

Empowering the Poor Through Microcredit in Bangladesh

Naseer JAMADAR

Abstract

The purpose of this paper is to examine the role of Grameen Bank's microcredit in empowering the poorest of the poor in Bangladesh through self-employment at the grassroots level. The Grameen Bank provides microcredit without any collateral to the rural poor to generate employment, income, and self-esteem. The process that takes place in the bank is better characterized as organizational development people's participation. The microcredit programme approach remarkably changes the socioeconomic condition of the poor in Bangladesh and other developing countries. The objective of this study is to identify the achievement of the Grameen Bank's microcredit borrowers through their direct involvement in small-scale business. Microcredit is becoming a popular terminology in developing countries as an instrument for empowering women and poor people, as development institutions, practitioners and even Non-Governmental Organizations (NGO) and Non-Profit Organizations (NPO) hope to improve the socioeconomic conditions of the poorest of the poor through their multifaceted income-generating activities.

In developing countries, governments also have been emphasizing microcredit in their poverty reduction and rural development project/programmes in parallel to NGOs at the grassroots. Over time, women, through their social development activities, have also expanded their social networking atmosphere remarkably, within and outside the community. They are able to manage their own small-scale businesses and other socioeconomic activities because they now have a deeper understanding of themselves and have gained more confidence than before. Some of them were elected as a village head in the local government election and board of directors of the Grameen Bank. The women are now recognized by the local government officials and political leaders of their community. They are now involved in decision-making and other management functions in society.

1. Historical Background of the Microcredit and Grameen Bank

The terminology or word 'microcredit' was not commonly in use or did not exist even in the early seventies although microcredit is now an important part of microfinance. This is because the concept of microcredit was started in Bangladesh in 1976, when Professor Yunus loaned a group of 42 women US\$27 to finance their own small business. Due to their hard work, the women repaid the loan and were able to sustain the business. About three decades later it had become a buzz-word among development practitioners and academics. In developing countries 'microcredit' is an essential instrument to improve the socioeconomic condition and empower women and the poorest of the poor. The Grameen Bank (GB) was not initially started as a bank or financial institution. It

was established by a professor (Dr. Yunus, winner of the Nobel Peace Prize 2006, now known worldwide) of Economics at Chittagong University in Bangladesh. The idea of the Grameen Bank was initiated in 1976, by Yunus through a small action research project at Jobra, a village that is adjacent to the Chittagong University campus. In December 1976, the Grameen Bank Project (GBP) operations were launched at Jobra village. Local arrangements were made with Janata Bank to extend loans to the landless. The entire operational responsibility was taken by the Rural Economics Programme of the Department of Economics, Chittagong University. Yunus (1988) own words; *“When I was teaching at Chittagong University, a terrible famine came to my country and I saw how the condition of the poor got worse every day. So I got disenchanted with the form of economics that I was teaching...a woman who was making a lovely bamboo stool and I discovered that she made only two pennies a day. The reason, she explained, was that she didn't have enough money to buy bamboo or cane needed to make the stool, so she had to borrow from the trader who handled her wares.”*¹ The landless and the destitute could not avail of any loan facility from the existing banking system as they did not have assets to provide collateral.

The concept of Grameen Bank originated by Yunus through a pilot project, aiming at testing the hypothesis that if financial resources (loan) can be made available to the rural poor at reasonable terms and conditions, they can help generate productive self-employment without any external assistance. Yunus found 42 such people, all of them together needing a total of US\$27. He felt quite dreadful at the time that society could not provide this US\$27 to the hard working



*Muhammad Yunus with GB Borrowers
(Photo: Provided by Grameen Bank)*

poor women. His first reaction was to take it from his own pocket, but he realized that it was not a long-term solution. Then, he began searching for an institutional response to the dilemma. He went to the local bank branch looking for loan. He learned a lot about the banking practices and he saw that they have nothing to do with poverty alleviation. Finally he persuaded them by offering himself as a guarantor; the bank said that was the only way he could do it. He took loans from a bank in 1976 and lent the money to the poor people of the village. He wanted to make sure that the people would pay back their loans, so that the banks would not stop the facility. The process that takes place in the bank is characterized as organizational development for people's participation.

2. What is Microcredit and How does it Work

Microcredit is small amounts of money poor people can borrow without any collateral. “Microcredit is the extension of very small loans to impoverished borrowers who typically lack collateral, steady employment and a verifiable credit history. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower women and uplift entire communities by extension.”² Yunus stated; “Microcredit offers a poor

1. Muhammad Yunus, 'In Credit for Self Employment of the Poor' Grameen Bank' Dhaka, 1988, p.2

2. en.m.wikipedia.org

person an opportunity to convert his/her energy and creativity into income-generating activities. Credit plays such an important role in creating self-employment for the poor. I have been arguing that microcredit should be recognized as a basic human right.”³ “A little bit of money helps them to develop their capacity and to do actual things for themselves rather than wait for other people to do things for them. But our financial institutions have refused to open their doors to the poor people around the world.”⁴ Without institutional microcredit there is only one way for the poor people in rural areas in developing countries to borrow money, and that is from moneylenders at an interest rate of 200 to 300% per annum.

Nowadays there are many types of microcredit programmes existing around the world such as *Traditional microcredit*, *Activity-based microcredit*, *Rural credit through a specialized bank*, *Cooperative microcredit*, *Consumer microcredit*, *Bank-NGO microcredit*, *NGO microcredit*, *Non-collateralized microcredit* and *Grameen type microcredit or Grameen credit*. In this paper the author uses the word ‘microcredit’ on and about Grameen type microcredit or Grameen credit. Grameen believes that poverty is not created by the poor; it is created by the institutions and policies which surround them. In order to eliminate poverty there is a need to make appropriate changes in institutions and policies, and/or create new ones. *Grameen believes that charity is not an answer to poverty alleviation. It only helps poverty to continue and creates dependency on others.* The Grameen Bank brought microcredit to the poor, women, the illiterate and the people who pleaded that they did not know how to invest money and earn an income. Yunus has expressed this view succinctly: “The most essential element I would emphasize in any development strategy is its focus on the human being.”⁵ Later, at the request of Yunus, Bangladesh Agriculture Bank opened an experimental Grameen Bank Project (GBP) branch at Jobra village in March 1978. Gradually, GBP attracted the attention of the banking community. Bangladesh Bank and all other nationalized commercial banks started to support GBP in 1979.

Eventually, in 1983, Yunus succeeded in setting up a separate bank; namely the Grameen Bank, which means ‘*Village Bank*’. Now the Grameen Bank is the biggest financial institution for microcredit programme in Bangladesh. Grameen created a methodology and an institution around the financial needs of the poor, and created access to credit on reasonable terms enabling the poor to build on their existing indigenous knowledge and skill to earn a better income in each loan cycle. Now many poor people have access to borrowing money from a financial institution without any collateral/mortgage. Grameen microcredit system encourages the borrowers' social development to adopt some goals in social, educational and health areas. These are known as ‘Sixteen Decisions’ (no dowry, education for children, sanitary latrine, planting trees, eating vegetables to combat night-blindness among children etc.). Conventional banks do not see this as their business. To enable an understanding of

