

2° European Summer School on Social Economy
University Residential Centre of Bertinoro
18-23 July, 2011

Muhammad Yunus and the Grameen Bank

Simone Ferriani

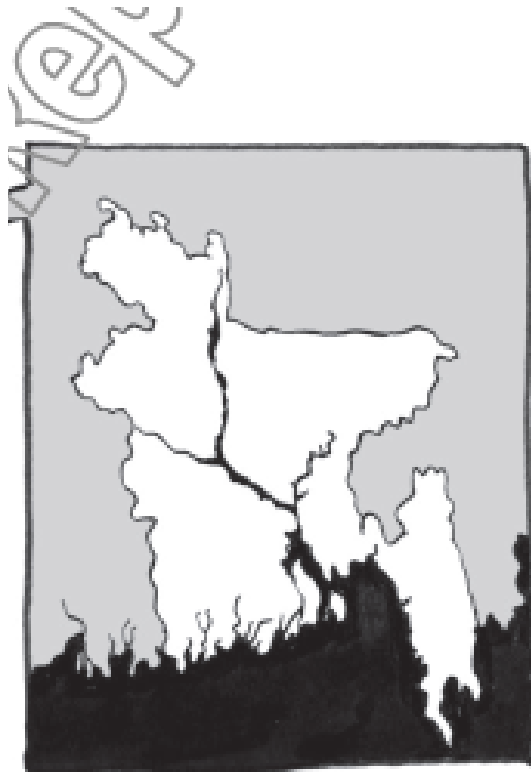
Dipartimento di Scienze Aziendali

Università di Bologna

simone.ferriani@unibo.it

<http://www2.sa.unibo.it/docenti/simone.ferriani/indexeng.html>

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FACTS ABOUT BANGLADESH:

OFFICIALLY CALLED <<THE PEOPLE'S REPUBLIC OF BANGLADESH>>

- CAPITAL: DHAKA

- OFFICIAL LANGUAGE: BENGALI (BANGLA)

- CURRENCY: TAKA (BDT)

- AREA: 147,570 KM²

- POPULATION IN 1970 WAS 66 MILLION, IN 2000 130 MILLION

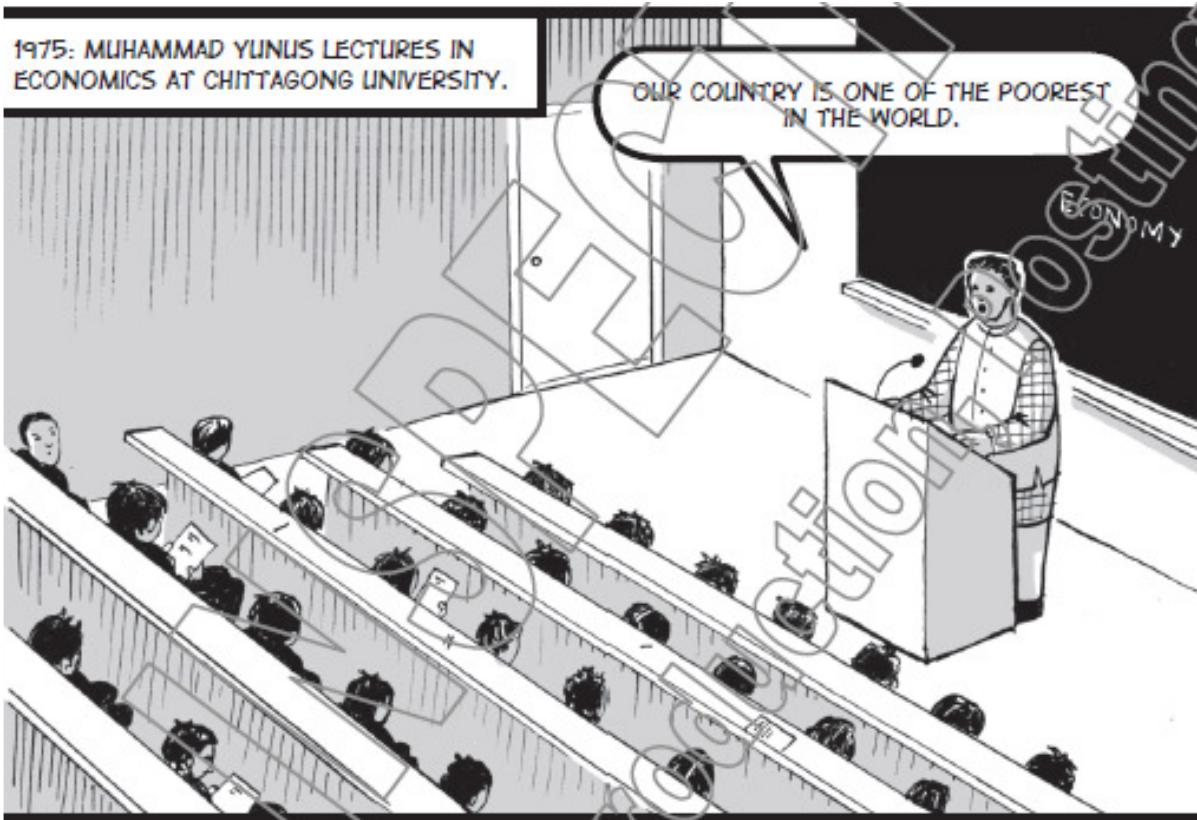
- EXPECTED POPULATION BY 2025: 195 MILLION
MAKING IT THE 8TH LARGEST POPULATION IN THE WORLD

