Introduction

Analysing microfinance as a process of endogenous development

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Every development project, whatever it might be, takes place in a social, economic, cultural and political environment that in part conditions the implementation of the project and, reciprocally, is influenced by the project. Therefore we need to adopt an endogenous concept of change. As suggested by Albert O. Hirschman (1964), to whom one is indebted for the concept of endogenous development, a rigorous and pertinent analysis of development necessarily rests on a careful consideration of all individual and collective capabilities of action at the disposal of the economic, political and social actors who are directly and indirectly involved. To understand the endogenous character of development also entails studying what are called the "unintentional" consequences of action, as well as the "hidden rationalities". Whatever those who support a linear and unequivocal development may say, "true" development, that which is seen in the field, derives from a multitude of localized actions that are not necessarily anticipated or knowingly calculated, but rather are the result of doubt, uncertainty and the willingness and ability of the concerned populations to adapt. To understand the character of endogenous development also requires the observation of the effects of linkages between different phenomena, which economists call externalities[1] (and which can be either positive or negative), complementarities and cumulative causalities. Every development project gives rise to unexpected and interlinked results, positive or negative. The issue is not to declare one's powerlessness vis-à-vis these chains of phenomena, but to learn as far as possible to acknowledge, identify and analyse them. And it is precisely in this that the role of the researcher in the social sciences assumes its full meaning. There is no single and foreseeable schema of change: there are only processes of constant change resulting

[1] In her contribution to chapter 3, M. Indira makes explicit use of social externalities to assess the impact of microfinance programmes in respect to empowerment.

from antagonistic mechanisms that are sometimes opposed to, and which sometimes complement, each other. Development, understood here in the sense of Amartya Sen as a "process of expansion of the real freedoms that individuals possess", is thus comprised of successive advances and reverses. Uncertainty and learning should therefore not be viewed as mistakes, deviations or solecisms, but rather as normal, inevitable components inherent in every development project.

Based on a few examples, and without any pretence as to exhaustiveness, this second part attempts to show the extent to which microfinance projects are inscribed in a particular context that must be taken into account if one wishes to understand the results obtained. This is all the more so in regards to empowerment, for it is a matter of a multi-dimensional phenomenon.

Among the numerous factors that shape and mould the endogenous forms of appropriation of development projects, the question of *power relations* is obviously seen to be central (1). The analysis of the way in which clients appropriate microfinance services also requires an analysis of all their financial practices, in particular the informal practices, for the latter are still predominant (2). What relations are observed between informal practices and microfinance? Is there substitution, complementarity or superposition? Is an integration of two types of provision (microfinance and informal finance) witnessed in certain categories of clients, or is there a separation? Does the access to microfinance lead to a reduction of indebtedness or, on the contrary, to debt burden? The two texts presented here offer original responses to these different questions, without however aiming at generalization, for it is only a question of case studies. A common conclusion is nevertheless called for: the necessity to continue efforts as concerns financial innovation. Finally, the analysis of the appropriation of financial services is also inseparable from an examination of the entrepreneurial practices that are connected with them, and thus of the market structures (3). The two texts presented lead to the same conclusion: if one really wishes to make microfinance a tool of economic empowerment, it becomes crucial to innovate in terms of services that are complementary to the creation of enterprises, whether this be a question of business development services, of clusters of micro-enterprises or of techniques of commercialization and marketing.