3. Muhammad Yunus, *New Development Options Towards The 21st Century*, Grameen Bank' Dhaka, 1995, p. 6

4. Muhammad Yunus, *In Credit for Self Employment of the Poor* Grameen Bank' Dhaka, 1988, p. 2

5. Muhammad Yunus, *Each of You has the Power to Change the World* Grameen Bank' Dhaka, 2008

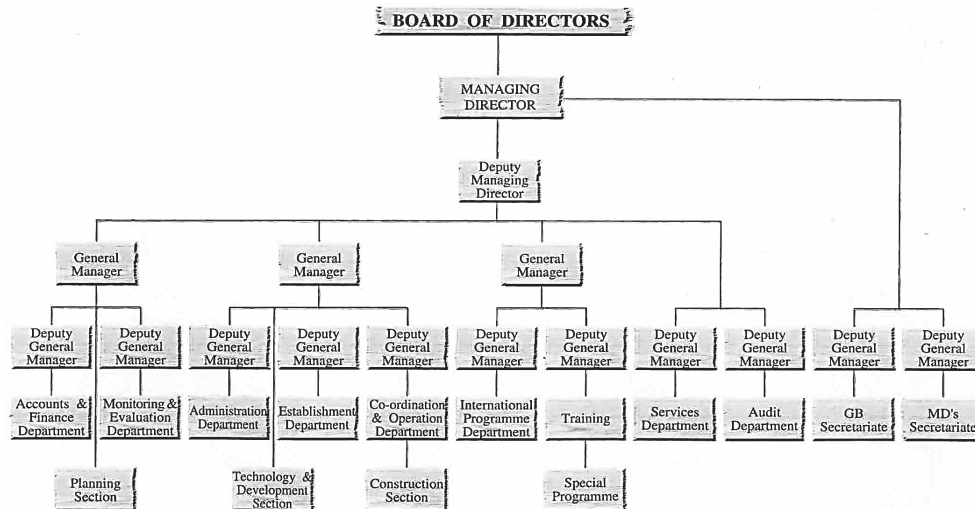
microcredit programme and its impact in many Asia, Africa and Latin American countries, the Grameen Bank's microcredit programmes are briefly outlined and general features of the Grameen Bank credit programme are given below:

- a) It promotes credit as a human right.
- b) Its mission is to help the poor families to help themselves to overcome poverty. It is targeted to the poor, particularly poor women.
- c) Most distinctive feature of Grameen credit is that it is not based on any collateral or legally enforceable contracts. It is based on "trust", not on legal procedures and systems.
- d) It is offered for creating self-employment for income-generating activities and housing for the poor, as opposed to consumption.
- e) It was initiated as a challenge to the conventional banking which rejected the poor by classifying them to be "not creditworthy". As a result it rejected the basic methodology of the conventional banking and created its own methodology.
- f) It provides service at the door-step of the poor based on the principle that the people should not go to the bank, the bank should go to the people.
- g) In order to obtain loans a borrower must join a group of borrowers.
- h) Loans can be received in a continuous sequence. A new loan becomes available to a borrower if her previous loan is repaid.
- i) All loans are to be paid back in instalments (weekly, or bi-weekly).
- j) Simultaneously more than one loan can be received by a borrower.
- k) It comes with both obligatory and voluntary savings programmes for the borrowers.
- l) Grameen credit's rule-of-thumb is to keep the interest rate as close to the market rate, prevailing in the commercial banking sector, as possible, without sacrificing sustainability. Reaching the poor is its non-negotiable mission. Reaching sustainability is a directional goal.
- m) Grameen credit gives high priority on building social capital. It is promoted through formation of groups and centers, developing leadership quality through annual election of group and center leaders, electing board members when the institution is owned by the borrowers."⁶

3. Organizational Structure of the Grameen Bank

The managing director is the chief executive of the bank, and also one of the members of the board of directors. There are some other high-ranking posts in the bank structure such as Deputy Managing Director (DMD) and General Manager (GM). Under the post of DMD and GM there are several Deputy General Managers. "The 1986 amendment of the ordinance is provided for thirteen members of the board, nine of which are to be selected from

6. Grameen Bank, 'Grameen Bank At a Glance' 2011 (<http://www.grameen-info.org>)

Chart 1: Organizational Chart of the Grameen Bank in Bangladesh

the borrower-shareholders and the remaining four are appointed by the Bangladesh government. The board approves the policies of the bank and serves as the link between the bank, the Ministry of Finance, and other government organizations.”⁷

Two-thirds of the board of directors is selected from the bank borrowers (members), because their shares are bigger than the government/others' proportion of capital sharing in the Grameen Bank.

As shown in Chart 1, all these deputy general managers are responsible for their respective department such as Administration, Accounts, Training, Monitoring and Evaluation, Technology Project, and Research and Development Department. Every department has one or two sections. The head office is located in Dhaka, which liaisons with the Bangladesh government and other local and international funding organizations, and its field level offices. Head office is also responsible for the training of bank staff and international participants. The international training division takes care of local and international researchers.

4. The Mode of Operation of the Grameen Bank in Bangladesh

The Grameen Bank has administrative units all over the country, such as Zonal, Area, and Branch Offices. At present, there are “40 Zonal Offices, 268 Area Offices and 2,565 Branch Offices of the Grameen Bank in Bangladesh.”⁸ The mode of operation of the Grameen Bank is displayed in Chart 2. A branch is set up with a Field Manager (FM) and a number of Bank Workers (BW). Presently, there are 8.5 million borrowers, among them, 97% are female. The Bank's 21,832 staff meet most of the 8.5 million borrowers every working day in 81,380 villages in Bangladesh. The Grameen Bank believes that its responsibilities are to give loans to the poor to improve their socioeconomic conditions through multifaceted income-generating activities, and to collect the repayments at weekly meetings. The rest of the responsibilities are borne by the borrowers. The 10 to 12 branch offices form an Area office, and 10 to 12 area offices form a Zonal office. A branch office covers an area of about 15~22 villages

7. Abu N M Wahid, *The Grameen Bank: Poverty Relief in Bangladesh* Dhaka, 1993, p. 11

8. Grameen Bank, 'Grameen Bank Annual Report' Dhaka, 2012

and 60~80 Centers. Under a center, there are 8~10 small groups made up of five (members form a small group) borrowers who know their problems and how to overcome them better than anyone else. So they have total freedom to use their loans as they desire. Operational procedure of the Grameen Bank's microcredit programme is shown in Chart 3.

4.1 Group Forming in the Grameen Bank System

The Grameen Bank encourages the landless poor who want to become members to form a group of five like-minded persons with similar economic and social status from the same village. Only one member of a household may be in a group. Each group elects its own chairman and secretary and must hold weekly meetings. Usually, the Grameen Bank Workers move around the village to identify the prospective clientele using the bank's criteria. The bank workers play an important role in forming the groups and in disbursing loans and collecting the weekly installments. A male bank worker is responsible for serving and transacting bank business with about 250 members and a female bank worker with 150 members. Every group has its own chairperson who maintains the necessary communication with the center chief.

The Grameen Bank offers a training phase for the member members. During this training period, the members has to learn about the bank's system and their underlying responsibilities. The bank workers inform them about the rules and regulations of the bank before disbursing the loans. At first, the bank disburses loans only to two members amongst the five group members. The members are kept under close supervision of bank workers, who check if they are performing well in their accounts with the bank, then the bank will disburse loans to the other group members. The group thus acts as an institution to ensure mutual accountability. The Grameen Bank does not require any collateral against its micro-loans. Since the bank does not wish to take any borrower to a court of law in case of non-repayment, it does not require the borrowers to sign any legal instrument. Although each borrower must belong to a five-member group, the group is not required to give any guarantee for a loan to a member.

