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TABLE OF CONTENTS

From the Editor

Syed S. Andaleeb iv

ARTICLES

Tariff and Non-Tariff Barriers in South Asia Trade:
A Bangladesh Perspective

Zaidi Sattar 1

Productivity Change in Bangladesh Agriculture

Bilkis Raihana 17

Supportive Agencies and Their Support for Small
Enterprises in Bangladesh: An Exploration

Serazul Islam 26

Bangladesh-India Water Sharing Disputes:
Possible Policy Responses

Shariful Islam 38

COMMENTARIES

Commentary on "Bangladesh-India Water Sharing
Disputes: Possible Policy Responses"

Tariq A. Karim 50

Microfinance and its Discontents: Response to Munir Quddus (cont.)

Taj Hashmi 53

Microfinance and its Discontents: Response to Taj Hashmi (cont.)

Munir Quddus 55

Microfinance and its Discontents: Response to Munir Quddus (cont.)

Taj Hashmi

Professor Munir Quddus raises the question if my review is “balanced and scholarly”. He also believes that my narrative could be “powerful, stunning, and even scandalous, except that it is based largely on Mr. Hashmi’s perceptions, with little evidence to support it”. With due respect to him, I find his commentary quite condescending as he assumes that I have given “unsubstantiated opinions” based on mere “perceptions” and without any “credible statistics or hard evidence” to buttress them. I am familiar with this genre of writing where writers not only disagree with another viewpoint, but also assume that what the other writer has written is due to her/his ignorance and/or prejudice. I have only one problem with his generalized assumption; it is misleading. He seems to be unwilling to accept that as there are thousands of hagiographies on Dr. Yunus, there may be an equal number reflecting just the opposite view. I think hyperbole cannot make something delicious; the proof of the pudding is in the eating.

Since I like Lamia Karim’s and other critics’ deconstruction of microcredit as a myth, a half-truth at best, which rests upon a structure that may be exploitative and a public relations campaign that may be quite deceptive, despite Professor Quddus’s objection to my not citing microcredit’s admirers, I have absolutely no reason to mention what the global admirers of microcredit have said and how many countries have replicated it in a short review paper. I am quite familiar with what the Clintons, Queen Sophia of Spain and other blind admirers of Grameen in the East and West (including academics) have said and written. They are at best imaginary statements by ill-informed celebrities and at worst simply innocent distortions of truth and deliberate lies. Does Amartya Sen or Jeffrey Sachs (Hillary Clinton or Queen Sophia) know more about the ground reality of microcredit in Bangladesh than those loan defaulters who run away to cities or the lucky ones, who have not killed themselves, and have only lost their household goods, tin roofs, goats and jewelry to repay their debts? An embarrassing and “blasphemous” question indeed!

By the way, I had spent months together in Bangladesh villages and talked with scores of villagers, including Grameen and BRAC borrowers, clients, critics and BRAC staff in 1998 and 1999 before I wrote a 46-page-long chapter on Grameen-NGO activities and the mythical “empowerment” of

rural women in Bangladesh in my book, *Women and Islam in Bangladesh: Beyond Subjection and Tyranny* (Palgrave-Macmillan, New York-London 2000), which was mainly based on empirical research. What I heard from villagers in Comilla, Sri Mangal, Manikganj, Sylhet and Mymensingh about the Grameen-BRAC activities is far more valuable than what 500 scholars, politicians, and laymen have to say about them. I have the fond memory of what one elderly villager in Comilla (near Kotbari Academy) told me in 2000 (I was supervising IUB students’ “Live-in-Field Experience (LFE)” village study group): “*Sir, amader gramey amra Grameen dhukte dei nai, tai amra pasher gramey jekhane Grameen achhey, tader chaite anek bhalo achhi*” (“Sir, we have not allowed any Grameen Bank operation in our village, and as a result, we are much better off than villagers in the neighboring village, which has allowed Grameen operation”). Not surprisingly, my students on another LFE at a Sri Mangal village told me the same story.

