

MUHAMMAD YUNUS: AN ECONOMICS FOR PEACE

Muhammad Yunus is the first Economist to win a Nobel Peace Prize. He belongs to Bangladesh and is the pioneer of microcredit. He got the prize for the way his Grameen bank worked for women empowerment.

The question arises that how economics has cultivated peace. It could be a reason for war and other related problems. And why has Professor Yunus, along with the Grameen Bank he founded, been awarded this prize?

The Yunus-Grameen story is indeed unique. Muhammad Yunus did his doctorate in economics from Middle Tennessee State University in the United States. Then he returned to Bangladesh. Yunus had been guided by Nicholas Georgescu-Roegen. He was a unique thinker who created 'evolutionary economics' and influenced Yunus in the ways that would help him develop the ideas behind Grameen. He made Yunus understand that without the human side, 'economics is just as hard and dry as stone.'

Yunus returned Bangladesh in 1972 when it became a newly independent country. He began teaching in Chittagong University. Bangladesh faced a famine in 1974 and he saw people dying from hunger. He was very troubled by the difference between the academic economics and the reality of people.

He came across Sufia Khatun, a local woman, who took money from the local money lender to purchase raw material and made a profit of a penny on each stool. He lent money to Sufia and forty-one others for their business projects. She finally earned a profit of twenty-five dollars. Tears roll down her face. She has never seen so much money in her life.

This led to the establishment of an innovative group-lending system where short-term, interest-free loans were given to group members who were collectively responsible for repayment. The Grameen Bank was formally founded in 1976 and is owned by its borrowers. The bank was very successful and unusual thing about it was its customers, who were ninety percent woman.

Now, women formed group to get loan from Grameen Bank. It empowered women and their children got education and they started acquiring property or money. This was objected by the males and village power-mongers.

The aim of Grameen Bank was not limited just to financial empowerment. It wanted to bring social consciousness. It helped to build a relationship of trust among the rural women and the bankers.

The success of Grameen was replicated by rural Arkansas when Bill Clinton was governor. Today every developing country has microcredit as a measure to get rid of poverty.

The World Bank experimented this method of poverty alleviation and now it funds many schemes of microcredit all over

the world. Professor Yunus has spread the idea of microcredit and advocated the concept that credit is a human right.

Grameen Bank has explored various fields and become successful. Muhammed Yunus's knack of finding and applying the right business idea for rural Bangladesh is what makes him a remarkable development economist. His work for alleviating poverty could have won him 2006 Nobel Prize in economics.

The microcredit, NGOs and the peacemakers will have to make sure that the violence of starvation and poverty should not be continued due to strict banking credit system.

Exercise:

Que.1. Muhammad Yunus has done a lot to alleviate poverty. Quote examples from the lesson to prove this. OR Discuss the idea of Microcredit as evident in this lesson?

Ans. Muhammad Yunus is the first Economist to win a Nobel Prize. He belongs to Bangladesh and is the pioneer of microcredit. He got the prize for the way his Grameen bank worked for women empowerment. Yunus returned Bangladesh in 1972 when it became a newly independent country. He began teaching in Chittagong University. Bangladesh faced a famine in 1974 and he saw people dying from hunger. He was very troubled by the difference between the academic economics and the reality of people.

He came across **Sufia Khatun**, a local woman, who took money from the local money lender to purchase raw material and made a profit of a penny on each stool. Yunus decided to cut through the **monopoly** of the money lenders and increase the income of Sufia Khatun and other women like her. He lent money to Sufia and forty-one others for their business projects. She finally earned a **profit** of twenty-five dollars. Tears roll down her face. She has **never** seen so much money in her life.

This led to the **establishment** of an innovative **group-lending** system where **short-term, interest-free** loans were given to group members who were **collectively** responsible for **repayment**. The **Grameen Bank** was formally founded in **1976** and is owned by its borrowers. The bank was very successful and unusual thing about it was its **customers**, who were **ninety percent woman**.

Now, women formed group to get loan from **Grameen Bank**. It empowered women and their children got education and they started acquiring property or money. **In this way Muhammad Yunus alleviated poverty.**

Que.2. What is the connection between banking, democracy and peace as seen in life of Muhammad Yunus?

Ans. Muhammad Yunus is the **first Economist** to win a **Nobel Prize**. He belongs to **Bangladesh** and is the **pioneer of microcredit**. He got the prize for the way his Grameen bank worked for women empowerment.

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The aim of Grameen Bank was not limited just to financial empowerment. It wanted to bring social consciousness. It helped to build a relationship of trust among the rural women and the bankers. The World Bank experimented this method of poverty alleviation and now it funds many schemes of microcredit all over the world. Professor Yunus has spread the idea of microcredit and advocated the concept that credit is a human right.

Que.3. How did the Grameen Bank promote individual empowerment and raise social consciousness?

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The aim of Grameen Bank was not limited just to financial empowerment. It wants to bring social consciousness. It helped to build a relationship of trust among the rural women and the bankers.

Que.4. How has Grameen Bank spread its message and its influence round the world? Give examples from the lesson?

Ans. The success of Grameen was replicated by rural Arkansas when Bill Clinton was governor. Today every developing country has microcredit as a measure to get rid of poverty.

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