1. Microfinance and power structures

The connection between power relations and empowerment (in its normative definition) is the subject of numerous polemics. In short, must empowerment be considered as-power "over oneself" or as a "redistribution" of powers? We shall not enter into this debate, as it was amply discussed in the first part of this book. What concerns us here is the question of the interplay of powers *in practice*. Whatever may be the ideology and objective of the project considered, and following the example of all development projects, microfinance projects can be viewed as veritable political "arenas" in which the interests of different social groups confront one another (Olivier de Sardan 1995). We are in the presence of actors belonging to different categories and statuses (more or less open to outside realities, more or less well-off), of youth (who have sometimes had an education), of women, notables, representatives of local administrations, loan officers, NGO staff, experts passing through, etc. Some endeavour to retain their power, while others seek the means of acquiring power. Each reacts individually according to the stakes and the opportunities presented by the project and the funds that can be extracted from it. Political leaders, traditional or religious leaders, landowners, moneylenders or upper castes may fear that such a project could challenge their power. Men might well refuse that women or youth be consulted or that they would have direct access to the means of production, thereby escaping their control. Patrician peasants or large landowners can be apprehensive that such an approach would openly contest their traditional advantages, and the same is obvious for moneylenders. Conversely, small producers, who are vulnerable and dependent on large landowners, may hesitate to become involved for fear of possible retaliatory measures by their "elders", and this apprehension can also be found among marginalized groups (because of their caste or tribe membership). Women can be just as hesitant to circumvent male resistance. All outside intervention is thus seen to be faced with this tangle of powers, with the confrontation of groups and individuals having greater or lesser compatibility of interests. The outcome of this confrontation is the result of a compromise that depends on the ability of each party to assert him/herself in the negotiation. The mode of appropriation depends greatly on the former power relations, even if this plays a part in their evolution. Those who take power are not necessarily those who were supposed to do so. In one instance, a functionary – for example, a block officer – decides to take control of the project and to intervene as a privileged interlocutor. In another instance, it is an elected representative who seeks to mobilize the female electorate. Elsewhere, it will be the field worker of an NGO.

Although the simple fact of delivering financial services to those who were excluded from them necessarily involves calling into question the existing hierarchies, the manner in which these services are implemented and appropriated – or not – by the targeted populations does not preclude a strengthening of the former hierarchies. In a context such as India, where the hierarchic principle is still inherent in the social structure, this risk is all the more pronounced. As J. Drèze and A. Sen underscore when describing the role of "participatory" or community approaches, the more non-egalitarian the social structure is, the greater the risk of manipulation by the most privileged groups. It is therefore necessary to avoid mythicizing all that comes under participatory and community development (Drèze and Sen 2002: 61). This applies to theoretically homogeneous groups and communities such as self-help groups, the majority of which include persons from the same caste, notably in the rural milieu, as well as to structures such as NGOs that are in principle dedicated to the promotion of democracy and equality. It is therefore not infrequent that one sees field workers or presidents of self-help groups abuse their position of control over information to excessively monopolize power. The text by K. Kalpana examines the actors and partners who are liable to influence the functioning and effectiveness of SHGs. The author provides a framework for global analysis, taking into account the multiplicity of *levels* of action: inter-individual relations within groups, relations between groups and the village environment, notably the other communities/castes, relations between the groups and the partner NGO as well as the federations of SHGs, relations between the groups and the bankers as well as the state authorities and, finally, relations between the NGO and its own partners and interlocutors. At each level, the question of balance – or imbalance – of powers is, of course, decisive. To take account of these different levels and their articulation should make it possible to understand, when they exist, the mechanisms of "voice" and, in so doing, processes of empowerment.

2. Microfinance and informal finance

One of the primary objectives of microfinance consists of "freeing" the poor from dependence on moneylenders. Nevertheless, various studies conducted in India over the last few years have clearly shown that the provision of microfinance services does not necessarily replace informal practices: clients continue to juggle with different sources of financing, using microfinance loans to repay the moneylender, and vice versa, or indeed using microfinance to themselves lend money[2]. One witnesses a complex tangle of relations of debts and claims – each is both debtor and creditor - and all of these financial relations are deeply embedded in social relations[3]. Different "circles" of financing should nevertheless be distinguished. There is first of all the circle of relatives and neighbours, in which monetary exchanges operate according to the principle of reciprocity. This reciprocity occurs in a very short term (in Tamil Nadu, the word *kaimathu* is invoked, meaning literally "exchange from hand to hand") and plays the role of a veritable survival net. There is also a longer term reciprocity that takes place over the extended period of social obligations: this is seen to be essential in the financing of events linked to the life cycle, notably marriage ceremonies, which are known to be costly. One then distinguishes financial relations embedded in social obligations of the hierarchic type, illustrated by the regular advances "generously" granted by the landlords to their permanent workforce, some of whom are in a situation of real servitude (the *panyials* of Tamil Nadu). There are then financial relations of a professional or commercial nature. Let us note however that the distinction of this sphere from the preceding (social obligations) is very arbitrary: some behaviours that would have been thought characteristic of the sphere of social obligations recur with a remarkable facility in what is known as the "modern" sphere. For example, it is not uncommon for a moneylender to assume many other functions apart from that of a mere lender: he also gives