- ACCORDING TO THE WORLDBANK, MORE THAN 60% OF THE POPULATION
IS BELOW THE POVERTY LINE.

- THE MAJORITY OF THE POPULATION OVER THE AGE OF 7 IS ILLITERATE.

1975: MUHAMMAD YUNUS LECTURES IN ECONOMICS AT CHITTAGONG UNIVERSITY.

OUR COUNTRY IS ONE OF THE POOREST IN THE WORLD.



FAMINE IS KILLING OUR PEOPLE.

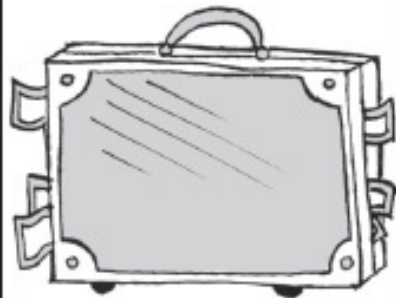


THE WOMEN ARE LOCKED INTO A VICIOUS CIRCLE OF POVERTY:

MONEY LENDERS OVERCHARGE THEM FOR RAW MATERIALS AND UNDERPAY THEM FOR THE FINAL PRODUCTS.

IN ADDITION, THEY CHARGE VERY HIGH INTEREST RATES.

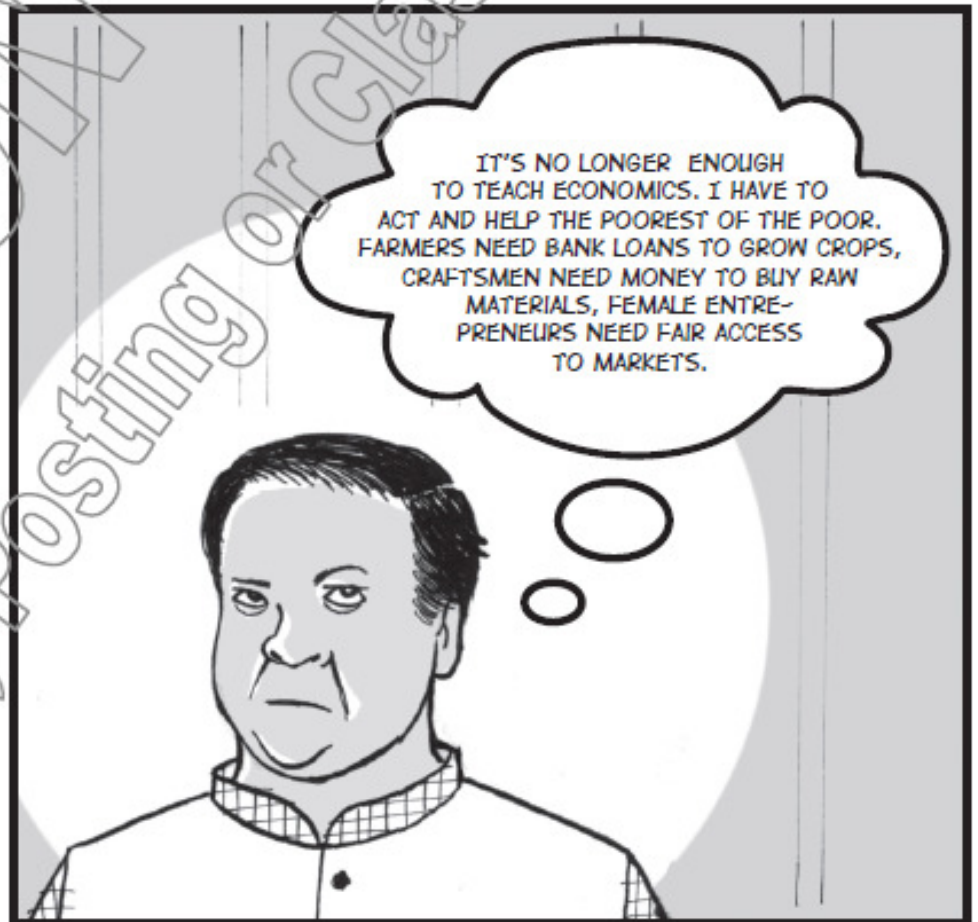
SUIFYA BEGUM, FOR EXAMPLE, MAKES BAMBOO BASKETS. SUDDENLY A GREEDY LOAN SHARK STARTS YELLING AT HER...