Chart 2: Mode of Operation of the Grameen Bank in Bangladesh

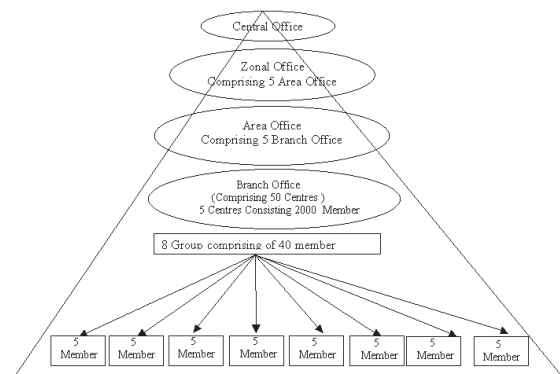
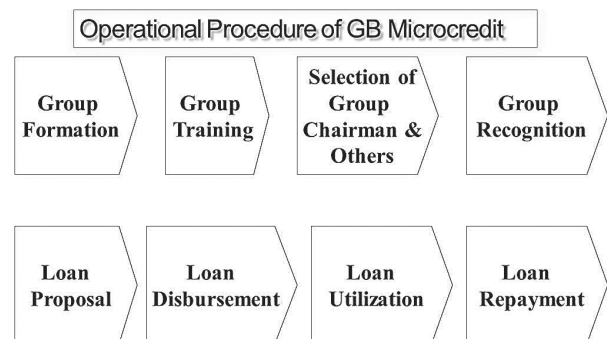


Chart 3: Operational Procedure of the Grameen Bank Microcredit



*A Group of Five member of GB
(Photo: Provided by Grameen Bank)*

4.2 Center Works between the Bank and Members

A number of groups are federated into a center and the elected center chief conducts weekly meeting with the groups. She/he attends the center meeting where loan proposals to individual members are discussed. "One of the most significant features of the center meetings is that **all bank business is conducted openly** in front of the members. Every member knows what is happening and can assess her or his own position in relation to others. Carrying out all transactions in public and dealing with problems together, combined with the rotation on office holders by obligatory yearly elections, severely mitigates the entrenchment of vested interests and constellations of power."⁹ The Center is the place where all the groups and individuals discuss their bank business with each other. Once a loan proposal is accepted by the branch manager, the microcredit is disbursed by the bank workers and the weekly installment of the repayment is also collected by them at the center meeting.

4.3 Branch office

The branch office works as a bridge between the bank and the borrowers group. The bank is heavily depended on the branch for its field level operational activities. At this level, the bank workers play an important role in forming groups, disbursing loans, and collection repayments. The entire Grameen Bank system runs on the principle that *people should not come to the bank; the bank should go to the people*. A branch office has the following staff; Branch Manager, Senior Assistant, Accountant, Bank Assistants, Bank Workers and Trainers.

4.4 Area Office

About 10 to 15 branch offices are supervised by an area office. The area manager has the final authority in the approval of loans and supervises loan utilization and recovery with the help of a number of programme officers. The area offices are accountable to the Zonal office. An area office has the following staff: Area Manager, Program officers, Accounts Officer and Trainers.

4.5 Zonal Office

The Zonal office has many responsibilities such as handling accounts, managing funds, monitoring, evaluating, and supervising the social development programmes. A Zonal manager works in close contact with the area managers, who attend management meetings in the Zonal office. The Zonal office is run by the following staff: Zonal Manager, Accounting Officer, Fund Management Officer, Monitoring-Evaluation Officer, Program Assistants, Senior Officers, Senior Assistants and Trainers.

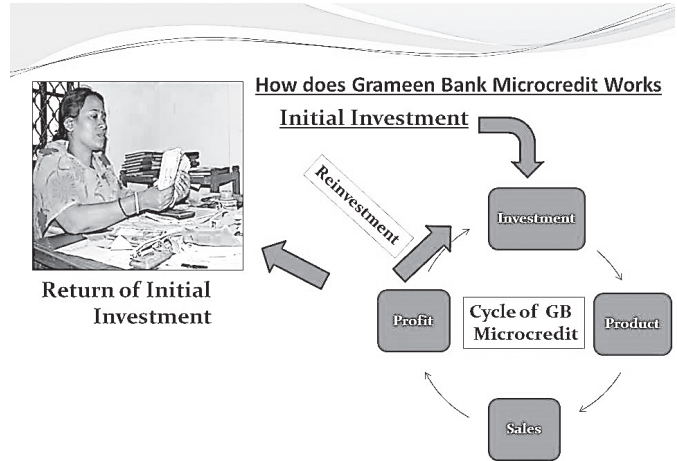
4.6 Cycle of the Grameen Bank's Microcredit Programme

Villagers form a group of five members with recognition of the GB to receive microcredit loans for income-

⁹. A F D Chandler, 'Participation As Process, Grameen Bank, Dhaka, Bangladesh' 1988, pp. 59-60

generating activities. After receiving loans from the Grameen Bank borrowers usually go through four stages (Investment, Product, Sales and Profit, see Chart 4). These stages explain how the GB does work. All stages are equally important in their income-generating business. (1) **Investment** is the initiative stage of any kind of business. In this early stage, borrowers are aware of many things regarding their business vision, mission and goals. (2) **Product**, at this stage borrowers look at their potentiality and assess the real demand of their products in the market. It helps them to move in the right direction to increase the profit. (3) **Sales** are the focal part of the business so borrowers are working very hard at this stage to increase their sales. (4) **Profit** is the sole criterion and is the last stage of any kind of business. Once borrowers start receiving profit from the investment their involvement in income-generating becomes much stronger.

Chart 4: Cycle of GB Microcredit

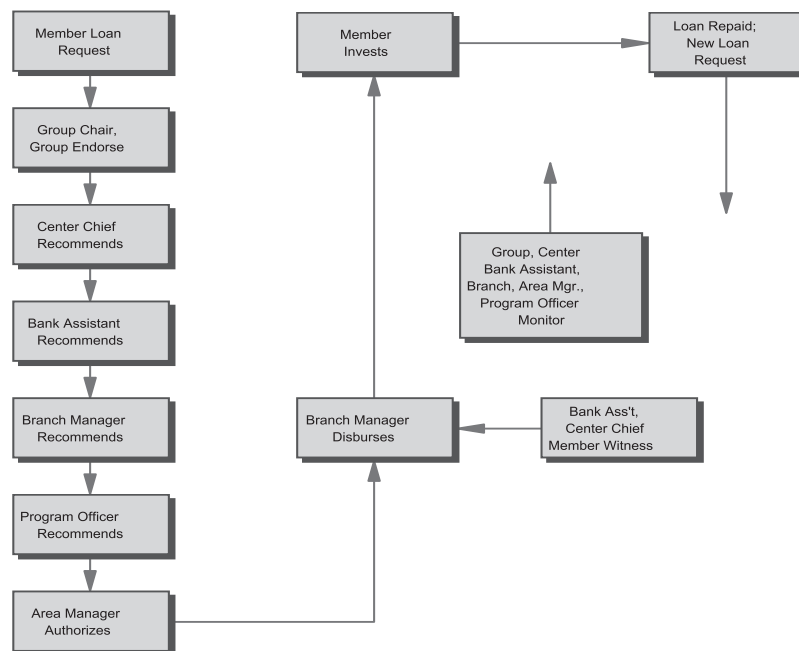


Source: Grameen Bank, Research and Development Department

5. Loan Decision Process in the Grameen Bank

The principal characteristics of decision-making on general loan approval are shown in Chart 5. “The Grameen Bank are that decision-making all takes place in the field; that those who are at the ‘lowest’ level in the field hierarchy in most cases may play the most significant roles in shaping decisions.”¹⁰

Chart 5: Loan Decision Process at Grameen Bank’s Microcredit Programme








10. Susan Holcombe. 'Managing to Empower' University Press Limited' Dhaka, 1995, p. 130

Bank's loan products are as shown in Chart 7.

All interests are simple interest, calculated using a declining balance method. This means, if a borrower takes an income-generating loan of say, US\$100 and pays back the entire amount within a year in weekly installments, she/he'll pay a total amount of US\$110, (as interest for the year, equivalent to 10% flat rate). Compared with conventional banks, the rate of interest is still low

at GB. Example, the Grameen Bank income-generating loan interest rate is 10% and that for housing is only 8% while conventional banks interest rate for business is 16% and for housing is 15%.