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[2] See notably Dhan Foundation (2003), Patole and Ruthven (2002), Shishir and Chamala (2003), Ruthven and Kumar (2002). For analyses beyond the Indian context, see also Rutherford (2000; 2002), Shreiner and Vonderlack (2002). See also the contribution by L. Prasanna (Part 3), who shows the deviant effects of an egalitarian attribution of loans in a SHG.

[3] On the notion of the embeddedness of financial relations in social relations, see Guérin and Servet (2003).

advice, helps find employment, settles disputes, negotiates with the police or keeps the savings of his clients. The latter, moreover, consider themselves to be "protégés" and readily describe their lender as "patron" or "guardian". While the traditional social system based on patron-client relations, a regulatory element in relations between castes, is becoming obsolete, it is striking to observe to which extent the patron-client relation endures and recurs in theoretically homogeneous communities. The most significant example is probably that of labour brokers, notably in seasonal migration sub-sectors (for example, brickworks, sugar cane, cotton, etc.). An "advance"[4] is systematically given at the beginning of the season. A deduction from the weekly wage (that represents 40 to 60 per cent of the wage) will make it possible to gradually repay the advance. Nevertheless, the deduction continues beyond the repayment, such that at the end of the season, the labour broker is generally a debtor and will pay a balance to the workers. Or, it happens that the workers themselves (at least some of them) appreciate the system: this is for them a means – often the only one – to save sizeable amounts (several thousand rupees). In any case, this type of relationship is, of course, very ambiguous. What the people call savings can also be a delay in payment; most of them are illiterate and can be easily fooled. Between exploitation or, on the contrary, mutual respect and protection, the borderline is very thin and can change at any moment. Nevertheless, most of the people who are able to save are indeed those who benefit from a "guardian" in their circle[5].

The comparative advantages of moneylenders are known. They are, of course, costly but are accessible and available at any time; they require minimal guarantees and are generally not very demanding as concerns the use of the loan. Several empirical studies conducted in India have widely questioned the prejudice according to which all moneylenders would be "villains" solely motivated by a desire to exploit and oppress their clients (Patole and Ruthven 2002; Shishir and Chamala 2003). The text by Christine Bonnin, based on a Philippine example, accords with this view and confirms the comparative advantage of informal lenders. The women entrepreneurs in

[4] Here again, the advance is officially gratis. In practice, various methods allow the broker to charge the cost of the advance (the most frequent method consists in deducting a fixed percentage from a part of the harvest).

[5] We base ourselves here on a study currently being conducted by the French Institute in Pondicherry on informal financial practices in Tamil Nadu.

the slums of Manila, even should they have access to microfinance, to a great extent prefer the "*Bombays*" (the name locally given to the moneylenders because of their supposed Indian origin). The results of the study conducted by R. Sunil in Kerala are more problematical. Not only does microfinance not take the place of informal finance, but it leads to a transfer of the informal debt from the men to the women: the latter are henceforth more credible and have thus become the favoured target of the moneylenders. Of course, this does not exclude positive effects, notably in terms of increased prestige within the family. Nevertheless, women find themselves necessarily forced to assume more obligations and are thus subjected to additional pressures. This kind of deviation reveals how decisive the establishment of follow-up and control systems and regular evaluation can be.

