Microaccountability and biopolitics: Microfinance in a Sri Lankan village

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ABSTRACT

Based on a micro-level study of microfinance, this paper explores how basic accounting technologies and interpersonal accountability are used to make lending to poor village women profitable and low risk. We argue that "microaccountability," our term for the structuring and formalization of convivial relationships into a capillary system of accountability, must be recognized as a central tool of social governance under neoliberalism. Our field research in Sri Lanka allows us to analyse how microaccountability is employed by for-profit banks to create from poor villagers a legion of bankable individual entrepreneurs, trained to invigilate each other's savings and credit behaviours. Using the theoretical lens of biopolitics, we show how microaccountability enables the extension of the finance industry into untapped sectors of the global population.

Key words: microaccountability, biopolitics, microfinance, neoliberalism, Sri Lanka

1. INTRODUCTION

<< Insert Figure 1 >>

The women in the photograph on the left of Figure 1 are the recipients of microloans in Parakatawella, in the Kandy district of Sri Lanka. They are the "poor enterprising clients" – to use the phrase we heard frequently in our fieldwork – of Isuru Sanwardana Society, a regional microfinance development bank. They are organized as a "self-help group," the grassroots operational unit of the bank, and are attending a regular group meeting to discuss their individual and collective financial situations. Discussions centre on the cashbook shown in the other picture, maintained by the group's treasurer, and the accounting records that individual members of the group maintain for themselves. These women had been, and remain, in convivial kinship networks as relatives, close friends and neighbours, and these relationships are the basis of their self-help group. In their traditional relationships, they shared cultural rituals for working and saving together.

Now, gathered into formal groups and monitored through their prescribed accounting records, they are being disciplined to construct themselves as microentrepreneurs. With this new economic identity, they contribute to the global financial system, while paying much higher interest rates than other borrowers.

Drawing on detailed field data gathered over four years, this paper examines how microfinance, as a system of accounting and accountability, reconfigures the convivial relations of such women into financial relations. We argue that microfinance rests on the reproduction of women's lives into a system of what we are calling *microaccountability*, where accountability for saving and borrowing has been diffused into the small daily interactions of one individual woman with another, transforming such interactions into a system of self-surveillance and self-monitoring that harnesses them to global capital.

The question of how accounting and accountability are implicated in the construction of the individual has been a prominent theme in accounting literature, particularly in research drawing on Foucault's analysis of governmentality (1979, 1984a, 1984b, 1991, 2003a, 2003b). Seminal works in this literature explored the notion of accounting as a disciplinary technology (Hopper & Macintosh, 1993; Hoskin & Macve, 1986; Knights & Collinson, 1987; Miller & O'Leary, 1987). This has resulted in a focus within Foucauldian accounting literature on governmental and corporate settings congruent with disciplinary enclosures, such as factories, boarding schools, and military academies. Much less attention has been paid to accounting beyond such enclosures (Martinez, 2011). Following Martinez (2011), this article examines the roles of accounting in post-disciplinary "society of control" (Deleuze, 1992). That is, we explore how accounting technologies are being used as both disciplinary and biopolitical tools in contemporary neoliberalism, to govern populations in ways that extend economic production beyond the factory into the lives of individuals and the global economy into

every region of the planet. We thus connect existing accounting research on the disciplinary formation of the individual to the biopolitical transformations of populations occurring today under neoliberal reforms.

Our analysis highlights three interrelated processes by which local Sri Lankan villages are integrated into the global financial system as sites of microfinance. The first process uses selected individual villagers to animate microfinance projects at the local level, encouraging entrepreneurial activity and financial risk-taking by local women. The second corporatizes the traditional village, transforming it into a productive hierarchical structure for the management of savings and credit, with the women's self-help groups at the base. The third uses these structures to enforce compulsory savings and invigilate loans through the assembly of a biopolitical account of the women's activities, which is used for mutual monitoring and for reporting to the bank. Together, these three processes ensure that individual women conform to the required norms of depositing, financial risk-taking, borrowing and repaying, in order to become "bankable" people, producing a new way of village life in a credit-driven market economy.

Our paper builds on prior studies of accountability (Kosmala & McKernan, 2011; Kosmala MacLullich, 2003; Messner, 2009; Roberts, 1991). We contribute to this literature by showing how, in post-disciplinary society, accounting technologies are used to permeate everyday life (Walker, 2008, p. 454; 2016, p. 47) and formalize existing interpersonal accountability relationships. Our study parallels in some important respects the work of O'Leary (2017), whose study of rural development programs in India sheds light on the "downward" accountability of NGOs to their beneficiaries. However, where the NGOs examined by O'Leary adopted a rights-based approach to their work, and used small groups to promote self-determination amongst their beneficiaries, the microfinance institutions in our study use small groups to improve the savings rates

and loan repayment rates of individual borrowers. They seek to do this by promoting the accountability of group members to each other for their financial behaviour. We argue that the resulting mechanism of microaccountability is fundamental to the production of the neoliberal self at the margins of the global economy, and to the monetization of traditional rural life.

To help us understand these processes in the context of a neoliberal society that has greatly changed since Foucault produced his analysis of biopolitics in the late 1970s, we draw, in Section 2, on social theorists who have extended his work. These include Deleuze (1992), who sees post-disciplinary society as a society of control, and Hardt and Negri (2000), who see the integrated global economy of today as a postmodern "Empire." In Section 3, we describe the methodologies of our field research. In Section 4, we analyse our data to identify the three interrelated processes mentioned above, by which village life is transformed economically and politically. In Section 5, we discuss the implications of our study for accounting research. Section 6 concludes the paper by connecting our insights on microfinance and microaccountability to a broader interpretation of contemporary neoliberalism.

2. THEORETICAL FRAMING

As mentioned above, we use the term *microaccountability* to denote what we observed in our field research, that accountability for repayment of microfinance loans is not a binary relationship between a borrower and lender, but has been diffused into the network of small daily interactions of women. This diffusion happens through a deliberate process of arranging and mobilizing the interpersonal accountability relationships that exist between family members and neighbours, to ensure that borrowers maintain correct financial discipline. To facilitate our examination of the

relationship between microaccountability and the self in global neoliberalism, we bring together three academic literatures. The first is about accountability, which establishes a base from which we can theorize microaccountability. The second is about biopolitics, which helps us understand how society is governed through technologies for the production of life. The third is about postmodern modes of production in the global economy, which provides us with specific analytical tools for understanding recent developments in microfinance. We pull these three streams of literature together in a fourth subsection to define microaccountability as a technology of global production.

2.1. Accountability

Opening the debate on local and moral circumstances of accountability, Roberts (1990, 1991; see also Roberts & Scapens, 1985) contrasted hierarchical and social forms of accountability within the organization. Roberts argued that hierarchical forms of accountability construct the self in a way that emphasizes one's solitary and isolated character (Roberts, 1990, p. 356). However, he also recognized the socializing effect of accountability on the self, and the tensions and interdependencies between the formal and informal, and between individualising and socializing forms of accountability. Within such tensions, possibilities of accountability emerge for organizational members to understand the interdependence of their actions.

Messner (2009) extends the work of Roberts by incorporating insights from other accountability theorists. Drawing on Shearer (2002), Messner asserts that accountability begins with the other, rather than the self, inasmuch as our ontological self-understanding is formed in regard to our obligations to others. He notes the important distinction Roberts (1991) makes between hierarchical and socializing responsibility, emphasizing the value of informal face-to-face accountability to others, absent any prescribed rules and formats for providing accounts, and absent as well the large

differences in power and the "rush to a specific result" (Messner, 2009, p. 922) that characterize formal accounting. Drawing on McKernan and Kosmala MacLullich (2004), Messner notes the importance of non-rational aspects of communication, including emotion and affection, in the act of rendering an informal account to others.

Pulling these sources together, Messner (2009, p. 923) argues for the importance of a pragmatic rather than an idealistic approach to accountability. Specifically, he argues that an overemphasis on the *demands* of the other for an account neglects the possibility that there may be ethically appropriate limits to *providing* an account. To explore these limits, he draws on Butler (2005). Based on Butler's insights into giving accounts to others, Messner argues that the rendering of an account is always limited by our ability to know ourselves and to communicate that knowledge. Thus, while we need some kind of agreement about what constitutes an account, that very agreement can distance us from the account; the discursive structure of an acceptable form of account creates a gap between what we know and what we can say.

Messner argues that the ethical gap arising between the demand for accountability and the ability to provide an account can be reduced by limiting the number of others to whom a party is held to account, as is done in financial accounting standards; by aligning the interests of the responsible party and those who demand and account; and by eliminating the extent of required accounts by having both parties participate in decision making. Our study examines an attempt to overcome the limits of accountability differently, by embedding the provision of accounts within the lives of local women, organized into microborrowing groups that are themselves embedded within a new hierarchical village system that connects the women to the global financial system.

2.2. Biopolitics and neoliberalism

We see this reorganization of village women into an efficient yet "natural" financial machine as the extension of neoliberalism to the poor. Foucault (2008, pp. 216-217), in his much cited 1979 lectures, argued that neoliberalism represents an extension of economic rationalism into areas of life that have not previously been considered in economic terms (p. 219). The fundamental epistemological break in neoliberalism compared to prior economic thinking is its reconceptualization of labour, whereby the labourer who had been considered an object or cost is now considered a subject who makes rational choices (p. 223). The individual worker, regarded as an enterprise, as *homo œconomicus*, an entrepreneur of himself, is posited as the source of his own earnings (pp. 225-226).

Munro (2012) provides a useful summary of Foucault's distinction between disciplinary and neoliberal governance (see Table 1). The operating principle of neoliberalism is the circulation of capital. Neoliberal governance consists of a collection of mechanisms and rationalities for organizing populations to enable capital to circulate. Subjectivity shifts from self-discipline to entrepreneurialism. The labourer becomes oriented towards competition as an individual in the market.

<< Insert Table 1 >>

This reconceptualization of labour under neoliberalism is what allows the extension of market thinking into formerly non-market policy areas (Foucault, 2008, p. 240), such as poverty reduction. This way of thinking ignores structural causes of poverty and recasts the problem in individual terms. The paradox we encounter in our fieldwork is that this hyper-individualized logical model, founded ostensibly on the principle of

competition, only works in practice if a way can be found to take advantage of existing convivial social relationships.

However, it is not enough to use these relationships as they are found. To get the rural labourer to adopt entrepreneurial thinking and behaviours, it is also necessary to reorganize the social relationships in which she is embedded, to make them prescriptive, directive and purposeful. This requires that the technologies deployed into this field, including the arrangements for accountability, must *produce* life, not merely measure it or reflect it. This is, for Foucault, one of the features of biopolitics that distinguishes it from the disciplinary society: the disciplinary society is about the production of self-disciplined individuals whereas biopolitics is about the production of life. Foucault described this in terms of centripetal and centrifugal forces. Discipline concentrates and encloses, while the biopolitical apparatuses of security that support neoliberal governance are expansionary, pushing market logic to the ends of the earth (Foucault, 2007). In neoliberal biopolitics, the boundaries of the workplace and other institutions are transcended, and the production of the entrepreneurial individual is integrated into all aspects of life.

