

## **Statement of Nobel Laureate Professor Muhammad Yunus on the Occasion of Supreme Court Verdict on May 5, 2011 Regarding His Removal from Grameen Bank**

You have already heard the verdict from the Supreme Court.

Why did I appear before the Court? Why did I want to contest the order of Bangladesh Bank? Why there is so much concern about this issue at home and abroad? There may be some confusion regarding these questions. Please allow me to share my feelings with you to remove this confusion. I went to the Court for a specific reason. Bangladesh Bank sent a letter to Grameen Bank, removing me from my post as Managing Director of Grameen Bank. The letter also mentioned that I held this position for the last eleven years illegally. Bangladesh Bank did this without giving me a chance to explain my position. I felt that this letter was not legally correct, and through this letter, not only was I been wronged, but so was Grameen Bank. Nine elected members of the Board of Directors of Grameen Bank felt the same way. That is why the nine members of the Board and I filed separate writs in the High Court. We wanted these wrongs to be corrected. Therefore, we had to seek justice through all avenues offered in the Bangladeshi judicial system. This is what we have done.

### **The fate of 40 million poor people connected to this**

In the event that the Honourable Court stated in their final decision that the letter from Bangladesh Bank was issued without lawful authority, I could continue my work with Grameen Bank and make the transition to a capable management as smoothly as possible. But, if the Court verdict went against us, the Board may be forced to take steps to implement the content of the Bangladesh Bank letter. This was the only reason for me to take this matter to the Court. I had no option but to seek justice in this matter.

It is indeed a much wider and much more significant issue to save the future of Grameen Bank and also to protect the hopes and dreams of the over 8 million borrowers. These borrowers are also the owners of 96.5% of the Bank's shares. The Bank is connected with 40 million microcredit borrowers in Bangladesh, and its impact on all these people cannot be neglected. What happens to Grameen Bank influences the future of the millions of Bangladeshis who benefit from microcredit activities, as well as the future of the institution of microcredit itself. It is actually a great concern for me, and many others, that I properly fulfill my responsibility to safeguard their future before and after leaving the post of Managing Director of Grameen Bank.

Some have said that, instead of going to the court, it would have been more honorable for me to resign from my position as suggested by the Finance Minister. I do not think so. In that case, the end result would have been the same, so far as my exit is concerned. But I would have suffered from carrying the guilt of knowingly accepting an unexpected proposal and putting the borrowers and their families' futures at risk. I could not do that.

Some people felt that I intend to cling to the position of Managing Director of Grameen Bank. But, the nation knows that this position is not my life's goal. I was, and am, conscious of the fact that my future work will not be based on my holding on to this position, but rather, it would be working with the young generation, from other platforms to address the problem of poverty at home and abroad. I want to do that without jeopardizing the interests of Grameen Bank. This is the thought which prompted me to write the letter to the Honorable Finance Minister one year ago. I suggested two options to him for a transition that could take place without creating any waves within the Bank. I did not get any response to these proposals. I was, instead, told to quit. It is, therefore, unfair to me to suggest that I am holding on to the of position of managing director unjustly or to allege that I am not co-operating in the process of transition.

For the last few months, a section of the media devoted itself fiercely to campaign against me, Grameen Bank, and the concept of microcredit. Everyone has his own explanation why this is happening.

### **An unfriendly atmosphere is not helpful for a smooth change of leadership**

The cause of my concerns, as well as those of the nation and the world, lies here. These concerns are more for Grameen Bank and the future of its millions of borrowers, than for me. For this reason, I have been reminding you repeatedly that undertaking the transition process of Grameen Bank's management in an unfriendly environment will only cause harm to the future of the Bank. I have always wanted to make sure that the transition takes place in a friendly, mutually supportive environment, so that the achievements of Grameen Bank may continue without interruption. There are many issues related to this. The big questions are: whether Grameen Bank can maintain its independent existence, whether it can be successful in keeping itself away from political influences. What actually happens to financial institutions in our country if political influences start playing a role in these institutions is common knowledge. This experience will not inspire trust in the borrowers. We all know how important the role of trust is in the operation of Grameen Bank.

There is a growing doubt as to whether any civil society effort can survive and retain its character and independence in this politically-influenced environment. There is doubt as to whether Grameen Bank, or similar civil society initiatives, can be continued with their own identities and autonomy in this environment. Whether I remain within Grameen Bank, or I work outside of Grameen Bank, I can't ignore my responsibility. It is an important task to protect Grameen Bank's identity and ensure that poor people remain as its owners.

