

Origin of Micro Finance and Women Empowerment In Bangladesh

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Abstract: Way back in the year 1972 professor Muhammad Yunus having realized the kind of exploitation by money lenders in remote villages of Bangladesh started lending money to poor and poorest of poor women in Bangladesh. Today Grameen Bank has 8.5 million women borrowers and bank assisted them to get out of poverty, hunger, malnutrition, starvation deaths and many more problems.

Keywords: Bonsai, Empowerment, Micro-credit, Social-business.

1. INTRODUCTION

Micro finance for the poor and women has received widespread recognition as an approach for poverty reduction and for women's economic empowerment. The World Bank reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living. Women are poorer and more underprivileged than men. The UNDP's Human Development Report, 1995 found that 70% of the 1.3 billion people living on less than \$1 a day are women. Studies in Latin America and elsewhere show that men usually contribute 50-68% of their salaries to the collective household fund, whereas women "tend to keep nothing back for themselves." Because "women contribute resolutely to the well-being of their families," investing in women brings about a multiplier effect. Again, every micro finance institution has stories of women who not only are better off economically as a result of access to financial services, but who are empowered as well. Simply getting cash into the hands of women can lead to increased self - esteem, control and empowerment by helping them achieve greater economic independence and security, which in turns gives them the chance to contribute financially to their households and communities.

2. HISTORICAL BACKGROUND

Way back in the year 1965 Muhammad Yunus went to United States of America to do his PhD at Vanderbilt University, located in Nashville, Tennessee with full bright fellowship, after completed his doctoral degree in economics he started his career as a professor of economics at *Middle Tennessee State University*. (MTSU) During those days in Pakistan liberation was going on, Pakistan has two parts namely East Pakistan and West Pakistan. After a lot of devastation and bloodshed East Pakistan became independent and called herself Bangladesh. Professor wanted to be the part of the newly born country so that he had to resign at MTSU and return to Bangladesh. After coming back to the Bangladesh the professor joined Chittagong University as a professor of Economics, very next door to the university campus, there was a age old village called Jobra, where people

used to suffer from poverty, hunger, malnutrition and many more problems even starvation deaths were common. Muhammad Yunus wanted to know the reason for all their problems. Having interacted with a woman called Sufiya Begam, the professor came to know that the practice of loan sharking in the village. With the help of his Colleagues and students Muhammad Yunus made a list of total borrowers, the professor found forty two names on the list and total amount borrowed was twenty seven dollars, having paid Yunus twenty seven dollars asked people to return the money to the borrowers. The moment he paid, the amount of happiness on the face of people was enormous. So that professor wanted to help the poor people in an institutional way. Therefore Muhammad Yunus rushed to the bank which was in the campus and narrated whole story of the village to the manager and asked him to lend money to the poor people. The Manager said that, the Bank can't lend money to the poor people. Because for simple reason that, they are not credit worthy. Yunus tried in all possible ways to convince the manager but the manager remained unconvinced. Then the manager asked Yunus, if you very much concerned about the poor people he could go and meet to the top officers of the banking hierarchy. Yunus took a piece of his advice and went to top officers of the banking hierarchy, again narrated whole story of the *jobra* people. Bank officials very reluctant to lend money but Yunus was not ready to take no as the answer. Finally Yunus asked banking officials to take him as a guarantor, this time banking officials has no way to escape, finally agreed to pay reluctantly. Yunus took money and paid to the poor people by advising them to return the money without fail, with in stipulated time. So the poor people borrowed the money and returned to the bank. Muhammad Yunus went to bank to share the story of success, the manager said, a university professor can do any kind of miracles, to understand the difficulty of doing business with poor people you need to be repeated same kind of effort in more number of villages, Yunus repeated the same kind of things in more number of villages and succeeded. When Professor Muhammad went to share the victory, the manager asked him to repeat the same kind of things many more villages. Every time manager was keeping on increasing the number of villages. Having realized the mindset of the banking people, Yunus wanted to open a separate bank for poor people. Again one more struggle started by the Yunus, this time he had to speak with Ministry of finance, Federal Bank and Government of Bangladesh, with the help of few friends Professor Muhammad Yunus succeeded in opening a bank called Grameen bank in 1983, in this way Yunus became banker to the poor.