Chart 7: Grameen Bank Loans Product and Interest Rates

Grameen Bank Loan Product and Interest Rates	
	Basic Loan Micro-Enterprise Loan (Rate of Interest: 20%)
	Housing Loan (Rate of Interest: 8%)
	Higher Education Loan (Rate of Interest: 0 & 5%)
	Struggling Member Loan (Beggar) (Rate of Interest: 0%)
	Center House Construction Loan. (Rate of Interest: 0%)

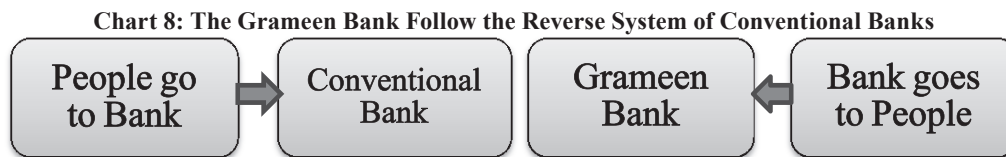
6. Different Methodology between the Grameen and Other Conventional Banks

After the Second World War II, there were many development projects implemented by the United Nations, government and other international development organizations for improving the socioeconomic conditions of the poorest of the poor. But the fruits of development in real terms could not reach the heartland of poverty in developing countries. Many development experts identified one of the main reasons for this to be the failure to involve the rural poor and landless in the development process. Poor people were excluded from main-stream development activities not because of their unwillingness to participate but because of the lack of institutional mechanisms to involve them. The Grameen Bank methodology is almost the reverse of the conventional banking methodology. *Conventional banking is based on the principle that the more you have, the more you can get. In other words, if you have little or nothing, you get nothing.* The poorest of the poor do not have any assets that would be collateral (security) to the financial institution. Conventional banking is based on collateral but the Grameen system is collateral-free. The Grameen Bank starts with the belief that credit should be accepted as a human right, and builds a system where one who does not possess anything gets the highest priority in getting a loan. The overarching objective of the conventional banks is to maximize profit. Grameen Bank's objective is to bring financial services to the poor, particularly women and the poorest to help them to fight with the poverty, stay profitable and financially sound. It is a composite objective, coming out of social and economic visions.

6.1 Grameen Bank Goes to the People

The basic principle of the Grameen Bank is that the borrowers will not come to the bank; rather the bank will go to the borrowers instead (see Chart 8). All Grameen Bank transactions are done with the group members at their weekly meetings. A bank worker attends the weekly meeting to collect installments, and receive Group Fund deposits. All loans proposals are discussed with the bank in the meetings. All discussions are done publicly, so that exaggeration, misinformation, and willful suppression of truth can be minimized. Each bank worker is responsible

for keeping close contact with 250 members (150 members for a female bank worker) and transacting bank's business with them. The Grameen Bank's 22,124 staff meets 8.35 million borrowers at their door-step in 81,380 villages spread out all over Bangladesh in every week, and deliver the bank's services. Repayment of Grameen loans is also made very easy by splitting the loan amount in tiny weekly installments. Doing business this way means a lot of work for the bank, but it is convenient for the borrowers.



There is no legal instrument between the lender and the borrower in the Grameen Bank methodology. There is no stipulation that a client will be taken to the court of law to recover the loan, unlike in the conventional system. Conventional banks go into 'punishment' mode when a borrower is taking more time in repaying the loan than it was agreed upon. They call these borrowers 'defaulters'. The Grameen methodology allows such borrowers to reschedule their loans without making them feel that they have done anything wrong. Conventional banks focus on men, Grameen Bank gives high priority to women. The 97% of the Grameen Bank's borrowers are women. The Grameen Bank works to raise the empowerment of poor women in their families and in the society by giving them ownership of assets. In general the conventional bank and other financial institutions disburse their loans against collateral, so only rich people have access to the bank/financial institution to get loans, the Grameen Bank goes to the poorest of the poor at the grassroots level and disburses their loans without any collateral. The Grameen Bank's innovative approach in microcredit programme proves that if there is an opportunity for the poorest of the poor to have access to financial institutions, then the landless poor could be users of bank services not only in Bangladesh, but also in other parts of the world.

7. Financing of the Grameen Bank

Initially, the Grameen Bank was financed by the Central Bank of Bangladesh and other nationalized banks of the country. The Grameen Bank has been borrowing money from the government of Bangladesh and international funding agencies. The Grameen Bank also received some loans from the International Fund for Agricultural Development (IFAD), and other funding agencies. In 1995, the Grameen Bank borrowed US\$30 million from the Japan Bank for International Cooperation (JBIC) for expanding its country wide housing loans and it was the last loan the Grameen Bank borrowed. At the same time, the bank has seriously taken into account its sustainability from the very beginning. The bank also believes that to sustain all of its programmes, it should aim to be self-reliant. Consequently, it has diversified its dependence on international funding agencies and local banks. The Grameen Bank initiated its new strategies to raise its own funds through commercial projects under 'the Grameen Uddogh' (uddogh, a Bangla word means 'endeavor' in English). To be independent, the bank emphasizes strong saving programmes and mobilization of deposits from both the Grameen Bank members and non-members. The

bank's export oriented projects, such as the fisheries project is one of the best shrimp producers in Bangladesh which mainly export shrimp to Japan. The weaving (handmade) factories export their quality products to North America and European countries. Since 1995, the Grameen Bank finances 100% of its outstanding loans from its deposits.

7.1 Borrower-Deposits Keep Growing

Besides building financial strength of poor women by encouraging them to build up a significant amount of personal savings, borrower deposits are also very important in the Grameen Bank. Forty-two percent of the branches have borrower deposits equal to 75% or more of outstanding loans of the branches. One-fifth of the branches have more borrower-deposits than the amount of loans outstanding. In some branches borrower-deposits are as high as 50% above the outstanding loans. In eight zones, out of forty, borrower deposits are equal to or more than the outstanding loans in those zones.

7.2 No Donor Money, No Loans Since 1995

In 1995, Grameen Bank decided not to receive any more donor funds. Since then, it has not requested any fresh funds from donors. The last installment of donor funds, which was in the pipeline, was received in 1998. Grameen Bank does not see any need to take any donor money or even take loans from local or external sources in the future. Grameen Bank's growing amount of deposits will be more than enough to run and expand its microcredit programme and repay its existing loans.

7.3 Profit Earning

Ever since Grameen Bank came into being, it has made a profit every year except in 1983, 1991, and 1992. The non-profitable years were due to devastating floods in Bangladesh resulting in many of its borrowers not being able to repay their installment. It has published its audited balance-sheet every year, audited by two internationally reputed audit firms of the country. All these reports are available on CD, and some on its website.

7.4 Revenue and Expenditure

Total revenue generated by Grameen Bank in 2010 was US\$252.05 million. Total expenditure was US\$241.29 million. "Interest payment on deposits of US\$131.09 million was the largest component of expenditure (54%). Expenditure on salary, allowances, and pension benefits amounted to US\$65.92 million, which was the second largest component of the total expenditure (27%). Grameen Bank made a profit of US\$10.76 million in 2010. Over 56% of its deposits come from bank's own borrowers. Deposits amount to 145% of the outstanding loans. Combining both deposits and own resources it becomes 160% of loans outstanding."¹²

12. *Grameen Bank, 'Grameen Bank At a Glance' Dhaka, 2011*

7.5 Thirty Percent Dividend for 2010

Grameen Bank has declared a 30% cash dividend for the year 2010. This is the highest cash dividend declared by any bank in Bangladesh in 2010. The highest record dividend declared by Grameen Bank was in 2006, at 100%. The bank has also created a Dividend Equalization Fund to ensure distribution of dividends without much fluctuation in successive years. Receiving of dividends each year greatly inspires the bank's shareholders, 97% of whom are Grameen Bank borrowers.

7.6 Scholarships

Scholarships are given, every year, to the high performing children of the Grameen Bank borrowers, with priority on girls, to encourage them to stay ahead in their classes. Up to October 2011, scholarships amounting to US\$3 million have been awarded to 133,031 children. During 2011, US\$592,849 has been awarded to about 24,611 children, at various levels of school and college education.

7.7 Education Loans

Students who succeed in reaching the tertiary level of education are given higher education loans, covering tuition, maintenance, and other school expenses. By 2011 October, 149,588 students received higher education loans, of them 46,885 students are studying at various universities; 577 are studying in medical schools, 894 are studying to become engineers, 1232 are studying in other professional institutions.