A vital part of good governance, as internationally recognized and known to all, is the independence and autonomy of civil society efforts. This is especially so when the the character and independence of a globally acclaimed model involved with poverty reduction at the grassroots level lies at stake. This model is working in western countries, no matter how rich they are. They are grateful to Bangladesh, as this model is benefitting their own poor people.

Our country has gained recognition throughout the world for our citizens successful initiatives and innovative activities. Bangladesh became a role model for the developing world through the actions of its civil society, and the success of these actions. This brought Bangladesh into the attention of the whole world. Bangladesh became the shining global example of creative and innovative civil society actions to solve its own problems. This gave us our pride. If this image is tarnished, then this will be a great loss to the nation. Will this not affect our pride and self-confidence? I put these questions to you. I am humbly appealing to all for the protection and independence of Grameen Bank and the protection of poor women who are working very hard to stand on their feet with their own efforts. I am especially appealing for the protection of institutions that fight for the empowerment of poor women.

## **We must ensure that the achievements of the last forty years are not lost**

It is necessary for us to stand together to ensure that the achievements that we have gained in these past 40 years are not lost. Without having a national consensus, we will not be able to take our country to new heights. Over the last five months, citizens have protested in all parts of the country. People have spoken out in the print media, and on television. 3.7 million Grameen Bank borrowers and their family members signed a petition to ensure the independence of Grameen Bank, addressed to the Honorable Prime Minister. Bangladeshis living abroad have protested individually and in groups in many cities and towns across Europe and America. We must all continue to voice our concerns to protect ourselves.

## **Grameen Bank is owned by poor women**

Grameen Bank is a world-renowned bank, which is owned by poor rural women. We do not expect a situation to be created where the very existence of Grameen Bank will be brought into question.

In the past 35 years, we have managed to develop Grameen Bank into an efficient financial organization. In 1995 we took the decision that we would not take any more foreign aid; over the years we have remained true to that decision. We are able to carry out all the activities of the Bank with the deposits from members and the general public. In every year, the Bank is able to earn profits. And we are able to return those profits back to the borrowers of the Bank; this is a source of great joy for us.

## **The journey started with 856 Taka**

This bank, which started its journey with only 856 Takas in loans, today disburses over Tk. 1000 crore in loans per month. The total deposits at the Bank stands at over Tk. 10,000 crore. Of this, more than half the deposits come from our borrowers. We even have branches where the amount deposited by the borrowers is twice the amount of their outstanding loans. We have 1150 branches where the deposit of the borrowers are worth 75% or more of their total outstanding loans. This gives a clear indication of the change in economic power which our members have undergone. Of the Tk. 5000 crore in savings deposited at the Bank by our borrowers, over 97% of this is the savings of women. This is the greatest source of joy for us. No one else but the women themselves are the sole owners of these savings. Besides this, by taking housing loans, nearly 700,000 women have been able to build their own homes. This is another measure of empowerment that has been brought to poor women by Grameen Bank.

The children of our borrowers are now growing up. From the very beginning we have been able to send these children to school. We have given scholarships to many of them. We have been able to provide them with Educational Loans. We have been able to provide Tk. 18 crore in scholarship, and Tk. 400 crore in Higher Educational loans. 50,000 boys and girls are now in higher education by taking the Higher Educational loans. They are now studying to become doctors, engineers and other professionals by going to universities. Some of such loanees in the past have completed their PhD. degrees. We have pledged ourselves to provide the next generation of Grameen Bank borrowers with a new, better life full of opportunities. We have convinced them to accept the challenge that "We'll not be job-seekers, we'll be job-givers". Now our challenge is to create the opportunity so that the second generation of Grameen Bank borrowers can move away from

poverty forever. This should now be our goal, and we should strive to achieve this goal as quickly as possible.

In a section of the media, there have been numerous stories, rumours and allegations published about Grameen Bank. As a result of this, wrong impression and misunderstandings have been formed about Grameen Bank. Taking this opportunity, I would like to say a few words about those stories, rumors and allegations.

People may have a misunderstanding that Grameen Bank operates with aid money from abroad. This is absolutely not true. After 1995, Grameen Bank has not accepted any aid from abroad. We are able to carry out our loan programs with the money deposited at Grameen Bank by the borrowers and the general public. The total deposits that we have at Grameen Bank is one and half times the amount that has been disbursed as loans. Therefore there is no need for us to take loans or aid money from anyone from home and abroad.