YUNUS VISITS SUFIYA IN JOBRA VILLAGE...



I CANNOT SAVE ANY MONEY FOR MY CHILDREN.
THE MONEY LENDER TAKES ALL MY PROFIT, LEAVES ME WITH ONLY
ONE TAKA PER DAY!



IT'S NO LONGER ENOUGH
TO TEACH ECONOMICS. I HAVE TO
ACT AND HELP THE POOREST OF THE POOR.
FARMERS NEED BANK LOANS TO GROW CROPS,
CRAFTSMEN NEED MONEY TO BUY RAW
MATERIALS, FEMALE ENTRE-
PRENEURS NEED FAIR ACCESS
TO MARKETS.

Dahka banks reject Yunus's idea



GRAMEEN BANK

How it Started



I CAN SAVE MONEY FOR THE EDUCATION OF MY CHILDREN!

I WANT MY CHILDREN TO GO TO SCHOOL AND LEARN A PROFESSION.

MY CHILD SHOULD HAVE A BETTER LIFE WITH MORE OPPORTUNITIES.



THE BANKERS HELP THE WOMEN TO BUY RAW MATERIALS AT FAIR PRICES AND SELL IT ON THE MARKET...

...AND THE WOMEN HELP ONE ANOTHER TO PRODUCE HIGH QUALITY PRODUCTS.



GRAMEEN BANK'S SIXTEEN DECISIONS

1. We shall follow and advance the four principles of Grameen Bank. Discipline, Unity, Courage and Hard work—in all walks of our lives.
2. We shall bring prosperity to our families.
3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.
4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.
5. During the plantation season, we shall plant as many seedlings as possible.
6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
7. We shall educate our children and ensure that we can earn to pay for their education.
8. We shall always keep our children and the environment clean.

9. We shall build and use pit-latrines.
10. We shall drink water from tubewells. If it is not available, we shall boil water or use alum.
11. We shall not take any dowry at our sons' weddings, neither shall we give any dowry at our daughters' wedding. We shall keep the center free from the curse of dowry. We shall not practice child marriage.
12. We shall not inflict any injustice on anyone, neither shall we allow anyone to do so.
13. We shall collectively undertake bigger investments for higher incomes.
14. We shall always be ready to help each other. If anyone is in difficulty, we shall all help him or her.
15. If we come to know of any breach of discipline in any center, we shall go there and help restore discipline.
16. We shall introduce physical exercise in all our Centers. We shall take part in all social activities collectively.

Growth of Bangladesh Grameen Bank over the Years (in \$ millions except for 1976)

PARTICULARS	1976*	1983	1988
Yearly Loan Disbursed			
• General	498.00	2.29	43.71
• Housing	0.00	0.00	5.41
Total Disbursement	498.00	2.29	49.12
Cumulative Disbursement	498.00	8.19	136.11
Cumulative Amount Repaid	166.00	6.08	100.76
Balance of Group Fund Savings	0.00	0.51	6.46
Balance of Members Savings	0.00	0.00	0.00
No. of Houses built	0	0	44556
Coverage			
Members	10	58320	490363
Groups	1	11667	98073
Centers	-	2443	19663
No. of Villages Covered	1	1249	10552
Employees	1	824	7093
No. of Branches	1	86	501
No. of Area Offices	-	0	61
No. of Zonal Offices	1	5	9

* in dollars

** August 2002

Source: www.grameen-info.org

OUTCOMES

- From 15,000 borrowers in 1980, membership increased to 100,000 in 1984
- By 1991 it had 910,842 members
- By 2002, the number increased to 2.3 million
- From a figure of US \$498 in 1976, the bank's total disbursements increased to US \$170.39 million in August 2002
- By 2002, Grameen Bank had 2.4 million borrowers (95% of them were women).
- Activities spread across 41,000 villages with over 1,100 branches.
- By August 2002, it had disbursed cumulative loans of \$3708.22 millions and the loan repayment rate was reported to be around 95%.

Takeaways

- The bank as true educator
- The power of “unreasonable” people to change the world against seemingly insurmountable challenges and entrenched assumptions
 - *“I observe the proceedings of commercial banks and do exactly the contrary”* (M. Yunus)
- The key role of trust (no feasibility plans)
- Empowering people through self-employment and entrepreneurship to eradicate poverty
 - *“The Grameen model doesn’t limit itself to the culture of Bangladesh. The problems and consequences of poverty are the same in any part of the world. Self-employment can help solve the poverty problem, even in the most developed societies. I believe that all human beings are potential entrepreneurs”* (Muhammad Yunus).