7.8 Financial Viability of the Grameen Bank

Financial viability is a basic requirement for a microcredit institution; the banking function should make a profit or enough income to cover its operational cost as a whole. The Grameen Bank itself is a special type of financial institution and does not incorporate the conventional economic theories. The Grameen Bank lends money to the poor without any collateral. Since 1983, the Grameen Bank's concept has been working very well as a rural financial institution among the rural poor. Except in 1991 and 1992, the Grameen Bank's net profit was significant which is an issue related very much to the bank's financial viability as well as sustainability.

A microcredit programme, if it is to maintain its capital holdings, must generate sufficient revenue over a given period of time to meet its operating costs. The Grameen Bank receives revenue from borrowers' interest payments, and its costs arise from raising loanable funds, organizing and training borrower groups, administering loans, and covering bad debts. To meet the financial efficiency criterion the programme should charge an interest rate that generates revenue equal to or exceeding the cost per unit of the principal lent. This can be formally stated as shown in Equation 1.

$$\text{(Equation 1)} \quad r \geq \frac{(i+a+p)}{(1-p)}$$

where r is the interest rate charged per unit of principal, i is the cost of raising resources per unit of principal, a is

the expected cost of administering and supervising a loan per unit of principal lent, and p is the expected financial loss per unit of principal, or the percentage of principal and interest payments due that is not recovered.¹³ Both programme- and branch-level information on operational costs, lending costs, and costs of funds can be used to calculate the bank's financial efficiency according to equation 1.¹⁴ Financial viability of the Grameen Bank at the aggregate level does not necessarily imply that branches are financially viable, because of the differences in their cost and revenue structures. Subsidized funds are received at the head office, and then supplied to the branches at an interest rate of 8 to 10%. The Grameen Bank's Monitoring and Evaluation, and Planning Managers stated, both acknowledge that the model branch represents the goal that a branch can become profitable within six to seven years. They say, however, that Grameen Bank's poverty alleviation mission is paramount. If branches achieve profitability but fail to improve the lives of poor people, then they failed. In rural and poverty porn areas with limited resources and markets, branches are not going to be profitable in the medium term. In these areas, to set up plans based on a model branch may pressure branch staff to expand more rapidly than members can earn to repay.

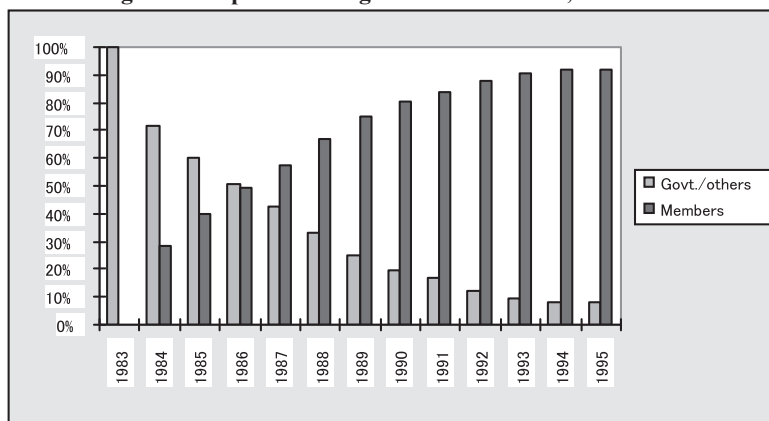
8. Capital Sharing of the Grameen Bank

In 1983, the Grameen Bank capital was only 18 million Taka (Bangladeshi currency) when the Grameen Bank started its operation as a 'Village Bank' in Bangladesh. With the financial cooperation of the Central Bank of Bangladesh, other nationalized banks and international funding agencies, it reached 223.1 million Taka in June, 1995.

The government/others share was 100% in 1983, and, in the following year, the percentage of the government/others shares in the bank unexpectedly decreased to 71.4%. This is because during the same year the bank's members purchased 28.5% of its shares. The Grameen Bank system gives every member the right to buy one share. As shown in Figure 1, the capital share of the government/others is decreasing year by year while at the same time, the shares of members have been steadily increasing since 1984. In June 1995, the members held 91.9% of the Grameen Bank shares and only 8% of the Grameen Bank shares belonged to the government/others. The percentages of these shares greatly changed the board of directors of the bank. In 1983, out of thirteen boards of directors nine were government officials but since 1995 nine boards of directors have been selected from borrowers. Those members are still landless and all of them are female. After 20 years, as of 2012, the Grameen

13. The percentage of financial loss, p , appears both in the numerator and denominator, because the loss involves both the principal and the interest payment. This can be derived as follows. If X is the loan portfolio, then expected income is $(1+r)(1-p)X$ while cost is $(1+a+i)X$. Now, a financial institution would ensure that income exceeds its cost of ending, or $(1+r)(1-p)X \geq (1+a+i)X$. After rearranging we get $r \geq \frac{(1+a+p)}{(1-p)}$

14. The financial efficiency of the Grameen Bank may vary between its national-level and its branch-level operations, because of differences in cost structures. For example, the head office bears the training costs of staff and members, while the branches receive the benefits from such training. On the other hand, the borrowing cost of loanable funds also differs. The Grameen Bank treats its branches as purely profit-making units where the branches receive loanable funds at the market interest rate from the head office, although these funds may have been acquired by the Grameen Bank as subsidized funds or as grants.

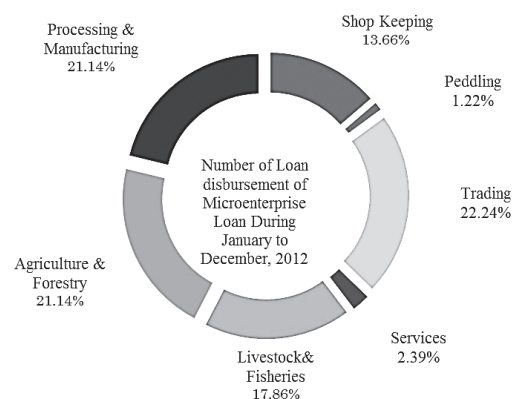
Figure 1: Capital Sharing of Grameen Bank, 1983~1995

Source: Grameen Bank Annual Report, 1995

Bank's shareholders are; "Government of Bangladesh 2.01%, Sonali Bank 0.5%, Bangladesh Krishi Bank 0.5%, Borrowers 97% (male 3.09% and female 93.90%)."¹⁵ Its means since 1995 until today, the Grameen Bank's borrowers have increased their profit and shares as well. In 1983, the Grameen Bank's initial capital was only Taka 18 million and in 2012 the Grameen Bank's total capital is Taka 11.21 billion. Now the Grameen Bank is one of the biggest financial institutions in Bangladesh and, unlike many other institutions, 97% of the Grameen Bank shares are held by the borrowers, 93% of whom are female.

9. Disbursement of Microenterprise Loans at the Grameen Bank in 2012

The Grameen Bank provides larger loans, called microenterprise loans, for these fast moving members. There is no restriction on the loan size. Over the past three decades, the Grameen Bank has developed different types of loans to improve the socioeconomic conditions of the rural poor people in Bangladesh. Currently, there are many types of loans at the Grameen Bank. In 2012, the bank disbursed its loans as follows: Processing and Manufacturing 21.14%, Agriculture and Forestry 21.14%, Livestock and Fisheries 17.86%, Shop keeping 13.66%, Peddling 1.22%, Trading 22.24% and Services 2.39%. As shown in Pie-Chart 1, borrowers living in the rural area and most of them are landless or some of them have a small piece of land that is why the biggest amount of loans was disbursed for trading.