2.3. Postmodern modes of production

Hardt and Negri (2000) argue that this extension of economic thinking into individual lives and into all areas of society has reached a point where it also transcends political and conceptual boundaries, permeating and producing all areas of life, such that "the economic, the political, and the cultural increasingly overlap and invest one another" (p. xiii). They argue that the global order has bypassed the national state to become "Empire," an unbounded society founded on the biopolitical production of social reality. Drawing on Foucault, they suggest that we have passed from a disciplinary society to a global version of what Deleuze (1992) called a "society of control" (see also Martinez,

2011). Disciplinary society works "through a diffuse network of *dispositifs* or apparatuses that produce and regulate customs, habits, and productive practices" (Hardt & Negri, 2000, p. 23). In contrast, the society of control operates more immanently, through the "brains and bodies of the citizens" (p. 23). Governance thus moves from networks of apparatuses and institutions to flexible networks of people.

This means that power in the society of control is about the production of life itself. It is power enacted through the individual in relation to others, a radical intensification of discipline (p. 24). The society of control operates through capillary action, diffusing power down to the level of the individual. This individualizes and neutralizes resistance and absorbs it into culture, a central moment of control that achieves "maximum plurality and uncontainable singularization" (p. 25). Every individual is an exception. This is consistent with the atomization of labour and the reframing of the individual worker as an entrepreneur of him or herself, a neoliberal commonplace today that brings Foucault's insights of 1979 to full fruition.

Hardt and Negri (p. 27) claim that Foucault, despite his identification and analysis of biopower, operated through an institutionalist framework and thus failed to grasp the dynamics of production in biopower. They argue that in the new mode of production, labour is immersed in the social. A new theory of subjectivity is needed, they say, that "operates primarily through knowledge, communication and language" (p. 29). Hardt and Negri set out to develop such a theory by focusing on three distinct aspects of immaterial labour: communicative labour through information networks, interactive labour of symbolic analysis and problem solving, and the production and manipulation of affects in the body. In our case study, we emphasize the first of these aspects, the enlisting of village women in an information network through the formation of small self-help groups.

Hardt and Negri (pp. 43-44) suggest that the present global order, Empire, avoids some of the cruelty of modern power while increasing the potential for liberation. However, they dismiss the opposition between the global and the local frequently adopted by critical scholars. They argue that the global order both produces and feeds off difference. That is, Empire grows not through the production of homogeneity but through the production of local differences. This is important for our understanding of the role of local communities in microfinance. The individual and the local are not barriers to profit, they drive profit. This is postmodern logic operating in the field of financial capital. Corporations harness difference not by excluding the Other but by incorporating the Other. The poor have been the one constant in history, the always excluded Other, argue Hardt and Negri. Yet the poor are distinguished by their "indispensable presence" in the production of wealth (p. 157). This is why they are central to the global order, not simply marginalized. They have a productive function. Though excluded from wealth, they are integral to its production.

2.4. Microaccountability and global capital

The arguments of Hardt and Negri can seem at times overstated. Nonetheless, they do provide us with a provocative starting point for addressing our research questions on the production of the accountable self in a post-disciplinary society. We contend that, just as the processes of global economic production now diffuse throughout society down to the level of the individual in everyday life, so the accountability that integrates this system diffuses down to the level of the individual in everyday life. Our observations at the local level in Sri Lankan microfinance show that existing interpersonal accountability relationships are deliberately arranged and mobilized to create an effective apparatus of microaccountability. We will argue, in the analysis and discussion below, that the

microaccountability of one individual to others is crucial to the postmodern production of wealth by the poor, by which we mean the enlisting of the poor in the service of capital.

Our analysis will also show that microaccountability simultaneously embeds both disciplinary and biopolitical apparatuses of governance. Though operating outside panoptical disciplinary enclosures, it effectively creates an system in which individual conduct is put under perpetual surveillance via social networks. At the same time, microaccountability performs accounting to connect the individual to larger schemas of financial engineering, under social rubrics such as poverty alleviation and rural development. This serves to legitimize the monetization of the poor.

The notion of microaccountability helps us to understand how microfinance functions as a tool for the administration of today's global society. As Hardt and Negri (pp. 339-343) explain, the global system for the production of life depends on creating and managing new mechanisms for segmenting the population, in order to exploit difference and control the resulting separate social forces. In the past, in what Foucault called a disciplinary society, this was a rational problem amenable to engineering solutions. However, in the network mode of administration that operates today, managing difference is a fractal problem, that is, one that requires increasingly more local solutions. Indeed, the consent of the governed is achieved through local effectiveness, not through universal principles. This is why it is important to understand microfinance not as a tool for economic development but as a tool for governance, and to recognize how it operates through microaccountability, which depends intimately on the local. Our case study of Sri Lankan microfinance has therefore been organized and conducted to explore local phenomena.

3. DATA AND METHODOLOGY

The primary source of data for this paper is our fieldwork in three villages in Sri Lanka, where a great variety of development projects have been attempted, each with implications for the forms and practices of accounting, accountability and governance (Alawattage & Wickramasinghe, 2008; Alawattage, Wickramasinghe, & Tennakoon, 2014). The villages we studied are amongst many recently subjected to development through microfinance. They were selected for our study because of the deep network of local contacts two of the authors have there.

As summarised in Table 2, we conducted 71 hours of initial fieldwork, including interviews with 49 respondents. This fieldwork took place between February and August in 2013, in July 2014, and in December 2014. As the table indicates, we approached a variety of respondents, including central bank officers, regional bank officers, microfinance animators, women microborrowers and their family members, and a local academic. We also reflected on secondary sources available in the public domain, starting in January 2013, and reviewed a comprehensive set of documents collected from the microfinance actors and their offices, including each type of form and report used by the microfinance institutions at the local and regional levels.

<< Insert Table 2 >>

This first phase of our fieldwork also included 15 direct observations at the local level, comprising nine small group meetings and six microbusiness visits, conducted in August 2013, July 2014, and December 2014. While our visits covered three villages, in our analysis we consistently highlight one of the three villages, Parakatawella, from which our most detailed data was collected, in order to make our study as concrete as possible. Our observation of a specially arranged group meeting in Parakatawella, held at

the house of a borrowing-group member, focused on how the cashbook was used for their microfinance activities. The researcher attending this meeting took photographs of account books and related documents, and talked to several attendees individually after the meeting. Details from other regular group meetings were confirmed at this meeting. Following these conversations, the same researcher visited microbusinesses run by members, also summarised in Table 2. Later, follow-up Skype calls with the officers and telephone calls with the women were used to clarify details. Data was electronically (and manually in some instances) recorded and subsequently transcribed.

After an initial round of reviews at this journal, we decided to return to Parakatawella for a second phase of fieldwork, in order to conduct additional interviews with the women in one of the microborrowing groups we had visited earlier. This enabled us to focus the paper more closely on the lives and experiences of these women, and to fill in various gaps in our initial analysis identified by the reviewers. The additional interviews were conducted in 2016 and 2017.

The above data collection efforts conformed to our research methodology, which drew upon a post-positivistic, reflexive epistemology (Alvesson & Sköldberg, 2009; Chua, 1986; Tomkins & Groves, 1983). We wanted to allow the subjective constructions of actors' views to be seen, and to allow inductive inferences of meanings to be made from the participants' own subjective and qualitative interpretations of their experience, in the light of our theoretical framework.

4. BIOPOLITICAL ANALYSIS OF COMMERCIAL MICROFINANCE IN SRI LANKA

4.1. Background: Traditional Village Financial Practices

Prior to the advent of microfinance, financial practices in rural Sri Lanka were confined to monetary flows within the village itself, with no recourse to the formal

banking sector. A prominent traditional social schema of saving, lending and borrowing, the *ciettu* system, facilitated the pooling of savings amongst villagers. Groups of a dozen people were the traditional size that allowed each ciettu to run for a calendar year. Each member was required to contribute a specific but equal monthly amount (say Rs 2000) to a monthly cash pot. This pot would be available to an individual participant to use for certain socially accepted needs, such as paying for a family wedding or buying schoolbooks for one's children. The rotation for taking the monthly cash pot would be decided according to two different ciettu systems: a "draw cieittu" decided by a random draw, which was nevertheless subject to modification due to special circumstances like an upcoming wedding, and an "auction ciettu" where the monthly pot would be put up for bid. The latter was more popular among businessmen than women. The ciettu system for pooling and exchanging money paralleled the traditional system for pooling and exchanging women's labour. Traditionally, women would gather together to work:

> Our parents were all poor but they worked together to earn together. Mostly, they worked in paddy fields as a collective gang or "aththan." For example, during [the period of planting], my mother used to take several jobs [contracts to plant for owners of paddy fields]…. For doing these jobs, she has a gang of 10 to 15 women in the village. They are all neighbours and relatives. All these women also did the same thing by using the same women for each other's job contracts with other landlords. That means every individual woman works for 10 to 15 women's work [gangs] during a period of three months or so. When I was young, I also joined them to work. It was enjoyable. Everybody worked together, sang together, and ate together. Everybody must work free for each other. And, the women who has the contract with the landlord gets money for the job. (Interviewee 11, Microfinance Borrower)

The women would take turns working for each other on a project that paid one woman, knowing that the gift of labour would eventually be returned. The women would also work in teams to make clothing for sharing amongst the participants. These are the convivial work patterns disrupted by microfinance, which draws on vestiges of the comradery and teamwork that characterized traditional work.

In addition to the ciettu savings tradition, there was also a traditional system of lending in place. Local wealthy businessmen and women would offer loans to villagers in need of emergency cash, often at a very high interest rate (similar to the rates now charged by microfinance lenders).[1] Because of the high interest rate and the coercive means employed to recover such loans, these were "last resort" loans for the villagers.

Our fieldwork revealed that these traditional systems are still in existence, but are being partially supplanted by microfinance programs. We learned that the ciettu remains more popular than the coercive local lending system, at least in Parakatawella and the other two villages we visited. Other informal loan arrangements also exist amongst family members and friends, but the ciettu is the traditional system closest in form to the microfinance arrangements we observed.

4.2. Microfinance and the construction of the bankable person

The global neoliberal agenda arrived in Sri Lanka in mid 1970s when President J. R. Jayawardena declared an "open economic policy" (Chowdary, 2005). The liberal welfare state was to be replaced by a market system where open global economic competition was presumed to be the appropriate strategy for rapid development. Programmes of 'structural transformation' directed by the World Bank, the International Monetary Fund and other global financial institutions were embraced. The government privatized public enterprises on a large scale and liberalized trade and finance. By the 1980s, this neoliberal movement had penetrated the urban economy, but not the rural masses. However, as a "decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers" (Hardt & Negri,

[1] Microfinance promoters in Sri Lankan banks consistently justified the high interest rates applied to microfinance loans by benchmarking against the rates of these traditional village lenders, rather than against the lower rates the bank applied to its larger business loans.

2000, p. xii), post-industrial neoliberalism eventually expanded into the uncharted decision-making milieus of rural poverty. The vehicle for this was microfinance (Ramani, 2005).