These two articles show that the promoters of microfinance must still make efforts as far as access and outreach are concerned. In the mid-1990s, Paul Hulme and David Mosley (1996) advocated a diversification of financial services, arguing the necessity of adapting products to multiple needs and to display flexibility, in particular as pertains to the poorest. Nearly ten years later, the idea has gained currency and there is general agreement as to the need for innovation and flexibility; this theme was, moreover, one of the central issues of the last world Microcredit Summit[6]. A large symbolic step was taken with the "Grameen II", initiated at the beginning of this decade. The new approach of the Grameen Bank derives its lessons from more than twenty-five years of practice and recognizes that the previous model was overly uniform and rigid, limiting the access of a large part of the potential clientele, in particular the poor clientele. Central to this new model is an increased flexibility of products. This has been accompanied by an increase in innovations. Let us mention, for example, the door-to-door service provided by the SEWA bank (Gujarat), a financial cooperative with approximately 40,000 members, mostly women. Since the creation of the organization in 1974, the founders have understood that women have need of a domiciliary service. It was soon decided that loan officers, described as *handholders*, would be mobile and would travel to the client's home or to the place of work. In the course of time, it was seen to be necessary to further strengthen this local service, from the point of view of

[6] See the introductory text of the synopsis by A. Simanowitz and A. Walter (2002). On the necessity to innovate, see also Murdoch (1999) as well as a special issue of the *Journal of International Development* (n°14, 2002).

both the clients and of the organization (notably to optimize the repayment rate). A service for the daily collection of savings at the place of residence was thus established. At the same time, *banksathis*, who are themselves clients, are delegated to assist the handholders. They collect the savings and the loan repayments at the home, disseminate information and give advice to the families regarding the use of different products, doing this in a language that is accessible to the clients because they come from the same milieu. They walk, travel by rickshaw or bicycle. They do not receive a fixed remuneration, but rather a commission based on their ability to mobilize savings and the repayment of loans. Turning to other micro-experiments, in Tamil Nadu the NGOs IRDS[7] and MSSS[8], with the support of the International Labour Organization, are trying out a domiciliary savings system for a very vulnerable clientele of families who are close to, or even in, a situation of servitude[9]. The product is entitled "dumb boxes" and consists quite simply of a moneybox kept by the clients in their homes. The principle is very similar to the traditional informal savings practices current in most families: a clay pot kept in the home, or concealed, is broken when the money is to be spent. The poor are known to constantly seek mechanisms that "force" them to save in order to protect themselves from the numerous entreaties and pressures from the people around them. Here, the simple fact that the key of the moneybox would be kept by a staff member of the organization plays an *incentive* role. Moreover, the fact that savings are regularly deposited in a bank account solves the problem of insecurity[10].

It would nevertheless appear that innovation and diversification are still the privilege of a limited number of large microfinance organizations: those that avail of a real research-action capacity, that have the human and financial means to conduct surveys on clientele satisfaction and also to invest in new products. The strong competition that prevails in some areas (certain regions of Bangladesh or Latin America) has largely contributed to the popularization of the concept of marketing and a demand-driven approach. Pushed into increased competition and faced with a growing

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[7] Integrated Community Rural Development Society.

[8] Madras Social Services Society.

[9] Let us point out that some authors (V. Rao, Part 3) do not speak in favour of saving mobilization at the homes of SHG members, and are also opposed to the intervention of outside persons in the group so as to enable of a better group cohesiveness among all members and to promote group actions.