Pie-Chart 1: Percentage of Microenterprise Types of Loan Disbursement in 2012

Source: Grameen Bank Annual Report, 2012

15. Grameen Bank, 'Grameen Bank Annual Report' Dhaka, 2012

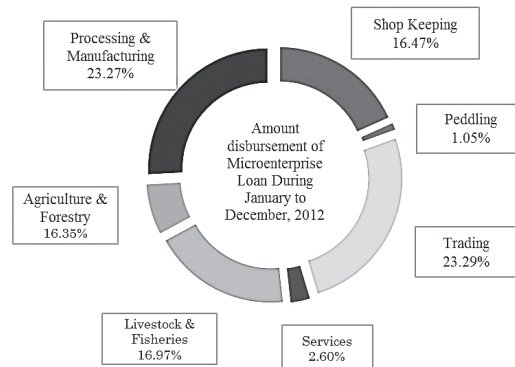
9.1 Disbursement of Microenterprise Loans at the Grameen Bank in 2012

The Bangladeshi economy is based on agriculture and the Bangladesh government has emphasized agricultural credit to improve the socioeconomic condition of the rural poor. But the agricultural credit does not make any sense to the landless poor in the rural area, because in rural areas the poorest of the poor don't have even a piece of land or collateral. government agricultural credit went to the landlords instead of the rural poor over the past decades in Bangladesh. In contrast, the Grameen Bank offers its microcredit loans to the poorest of the poor at their request for multifaceted income-generating activities, such as Shop keeping,

Trading, Processing and Manufacturing, Livestock and Fisheries, Agriculture and Forestry, peddling and so on.

As shown in Pie Chart 2, only 16.35% of the Grameen Bank's loans amount goes to the agriculture including forestry sector in 2012, the major percentage of loans are spent on trading which comes to 23.29%, while 23.27% is used for processing and manufacturing and 16.47% of the loans are used for shop keeping.

Pie-Chart 2: Percentage of Amount Disbursed for Microenterprise Loans in 2012



Source: Grameen Bank Annual Report, 2012

It is appears in the Pie-chart 2 that 83.53% of the Grameen Bank's microcredit borrowers are still involved in non-agricultural multifaceted income-generating activities to improve their socioeconomic condition. It means, even in an agriculture based economic country, there is a big demand for non-agricultural loans among the rural poor due to unequal distribution of resource and assets many of the landless and poor people in Bangladesh. Social impacts of livelihood programme on poor people's income, self-employment and asset holding were mostly sustainable over the longer-term. But the microcredit has had an immediate impact of physical asset holding, due to transfer of this asset (loans) to the vulnerable groups. Qualitative exploration reveals that confidence of microcredit borrowers in social network and assets management skills of women are the key factors for effectively materializing the support of microcredit to the poor in Bangladesh.

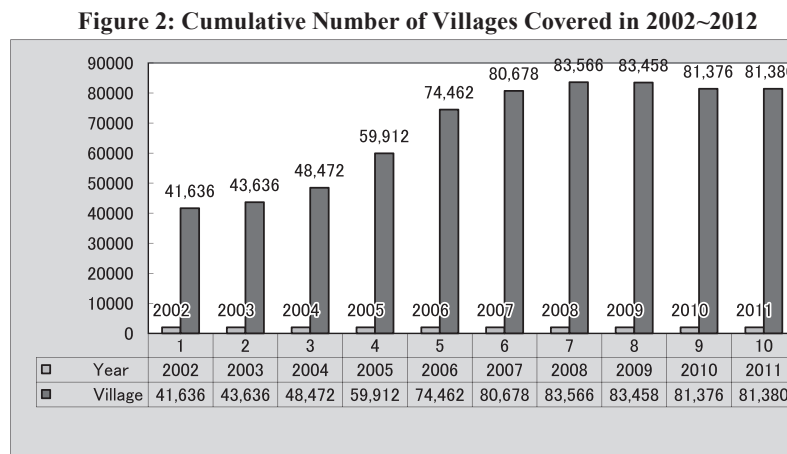
10. Revolutionary Socioeconomic Impact of the Grameen Bank's Microcredit in the Villagers

The Grameen Bank started its microcredit programme in 1983, as a *Rural Bank*, since then all of its activities have focused on the rural poor. In 1983, the Grameen Bank started its banking operational activities in 1,249 villages. "The Grameen Bank's success story in poverty alleviation in Bangladesh has resulted in widespread attempts of replications in many other countries, including the United States and Canada. The spread of the Grameen Bank idea around the world has drawn keen attention from researchers, policy makers and agencies."¹⁶ Over the last

16. 'American Journal of Education and Society' 1994, Vol. 53, Number 1, pp. 1-15

three decades the Grameen Bank expanded its rural microcredit credit all over the country and now operates in 81,380 villages, almost covered all the villages in Bangladesh and providing bank services to its 8.5 million borrowers.

The Grameen Bank's microcredit programme has expanded to double its activities from 41,636 villages in 2002 to 81,380 villages in 2012. The microcredit programme has become popular among the villagers and they have significantly improved their socioeconomic condition through their multifaceted income-generating activities. "The Grameen Bank's concrete experience is accepted worldwide, especially in developing countries, as an idea to empower the rural poor. Day by day, there is an increasing replication of the Grameen Bank in many countries. The Bank concept is playing an important role to improve the economic condition of rural women."¹⁷ The growth of the Grameen Bank's 'Microcredit Programme' is shown in Figure 2.



Source: The Grameen Bank Annual Report '2012

11. Social Development Programme of Grameen Bank (Sixteen Decisions)

The Sixteen Decisions might be called 'the social development constitution of the Grameen Bank.' All Grameen members are expected to practice and implement these decisions in their daily life. "The Sixteen Decisions of Grameen Bank has given a new dimension to the overall development of the poor. It is believed by the management of the bank that the social development finally helps members increase their productivity and thus ensures recovery of loans."¹⁸ Borrowers of the Grameen Bank were engaged in a series of weeklong intensive dialogues at the village-level to reflect on their lives during a five-year period in the early '80s. Some of these dialogues generated 'decisions', which the Grameen Bank circulated among others who did not get a chance to participate in the dialogue. The decisions covered many subjects, but gave high priority to health (drinking-water, fighting night blindness by eating vegetables, housing, latrines, family planning, and cleanliness), education, dowry, collective social participation and so on. Since 1984, Sixteen Decisions became an integral part of the Grameen Bank. All

17. M Khalid Shams, 'Designing Effective Credit Delivery System for the Poor' Grameen Bank, Dhaka, 1992, p. 28

18. Atiur Rahman, 'Rural Development From Below: Lessons Learned From Grameen Bank Experience in Bangladesh' ADAB, Dhaka, 1994, p. 12

members are required to make continuous strides to implement these decisions. These sixteen decisions are playing an important role to maintain discipline, not only to borrow microcredit loans and repayment but also develop their socialization to improve their socioeconomic, cultural and political awareness building that help to empower them in society.

The Sixteen Decisions of the Grameen Bank are given below;

1. *The four principles of Grameen Bank-discipline unity, courage, and hard work-we shall advance in all walks of our lives.*
2. *Prosperity we shall bring 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 opportunity.*
4. *We shall grow vegetables all year around. We shall eat plenty of them and sell the surplus.*
5. *During the plantation seasons, 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 they 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 tube-well water. If it is not available, we shall boil water or use alum*
11. *We shall not take any dowry in our son's wedding; neither shall we give any dowry in our daughters' wedding. We shall keep the center free from the course of dowry. We shall not practice child marriage.*
12. *We shall not inflict any injustice on anyone; neither shall we allow doing so.*
13. *For higher income we shall collectively undertake bigger investments.*
14. *We shall always be ready to help each other. If anyone is in difficulty, we shall all help him/her.*
15. *If we come to know of any breach of discipline in any center; we shall all 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.*¹⁹

12. Empowering Women through Asset Transfer and Social Mobility

The purpose of microcredit loans is to make poor people aware of their latent potential and make them ready to actively participate in improving the overall development of the underprivileged people's life at the grassroots level. The Grameen Bank proved in Bangladesh and other parts of the world that if there is even a little opportunity, then the latent power of the poor and women can be explored and their capacity building increased to reach the goal of social development of their own and subsequently improving their socioeconomic, cultural and political condition in the society.

