

**Grameen Bank Commission's proposed recommendation to change the structure of the bank & the required legal changes.**

Prof. Yunus has written an article about the recommendation that was published in the Daily Star on 20 June 2013. His article has very clearly raised the motives of the recommendations based on unsustainable grounds. Prof. Reman Sobhan, a renowned economist has given an interview with 'Amaderdesh.com' and couldn't find any valid reasons for those recommendations.

I like to make an objective assessment of the three recommendations but before that some general common sense and rational observations are essential for consideration of the general public. First of all the restructuring of any organization is generally called for when something going wrong with that particular entity. Grameen Commission has not noted any mismanagement, inefficiency, corruption and above all the failure of defined objectives of the bank that means the reduction of poverty in Bangladesh. Grameen's position in those above parameters is exactly opposite; it is the most efficiently managed corruption free profitable and successful organization in the country. Reduction of poverty among its members is above 60%. Due to better economic conditions, health, education, housing facilities for the children have improved significantly. Secondly, what are the present conditions of all government owned banks in the country? Are these banks being managed efficiently, free of corruptions and are making profits? Without explaining the above matters, why the question of restructuring arises at all and more over to bring Grameen into government folds.

Now let's look at the three recommendations the commission has put forwarded to consider.

- a) To transform Grameen Bank similar to Silpa Bank as government bank, with at least 51% government share so that it has majority board of directors to control the management of operation of the bank.
- b) To transform Grameen into 19 separate independent smaller Grameen Banks with each has its own board of directors similar to Bangladesh Rural Electrification Board.
- c) To transform Grameen Bank into a private company under the Companies Act, other than a credit union or a cooperative. The Commission expects a problem in this proposal for holding Annual General Meeting with 8.4 million Grameen borrowers at a single venue.

There are so many contradictory and false assertions are being circulated around about Grameen in the recent past those need scrutiny; the Commission now says it will bring Grameen Bank to become a government organization by increasing government's share of 51%. Throughout the world the rule of business is that 51% ownership has the controlling authority of any business. The members of Grameen have 75% share & 97% equity (Grameen members have Tk53.8 crores, government has a paltry Tk 1.8 crores; shares should have been increased to 97%), yet the commission says it a government owned entity because it has been established under the Grameen Bank Ordinance promulgated by the government. Grameen Bank has not violated any regulations. So, where is the need for regulatory changes? All Banks in Bangladesh including foreign banks are operating under the Bangladesh Banking ACT enacted by the Parliament. Does it mean all banks are government owned? When Grameen claims it is a private institution with more than 51% share holdings, the AL Government and its supporters on the other side claim it is a government bank. The sensible people will know who are right. It is baffing how the supposed experts don't know this fact?

For further rationalisation the amendments of Grameen Bank Ordinance till 2008 have the most suitable legal frame work. The amended Ordinance has authorised the board of directors, majority of them are elected, to appoint the Chairman in place of government nominee and allow the bank to open branches in urban areas to furtherance the aims and objectives of the bank. These provisions stood cancelled because present government didn't ratify them. The legal frame works have transformed the bank as a unique institution; it is the only bank in the world owned by the poor, managed according to the wishes of the poor. It has remarkable achievements of empowerment of the poor women. Today when World Bank report shows improvements in Human Development Index(HDI) in Bangladesh, not many people realise that Grameen has significant contributions in these improvements. More than 40 million ( 8.4 million member families X 5 members in each) which is more than 25% total population of Bangladesh are directly depended on Grameen. When question of HDI arises, the poor Grameen members are included in the equation. The Commission has recommendation to break this world renowned organization that has captured the imagination and hope of hundreds of millions poor people throughout the world. What a harmful, irrational and sorry performance of a government that claimed legacy of Bangabandhu who dreamt of a poverty free country?

For the benefit of readers a few recorded statistics not heresy are relevant here. Grameen Bank is now being operated and expanding by the savings and deposits of its members. The poor women have deposits of Taka eighty billions. Grameen Bank doesn't take any loan from any quarter including foreign loans. To take away money from these women is akin to nationalization of private property. Grameen Shikkha, a not-for-profit Grameen family member gives scholarship to about 120,000 poor school students; it gives about 50,000 higher education loans to students of members' children, many of them are already become engineers, doctors, accountants & other professions. Grameen provides life Insurance to its members and gives housing loans; about 700,000 houses built by this loan. There are many other economic & social developments being implemented for the benefits of the poor. Not many people in the country are aware about these.

From the outset Prof. Yunus knew very well that ownership of the bank for the poor borrowers was the catalyst to make headway for any economic development for the poor in the existed banking system. Grameen's tremendous achievement has proved him right.

It seems the government has already decided to take over Grameen Bank and asked the Commission to prepare a report accordingly. The Commission has amply demonstrated that it doesn't have any understanding of the philosophy of economic development on which Grameen was established and flourished. What are the expertise and qualifications of the three Commission Members to do such an important and far-reaching inquiry of a unique organization in the world like Grameen Bank? The Chairman is formerly a secretary, a bureaucrat, one member is a lawyer and the other one is a banker; none has any expertise in microcredit which is a special nature of financing.

If this report is implemented, a human disaster will befall in the lives of over 40 million poor people of Bangladesh. It will create a serious economic downturn in the country because so many people, over 25% total population of the country will have no income; these women are now self employed and the finances are not from government exchequer. Also, women empowerment will be completely obliterated. I have faith and hope that our people wouldn't allow such an eventuality.

“If winter comes, can spring be far behind”( Late Justice Kayani of Lahore High Court, during General Ayub Khan’s Martial Law period in late nineteen fifties). Let sanity prevails upon the AL government.

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