[10] To know more about this innovation, see Churchill and Guérin (2004).

desertion of their clients, practitioners no longer really have a choice. On the other hand, for a majority of small organizations, it must be observed that the supply remains very conventional. In India, for instance, a large number of practitioners make do with the classic "SHG model": preliminary savings, internal loans, and then external loans thanks to a banking-linkage. As concerns micro-insurance, since the pioneering efforts of the SEWA in the early 1980s, it is estimated that today there are some twenty schemes[11]. Over the last years, insurance schemes intended for the poor have developed significantly because of public entreaties. Now, and in compensation for the liberalization of the insurance sector, the Indian government requires that insurance companies invest a minimum of their portfolio with the so-called "weaker sections" of the population. It is probably too early to come to a decision regarding the suitability of the schemes thus put in place[12]. It can, however, be noted that the provision of emergency loans or voluntary saving services, much simpler to implement than micro-insurance, while they are just as likely to help the poor to better manage risks (Churchill 2003), have difficulty in developing. Here one broaches a more general problem in the third sector, also called "voluntary sector": means that are not equal to the ambitions and aims, donors that are pressed to achieve, and more concerned with, short-term results and who are reluctant to finance studies, whether impact or client satisfaction studies (Georgeais 2004)[13].

3. Microfinance and market structures

In the Indian context, complementing the provision of microfinance services with business development services (BDS) is an absolutely fundamental issue. As shown in the impact studies in the third part of this book, impact in terms of income-generating activities remains limited. If microfinance is really to be a tool of economic empowerment, then the

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[11] Information from the web site: http://www.microinsurance-india.org/default.htm.

[12] The principle of insurance is sometimes misunderstood by SHG members; the contribution is perceived as a fee to be paid to the NGO in order to benefit from a loan. Then, the necessity to renew the contribution each year without having received benefits seems to them incorrect and some of the women expect a reimbursement at the end of the year (Surveys conducted in Pondicherry and in Tamil Nadu in 2004, Jane Palier).

[13] We shall return to this point in the general conclusion.

provision of complementary services enabling clients to appropriate market procedures is found to be a priority.

The question of business development services is not entirely new. Already in the 1960s, when small and medium-sized enterprises represented one of the favoured targets of donors (not in terms of the logic of combating poverty, but above all with a view to finding substitutions for imports), numerous programmes offered a combination of financial and non-financial services, often associating state development banks and BDS providers. Given the absence of a clear identification of demand, the systematic combination of the two types of services and the lack of profitable prospects, the failure of these programmes was often the rule, on the side of the beneficiaries as well as on that of the suppliers. The concept of the integrated programme was therefore abandoned to the advantage of distinct projects. Microfinance thus appeared, with a strong development in the late 1980s and during the 1990s, but with what is described as a "minimalist" approach, that is, strictly limited to financial services. Today, when competition is beginning to be felt, and while impact studies indicate limited results in terms of small business creation, the satisfaction of the client and the lasting quality of her enterprise are at the centre of concern. The tendency to link the two types of services is now affirmed, however with considerable differences in relation to the first generation: an approach centred more on demand, the covering of costs and durability. A considerable number of NGOs that have become involved in microfinance have already experimented with several types of programmes (water and sanitation, literacy, etc.) and have profited from the microfinance "boom" to embark in SHGs. This explains, on the first hand, that most of the microfinance organizations would not be professionals and, on the other hand, that the microfinance programmes would be linked to other projects, but not always in a very professional manner.

It would be an over-statement to say that nothing has been done in this domain. The work by Fisher and Sriram (2002a), entitled "Beyond Microcredit", precisely undertakes to describe the particularly innovative microfinance practices in India in regards to non-financial services. We shall briefly mention a few of them. BASIX (Andhra Pradesh) is presented as a leader in this field. Adopting the mission "*to promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in a technical manner*", BASIX has offered since its creation a panoply of financial and non-financial services to provide assistance to individual borrowers as well as local communities[14]. Some non-financial services directly address producers-borrowers, either to enable them to gain new markets (notably by means of the identification of certain commercial niches) or to help them improve their productivity through the introduction of new production techniques or the improvement of existing techniques (better quality of seeds, cost-saving pest control measures, innovative practices for irrigated agriculture, new crops, veterinary care, etc.). Other services aim at improving the quality of collective infrastructures, in particular irrigation and electricity ("rural infrastructure revival programme"). Finally, let us note that the intervention of BASIX also relies on innovative pedagogic techniques, notably exchanges among entrepreneurs ("inter-borrower expertise exchange programme").