Unlike countries where microfinance has arguably emerged as a grassroots practice (Dixon, Ritchie, & Siwale, 2006), in Sri Lanka microfinance was a development project promoted by international development agencies. In interviews with central and regional bank officials, we learned that initial funding came mainly from the World Bank, the International Fund for Agricultural Development (IFAD), and the Japan International Corporation Agency (JICA) as project loans to the Sri Lankan government. Funding was then delivered to the "qualifying poor" through a market driven institutional arrangement, which a Central Bank official explained as follows:

> Now if you take the JICA project, JICA provided a loan to the Sri Lankan Government, … to the government Treasury, not to the Central Bank. … The rate JICA charged was 0.67% per annum. Then the Treasury hand that to the Central Bank as a loan charging 4%, … because it is the government who bear the exchange rate risk and that 4% is mainly to offset that risk. Then the Central Bank, as the banker to the banks, provided refinancing loans to commercial banks and regional rural development banks. We charged them 4.5%; 0.5% is to cover our administrative costs. In that project, the commercial banks and development banks have charged around 12% interest per annum from the people…. This 12% per annum is not bad at all compared to the rate that the loan sharks charge from the poor people. (Interviewee 1, Central Bank Officer)

Contrary to this statement, our fieldwork revealed that interest rates on microfinance loans today in Parakatawella exceed 26% per annum, far in excess of the 12% figure cited here. Driven by these high rates, the microfinance market has grown substantially and has now become profitable for many financial institutions. Our interviewees told us that every commercial bank, every regional development bank, and many NGOs now offer microfinance credit schemes. In Parakatawella alone there are eight institutions providing microfinance loans.

It must also be noted that although the Central Bank was instrumental in launching microfinance in Sri Lanka, microfinance is now largely self-funding. As will be described in detail below, microfinance loans are only made to borrowers once they have demonstrated their ability to save, by making small regular deposits in a bank account. The cumulative effect of these savings is significant. According to available data for 2012, total savings in the 14 Sri Lankan microfinance institutions specializing in microfinance was US$ 583 million, while total credit was US$ 632 million.[2] Thus, 92% of microfinance loans in these institutions are financed from the microsavings of the rural villagers themselves. The savings accounts pay interest at 6% per annum, while microfinance loans we observed charged 2% per month, which compounds to 26.8% per annum.[3]

We observed at least three approaches to microfinance in Sri Lankan villages, distinguished by their debt collection practices: private banks, "barefoot" banking, and banking provided by cooperatives and development organizations. Microfinance through private banks relies on male collection agents, riding motorcycles and garbed in leather jackets, boots, and helmet. These police-like bank agents show up unannounced and walk straight to the microbusiness's cash drawer, count out the money required to make the weekly loan payment, co-sign a piece of paper with the female business owner, and then leave abruptly. One of the authors observed how the woman stood apart from the collector, with her arms crossed, clearly perturbed and threatened by his presence.

[2] These data, extracted from Microfinance Information Exchange (www.mixmarket.org), only include specialised microfinance institutions operating in Sri Lanka. Hence, they exclude commercial banks and other finance companies, as well as the government-led "Gemidiriya" programme. Therefore these figures understate the overall size of Sri Lankan microfinance, which continues to grow rapidly. According to data provided by one of our respondents in a major Sri Lankan financial institution, their aggregate microfinance lending expanded 19.2% from 2016 to 2017.

[3] According to a survey by GTZ (German Development Corporation) in 2009, microfinance interest rates varied from 6% to 36%. However, 6% rate was limited to subsidized credit lines offered by the Central Bank after the 2004 tsunami. For context, the annual inflation rate in Sri Lanka averaged 6.17% from 2009 to 2013, down from the double-digit inflation experienced from 2005 to 2008 (World Bank, 2015).

Photographs of the encounter are shown in Figure 2. It is uncertain how the presence of the researcher, with his camera, affected the behaviours.

<< Insert Figure 2 >>

The second approach to microfinance, so-called "barefoot" banking, does not rely on such overt displays of sovereign power. The approach is more congenial. A local man walks from business to business. He stops at each business on a weekly basis, just as the motorcycle rider does but without the threatening presence. Collection encounters are supportive and friendly.

The third approach, which was our focus in Parakatawella, is practiced by cooperative and development banks. It replaces the sovereign power of the motorcycle rider and the moral suasion of the barefoot collector with the immaterial labour of women. That is, it relies on relationships between borrowers and a hierarchical structure of village groups to inculcate financial discipline, as we will describe.

As our analysis below shows, this form of microfinance positions the so-called "poor villager" as the teleological object and the subject upon whom biopower is exercised to produce the bankable person. This is in fact the explicit aim of the microfinance program we studied. The bankable person is one who has demonstrated financial self-discipline and self-government, specifically the abilities to save, borrow and repay. This transformation is achieved via three empirically specific mechanisms: (1) animation of microfinance projects, (2) corporatizing the village, and (3) assembling biopolitical accounts.

4.2.1. Animating Microfinance

We begin with the survey form shown in the Appendix. This form defines a particular actor, the field officer, commonly known as the *animator*,[4] who takes these survey forms and other evaluation forms from house to house. The animator uses these forms to collect baseline information about the local population, including demographic and employment information, housing conditions, debt and savings levels, ownership of material goods, and access to land. While conducting this survey, he takes the opportunity to begin to "animate" village women to get involved in microfinance projects.[5]

The animator is the active agent who, together with the forms and tools that he carries, transforms the micropractices of "poor villagers" to align with the macro policies of the Sri Lankan state. As one microfinance manager explained:

> Each animator is assigned to a particular village or set of potential beneficiaries and then those villagers or beneficiaries become his responsibility. He has to take care of them … I mean teach them, motivate them, help them and make sure that they do things properly. He should be a well committed person for the wellbeing of those poor people and he should have, you know, a feel of their poverty. He has to be exemplary and a good role model. He should make sure that he is in command and that people listen to him and follow him. That means he should be a really good leader and we give him the required training and education to manage and monitor those people. We conduct various leadership workshops as well to make him a leader.… Indeed, it is him who does almost everything down there in the villages … and he is the one who makes people join our programmes and follow our instructions and guidelines. That's why we call him the animator. (Interviewee 2, District Coordinating Officer)

As noted above, village women in rural Sri Lanka have traditionally gathered in small kinship groups to work together informally and to pool their cash. This ciettu system, organized primarily around blood relationships and close personal friendships, became the target of animators for the formation of small microborrowing groups. The

[4] The English word "animator" is used in Sinhalese conversation.

[5] The animator role corresponds in many respects to that of the Mobile Job Trainer in O'Leary's study of NGOs operating amongst the poor in rural India (O'Leary, 2017, p. 28, fn. 5).

animators convince groups of women to abandon the traditional mechanism for pooling and distributing money and adopt the formal savings and lending systems described in detail below. These systems are contingent on the women also abandoning their traditional shared work patterns and instead forming individual (or nuclear family-based) enterprises that sell products into the local market for cash. This has changed the women's relationships:

> Now, "aththan" [collective shared work] is less popular because time is different. Women are now attracted to MF projects. Everybody thinks that more money could be earned by doing small businesses through MF…. I tell you something, when I am in the group, my friend is just a group member. Banks wants her name as a group member…. This means that we are group members only for books. We keep our friendships [separate from the group]. (Interviewee 11, Microfinance Borrower)

> As I said sir, we are working hard and we working for our own families. Groups are there for us to consider as a safeguard for securing a loan. Nothing else. We are working for own individual needs, individual lives. In the past, when we were not linked to any outsider such as a bank, we were somewhat collective and much more collaborative. Now, everybody is busy working for their loans, to pay the next week's instalment back. This is highly personal though we are linked to groups. As we all know each other, we cannot shoulder any responsibility to pay my loan, for example. Instead, we pay by ourselves and we work for ourselves. That means people are now so much thinking of their own circumstances, unlike in the past. (Interviewee 12, Microfinance Borrower)

The collective labour of past has thus been individualized and turned from gift to exchange.[6] And yet, the collective nature of relationships has been harnessed in the groups organized by the animator. Kinship and friendship are still the fundamental social ties upon which self-help groups are formed. The primary function of these groups, as we will discuss in detail below, is to reinforce financial discipline by mutual monitoring, encouragement, and collective guarantee. Microfinance in Sri Lanka thus involves not

[6] We did hear from the women that they would sometimes pitch in at each other's businesses, but not as an organized group effort. It only occurred when individuals happened to drop in on each other from time to time.

simply the introduction of new financial and accounting technologies, but the use of these technologies to monetize existing social arrangements while simultaneously individualizing labour.

The success of an animator depends simultaneously on his ability to connect closely with the rural villagers and on his position as a representative of the bank:

> They [the villagers] listen to me, they of course have to, because I am not just telling them nonsense that I myself invented. I teach them what I have learnt from those well-educated gentlemen in the Central Bank. They have a better knowledge of these things than any of us here. (Interviewee 6, Animator)

> Mr [name of the animator] is the one who helps us in all aspects. His service is indeed immense and we will not be able to do these things without his help. He teaches us many things, many things from how to fill forms, keep books, write reports, and after all without him we will not be able to take the loan. … He attends our meeting, encourage us, and also help resolve problems among our women. … We even don't have to go to the bank to pay our interests, he does that for us. … He is a nice good man more than happy to help us and indeed we really appreciate what he does (Interviewee 12, Microfinance Borrower).

The animator integrates with the self-help group as the one who brings the knowledge from, and connections to, the political system of national development. He also works as trainer, supervisor, and monitor on behalf of the bank, operating by and large in a pastoral way, embedding disciplinary practices through encouragement and care. The animator is thus the agential body placed between, and connecting, the two interrelated dimensions of neoliberal governmentality: the disciplinary apparatus for working on the anatomo-politics of the body of the poor and the biopolitical apparatus for managing the population of the poor. The capacity of animators to fulfill these functions is constructed upon (1) their subjectivity as social agents committed to and accountable for the betterment of the lives of his/her community members, (2) their knowledge of the managerial technologies they carry to the poor, (3) their convivial

connection to the poor and knowledge of their relations, whereabouts, behaviours, and habits, and (4) their affiliation with institutional apparatuses projected towards the poor.

The subtle combination of these four attributes makes the animator the fulcrum of microaccountability. The animator's job as a bank employee[7] is to align the village with the profit motive of the bank and the development agenda set by international development agencies and the Central Bank. In this sense, the animator is a "development worker" (as opposed to a social worker), and a privatized one at that. The neoliberal governance regime exercises its biopower through animators equipped with biopolitical and disciplinary tools, such as baseline survey sheets, instruction manuals, loan application forms, receipt books, and assessment forms, each serving specific purposes (see Table 3). The animators, together with their tools, are the medium through which the neoliberal Empire maintains its gaze upon, and fosters the individualization of, the rural population, while also serving as the fulcrum by which microfinance institutions leverage profits from its "poor enterprising clients."

<< Insert Table 3 >>

Examples of microbusinesses established by microfinance loans in Parakatawella include a dairy farm, a recycling business, and a brassware moulding business. In interviews, these borrowers spoke glowingly about the effects of microfinance on their lives. The dairy farmer owns a few goats from which she collects milk. She used her microloan to purchase technology to seal milk bottles and to add different flavours to milk. The woman commented that she would never have been able to do this without the

[7] Animators can be employed by commercial banks and other lending institutions, including NGOs, on permanent or temporary employment contracts. They can also be contracted by the Central Bank for the duration of a particular microfinance project. Most of animators employed by commercial banks and NGOs were originally employed and trained by the Central Bank.

support of microfinance. Her husband is employed selling the products in the market, while their children get an undisrupted education, she said. In the recycling business, the borrower used her microloan to purchase equipment to produce ashtrays from scrap aluminium. The borrower's husband is employed to operate the equipment. The woman is happy that her husband provides labor and that the business has helped them to educate their daughter, who has just graduated with a business degree. The business has also enabled them to partly build their "dream" house. The woman involved in the other microloan used it to establish a business that produces traditional brass household ornaments and distributes them through established retail outlets. The woman said she has benefitted greatly from the loan and from the collective labour of her husband and two sons. She remarked, "I cannot forget ever how mahaththaya [the "gentleman", referring to the animator] motivated us to start this journey." Although it is not clear that these comments can be taken completely at face value, in that they may have been influenced by the context of describing their experiences to a male professor visiting the village from abroad, it does seem incontrovertible that the microloans had a significant effect on the labour practices of these families, and a substantive effect on the educational opportunities of the children.