As per the definition of the father of micro finance, micro finance is nothing but giving tiny loans to the poor women for income generating activities without guaranty, collateral or any joint liability.

Today in more than 150 countries micro finance institutions are being operated. In Bangladesh the Grameen bank has 8.5 million borrowers, 97 percent borrowers are women, repayment rate is about 99.8 percent. Grameen bank provides four kinds of loans, the first one is for income generating activities, the interest rate is 10 -15 percent, Second one is housing loan and the interest rate is 8 percent which is lesser than even the depository rate. Third one is education loan, as long as children are in college there is no interest, once they complete their education 5 percent interest is charged. Finally loan for poorest of the poor or beggars, there is no interest on the loan and there is no stipulated time for repayment any time beggars can be paid.

3. OBJECTIVES

1. To understand the origin and definition of micro finance in Dr. Muhammad Yunus's point of view.
2. To recognize the impact of micro finance in the life of women and poor people.

4. METHODOLOGY

Present paper is not based on field study. Therefore the related literature has been collected from various books, news papers, journals and more than one hundred fifty audio & video speeches delivered by 2006 noble laureate Prof. Muhammad Yunus.

5. IMPORTANCE OF THE STUDY

Until recent days micro finance had not regarded as a means of empowerment. However micro finance operations are flourishing throughout the globe including United States of America due to remarkable success achieved in Bangladesh since 1983. It does not mean that microfinance is an ultimate panacea to end poverty. But it is an effective tool among others. another important fact is that, though good number of micro financing operations taking place in India, Pakistan, Mexico, Latin America, which are not based on the kind of principles following by Grameen Bank of Bangladesh, so that the availability of small sizes of finance can't be regarded as micro finance, in this point of view current study is very important.

6. IMPACT OF MICROFINANCE

When micro finance starts to flourish every where some skeptics start to say that, micro finance can function at lower layer of poor people but it does not function at middle or top layer of poor people, when heard this kind of statement it burns to the professor Yunus because he strongly believed that, all human beings have born with entrepreneurial ability, but very few people able to notice the ability, remained people disappear without knowing the ability with they had born, to notice the entrepreneurial ability writing book after book does not yield good result.

In order to demonstrate the entrepreneurial ability last five years ago a programme started to the poorest of the poor in another words the beggars. This has brought tremendous change in socio economic and political situations.

Very briefly an impact of micro finance in the life of poor women can be analyzed as follows;

- Twenty five thousand beggars completely abandon begging and they are door to door sales women and remained seventy five thousand beggars are part time beggars.
- Fifty thousand students are studying in medical, engineering, management institutions and some of them have completed PhD, some of them studying in interna-

tional universities and post doctoral degree as well.

- Forty million children have come out of malnutrition and night blindness.
- People are drinking safe water at the lowest price providing through social business.
- Every household has toilet and sanitation facility.
- Women are actively involved in income generating activities like providing mobile phone services, animal husbandry, basket making and other bamboo artifacts, cleaning of paddy, tailoring, running petty shops etc.
- Women are actively taking part in important decisions of the family like children education, possession or selling property.
- Women are fighting against social evils like poverty, hunger, dowry, women education, exploitation, etc.
- Every year five percent of the poor people are getting out of poverty according to an internal survey carried out by Grameen bank and World Bank.
- Women are actively taking part in local and national politics.
- Today Grameen bank has 8.5 million women borrowers on the other hand they are the owners of Grameen bank too.

7. CONCLUSION

Thousands of poorest of the poor women coming out of poverty, children born out of poor family doing remarkable performance in schools and colleges, poor women are successfully involving in income generating activities throughout Bangladesh, so that poor people are not responsible for their poverty on contrary society is responsible. Poor people are like bonsai tree, you pick the best seed possible from the tallest tree of the forest and planted in a flower pot it does not grow as big as the tree you see in the forest, hardly it grows inches tall because the soil provided is too little, therefore it can't grow big, in same way society is the base, if society provides opportunities to the poor people they can unleash their potential, otherwise people disappear without knowing the gift with they had born. Micro finance is an effective tool in the hands of poor people to unleash their potential, on the other hand it empowers women in all respect, to get rid of poverty, malnutrition, hunger and other maladies we need to redefine the concepts, redesign the institutions and formulate the new policies.

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