  - Why?
- What is bank policy regarding later or non payers?

### **Thanks**

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