People have the impression that the interest rates on loans from Grameen Bank are very high. This is not true. The interest rates on Grameen Bank loans are the lowest in the Bangladesh's microfinance sector. Our highest interest rate is 20%, on a declining basis and all of our interest rates are simple interest. In other words, interest is not charged on interest accrued. Whereas on the other hand, to depositors we pay interest on a compound interest rate basis; that is, we pay interest on interest accrued. This fact has been clearly laid out in the Review Committee's Report.

Many have said that Grameen Bank is a government owned bank. Some have said that it is an NGO. In reality, Grameen Bank is not a government bank, nor is it an NGO. Grameen Bank is a non-government bank owned by the poor, created by a special law.

There is an allegation that Grameen Bank uses force against the poor to recoup the money given out as loans. But in reality there is no need to use force against the poor. The borrowers are themselves the owners of the bank. Repayment period of the loans can be extended if the borrower needs it. How much they will pay in installment is decided by the borrowers themselves. If a borrower or her husband dies, then the outstanding amount of her loans is forgiven; there will be no need to repay the remaining amount. Bank provides a grant for the funeral of a borrower. Staff of the branch has to be present at the janaza of the borrower.

Besides this, every borrower has a sizable amount of savings deposited in her account at the Bank. Many of the borrowers have savings in excess of their total loaned amount.

The sooner we are able to remove all the misconceptions and misunderstandings about Grameen Bank, the quicker we will be able to turn our attention to initiatives by citizens and the better it will be for all of us. In trying to bring about social and economic change, initiatives by citizens have a crucial role to play. Side by side of governmental initiatives to reduce poverty and promote positive social and economic change, initiatives by citizens have to be gradually increased and expanded. The goals of governmental and private citizens initiatives are the same – to ensure that solutions to the country's social, economic and environmental problems are found. There are many problems where the only solution currently available to the world is safety-net programmes based on government charity. Along with safety-net programmes we'll have to introduce programmes to utilise poor people's creativity and skill. Poor people have to be given opportunities for self-help. Civil society has to come forward with all of its creativity to give rise to this awareness within the poor. I have been attempting to do this through the concept of social business and trying to get others interested in social business. Many have become interested and are coming forward – both within the country and outside the country. I am convinced that in many areas – health, environment, creation of employment, womens' empowerment, creating many small business initiatives, helping to create initiatives by the youth, etc. – social business concept can play a very decisive role.

### **This support is actually support for strengthening citizens initiatives**

The support which has been spontaneously expressed for Grameen Bank from both within the country and abroad is not support only for Grameen Bank, but it is also an expression of total support for citizens taking initiative on their own to help solve social and economic problems which plague our country. This support has to continue and it has to be reinforced. Steps need to be taken so that this support can be transformed into practical initiatives. Through Social Businesses, I will ensure that my initiatives continue. I am inviting all to join in and participate in helping solve the problems afflicting our country. I am not proposing that everyone must become involved in Social Business. Everyone should come forward and find his own way. My main proposal is that there exists the ability within each of us, to find the practical solutions to social problems; and we have to come forward in utilizing that ability. We have to make sure that before we leave this world, we do use this ability, rather than let this ability remain unexplored and unutilised. If by 2030 we are to create a poverty free Bangladesh, then, the foundation for that has to be laid out right now. If we are able to utilize the creative power in each of us, there is no reason why we cannot lay out the foundation today to achieve our goal in 2030. Young of our nation can lead the way in making it happen.

Forty years ago, 85% of the population of our country was below the poverty line. Today 32% of our population is below the poverty line. In the next 20 years, is it impossible for us to raise this remaining 32% of our population above the poverty line? I do not believe that it is impossible – especially when we see how unbelievably fast the world is getting every day; and even our own country is changing so speedily; particularly when we notice the ability of our youth to quickly internalize the speed of change in the world at an amazingly high rate.

Let us make sure that Grameen Bank, the bank, which created the opportunity for poor women all around the country to express their latent abilities, is able to continue to achieve more successes. At the same time let us work to make sure that all the initiatives from the civil society can move forward without hinderence and at a fast pace. Let us ensure that we make our nation a nation that is globally admired for its creative solutions to its own problems. We have the opportunity to provide global leadership in finding solutions for problems the whole world is suffering from. With close collaboration between the government and the civil society we can make it happen. Let us not miss our opportunity.

Thank you.