These businesses provide ancillary benefits for families as well, through their impact on the husbands. One woman told us:

> My husband has been an alcoholic. He earned daily from [his job at] a garage. When I started getting money from the bank, I said to him to work for me…. So, he has less time and money for drinking daily…. My husband is now serious about [our daughter's] future also. He is much responsible now. (Interviewee 13, Microfinance Borrower)

Her husband added:

> Yes, this is correct. I now have realised the importance of this business and the money to be kept for our daughter's marriage…. Also, X [his friend with whom he drank] can't find time to get together for a drink. His wife is also

> getting him to more work at home now in their bakery business. (Interviewee 14, Husband of Microfinance Borrower)

Each of the borrowers is a member of one of the small groups organized by an animator. For financial institutions offering microfinance credit, these small groups are simultaneously a major source of their liquidity, as noted above, and a social mechanism to mitigate default risk. Peer pressure, which is especially intense in these groups due to the concentration of familial relations, is mobilised not only to promote individual and group savings but also to ensure the recovery of microfinance loans. This is made explicit in a report by M-CRIL, a microfinance rating agency, in their risk assessment report on Sarvodaya SEEDS, a leading microfinance provider:

> SEEDS should aim to generate greater peer pressure within societies for ensuring loan repayments. A thrust on group level interaction through regular meetings, entrusting responsibility for collecting and depositing member savings and repayments and recovering arrears from group savings to the group leader are some of the steps which could be considered. (M-CRIL, 2002)

Accordingly, the self-help group is a disciplinary space, built on existing village relationships. In this space, individuals are subjected to the continuous gaze of the neoliberal development state, operating not just through the animators but also through family members and friends, who are themselves implicated through a surety agreement described below. For the bank, default risk is mitigated by spreading it amongst the group members. As one Central Bank employee commented, "If they can't or are not willing to take that risk for their group members, how can they be entrepreneurs?" (Interviewee 5, Microfinance Trainer).

In addition to the fostering of mutual monitoring amongst group members, direct efforts are made by the banks and the government to change the habitus of the individual group members, to get them to think in economic terms. Community training and education play a significant role (cf. Walker, 2014, p. 223 on the educative role of

accounting in rural rehabilitation in the US in the 1930s). Compulsory learning sessions build financial discipline. As a microfinance manager told us:

> [T]he best thing perhaps in this microfinance is not simply lending to the poor but cultivating saving habit [*sic*] and a banking culture among the poor…. [W]e managed to do this with lots of efforts that included forming self-help groups as well as teaching them the importance of good financial disciplines. It is glad to see these poor people now know how to carefully think of their income and set aside at least a very small amount as regular savings. (Interviewee 4, District Coordinating Officer)

"Teaching" here refers to the compulsory workshops that each group member attends at village training centres. These workshops deliver standard training modules designed by the GTZ, ILO and the World Bank. They include preliminary sessions that highlight "financial disciplines and saving habits," followed by advanced sessions of "SIYB" (Start and Improve Your Own Business), "KAB" (Know About Business), "Value Chain Development" and also "SCORE" (Sustaining Competitive and Responsible Enterprises) modules.[8]

These modules are intended to formalize the practices of the women as entrepreneurs, through the inculcation of basic and generic business thinking. As one training manager stated, the courses:

> … perhaps seem a bit too much for these villagers sometimes, especially if you think of the types of businesses they are doing. They are just running a small chicken farm or a vegetable garden. Sometimes they just need a microfinance loan to buy a three-wheeler or a motorbike to deliver their product to the market in the town or to buy a fishing boat. They are of course not inventing a new business but just want some financial help to do what they were doing bit better. Key issues for them perhaps is not learning how to do a proper set of accounts and business management basics but finding a market and good price for their products, which has always been the trouble and they are always in the receiving end when you think of the market competition, nothing but to sell their products so cheap. But it is also necessary [for] them to follow all those courses believing that they would help them. Perhaps they may for some. At least, I reckon, these sessions make them feel the importance

[8] These financial education modules build upon a high degree of basic literacy. The literacy rate in Sri Lanka is 91.2% (UNICEF, 2015).

> of going to the bank every week … On the other hand, you should not expect a very direct impact from these learning modules as they are not teaching you how to do your specific business. (Interviewee 7, Microfinance Training Manager)

We found in our interviews with local women that their microbusinesses were not simply "what they were doing" already, because under microfinance, their labour practices changed from a sharing economy (described previously) to an exchange economy. This transformation of labour goes hand in hand with the transformation of habitus through financial education and the rituals of the group meetings. The result, in the words of a bank official responsible for the design and regulation of microfinance projects, is the creation of a "bankable person":

> … starting from an un-bankable person, we transform him (*sic*) into a bankable person, that's what we [the microfinance institutions] do. (Interviewee 1, Central Bank Officer)

This transformation is noted by the women borrowers, too:

> In the past, people were not that active because they had no instalment to pay in a day or so. Now, we are all active in our businesses and think of profits very seriously and save cash for next payments. In other words, people are very much business minded and earn more than before. (Interviewee 12, Microfinance Borrower)

The notion of "bankability" here comprises not only one's capacity to save and borrow and make loan payments, but also the acculturated capacity to maintain a prescribed set of accounting records. As Foucault (2008) pointed out, this sort of transformative intervention to render the individual body docile yet productive is a distinctive feature of neoliberal governmentality, which simultaneously transforms culture to inculcate values of entrepreneurship and human capital. In the next section, we discuss the diffuse structures, processes and biopolitical technologies that are applied at the village level to facilitate this individual transformation.

4.2.2. Corporatizing the Village

Embedded within the logic of microfinance is a paradox: the very pathological trait of the poor (that is, their poverty) that attracts the attention of microfinance programs is the one that renders them not "creditworthy" and hence not bankable. The Sri Lankan solution to this paradox has been to construct a disciplinary apparatus to mitigate the credit risk. Through this disciplinary apparatus, the necessary social and cultural (but not necessarily economic) capital of poor individuals is constructed to operate as "collateral" for the loans they will receive.

Regarding the involvement of the state in microfinance, Yunus and Jolis (2001, p. 214) claim that "government, as we know it today, should pull out of most things except for law enforcement and justice, national defense and foreign policy, and let the private sector, a Grameenized private sector, a social-consciousness-driven private sector, take over their other functions." In sharp contrast to this liberal ideal, the Sri Lanka government plays an interventionist role. The Ministry of Finance leads the government's flagship rural development programme, the Gemidiriya ("Village Strength"), aimed at reconfiguring villages into corporate forms suited to the needs of microcredit. The project appraisal document, written by the Ministry of Economic Development in conjunction with the World Bank, says:

> The objective … is to build a sustainable village-based savings and credit system that will expand opportunities for income generation for people who do not currently have access to loans from formal financial institutions and to enhance their access to formal financial institutions as their businesses prosper. This sub-component will assist setting up of a Village Savings and Credit Organization (VSCO) which all villagers will join. … There will be specialized institutional arrangements … consisting of Small Groups (SGs), Cluster Committees (CCs) and Village Savings and Credit Committee (VSCC) … Critical to the success of this … are: (i) the development of strong VOs [Village Organizations] whose members have a deep sense of ownership and a vision for long-term sustainability; (ii) a governance structure that empowers the members; (iii) transparent guidelines for fund management; and (iv) a reliable accounting and loan tracking system. In order to maximize prospects

> for long-term sustainability, the project will develop detailed policies and procedures adapted from the VSHLI [Village Self-Help Learning Initiative] model, an accounting and loan tracking system that the villagers can manage themselves and provide extensive high-quality training to communities. (World Bank, 2004)

In the above passage, the Sri Lankan government sets out the institutional structures within which "poor enterprising clients" become and are maintained as bankable. To this end, the state intervenes into peripheral villages, inserting accounting technologies like the "VSHLI" (the system based on the cashbook shown in Figure 1) and corporatizing the village itself by imposing a new hierarchical structure. This structure we represent graphically in Figure 3.

<< Insert Figure 3 >>

At the very bottom of this hierarchical order are the self-help groups organized by the animators. In the previous section, we looked at how these groups function at the micro level. Here we look at how they serve the purpose of restructuring the village. Corresponding to our field observations and interview data, the Ministry of Economic Development's project appraisal document summarises the 'official' character of the borrowing groups as:

> … small groups of 5-7 members with similar interests and economic situations. These groups will self-select their members, save together and mutually guarantee each other's loans. Each group will decide upon a weekly savings amount based on the savings capabilities of group members. Interest will be paid on these savings based on the interest rate paid by the bank where the funds are held and taking into account of expenses incurred in managing the account. After saving for three months, members will be eligible for loans. The other members of the small group will appraise their loan applications, as they are in a good position to know the capabilities and economic opportunities of individual members. (World Bank, 2004)

This small group is a key building block in corporatizing the villages and the "insertion point" of villagers into the machinery of microfinance. Group membership is

defined and governed by a constitution predesigned for such groups by the project officers (see Figure 4).

<< Insert Figure 4 >>

The constitution has both discursive and punitive elements of discipline built into it. Discursively, it sets out the noble aims of growth and development and the potential capacity of villagers to make a positive contribution, individually and collectively, towards the nation's development goals. Hence, it carries certain ideological apparatuses of a 'development state' and ties the individual interests to the collective interests of the nation. It offers a taken-for-granted instrumentality of savings and credit for economic prosperity and development. It reconfigures existing kinship relations into a set of relations for production, oriented towards financial savings and borrowing. Punitively, the constitution sets out the penalties for deviant behaviour; for example, financial fines for non-attendance for group meetings and training sessions, and for not maintaining the required accounts of their economic activities. Most importantly, active engagement in these group activities is necessary to ensure one's eligibility for microfinance loans. Power in microfinance thus operates at the level of the individual body through formalized group membership.