Empowering women in developing countries depends upon the ownership and control of asset, participation in socioeconomic, cultural and political activities are involved in decision making, mobility, education, awareness building and skill development of the women in a society. Even



Women are more confident and aware of their rights now
(Photo: Provided by Grameen Bank)

¹⁹ Grameen Bank, 'Grameen Bank At a Glance' 2011 (<http://www.grameen-info.org>)

participation and contribution to the family and society as whole is also important for women empowerment in the national development of a country. "Assets are more than just resources with instrumental value for economic purposes. The work of Amartya Sen, Anthony Giddens and Jurgen Harbermas, Bebbington (1999) argues that assets also give people the capacity or potential to act, and thus are a source of engagement with the world."²⁰ The socioeconomic status of women plays a vital role in empowering women. In typical societies, women are marginalized and powerless and possess lower socio-political and economic status compared to their male counterparts.

Ownership of assets increases the socioeconomic status of a family or individuals. In Bangladesh, land is considered an important factor in holding socioeconomic and political power in society. Considering social, economic, cultural, political and psychological points of views, women of Bangladesh have lower status, less control over resources or assets and less participation in socioeconomic and political activities compared to their male partners. Women's participation in socioeconomic activities is essential for their empowerment, but in Bangladesh very few women are found to involve themselves at different stages of planning to implementation. At the grassroots level, some women are unwilling to participate in any development activities organized or initiated by outsiders, they like to stay at home. Other women would like to participate but due to lack of motivation or support, they cannot participate in socioeconomic activities which may help empowering women.

In Bangladeshi male dominant and conservative Muslim society there is a long tradition of *women staying at home and men working outside the home*. Even in this modern age, only a small percentage of women are involved in social development process as well as in economic activities. They are now involved in decision-making and other management functions. There are many female heads of state in South Asian countries and Bangladesh since 1991 has been ruled by a female head of state. However, millions of their less fortunate sisters toiling in fields and factories face a higher risk of violence and continue to earn lower wages than males. What is very unique about South Asian countries is that it has produced the highest number of women heads of states and heads of government but it has not helped the situation to improve for women. Since 1983, the Grameen Bank has been expanding its microcredit facilities to encourage self-employment to empowering poor women in Bangladesh through their direct participation in multifaceted income-generation activities. Today, there is a remarkable change occurred among the Bangladeshi rural women lifestyle. Over time, women's social development activities have also incredibly expanded their social networking atmosphere within and outside the community.

The Grameen Bank and Muhammad Yunus received the Nobel Peace Prize in 2006. The recognitions of microcredit have made Bangladesh a respected name in many parts of the world and microcredit become an example of an instrumental to success the alleviate poverty in many countries. The Grameen Bank, and the concept

20. Piera Waibel, 'Putting the Poor First, Greenleaf Publisher' U.K. 2012, p.88

and methodology of microcredit that it has elaborated through its last three decades work, has contributed to increasing the chances to reduce the poverty level and empowering the poor and particularly women in Bangladesh and many developing countries.

“Access to credit was a significant determinant of the magnitude of economic contributions reported by women. Microcredit was linked with an increase in the asset holdings in their own names, showing an increase in their exercise of purchasing power. They also found that microcredit was linked with women's political and legal awareness. The borrowers have reported significantly higher levels of mobility and political participation. Some members reported higher involvement in major decision making. The empowerment was also linked with their enhanced contribution to family income.”²¹ The Grameen Bank approach responded to the need for action by poor people who are outside the conventional capital system or do not have any access to the financial institutions. If the microcredit programme continues as it has been successfully going for last three decades in Bangladesh and other parts of the world, within a few years the Grameen Bank's microcredit system will emerge as the most important model for the socioeconomic development approach outside the conventional banking system.

12.1 Telephone-Ladies Among the Grameen Bank's Borrowers

To-date Grameen Bank has provided loans to 457,953 borrowers to buy mobile phones and offer telecommunication services in nearly half of the villages of Bangladesh where this service never existed before. Telephone-ladies run a very profitable business with these phones. Telephone-ladies play an important role in the telecommunication sector of the country, and also in generating revenue for Grameen Phone, the largest mobile telephone company in the country. Telephone ladies use 2.22% of the total air-time of the company, while their number is only 1.89% of the total number of telephone subscribers of the company. Recently, some of them started fax and Internet businesses.

12.2 Beggar Members Joined the Grameen Bank Microcredit Programme

There have been many debates in Bangladesh and abroad that *Grameen Bank is saying its banking services suggest it is a 'Bank for the Poor', but many poor still do not have access to Grameen microcredit loans.* To respond to this argument Grameen Bank took a challenge to provide a small amount of microloans to the Beggars in Bangladesh. Begging is the last resort for survival for a poor person, unless he/she turns to crime or other forms of illegal activities. Among the beggars there are disabled, blind, and retarded people, as well as old people with ill health. Grameen Bank has taken up a special programme in 2002, called Struggling Members Programme exclusively for the beggars. Over 111,296 beggars have joined the programme. The total amount disbursed stands today at Taka 162.60 million. Of this amount, Taka 130.89 million (80% of the amount disbursed) has already been paid off. 19,678 beggars have left begging and are making a living as door-to-door sales persons. Among them beggars

21. Schuler, S.R., and Hashemi, S.M., 'Credit Programmes, Women's Empowerment and Contraceptive use in Rural Bangladesh, *Studies on Family Planning*' 1994, Vol. 25, no. 2, pp.65-76.

10,185 have joined Grameen Bank's main-stream borrowers.

12.3 Grameen Bank's Members Getting Elected as Local Government Officials

Grameen system makes the borrowers familiar with the election process. They routinely go through electing group chairmen and secretaries, center-chiefs and deputy center-chiefs every year. They elect board members for running Grameen Bank every three years. This experience has prepared them to run for public offices. They are contesting and getting elected in the local governments. “In 2003, local government election 7,442 GB members contested for that year's reserved seats for women. Of the 3,059 members came out successful.”²² “In 2011, local government election got elected 13 Chairman out of 4,498 candidates. In the reserved seats for women 3,473 members got elected out of 13,494 candidates.”²³ They constituted 26% of the total members elected in these seats.

13. Limitation of the Grameen Bank's Microcredit Programme

Initially the Grameen Bank of Bangladesh had a target to cover two million borrowers in Bangladesh. However in early 1995 the bank already exceeded its target. Right now Grameen Bank has 8.5 million borrowers and still there are many people eager to join the Bank's credit programme, and some of them cannot join the bank due to its strict rules and regulations. Again it should be taken into account that, for the poor, access to the financial institution on its own would be a good solution to empowering them if they could achieve some kind of skills or access to markets. But the Grameen Bank believes that *'the borrower knows best'* and the bank exclusively supports self-employment of the poor at the grassroots level.

The poor people need more knowledge and information to properly utilize their indigenous knowledge and potential to empower themselves and their next generation too. Grameen Bank has come a long way since it began its journey in the village of Jobra in 1976. Goetz stated that, “Where women are not using their loans themselves, it can be argued that women are being targeted for instrumental, not empowering reasons. Where men use women's loans, gender relations within the household are in effect (if not intentionally) using women as a tool to ease the work of credit institutions in recovering loans.”²⁴

It should be taken into account that a Muslim conservative society limits women in their activities and dealings outside of their homes. In many cases, on behalf of the family, the wife receives microcredit loan from the Grameen Bank and the husband and other male family members run the business, with women taking care of cows, poultry and agricultural business at home, while men go to the markets to sell milk, eggs, vegetables and other products.

22. Grameen Bank, 'Grameen Bank Annual Report' Dhaka, 2012

23. Grameen Bank, 'Grameen At a Glance' Dhaka, 2011

24. A M Goetz, 'Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programs in Bangladesh' IDS, University of Sussex, UK, 1994, p. 19

“Professor Dean Karlen from Yale University says that whilst microcredit generates benefits it isn't the panacea that has been purported to be. He advocates also giving the poor access to saving accounts.”²⁵ “During the last three decades it has faced many operational and organizational problems, gained a lot of experience through its successes and failures. It incorporated many new features in its methodology to address various crises and problems, or utilize new opportunities; discarded and modified the features which became unnecessary or less effective. Critics argue, however, that microcredit has not had a positive impact on gender relationships, does not alleviate poverty, has led many borrowers into a debt trap and constitutes a “privatization of welfare” (Gina Neff: 1996). “Esther Duflo and others showed mixed results: there was no effect on household expenditure, gender equity, education or health, but the number of new businesses increased by one third compared to a control group.”²⁶ It is observed through surveys in three districts that whatever the amount of cash income women have on their hands, they use for their family - in particular for their children's food, clothes and education. However, when a woman borrows money for livestock or agricultural purposes, then she might have another source of income or depend on other family members for repayment of weekly installments to the Grameen Bank.