In Gujarat, SEWA has been promoting women's cooperatives since its inception some thirty years ago. With the aim of making poor self-employed women owners and managers of their own organizations, it now has around 50,000 members. There are today some eighty cooperative societies promoted by SEWA that carry out a wide variety of activities (handicrafts, land-based and dairy products, vendors, services). To strengthen the bargaining power of these cooperatives, the federation of women's cooperatives was started in 1992. To initiate a cooperative, particularly with poor women, is easier said than done. The efficiency and dynamism of the SEWA cooperatives varies from one to another and this diversity results as much from the modes of management –to which extent it is known that any collective enterprise is a permanent challenge – as from the influence of the economic situation on the concerned sectors of production.

The recent study conducted by the Sa-Dhan network (Sa-Dhan 2004) among some thirty SHG federations also shows that a not insignificant number of them are engaged in business development services, in particular in the agricultural domain. Some are involved in various income-generating activities (Award, Tamil Nadu), but numerous SHGs are specialized in a specific sub-sector: bulk purchase of agricultural inputs (Sangamam, Karnataka), providing seeds (Grammen Mahila Swayamsiddha Sangha, Maharashtra) poultry farming (Sanyuka Mahila Samiti, Maharashtra), animal husbandry (WFMF, Rajasthan), dairy development (PRADAN, Rajasthan), handlooms and handicrafts (Tejpur

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[14] We base ourselves here on Fisher and Sriram (2002a: 88 *sq*).

Dis Mahila, Assam) or marketing services for herbal products (Samukik Mahila Bachat Gat Parisar Sangh Devpayli, Maharashtra).

New approaches are also being taken from the perspective of sustainable development. The notion of fair trade, which consists of ensuring more equitable purchase prices to producers from the point of view of balancing trade relations, particularly between producers in the South and consumers in the North, now belongs to everyday speech. The concept of fair trade, evoked in this part by Arun Raste, is beginning to evolve in India. Without going as far as fair trade, one also speaks of "commercially viable solutions". Starting from the observation that the traditional approaches of business development often lack impact and sustainability, some question the means of promoting commercially viable solutions, basing themselves on sub-sector analysis and endeavouring not to distort private sector markets[15].

Although there are indeed a number of initiatives, one is forced to observe that here again only the most experienced organizations are in a position to effectively combine financial and non-financial services. No one today disputes the necessity of combining financial and non-financial services; however, actually doing so is tricky and probably requires more "art" than technical skills (Fisher and Sriram 2002a). The analysis by K. Singh (2003), based on a synthesis of different impact studies by the major Indian microfinance organizations[16], arrives at a rather negative conclusion in this respect. Not only are there very few livelihood advisors or providers of business development services, not even any real strategies within organizations to help women start their own businesses, but income-generating activities for women have remained conventional (sewing, embroidery, papad and pickle production) and generate very little income, while many of them perpetuate myths about what is feminine and masculine.

The major problem encountered today by SHG members is that of the commercialization of their products[17]. A considerable number of women are ready to embark on new economic activities, but are quite powerless when it comes to concretizing their project: What to produce? How to produce? and above all, How to sell? (Guérin and Palier 2004). Some village monographs

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[15] See, for example, Lusby and Palibuton (2004).

[16] Selected impact studies conducted in the recent past by SFMC, NABARD, SHARE, BASIX, FWWB and CARE India.

