

¹ Grameen Bank and its Sister Organizations-Grameen Chek and
² Grameen Krishi Agricultural Foundation Not Only Providing
³ Credit They Guide the Landless Families in Bangladesh for their
⁴ Development

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10 Abstract

11 This paper talks about Grameen Bank (GB) micro financing program features, strategies,
12 policies and its two other sister organizations Grameen Chek (GC), involves in manufacturing
13 handloom garments and Grameen Krishi (Agricultural) Foundation (GKF), engages in
14 agricultural activities and irrigation management in Bangladesh. All are social business
15 organizations in Bangladesh. GKF runs its farms ?no loss basis?. Grameen Bank and
16 Grameen Chek run their programs without receiving external funding; rather these two
17 organizations have operated their programs from their own generated funds. Moreover,
18 Grammen Bank and Grameen Chek are free from external consultants' pressure rather they
19 are developing their programs, policies and implementation strategies by using their in-house
20 staff skills and experience. However, Grameen Krishi Foundation, establishes in 1990, receives
21 start-up external grants from United Nations Capital Development Fund (UNCDF), United
22 States of America International Aid (USAID) and the Royal Netherlands Government. GKF
23 all programs are designed by the western irrigation management consultants hired by the
24 donors. Donor consultants have prescribed programs for GKF without considering the local
25 socio-economic, geo-agricultural and environmental factors. The donors forced GKF to follow
26 consultants? inception mission instructions report, which are irrelevant and expensive for add
27 in Bangladesh agricultural farming. As a result GKF ends up huge loss in 1998. The
28 objectives of the study are to explore what strategies, policies and tools GB, GC and GKF use
29 in implementing their programs in Bangladesh; and to identify what steps they have taken to
30 address the issue of poverty and make them success. Why they are unsuccessful if any. The
31 research questions are what are strategies, policies and tools GB, GC and GKF use in
32 implementing their programs in Bangladesh. The paper reflects author? s own working
33 experience working with Grameen Bank, Grameen Chek a

Index terms— external consultants; external funding; grameen bank; grameen chek; grameen krishi foundation; internal funding; empowerment; implementation strategi
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Not Only Providing Credit: They Guide the Landless Families in Bangladesh for their Development

3 STATEMENT OF THE PROBLEM

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55 of poverty and make them success. Why they are unsuccessful if any. The research questions are what are
56 strategies, policies and tools GB, GC and GKF use in implementing their programs in Bangladesh. The paper
57 reflects author's own working experience working with Grameen Bank, Grameen Chek and Grameen Krishi
58 Foundation (GKF) in Bangladesh. The paper also includes secondary data from GB, GC and GKF. Moreover,
59 the paper has literature review.

60 The study finds GKF faces serious fund shortage and problems following consultants' plan of actions in
61 Bangladesh; it accounts ends up with huge loss; however, consulting farm does not response to the problem.
62 Currently GKF reduced its Introduction here are several rural development and poverty eradication projects
63 initiated by various government and non-governmental agencies in Bangladesh at different times. For example,
64 the Bangladesh Rural Development Board (BRDB), Integrated Rural Development Program (IRDP), Food for
65 Work Program, CARE Bangladesh, Rangpur and Dinajpur Rural Services (RDRS), Village Aid, and Bangladesh
66 Rural Rehabilitation Program (BRRP). However, few projects focused exclusively on women in development
67 and the feminization of poverty. Many of them are charity, temporary relief and handout projects. In contrast
68 the Grameen Bank (GB) micro financing program and Grameen Chek, a sister organization of Grameen Bank,
69 involves in manufacturing handloom garments, continued for more than three decades. They are successful
70 in sustainably addressing poverty, creating self-employment and empowering rural women in Bangladesh.
71 Grameen Bank micro lending technology is replicating across the world. Now it is recognized as a model of
72 development work in the world. Grameen Chek fabric business is popular creating local living economics in
73 Bangladesh. Grameen Krishi Foundation (GKF) is providing agriculture irrigation facilities to marginalised
74 farmers in Bangladesh.

75 This essay focuses on socio-economic condition and morale of the landless before Grameen Bank come in; the
76 implementation steps, features, policies and programs the Grameen Bank engages which has made it a successful
77 national financial institution in Bangladesh and has resulted in its replication across the world. The paper
78 also narrates Grameen two other sister organizations (Grameen Chek (GC) and Grameen Krishi Foundation
79 (GKF) and looks at their financial strategies and operation strategies, and impacts in Bangladesh by following
80 two different approaches (Grameen Bank and Grameen Check internal fund mobilization process and Grameen
81 Krishi Foundation depends on external funding).

82 2 II.