Each small group is a "village society" run by elected officers: president, secretary and treasurer. The treasurer keeps the cashbook, recording all receipts of membership fees and loan repayments, and all payments including loans and expenses. Apart from the accounting activity that the cashbook directs to the periodical preparation of final accounts, it is the cashbook itself that serves as part of the "milieu" in which people make decisions (Foucault, 2008). These decisions are based on conversations and discussions during meetings that centre on the cashbook, establishing its discursive significance by

mobilizing the numbers it contains and connecting them to past behaviours and future possibilities. This gives the cashbook a significance that extends beyond the meetings:

> Now, we keep transactions in cashbook. We look at the past transaction to see how we do the things. We use them when discussing the matters with family members. … I know how to keep a cashbook. And, I know how we read and use them for daily purposes. Last week, I wanted to think about the next month's repayment. I got the cashbook and made an observation about possible savings based on previous months receipts and payments. (Interviewee 13, Microfinance Borrower)

Thus, the discussion of the cashbook at meetings guides group members "towards economically and socially desirable behaviours" (Munro, 2012, p. 348). The cashbook-inspired behaviour is of paramount importance, as the treasurer of a self-help group described:

> We have a book to talk about our daily affairs. I present the figures in the cashbook at our regular meetings and use the same for answering the questions. Some come to know what others did in the weeks before and compare the things with each other and assess how everybody grows. (Interviewee 8, Small Group Treasurer)

In addition to these performative economic rituals around cashbook figures, members talk about underlying social factors bearing on their economic experience:

> We then know who is performing better and who is not and why. This could be a family matter such as child's educational need or teen-aged daughter's big-day ceremony or the rise of raw material prices. We all share these good and bad things. (Interviewee 8, Small Group Treasurer)

Even though the neoliberal expectation is that individuals will act according to market principles, the above quote shows that decisions within the group are made not purely in the economic terms of the cashbook, but also in terms of social relations ("family," "child," "daughter," "we all") and cultural dynamics ("big-day ceremony," which is a point of passage for youth), which also help form the "decision-making milieu" (Munro, 2012, p. 349). In this sense, the neoliberal self being produced in microfinance is "someone who accepts reality" (Foucault, 2008, p. 269) and "who responds

systematically to the modifications in the variables of the environment" (Foucault, 2008, p. 270). Thus, microaccountability within the group, enacted around the cashbook, manifests the adjusted realities and the requisite responses without which microfinance is untenable. Microfinance, as a quintessential individualizing neoliberal tool of governance, depends deeply and paradoxically on the social connectedness of one villager to another.

This social connectedness is further harnessed in Sri Lankan microfinance by assembling the small groups into larger village structures, as shown in Figure 3. The small groups are gathered into clusters, where the groups are represented by one or two of their members. The various clusters come together in the Village Savings and Credit Organization, which all the village borrowers belong to. "The Village Saving and Credit Organization is just like a big business, like a big company," said one woman (Interviewee 12, Microfinance Borrower). The village organization itself participates at the district level through various committees for savings and credit, finance, and auditing, as well as boards of directors, as shown in the figure.

Thus, the immaterial labour of the individual borrowers at the level of the small group, in monitoring and encouraging each other, is assembled into hierarchical form to enable the biopolitical governance of the village.

4.2.3. Assembling Biopolitical Accounts

Along with these village governance structures, a form of accounting has been created for Sri Lankan microfinance projects. It involves the construction of various accounts that make the financial performance of the women villagers, both individual and aggregated, visible at the micro and macro levels.

At the micro level, savings performance is measured in terms of the regularity of an individual's deposits and the amount deposited. Each member is expected to deposit at

least an agreed-upon weekly amount (so-called "compulsory savings") to demonstrate the acquisition of saving habits. For this purpose, each woman is given a "savings passbook" in which the animator records every deposit she makes. The individual keeps this passbook as a record in which she can see her own progress and demonstrate it to others.

The animator also records the deposit in the group savings account on the woman's behalf. Each month, the monthly balance and cash flows from the collective group account are read aloud in the group meeting and reconciled with the individual passbook entries. This draws attention to individual behaviours but also makes visible the group's collective behaviour.

Individuals, if they wish, can also make contributions over the agreed upon amount (so-called "voluntary savings"). We witnessed these extra savings being applauded and hailed as "above average performance."

No member can withdraw her deposited money (this is not the same as taking a loan) during the first year of her savings. Any withdrawals by a member after that must be agreed upon by all members of the group.

An individual's savings behaviours are taken into account in the approval process when they eventually apply for a microfinance loans. In addition, a loan application is approved if and only if other group members are willing to sign a "surety agreement." This means, clearly, that loans cannot be obtained without belonging to a group. The loan amount is not specifically conditioned on the amount the individual has saved. Rather, the woman's membership in the group, its willingness to sign a surety agreement for her loan, and her own demonstration of regular savings behaviour for a minimum of three months, together constitute the cultural collateral for the loan.

Once a loan is approved, an individual loan account is set up to record loan repayments. As with the individual and group savings accounts, the individual loan account is used to monitor and display to the group the continued financial discipline of the borrower. The success of any further loan applications will depend upon the regularity of entries in this account.

The heart of microaccountability, in this context, is that one's savings and borrowing behaviours are made visible within the group. When asked if the relationships between women had become competitive because they could all see who was saving most or repaying on time, a woman said:

> They are not competitive. Nothing to compete. Instead, they are struggling. Everybody has a loan payment if they in the group. They meet and talk. Talk in the regular microfinance meeting. We discuss the problems. But, we are not collective for payments. Individuals must take the responsibility. Last week, [name of friend] wants me to help her payment. I said I can't. Because I cannot think of this with all my payment commitments. I said to her I will try to help her next month – just to keep the relationship. In the microfinance meeting, we all share these personal troubles but nobody cannot help. We have to help ourselves. (Interviewee 11, Microfinance Borrower)

The woman understands that she is subject to scrutiny by her friends, relatives, and neighbours. She also reveals that the bonds that formerly led women to work for each other for free have, to an extent, been severed. The women are no longer able to help each other in times of need. They make promises to help that they know they cannot keep, in order to maintain their friendships.

The solidarity of women is not without some effectiveness:

> Recently, one of our group members was short of money. We collectively talked to the collector and got a two-day extension without any extra payment. She was scared to talk to him personally but me and another joined her to solve this. Later, she made the payment promptly. (Interviewee 16, Microfinance Borrower)

This shows that the women, together, are not entirely passive in the face of pressure from microfinance institutions. However, it also shows that their collective agency serves

the needs of those institutions well, in that the woman's loan payment was eventually made.

The women's difficulty in maintaining regular loan payments is compounded by the fact that they often juggle multiple loans. While we never saw it acknowledged in the brochures and reports of microfinance institutions, the women are typically clients of several institutions at once:

> Prices are so high. Our wants are so high…. We have relations but we do have to pay more attention [to loans] than other things as the loan collector is definitely coming next Wednesday and another on Sunday and another on Monday…. This is why I said in a way this is a trap. (Interviewee 12, Microfinance Borrower)

The woman reveals that she is struggling to make payments on at least three loans, and feels trapped by microfinance instead of liberated. Other women indicated that they sometimes use their business loan proceeds for personal needs, and even borrow from one institution just to make payments on a loan at another:

> When I faced the problem of finding money for my daughter's education, I used some from my microfinance money. My husband encouraged me to do this. Then, my husband and I worked harder to find this money. Our bakery business developed with that hope. Husband not only baked the things without anybody's help (other than me), but also he delivered around this village and the one next to us. So, we managed somehow to pay the money [back]. Our own labour helped a lot unlike in the past because of the responsibility we must pay the loans. One problem though was that we had to get another two loans to pay the other loans. I am not sure what is going to happen but we feel that we have taken care of ourselves better than before. (Interviewee 13, Microfinance Borrower)

The effects of microfinance proclaimed by enthusiasts like Yunus and Jolis (2001) are thus revealed to be somewhat mixed: although the women told us of now being able to afford books and education for their children, or improvements to their homes, they have become enmeshed in a web of debt that they cannot escape.

Our observation of group meetings suggested that the reading of accounts and narrations of behaviours was somewhat ceremonial, even quasi-religious.[9] Each woman is called to account formally and ritualistically in the meetings, in front of family and friends. This calling to account echoes beyond the group meeting:

> One of my relatives comes and visits me on and off, almost once a week, and asks about my daughter's education and my bakery business. She also asks me whether I can pay the loans on time…. If bank gentlemen come and say to us that there is a possibility of difficulty in [someone] paying loans, then we get angry and urge her to do something about it because we cannot think of paying on her behalf at all…. This happened only once to my relative. She then did not visit us for a while as my husband scolded her but it lasts only a week or so. Children come and make us friendly again. (Interviewee 13, Microfinance Borrower)

As this quotation indicates, when a borrower encounters a fellow group member in everyday life, she recognizes her not just as family member or friend but as a person for whom she has signed a surety agreement. This imposes an economic character on traditional social relations, and an emotional and social character on economic accountability (Kosmala & McKernan, 2011; Messner, 2009; Roberts, 1991). However, the transformation of relationships is not complete:

> In a way, we have a same feeling like in the case of ciettu. We trust each other and we all have a responsibility make the payment. Our relations are more than business. They are our neighbours, relatives or intimate friends. We share a lot of things – meals, tools and equipment, firewood, labour, and happiness and sadness, etc. Whatever we do, they know. Whatever we do they ask about them. That is exactly our life. (Interviewee 12, Microfinance Borrower)

Indeed, in some ways the microborrowing group practices have intensified social relationships:

> We used to keep problems to ourselves. We used to tolerate. Instead, we [now] talk about the problems. Yesterday, my neighbour came and talked to me about her husband's behaviour [drunkenness] which causes her loan

[9] Compare this to the role of morning ceremonies in linking ideological control and management control systems at a religiously-affiliated medical NGO in India, in Kraus, Kennergren, and von Unge (2017).

> payment problems. But she did not ask me to help. She comes and talks. That's it. It is a relief for her as well. I do the same with her when I face similar problems. (Interviewee 16, Microfinance Borrower)

Because of the intensity of these relationships, the accounting at the micro level need not be technically complex in order to be powerful. Individuals and groups must ensure that their accounts portray their financial discipline in order to reassure family and friends, and also so that they can be considered bankable and worthy of receiving further credit. Of course, similar accounts exist in lending arrangements outside of microfinance regimes, but they are not normally visible to other parties. They are private information used by the individual and her bank. In the microfinance accountability regime of Sri Lanka, however, such accounts are open to the scrutiny of the small group. They are also visible to other levels of the village's institutional arrangements, such as the Saving and Credit Subcommittee (see Figure 3).

The savings and loan accounts are supplemented in small group and village subcommittee discussions by other accounting information, such as business plans and budgets that must accompany each loan application. Villagers are taught how to produce these, and how to maintain a simple set of accounts for their own businesses, consisting of a cash book and an expense and income record. The simplicity of these accounts is instrumental in effecting the desired behavioural changes.[10] Together, the accounts provide sufficient detail for villagers to measure their profit on a cash basis. More than an assessment of profit, however, these recordkeeping practices have a disciplinary impact upon the villagers. As one of the villagers commented:

> It is not a big thing, just writing down every payment I do and all money I receive properly in couple of school exercise books. But they tell me where have all my money gone. At the end of the day, it helps me to keep an eye on my spending so that I can make sure I have enough to put in the bank. … Only

[10]Compare Carlsson-Wall, Kraus, Lund, and Sjögren (2016) on the use of simple accounting metaphors in fostering organizational change.

> thing is that you have to keep all your bills and receipts with you unless you may forget the amounts and date, and also you need to spend half an hour or so everyday sorting out these things. (Interviewee 10, Microfinance Borrower)

Though simple, these accounts, when coupled with the discursive apparatuses of groups and animators, have a significant disciplinary impact. They provide the villagers with a mirror through which they can now reflect daily upon their life activities and capacities in terms that link their life choices to their cash flows. Daily life activities are now seen as expenditure categories that need to be managed in order to ensure the timely and regular payment of compulsory savings and loan installments.