To my great surprise, Prof Quddus has traced elements of “pronounced bias” and “even animosity towards microfinance and its founder” in my review. Before I address the allegation, I clarify that Dr. Yunus is not the “founder” of microcredit. In Grameen Bank, we find the replication of the collateral-free five-member group-lending system introduced by Rabindranath Tagore through the Kaliganj Krishi Bank at Patishar village in Naogaon in 1905, which remains unacknowledged by Dr. Yunus, or most of his admirers.

I was rather kind in my review by only giving the darker side of the traditional Mahajani moneylending system in Bangladesh. Even the proverbial Kabuli (Pathan) moneylenders charged around 24% on their collateral-free loans. Wolcott’s research reveals that moneylenders in colonial India “followed many of the same practices which have been praised in the Grameen Bank They loaned without collateral based purely on their personal knowledge of the borrower Colonial moneylender rates were similar to the rates charged by the Grameen Bank today.” [Susan Wolcott, “Microfinance in Colonial India” S.Wolcott-www.-siepr.stanford.edu – pdf - 2007]. So why should we single out the Grameen Bank as the first collateral-free lending institution in the world? Again, the Grameen rate of interest on microcredit from villagers is 28% (20% + 4% membership fee + 4% service charge) on the average.

I assume Professor Quddus is possibly right in that Dr. Yunus advanced the equivalent of \$27 to 42 poor women in Jobra village. Dr. Yunus tells us how these poor basket makers returned the debt. I have two questions in this regard: a) Since, in the early 1970s, the exchange rate between US dollar and Bangladeshi taka was \$1= Tk 20, how could \$27 or Tk 540 generate enough capital for 42 borrowers (at Tk 12.8 each) to make their basket making business viable? b) Why should Dr. Yunus or anybody else compare this interest-free loan with microcredit, which charges 20% or more as interest from borrowers?

Again, I personally respect Dr. Yunus as a nice and honest gentleman. I know him since 1972 as my colleague at Chittagong University. I have already indicated in my review, I do not condone Sheikh Hasina's slanderous vitriol against Dr. Yunus or what has been unfairly done to him. I did not like the allegation made by the Prime Minister's son (Sajib Wajed Joy) at a workshop in October 2009 at my previous work place (US Navy's College of Security Studies, APCSS, Honolulu) that Dr. Yunus had been promoting Islamist politics in Bangladesh.

By now several hundred scholars have rejected microcredit as panacea to poverty. I have cited a not-so-kind DFID report on microcredit in my review. Again, Professor Quddus has every right to deny the concept of neo-imperialist exploitation of the Third World, as I have every right to believe neo-imperialism (and its agents in the Third World) to be the main hindrance to the development of the Third World.

Dr. Yunus often gets carried away by innovations and gimmicks. He once wanted to import Monsanto's degenerative genetically modified seeds to Bangladesh (thanks to Vandana Shiva's success in

dissuading him from doing so). He allowed Norwegian telecom company Telenor (as a partner of Grameen Phone) to rip off Bangladesh through more than a decade-long tax-holiday in the name of running a "charity" (called "Grameen Phone" !). After French food conglomerate Dannon opened its yoghurt plant in Bangladesh (*Shakti Doi*), I remember Dr. Yunus's exuberance: "Now, Bangladesh's children will take Shakti yoghurt". He once said that eradicating corruption from Bangladesh was as easy as getting ripe fruits fall into one's mouth by simply lying on his/her back under a fruit-laden tree with a wide-open mouth. He thought the Chairman of the Anti-Corruption Commission could eradicate corruption by simply publishing the names of the corrupt people in national dailies.

Without being disrespectful to Dr. Yunus, I think his rhetoric and simplifications do not solve problems like poverty and bad governance. I have only pointed a few gaps between his public assertions and the reality; not to undermine him but for the sake of saving Bangladesh from the delusional concept that microcredit would send poverty to the "museum" (by 2030) as he had claimed. One does not become hateful of Dr. Yunus by simply citing some of his acts and assertions, or by sincerely critiquing some of them.

In the same way that NGOs cannot be substitutes for good governance, neither is microcredit a solution to poverty. I think Lamia Karim's work helps us understand this reality. In sum, it is time that more anthropologists, sociologists and political scientists study the problem of poverty, underdevelopment and backwardness as they are primarily *cultural and social problems*, not "*economic problems*", as some people, however well-intentioned, generally assume them to be.

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