83 3 Statement of the Problem

84 The destitute poor men and women used to wait at the door of the affluent and village rich for food on the
85 occasions like wedding ceremony, Eid festival, family reunion, post funeral feast etc. To maintain the family,
86 they would sell their labour in advance for 1 year, 2 year or 5 years. Failing to provide food and clothing to the
87 children, engaged them as domestic aids in the homes of rich people. Women folk also used to be engaged as
88 maids in the house of rich people. Weavers, blacksmiths, potters, barbers, carpenters not finding any professional
89 work in the villages left for urban areas and loitered there leaving behind their parents, wife and children. They
90 were working as rickshaw pullers, living in unhygienic shanty slums, women resorting to health and education.
91 They became victims of malnutrition and deadly diseases which crippled them. They could not have full meal
92 with the meagre income in exchange for a day's hard labour, which was inadequate for purchase of essentials like
93 rice, edible oil etc. They could not find capital to invest in business or farming and thereby earning income; even
94 if capital was available, it was from money lenders at exorbitant rate of interest.

95 GB objectives involve extending banking facilities to the poor for their self-employment, to free them from
96 exploitation by money lenders, and to empower women through providing them with collateralfree loans for doing
97 businesses.

98 Grameen Bank and other MFIs in Bangladesh have massively expanded microfinance in Bangladesh. Many
99 other countries are trying to scaling up their

100 have not yet developed a strong system capable of serving massive numbers of poor in a sustainable fashion
101 in their countries. Author finds many MFIs are unable to scale up their programs because unsuitable strategies
102 and policies are barriers to popular and to expand in their programs in their countries. Many MFIs use western
103 consultants to assist them implementing their micro-credit programs and get funding from outsources. The GB
104 implementation strategies, policies and monitoring devices narrated in this paper could help MFIs get ideas from
105 this study.

106 **4 III.**

107 Objectives of the Study (1) To explore what strategies, policies and tools GB uses in implementing its micro
108 credit operation in Bangladesh; (2) To identify what are steps it has taken that to address the issue of poverty
109 and makes it success; and (3) To know are there GB other sister organizations success in Bangladesh; If yes,
110 what are they; if they are not successful, why they are not successful.

111 **5 a) Research Questions**

112 (1) What are strategies, policies and tools GB uses in implementing its micro credit operation in Bangladesh; (2)
113 What are steps it has taken to address the issue of poverty and makes it success ; and (3) Are there GB other
114 sister organizations success in Bangladesh; If yes, how they are successful; if not, why they are not successful.

115 IV.

116 **6 Methodology**

117 The paper reflects author's own working experience working with Grameen Bank, Grameen Chek and Grameen
118 Krishi (Agricultural) Foundation (GKF) in Bangladesh. The paper includes secondary data from Grameen Bank,
119 Grameen Chek and Grameen Krishi Foundation (GKF). Moreover, the paper has literature review.
120 V.

121 **7 Significance of the Study a) Socio-economic condition and 122 morale of the landless before Grameen Bank come in**

123 The word 'Bank' was totally unknown to them. They might have come to know the people associated with
124 banks for working as servants/maids or construction labourer. Rich people and village unethical Despondency
125 overwhelmed them out of deprivation, harassment, and deception. They hated the life which life and joy and
126 happiness of the affluent society. They became dumb by losing everything by natural calamities i.e. flood,
127 drought, cyclone etc. their children would have died crying in front of them without medicate and suffering from
128 malnutrition. Thought of killing their wife and children as they could not stand poverty or tried to commit
129 suicide considering the futility of the life they led. They would not allow the young girls to go out as they had
130 not adequate clothing to cover themselves. It became the family tradition not go educate the children as it was
131 unthinkable. The word borrowing was a matter of utter fear. Nobody cared for the welfare or safety net of the
132 poor and the destitute. They considered it unprecedented that an educate person would step into their homestead.
133 Throughout their life they knew only how to salute others. Now 8.7 million women borrowers do small business
134 by taking loans from Grameen Bank, earn income, fulfill their basic needs, many of them become formal leader in
135 their communalities and empower in the society. GB many studies talk about the socio-economic impact of GB
136 in Bangladesh. However, there is no study how GB is successful in its micro-credit operation and empowering
137 marginalized people in Bangladesh. Therefore, it is important to know what strategies, tools, monitoring devices
138 GB uses that help GB become a national organization in Bangladesh for b) Grameen Bank: A ray of Hope
139 countries, as a weapon against poverty and hunger. Now it is recognized as a development model for income
140 generation, self-employment and empowers disadvantaged women all over the world" (Grameen Dialouge-60,
141 2005, p. 2).

142 The dedicated Grameen Bank assistants, Bank Managers went to the villages to find out who are the poor
143 people. They go to their landless and asset less people, enquired about their welfare, caressed their children with
144 love and affection, came to know about the miseries of their life. They get the message why those people are
145 at the bottom of the society. Poverty is not the mockery of fate, sale of labour in advance is not the writing of
146 fate; bank is not for the rich, happiness is not forbidden for the poor. It is not the law of the land that poor
147 children would not be able to go to school and colleges; they would not be standing like a statue at the time
148 of disaster; life does not mean only misery and can educate themselves, has the sense of distinguishing between
149 good and bad, right and wrong, can establish justice. They have also a role to play as a citizen of the country
150 as well as they can offer leadership in the society. They are also able to enjoy themselves with their family in
151 various festivities. Man is the best creation of God, the Almighty which includes the poor. Grameen Bank is
152 the bank of the poor. According to the rules of the Bank, every poor, landless man and woman can improve
153 their economic condition; can establish themselves in the society. These encouraging words created enthusiasm
154 in the minds of the landless of the area. At first they could not response full trust, are somewhat afraid, but the
155 Bank Assistants, Branch Managers make them realize over time through continuous visits to their houses. The
156 landless people gradually picked up courage; they became conscious of their position. As a result, poverty rate of

157 Bangladesh is decreasing. Poverty rate is 31% in 1999 (Bangladesh Human Development Report ??2000) which
158 was 58% in 1981.