However, the effects of this discipline are not limited to the production of conformity and financial habitus. The women are conscious of their own agency and power in their relationship with the microfinance industry:

> We now have realised how to live without someone's help. We have come to know that we ourselves are the mighty power in gaining advantages of these programmes and government help. Their help is not useful if we have not prepared to get them. We cannot get them if we have not been determined to organise ourselves. (Interviewee 13, Microfinance Borrower)

Taken together, the accounts that individuals and groups maintain and that animators and other local officers monitor, operate to concentrate and focus the gaze on village lives. This encloses individuals in a disciplinary "space without walls," constructed from group membership, group meetings, the loan scheme, the woman's relationship with a specific animator, and attendance at training programmes. And yet, the women sense their own power and purpose within these immaterial structures.

At the macro level, accounting connects these enclosed, regimented and yet empowered bodies to the larger schemes for managing the population. We do not wish to elaborate too much on this because it would take our focus away from the village women. However, it is important to note that the women's accounting does have broader

socioeconomic implications. At this level, their aggregated accounts feed the biopolitical technologies that assess the microfinance industry as a whole, and its institutions. Here, the focus is on the assessment of microfinance as a strategy for managing the pathology of poverty in the population as a whole. In practical terms, this includes the collection and upward processing of data, to compile accounts of how each microfinance programme is progressing. These are aimed at a political readership and constitute an element of wider political suasion. In this mode, accounting demonstrates and legitimates microfinance as an efficient policy framework for rural development.

This accounting draws on animators' monthly reports, constructed from the various group and individual record books and group meeting minutes. It also draws on individual loan applications that include business plans and budget forms. At the village level, a picture is constructed of savings behaviour, business activity, lending patterns, and loan recovery data.

These accounts are also compiled using the survey tools and information sheets filled out by the animators. Data are aggregated at the village, regional and national levels. The aggregated accounts and narratives include photo and video evidence of village projects and programmes. Examples are provided in Figure 5.

<< Insert Figure 5 >>

These accounts are published in annual reports, special reports, web sites and newsletters of various development corporations, such as the World Bank, the Asian Development Bank, and international NGOs. They circulate as well amongst governmental institutions and departments, such as the Central Bank and the Ministry of Economic Development. The accounts thus feed the institutional apparatuses that manage poverty in the population.

4.3. Resume

The above analysis has shown how the repurposing of traditional forms, such as the ciettu system, has been accomplished in order to make microfinance in Sri Lanka possible. This has been done through the activities of the animator, who identifies and gathers women to form borrowing groups, guides them to make regular savings deposit, and connects them to microfinance loans that reshape their traditional economic activities into microenterprises. We have seen how the village itself is transformed and harnessed to the needs of the microfinance industry by the installation of hierarchical organizational elements, including boards and committees. We have seen how the individual, within the small group environment, is subjected to a disciplinary gaze that renders her savings and borrowing behaviours discussable at the micro level. Finally, we have seen how the individual and small group accounting data is aggregated and assembled into biopolitical accounts that circulate amongst the government and transnational institutions governing microfinance.

In the following section, we draw specific inferences from this analysis in order to further develop the theorization adopted in Section 2.

5. DISCUSSION

At the outset of the paper, we underlined a stream of accounting research that addressed the question of how the individual self is constructed in accountable relationships, that is, those involving the demand for, and provision of, reasons for conduct (Kosmala & McKernan, 2011; Messner, 2009; Roberts, 1991; Roberts & Scapens, 1985). This literature inspired us to look at microfinance, initially, through a Foucauldian lens of disciplinary power. However, we soon came to realize that the mechanisms of accountability we were looking at were open, pervasive, and adaptable, and had little to

do with the kinds of regimented enclosures normally associated with disciplinary power, such as the factory or the prison. In accounting research, relatively little attention has been paid to how accountability is practised beyond disciplinary enclosures, according to Martinez (2011), who points to biopolitics (Foucault, 2008), societies of control (Deleuze, 1992), and "Empire" (Hardt & Negri, 2000) as appropriate theorizations for such a task.

By adopting these theorizations, our analysis has allowed us to begin to understand how disciplinary governance of individuals and biopolitical governance of populations come together in Sri Lankan microfinance to produce a capillary network of accounting and accountability that pervades everyday life, moving towards a society of control. Our empirics confirm what others have noted (e.g., Munro, 2012), that biopolitics does not mean the end of disciplinary technologies. Rather, we see in microfinance that disciplinary technologies have been deployed in association with biopolitical ones to produce a new form of village life, predicated on the neoliberal transformation of the individual into an entrepreneur of the self.

The key to this complex mode of governance, we are arguing, is what we have called microaccountability: the organization of small daily accountabilities, of one friend to another and one family member to another, into a flexible network of control. In the following discussion, we highlight how microaccountability is used in microfinance to bring together disciplinary power and biopolitical governance, extending neoliberal governance through the fabrication of a society of control.

5.1. Microfinance as Disciplinary Power

As a prototypical form of neoliberal governance, microfinance fashions a terrain for the production of the neoliberal self. This is the explicit aim of the microfinance model: the construction of the bankable person. The "poor enterprising client" is the body upon

which that power is ultimately focused; it is the body which, as a heterotopian mirror (Foucault & Miskowiec, 1986), reflects neoliberalism in action.

Microfinance uses accounting technologies to foster the self-examination at the heart of disciplinary power. Individual savings records must be maintained by the would-be microborrower. These become the mirror of the self for each village woman, while her group's cashbook puts her individual's savings behaviours into the context of group behaviours. Group meetings, where savings and credit behaviours are recited, provide the ritualized setting for the individual's self-disclosure and self-narration. In her accounting records, the woman must "decipher" herself (Foucault, 2003b, p. 146). In the public disclosure of these records, the woman must reconcile herself with the expectations and obligations of her peers, who must see her develop into a bankable person or face the prospect of repaying her debts for her.

Accounting records alone are thus insufficient in microfinance as a means of creating the bankable person. Group membership is crucial here. The self-help groups are where the requisite disciplines, attitudes, and behaviours – the habitus – of the bankable person are inculcated. Indeed, microfinance only becomes profitable through the reorganization of social relations and the exploitation of associated social norms. In wealthy societies, the cost of invigilating loans is often born by the lender, which employs professional finance experts, trained staff, and computer algorithms to assess risk and to identify deviations from the expected loan repayment patterns. In microfinance, however, the amount of each individual loan is so small that it is not profitable for the bank to hire an employee to monitor the loans. Instead, the villagers are put to work under a habitus of new financial behaviours, developed through explicit training and practice. Group members monitor each other and provide accounts to each other willingly because they and their family members and neighbours all depend on renewals

and extensions of their microloans. This microaccountability is not simply the capture of interpersonal accountability, but its reinforcement and amplification. The orchestration of the group meetings, with the ritual readings of accounts by the group treasurer, resembles a religious exercise that informs the shared beliefs of the group and makes deviation from those beliefs unthinkable. Regular visits by animators and loan officers ensure the continuing observation of these rituals.

The building of routines and habits through the practice of compulsory savings thus ritualizes the behaviours necessary for participation in the banking game. This is a game in the sense that borrowers come to learn certain rules and practices. Hence, one must sit and absorb the stories of the existing borrowers, learn the importance of adherence to the group's norms, and become a verified depositor, before obtaining any credit. The lender thereby ensures there is little risk to the bank in advancing credit, as each woman borrower has adopted all the necessary habits, beliefs, and rules of the game before receiving her loan.

This disciplinary practice is gendered as well. It is no coincidence that in Sri Lankan microfinance, the bank employees doing the lending and collecting tend to be men, while women do the borrowing and repaying. This gender division is silently pronounced, socially embedded and, in turn, unquestionable. In fact, the banks consider most village men to be unsuitable as borrowers, due in part to what the bank officials perceive as excessive alcohol consumption, something confirmed by our interviewees. Instead, village men provide material labour to the microenterprises run by their wives. Women are chosen as the targets of microfinance programs because theirs was a hidden form of labour in traditional society. The singular accomplishment of microfinance is arguably to have surfaced this hidden labour and monetized it, for this is what legitimizes microfinance and allows it to claim that it has fostered economic activity. However, the

less visible accomplishment is to have organized convivial social relations into a system of immaterial labour to invigilate loans and manage risk. Together, these accomplishments enable the banks to earn a profit from the now-disciplined poor.

5.2. Microfinance as Biopolitical Governance

Our analysis showed that establishing microfinance in Sri Lanka has also required intervention at the level of the population, through the collection of detailed demographic data and the restructuring of the village based on this data. The demographic data is used to assess whether the village is poor enough to be suitable for intervention through the technologies of microfinance. The task of collecting this data provides the animator with the opportunity to begin to foster microfinance discourse and to identify networks of existing relationships that can be organized into self-help groups. These groups are gathered, via a system of representatives, into clusters, which are themselves gathered together hierarchically to form the Village Savings and Credit Organization.

This biopolitical observation and restructuring of the population enables microfinance to penetrate the village, and facilitates the collection and circulation of aggregated loan data for analysis within national and transnational financial institutions. Hence microfinance is quintessentially biopolitical, in that it is a way of exercising power "over persons specifically in so far as they are thought of as living beings: a politics concerned with subjects as members of population, in which issues of individual … conduct intersect with issues of national policy and power" (Gordon, 1991, pp. 4-5).

The reorganization of labour practices and informal relations in this environment constitute microaccountability as a centrifugal force of the global financial market that permits the circulation of capital into heretofore unexploited regions and activities. Microfinance thus operates as a mechanism for producing knowledge and circulating capital, while penetrating and adapting the traditional social structures of the Sri Lankan

village. It is the paradox of microfinance that individual economic self-reliance can only be promoted through heavy dependence upon traditional social and family relationships.

It is because of these relationships that women in the self-help groups understand the interdependence of their actions, which Roberts (1991) says is what distinguishes social from hierarchical accountability. Interdependence is what makes microaccountability crucial to microfinance, for as Butler (2005) argues, self-understanding begins in relationship. The self-formation of the individual entrepreneur thus begins not with individual risk-taking, but with an obligation to others (see also Messner, 2009; Shearer, 2002). Microaccountability, instantiated through biopolitical reorganization of the population, brings the emotion and affection of interpersonal relationships into the act of providing an individual account.

The exploitation of these interpersonal relationships in microfinance is coupled with the use of explicit accounting mechanisms. We saw that the cashbook and bank account were embodied and enacted in regular group meetings, bringing each individual woman's financial behaviours into social context. These accounting records thus form the basis of a surveillance that connects the macro with the micro. As long as the individual records and the cashbook are simple enough for the village women to comprehend and use, despite their lack of preparedness for commercial banking, they permit the banks to penetrate the body politic of the village. By bringing accounting technologies into play socially, microaccountability thus fashions a neoliberal site within the village.

5.3. Microaccountability in the Society of Control

Although microaccountability acts as a centrifugal force for extending the global economic and financial markets, our analysis suggests that at the local level, this market remains perpetually incomplete. With regard to the poor becoming bankable, individual borrowers in Sri Lankan microfinance must remain borrowers, seemingly in perpetuity,

because the “enterprises” financed by microcredit typically have no potential to scale up. What little profit is earned is only (perhaps) sufficient to repay one loan in time for the borrower to take on another one. Indeed, we learned that some women take loans from one microfinance institution in order to pay their existing loans with another. While some microentrepreneurs do better than others, virtually no one graduates to commercial credit featuring material collateral and lower interest rates. Accordingly, the individuals are not entrepreneurs in the full sense, but perpetual entrepreneurs-in-waiting. This is consistent with the argument of Deleuze that “in the societies of control one is never finished anything” (1992, p. 5). Just as perpetual education has replaced the notion of fixed periods of school attendance, so perpetual borrowing has replaced the notion of paying off loans. The inability of the individual to transcend the bounds of the credit market is linked directly to her inability to transcend the bounds of the local market for goods.