“Since individual survival skills are different for different borrowers who are pursuing different activities with different requirements for credit support, this stereotyped system may not be so effective for all borrowers. This is particularly true for the microeconomic enterprises which are beyond subsistent business operations, whose credit needs are different. The standardized microcredit package suffers from a number of limitations in effectively serving and supporting microenterprises.”²⁷ “Involuntary defaults of borrowed funds could be caused by unexpected circumstances occurring in the borrower's business that affect their ability to repay the loan. Unexpected circumstances include lower business revenue generated, natural disasters and borrowers' illness. In contrast, voluntary default is related to morally hazardous behavior by the borrower. In this category, the borrower has the ability to repay the borrowed funds but refuses to because of the low level of enforcement mechanisms used by the institution.”²⁸

The intention of the Grameen Bank is to alleviate the socioeconomic condition of the rural poor in general, and the disadvantaged rural women in particular. Currently, 97% of Grameen Bank's members are female and steadily increasing in number. At present, there is no inter-networking system among the microcredit providing institutions. As a result, due to some reason if a borrower is not able to repay weekly repayment in scheduled time frame then,

25. BBC, 'Business Weekly' 2 August 2009

26. Banerjee, Abhijit; Esther Duflo, Rachel Glennester, Cynthia Kinnan 'The miracle of microfinance? Evidence from a randomized evaluation.' Retrieved 17 April 2012

27. Muhammad Alam, 'Rafiqul Islam Mollah. 'ECONOMIC ANNALS' 'Volume LVII, No. 192' January – March 2012

28. Brehanu, A., & Fufa, B, 'Repayment rate of loans from semi-formal financial institutions among small-scale farmers in Ethiopia: Two-limit Tobit analysis' 'The Journal of Socio-Economics,' 2008, 37, 2221-2230

instead of consulting with his/her microcredit provider, in many cases the borrower looks for an easy way to find another microcredit provider to get a new loan. Eventually, this kind of borrower becomes a defaulter. To overcome these kinds of problems microcredit providers should have an inter-networking system.

14. Concluding Remarks

The main intention of this study is to examine the role of microcredit to empowering poor people at the grassroots level in Bangladesh. Evidence shows that involving vulnerable people groups at every stage of their own social development through income-generating activities decreases the number of poor people in society. This study also explored how the Grameen Bank's microcredit programmes play an important role which emphasizes women participation in income-generating activities at the grassroots level.

Following the above discussions, the author concludes that the Grameen Bank microcredit programme approach in social development and self-employment have the potential to make an impact on poverty alleviation and empower poor women in Bangladesh. The Grameen Bank approaches place people at the mainstream of the social development through microcredit programme. These approaches enable women to take part in every stage of their own social development such as socioeconomic, cultural and political. There are some other NGOs and development organizations which also emphasize women's active involvement in financial activities through microcredit programmes.

However, their total annual financial budget is still small compared to the government's annual rural development financial budget. It means that the Grameen Bank and other organizations are successful but they have limitations in working for the country's overall social development. To ensure empowerment of the poor and women in the country, commitments have been made to provide income opportunities and access to education and health facilities for all in the shortest period of time. Without strong governmental will and social commitment, improving the lives of the poor and women in the country through only providing microcredit would be a very difficult task. The government could emphasize social development strategies which ensure the participation of vulnerable groups at the grassroots level of society in the current and future development of the country.

Due to the financial limitation of the government in Bangladesh and other developing countries a tripartite (Government's, NGO's and Corporate's collaboration) approach for social development would be an alternative idea. The Government has the administrative power, NGOs have nationwide social network and their workers living at the grassroots level in the rural areas, and the corporates have skills, money and marketing knowledge. To overcome the poverty alleviation problem through active and effective involvement of the poor, initiatives are needed by the Government, NGOs, and Corporates as well.

Bibliography:

- Armendariz B., Morduch. 'The economics of Microfinance' The MIT Press, England, 2007 'American Journal of Education and Society' 1994, Vol. 53, Number 1. P.15
- Bornstein David. 'The Price of a Dream' University Press limited, Dhaka, 1996
- BBC. Business Weekly, 1 August 2009
- Benerjee, Abhijit Esther Duflo, Rachel Glennester, Cynthia Kinnan. 'The miracle of microfinance? Evidence from a randomized evaluation' Retrieved 17 April 2012
- Counts Alex. 'Give us Credit- How Muhammad Yunus's Micro-lending Revolution Is Empowering Women from Bangladesh to Chicago' Times Books, N.Y. 1996
- Counts Alex. 'Small Loans, Big Dreams-How Nobel Prize Winner Muhammad Yunus and Microfinance Are Changing the World' United States of America, 2008
- Chandler A F D. 'Participation As process, Grameen Bank' Dhaka, 1988
- Goetz A.M. 'Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programmes in Bangladesh' IDS, University of Sussex, U.K. 1994
- Harper Malcom. 'Practical Microfinance- A training Guide For South Asia' UPL, Dhaka, 2003
- Holcombe Susan. 'Managing to Empower', UPL, Dhaka, 1995
- Khandker S.R. 'Fighting Poverty with Microcredit' Oxford University Press, New York, 1998
- Rahman Atiur. 'Rural Development From Below: lessons learned From Grameen Bank Experience in Bangladesh' ADAb, Dhaka, 1994
- Rahman A. Atiq. (ed.) 'Environment and Poverty' University Press Limited, Dhaka, 1998
- Sharif I., Wood G. (ed.) 'Challenges for Second Generation Microfinance' PL. Dhaka, 2001
- Shams M Khalid. 'Designing Effectives Credit Delivery System for the Poor' Grameen Bank, Dhaka, 1992
- Schuler, S.R., and Hashemi, S.M. 'Credit Programmes Women's Empowerment and Contraceptive use in Rural Bangladesh, Studies on Family Planning' Dhaka, 1994
- The Grameen Bank. 'Grameen Bank At a Glance' Dhaka, 2009
- The Grameen Bank. 'Grameen Bank Annual Report' Dhaka, 2010
- The Grameen Bank. 'Grameen Bank Annual Report' Dhaka, 2011
- The Grameen Bank. 'At a Glance', Dhaka, 2011
- The Grameen Bank. 'Grameen Bank Annual Report' Dhaka, 2012
- Yunus Muhammad. 'Each of You has the Power to Change the World' Grameen Bank, 2008
- Yunus Muhammad. 'Banker to the Poor- Micro-lending and the battle against world Poverty' PublicAffairs, New York, 2007
- Yunus Muhammad. (ed.) 'Jorimon and others-Faces of Poverty' Grameen Bank, Dhaka, 1996
- Yunus Muhammad. 'New Development Options Towards The 21st Century', Grameen Bank, 1995
- Yunus Muhammad. 'In Credit Self Employment of the Poor' Grameen Bank, 1988
- Yunus Muhammad. 'Creating a World Without Poverty' PublicAffairs, New York, 2007
- Yunus Muhammad. 'Building Social Business' The University Press Limited, Dhaka, 2010
- Waibel Piera. 'Putting the Poor First', Greenleaf Publisher, United Kingdom, 2012'
- Wahid A N Abu. 'The Grameen Bank: Poverty Relief in Bangladesh' Grameen Bank, 1993
- Wood G D., and Sharif I A. 'Who Needs Credit? Poverty and Finance in Bangladesh' The University Press limited, Dhaka, 1997