[17] See on this point the PhD thesis in progress by Jane Palier.

conclude that a succession of failures was involved. Whether it be a matter of producing paper, paper cups or breeding cows, in the absence of appropriate advice none of these activities turn out to be profitable (Jamet 2004). Let us not forget that the mobility of women in India is still restricted. It is therefore difficult to imagine women travelling great distances to commercialize their production. Apart from the specific problems encountered by women, the market structures are largely unfavourable to small entrepreneurs. Within the framework of a traditional market, the stages through which the products go – starting with the producer until they reach the consumer – are extremely long and weighed down by a plethora of middlemen. Moreover, the predominance of interlinked markets, where the providers are also the buyers and the financers, leads necessarily to the exploitation of micro-entrepreneurs. The transportation infrastructure is archaic, the roads are bad or sometimes nonexistent, the producers are a long way from the market and the transportation costs are consequently very high. The fact that there is no planning in the production and that supply to the market is irregular causes either a surplus or a seasonal scarcity of products on the market. Imported products compete with the local production. Sorting and processing are deficient and there is a lack of warehouses and absence of organization of producers and consumers.

The government of Tamil Nadu, which has strongly supported the development of microfinance through the Mahalir Thittam programme, has also embarked on marketing programmes (Gariyali and Vettivel 2004). A number of district collectors have constructed marketing complexes specifically for SHG vendors. This experiment has been started in several districts and is gradually spreading all over the state. Marketing workshops, exhibitions and exposure visits are regularly organized by the State Welfare Board in partnership with local NGOs, usually coinciding with big festivals and celebrations. The purpose is to expose women to the market situation by inviting them to participate in women's fairs (*melas*). In Chennai, the NGO World Vision is experimenting with small outlets for SHG products; the objective is to explore the scope of the market. Even web sites on SHG products have been created. District-wise product information has been put on the web site www.shg-india.net in collaboration with the Women's Information Network (WIN), an NGO specialized in selling SHG products. The Rural Development Department has also created a web site, www.ruralbazar.tn.gov.in/aboutus.asp. All these initiatives are still at the experimental stage. Most of the marketing complexes show disappointing results and some of them are almost empty.

There are still several challenges to be mentioned. The first concerns the quality of the products that are obviously unsuitable for the well-off clientele. Ensuring quality presupposes that appropriate training is provided and thus that there are qualified personnel in this field, which is far from being the case. Finally, faced with the saturation of the usual markets, the exploration of new commercial niches is also a priority. The areas of tourism (in certain zones), services or the restaurant and catering trade are probably potential niches, either by door-to-door sales or in partnership with enterprises: an experiment is in progress in the town of Cuddalore with the NGO BLESS.

Much has been said about the exclusion of the poorest, but it is seen that other categories of potential clients are also excluded. Parveen Mamhud, in her article on Bangladesh, thus mentions the situation of the "missing middle", that is, those who are too "rich" to be eligible for microfinance services, but nevertheless are insufficiently solvent to request a bank credit. The very large MFIs, in particular BRAC, have already provided for a long time business development services in most of the sectors (poultry, livestock, fisheries, agriculture, forestry and sericulture). Other organizations, smaller and less known, systematically link financial services, training and marketing. For example, TMSS, the headquarters of which is in Bogra, has created several cooperatives, some of which export their products, in particular in the area of handicrafts. More recently, new experiments have seen the light of day, supported by a World Bank programme, and aim precisely at supporting the "missing middle", a few examples of which are given in the article by Parveen Mamhud. Those new microfinance programmes distinguish themselves from the previous one by higher credit amounts, an individual approach and, above all, a linkage with business development services. The author nevertheless advocates a consolidation and expansion of this type of initiative, as well as a strengthening of state intervention on both the local and national levels. Arun Raste, based on an Indian example, also mentions several experiments that are taking place. Apart from the classic business development services, he describes experiments in business clusters and fair trade. He arrives at the same conclusion that was reached in the preceding text, namely, that these experiments are at present marginal and do not fully answer to the extent of demand.

Before it is the turn of the authors, let us underscore the fact that, whatever the efficacy of microfinance and non-financial services, the existence of a favourable macroeconomic environment suitable to individual entrepreneurship, as well as to the existence of a *demand*, also remains an indispensable condition.

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