In microfinance, therefore, material production is incidental and relatively unimportant, except for symbolic and rhetorical purposes. What matters is the circulation of productive surplus through the immaterial labour of the villagers. Hardt and Negri (2000) attribute these communicative, symbolic and affective elements of immaterial labour to post-Fordist developments in advanced manufacturing in global centres. However, our analysis shows that the immaterialization of labour goes a step further within the Global South. Microfinance immaterializes labour without the aid of high technology and advanced manufacturing. In doing this, it displaces and distributes the primary functions of capital, namely the management of production and the bearing of risk. In a microfinance regime, capital no longer purchases labour and translates it into labour power within a disciplinary settings such as a factory. Instead, capital distributes the job of raising and managing capital to the labourers themselves, in the guise of

entrepreneurship, so that poor villagers, who would otherwise labour outside the capitalist system or perhaps sell their material labour to capital for wages, now bear the financial risks of their own labour. Microfinance thus enables capital to earn a return for a risk it neither bears nor manages.

6. CONCLUSION

This paper has brought together literature on accountability, biopolitics, and postmodern production to provide an analysis and critique of microfinance. We have shown how accountability at the level of interpersonal relationships, *microaccountability*, has been harnessed to make microfinance profitable. Microaccountability brings emotion and affection into the act of rendering an account (Kosmala & McKernan, 2011; Messner, 2009), overcoming the limits of the bank's discursive structures for providing accounts (Butler, 2005; Messner, 2009; Roberts, 1991) while making invigilation of small loans cost effective.

Our case study has provided insight into the mechanisms by which economic rationalism penetrates everyday life under neoliberalism (Foucault, 2008). We saw how socio-economic technologies such as the baseline survey are combined with the personal interventions of the *animator*, in order to change the behaviours of villagers. We saw how corporate hierarchical structures are overlaid on traditional social networks in order to assemble the biopolitical accounts necessary to manage the population. Our examination has shown how accounting technologies embedded in microfinance serve as mechanisms for "'informal' social control, through the cultivation of group pressures on the individual to conform to norms of proficiency, organisational and familial goals and values" (Walker, 2016, p. 47), and, in particular, how such norms can be reconstructed and propagated using those accounting technologies.

We also saw how the immaterial labour of the poor is captured and monetized for the production of both life and profit, through a process that localizes the global features of neoliberal economic production. This exploitation of local differences permits each instance of microfinance to be tailored to the individual, integrating the poor into the global economy. This reinforces the understanding that the poor are an "indispensable presence" in the production of wealth (Hardt & Negri, 2000, p. 157). The adoption of economic behaviours and mentalities by the poor cannot be disentangled from their expressions of appreciation for the beneficial effects of microfinance; these are mutually constituting and make it impossible to argue that microfinance is only exploitative or only beneficial. We saw women who enjoy each other's company, spending time together. We saw them working to earn the resources to send their children to university and to build homes. However, we also encountered evidence of them working in greater isolation than they traditionally did, and moving from one bank loan to another, unable to get out of debt and unable to build their businesses beyond the limits of their family labour power.

Our analysis has demonstrated the centrality of microaccountability in the service of neoliberalism. Microaccountability is not just a quaint arrangement necessitated by the economic constraints of operating in poor villages in the Global South. The same use of social relations is made in wealthier societies, to harness microaccountability to the engine of production and to integrate the production of life into the production of wealth. The market capitalization of social media corporations makes this obvious. We would argue that social media generates enormous wealth for shareholders explicitly because it organizes and takes advantage of the microaccountability of the self to others.

Microfinance generates wealth because it similarly arranges and exploits the microaccountability of convivial relationships, and integrates immaterial labour with consumption. In the case of microfinance, the consumption that matters most is the

consumption of debt, not the consumption of goods and services produced by the village women. Microfinance has no more need to make its borrowers wealthy than Facebook has to make its users wealthy. It is simply a system to capture microaccountability and monetise it.

Our concept of microaccountability is useful for further research. It can help us understand how flexible networks are used to circulate global capital in variety of other spaces beyond the formal organization. Accounting researchers will find different milieus in which decisions are made through convivial relationships. In these distributed sites, they will need to theorise and examine unconventional forms of performance measurement, audit, risk management, and accounting. They will need to examine the use of biopolitical tools and how, in a society of control, labour is immaterialised and the individual continuously subjectivized as an entrepreneur of the self.

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APPENDIX:

Baseline Survey Form

Annex III

Baseline Data Collection Form – Poverty Alleviation Microfinance Project II-Revolving Fund Credit Scheme - (PAMP II RF) (Use separate sheet for each beneficiary)

Name of Field Officer: ..... **Region** ..... **District**..... **DS Division**.....

Name of PFI/PA: ..... **PFI Branch, which Accounts will be handled:**..... **NIC No**.....

Whether Beneficiary displaced and resettled: (Yes / No) **Telephone No (If any) :-** ..... ***Loan Purpose Code:**.....

Part I-Demographic, Socio Economic Conditions and Employment

*(Select relevant code from the list attached)

Serial No.	Name Of family members	Demographic and Socio Economic Characteristics											Employment			Skill		IGA	
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1																					
2		X	X										X	X						X	X
3		X	X										X	X						X	X
4		X	X										X	X						X	X
5		X	X										X	X						X	X
6		X	X										X	X						X	X
7		X	X										X	X						X	X

Code for Educational Attainment (Column12)
Grade 5 and below-1
Grade 6-10 2
Passed GCE (O) Level-3
Passed GCE (A) Level-4
Undergraduate-5
Graduate and above -6

Code for Skill or Experience (Column 19, 20)
Agriculture-1
Cottage Industry and other Industry-2
Trade-3
Services-4
Other-5

Sinhala-1
Tamil-2
Moor/Malay-3
Other-4

Annex IV Section A Page 1 of 4

Part II-Income, Housing Conditions and Borrowing

Name of Beneficiary---------- Beneficiary Registration Number ----------

1.	Income of Household (Monthly)	Rs
	Self Employment Activities	
1.	Agriculture	
2.	Small/Cottage Industry	
3.	Trade	
4.	Other	
	Total	
5.	Wage Income	
6.	Samurdhi	
7.	Pensions	
8.	Other Social Service Payments	
9.	Transfer Payments from Abroad	
10.	Other Domestic Transfers	
11.	Rent	
12.	Interest Income	
13.	Other	
	Total	

2. Housing Conditions

1. Ownership ☐

Own house-1, rent free-2 rented / leased -3, Other-4

2. Type of Floor ☐

Tiles/Terrazo-1, Cement-2, Wood-3, Clay/Cow Dung-4, Unprepared Earth-5, Other-6

3. Type of Roof ☐

Tiled-1, Asbestos – 2, Metal sheets – 3, thatched -4

4. Type of Walls

Mud-1, Cadjan 2, Planks/Metal 3, Bricks 4, Other-5

5. Availability of Latrines ☐

Separate -1, Common-2, No Latrine-3

6. Type of Latrine ☐

Waterseal-1, Pit-2, Other –3

7. Source of Water for Drinking ☐

Pipe borne-1, Own Well-2, Common Well-3, other - 4

8. Availability of Electricity ☐

Yes-1 No-2

3. Loans Outstanding (Beneficiary and Family Members)

Purpose (1)	Source (2)	Value (3) Rs.	Outstanding Amount as at Date (Rs.)
xxxxxxx	xxxxxxx	**Total -**	**Total -**

Purpose Codes: No Loans-0, Agriculture-1, Industry/Trade-2, Housing – 3, Consumption-4, Other –5

Source Codes: State Banks-1, Private Banks-2, Co-Ops/ NGOs-3, Friends & Relatives-4, Money lenders -5

Part III Savings Behaviour, Ownership of Land, Consumer Durables, Capital Goods and Livestock

1. Savings Behaviour

Do you or your family members save regularly? ☐
Yes 1, No 2
Do you or your family members hold savings accounts? ☐
Yes 1, No 2
Institutions in which you hold savings accounts ☐☐☐

Code RDB – 1 SEEDS-2, TCCS -3, Commercial Bank – 4, Other- 5

2. Ownership of Consumer Durables – (* Indicate Numbers)

	***Numbers**
1. Motor Bicycle	
2. Bicycle	
3. Sewing Machine	
4. Radio/Cassette Player	
5. TV	
6. DVD-Players	
7. Gas/Kerosene Cooker	
8. Land Phone	
9. Mobile Phone	
10. Refrigerator	

3. Ownership of Capital Goods and Livestock (* Indicate Numbers)

	***Numbers**
1. Water Pumps	
2. Sprayers	
3. Ploughs	
4. 2- Wheel Tractors	
5. Bullock Carts	
6. Poultry	
7. Cattle / Buffaloes	
8. Goats	
9. Other	

4. Availability and Utilization of Land – (Yes-1, No-2)

	Residential Property	**Agriculture and Income Generating Activities**	**Unutilized**	Extent (Perches)
Owned				
Leased/Rented				
Encroached				
Other				

Signature of Field Officer:

Date:

For the Use of PRO only

Received at the PRO by:

Date of Receipt:

Data fed into the Computer on:

FIGURE 1:

Rural women organized for microfinance, and their cashbook

Source: Photographs taken by authors

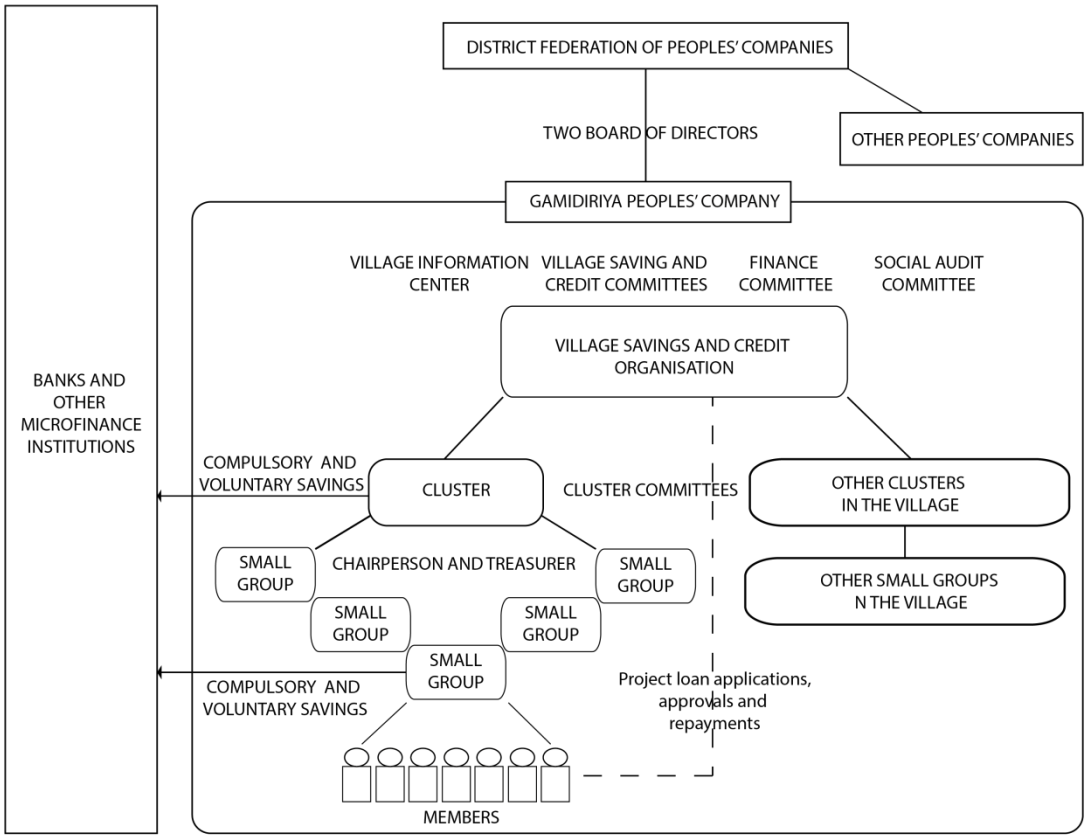
FIGURE 2:

Microfinance loan collection for a private bank

Source: Photographs taken by authors

FIGURE 3:

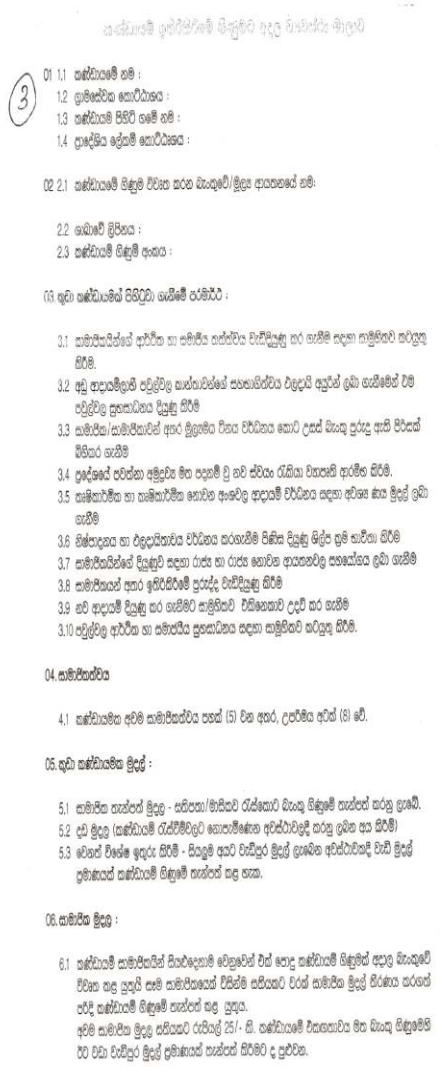
Microfinance village as a disciplinary structure



Source: Various conversations and documents from our field research

FIGURE 4:

Extract from the group constitution, page 1 (translation ours)



Group constitution pertaining to the saving account.

1.1. Name of the group:
1.2. Village administrative district:
1.3. Name of the village:
1.4. Provincial council district:

2 2.1 Bank/financial institution where the group's bank account is maintained:

2.2. Bank Branch address:
2.3 Group's bank account number:

3. Noble aims of the group

3.1. Working collectively for group members' social and economic development
3.2. Encouraging the participation of women in low income families in order to improve the welfare of those families
3.3. Developing the financial discipline among the members in order to make them citizens with good banking habits.
3.4. Opening up of new self-employment opportunities based on the local resources
3.5. Obtaining loans necessary to improve the income level of agricultural and non-agricultural sector
3.6. Use of modern technologies to improve the productivity and efficiency
3.7. Obtaining the help and service of government and non-governmental organisations for the development of the group.
3.8. Enhancement of savings habits among the members.
3.9. Helping each other to increase the income sources of the members.
3.10. Working collectively to enhance the family welfare of the group members.

4. Membership

4.1 The minimum and maximum membership of a group should be five (5) and eight (8) respectively.

5. Small group money matters

5.1 Members deposits: to be collected weekly/monthly and deposited in the bank account
5.2. Fine (the charges for non-attending the group meetings)
5.3 Other special savings: everybody can deposit any extra money when they have an extra income

6. Membership fee

6.1 For all members in the group, there should be one group bank account. Every member should deposit the agreed membership fee weekly in the group bank account.
The minimum membership fee is Rs25/-. With the agreement of the group, any amount more than this can be deposited in the bank account.

FIGURE 5:

Examples of development accounts and narratives

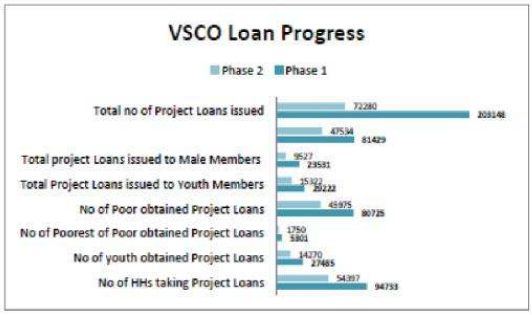


Figure 7 : Progress of VSCO loan program with Phase wise (cumulative)

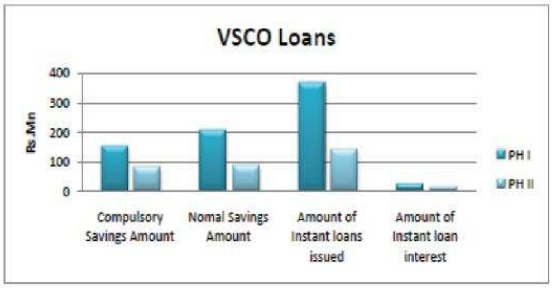


Figure 8: VSCO Loan Progress – Ph I & II

Table 3 : No of VOs accessed Institutional Development Fund

Phase	Project Target	Installment Wise Progress			Cumulative Financial Performance Rs.Mn		
		1st	2nd	3rd	Target	Progress	%
I	991	991	979	479	598.29	515.75	86.2%
II	997	997	331	61	539.97	285.73	52.05%

Table 16 Summary of Appraisal Process – 2012

District	No of Files received for Appraisal	No of Files Appraised	No of Files Re-appraised	Re-appraisal Rate
Badulla	716	593	113	19%
Kegalle	1046	1025	55	5%
Moneragala	291	246	41	17%
Polonnaruwa	481	436	53	12%
Nuwaraeliya	358	345	39	11%
Ratnapura	995	963	118	12%
Hambantota	478	443	85	19%
Total	4365	4051	504	12%

World Bank Country Director for Sri Lanka & Maldives visit Ratnapura District, Sabaragamuwa Province – November 2012

The community empowerment is clearly seen on the ground of *Gamaneguma* Villages as observed by the Country Director for Sri Lanka & Maldives, Ms. Diarietou Gaye, on her visit to Thalavitiya Egoda and Adavikanda Guruluwana villages in the Ratnapura District.

Country Director of World Bank visiting Thalavitiya Egoda Village Kuruwita

Country Director of the World Bank, Ms. Diarietou Guye inspect the spice products of the village community

The entire village of Adavikanda Gurulawana, the Chairman and Staff of Kuruwita PS was joyful; for they had completed the Inter connectivity Road Development Project as planned. The Chairman PS proudly described how it was achieved, with strength, courage and confidence that forced the community and it made them utilize the full potential of community empowerment to their collective advantage. As a result new market linkages have developed to sell their products with minimum burden at a higher price; increasing their income and social recognition.

Source: Gemidiriya Annual Report 2012, various pages.

TABLE 1:

Comparison of disciplinary and neoliberal governance

	Disciplinary	Neoliberalism
Organization	Enclosed sites for the organization of bodies	Flexible networks for the circulation of capital
Level	The individual	The population
Interventions	Hierarchical surveillance, exercise, confession	Performance measurement, auditing, quasi-markets
Normalization	Discourses on abnormality	Statistical norms
Subjectification	Self-discipline	Entrepreneur of oneself

Source: Adapted from Munro (2012, p. 351)

TABLE 2:
Fieldwork summary

Interviewees	Role	People	Mode	Purpose	Duration	Dates
Central Bank officers	Manage microfinance (MF) projects	4	In person and Skype	To discuss how MF programs work	14 hours over 9 meetings	February-August 2013, July 2014, December 2014
Retired Central Bank Assistant Governor	Introduced MF to Sri Lanka; developed institutional regulations and training materials	1	Skype	To discuss aims and mechanisms of MF	2 hours	July 2013
Local academic	Researched above initiative	1	In person	To discuss aims and mechanisms of MF	2 hours	August 2013
Bank officers from regional development bank	Oversee MF services	4	In person and Skype	To understand details of MF activities	20 hours over 12 meetings	July-August 2013, July 2014, December 2014
Former and current MF animators	MF field officers; one now runs a MF training institute sub-contracted to Central Bank	4	In person and Skype	To understand their role, activities, and influence on MF implementation	7 hours over 5 meetings	February-August 2013, July 2014, December 2014
Women in MF activities	MF borrowers	18	In person; follow-up by phone	Focus group meetings, plus visits to homes and businesses, to understand how their lives are embedded in microfinance	26 hours over 15 occasions, plus 4 phone conversations	August 2013, July 2014, December 2014
Husbands of above women	Provide labour and moral support	7	In person	To understand other MF roles and effects	With the women mentioned above	
Other family members of above women, including children	Indirectly involved in MF	10	In person	To understand other MF effects	With the women mentioned above	
Total		**49**			**71 hours**	

Observations	Methods	Dates
6 society meetings; 9 home and business visits	Interviews, conversations, and close observations of business activities	August 2013, July 2014, December 2014
Supplementary interviews	Individual and group interviews, in person	May 2016, March 2017

TABLE 3:

Biopolitical tools used in Sri Lankan microfinance

Tool	Purpose	Animator's Involvement	Disciplinary Effects	Biopolitical Effects
Baseline survey sheets	To gather basic data about villagers' poverty level so that their eligibility for MF services can be determined	Goes to village, speaks to people, investigates lives, assesses level of poverty	First evaluative gaze of MF, establishes animator as expert	Animator manages the entire village by the data collected
Instruction manuals	To guide the villagers on how to live a "better life" (e.g., importance of drinking warm water)	Gathers villagers into a meeting place, explains contents of manuals	Villagers begin mutual surveillance, are led to think differently about their life style and cultural habits	Manuals provide initial criteria for measuring effectiveness and efficiency of lives
Course manuals	To teach villagers about MF services, self-management, empowerment, record-keeping and group discipline	Circulates manuals to the villagers, plans training sessions, explains what villagers need to focus on	Teaches villagers to create and keep records of their behaviour	Organizes villagers into "self-help" groups
Loan applications and approval forms	To engender financial hope and entrepreneurial thinking amongst the villagers	Circulates forms, helps villagers fill out forms, reports progress of applications back to villagers	Teaches villagers to subject themselves to scrutiny and to seek approval	Categorises villagers as loan applicants, loan receivers and trustworthy customers
Receipt books for debt collection	To record and acknowledge the collection of a payment	Explains the importance of keeping book safe, publicizes correct loan repayment behaviours to the group	Connects individual financial capability to habit of loan repayment	Categorises villagers according to their capacity to repay
Assessment and feedback forms	To evaluate financial and entrepreneurial performance of villagers	Circulates the forms, interviews individuals, helps them fill out forms	Reinforces importance of correct financial behaviours through measurement, visibility to group, and reporting to MF institution	Compares villagers according to their performance, permits control and management of populations for profit-making purposes

Source: Interviews with villagers, animators and MF officials