159 **8 c) Rich and village unethical people show adverse reaction**

160 When the rich, village unethical people and money lenders found that the poor people has organized themselves
161 under the inspiration of Grameen Bank, they become active to destroy the bank. As the landless women began
162 to take training from Grameen Bank personnel, they try to outcast them on the plea that these women have
163 committed sin, lost their prestige and became anti-religious. But Grameen Bank Assistants and Branch Managers
164 are undaunted and not to be cowed down, because they have vowed and dedicated themselves for uplift of the
165 standard of life of the landless. They are dedicated to reduce the sufferings of these people.

166 Bank Assistants and Managers on the one hand and village money lenders and village unethical people on
167 the other side try against to achieve their respective goals with regards to the landless people. The Grameen
168 Bank personnel are emboldened by their great effort. By virtue of their dedication, the evil design of the money
169 lenders and village unethical people withered away. Inspired by the ideals, the landless men and women begin
170 to flock around Grameen Bank by ignoring their age old barriers of customs and traditions.

171 The whole organizational structure and operation of GB makes borrowing and repayment convenient and easy
172 for its clients. There are no rigid structural policies and monitoring devices by outside consultants. Professor
173 Muhammad Yunus, its founder and charismatic leader, coordinates all staff activities, ideas and recommendations
174 and is the apex leader of GB loan operation. The field staffs of the GB are responsible for developing its loan
175 operation policies, VI. ??1996) finds the short comings of application of modernization theory failed in Chile rather
176 this approach promotes American values instead developed this country. However, evolution of these theories
177 especially dependency theory structures of dependence might be overcome while growing interdependence among
178 even industrialized economics ??Leys, 1995, p. 31). All these westernized theories led to vulnerability of third
179 world countries as opposed to strengthening their economics.

180 **9 Literature Review**

181 Moreover, post colonialism theories have been effort to develop shift in the cultural, political and economic
182 arraignments that arise from the experience of European colonialism both in former colonised and colonizing
183 countries. It attempts to interpret the colonial seeks to deepen understanding of colonizer/colonized relationships
184 by drawing attention to processes of transcultural mixing. However, post-modernism experiences in the light of
185 development in post modernist and post structuralist thought. However, in practice it has been seen global
186 capitalism is spreading all over the world through globalization in the name of trade liberalization, spreading
187 aids, global capitalism, global democracy, and geo-regional politics, globalized standardized not make partnership
188 between aid recipients and donors rather donors are influencing the aid recipient agencies. Aid recipients become
189 dependent on donors and accept donors' terms of references. This unequal relationship between donors and
190 aid recipients raises the issue of the effectiveness and consequences of external support are in significant part
191 a function of the aid process and the aid relationship (Arnoe & Torres, '2007;Bray, 2003Bray, , 1999;Leys,
192 1995;Manion, 2012; ??oveli, 2010;Samoff, 2009). It is because of the structure of the aid relationship with aid
193 recipient agencies, not the misunderstandings or insensitiveness or arrogance of a particular agency or individual
194 (Bray, 2003;Leys, 1995;McLaughlin, 1987;Samoff, 2009;Warwick, 1980). They cannot play a generative role in
195 national development rather foreign aid become challenging for the agencies to successfully implement the project
196 (Yunus, 1994). In many cases foreign aid agencies are coercive at implementing agencies, which has happened
197 in GKF case. For example, GKF develops its own action plan to run its 1500 deep tube farms in Bangladesh
198 (Yunus, 1994); however, donors' push GKF to recruit external consultant to guide GKF staff. Donors withheld
199 funds unless GKF recruits local consultants. Donors forces and agrees to hire highly paid Kranti Consulting Inc.
200 and Macdonald Consulting Inc., UK. However, these consulting firms supply people to GKF those who have no
201 practical experience in farming although they are agricultural graduates. Kranti consultants advise agricultural
202 technologies to GKF, which are not fit for local farming. GKF farms infected with insects, crop damages by
203 using hybrid seeds prescribed by consultants and ultimately get huge loss by following their advice. Consultants
204 received 20% consultancy fee from the project budget. After five years, US Aid, Royal Netherland Government
205 and UNCDF discontinued to support GKF farming activities. GKF faces troubles to provide continuous support
206 to the () B statistics, and accounting reports to consultants, which education and cultural globalization. However,
207 it neglects an analysis of the possibilities for economic and political change and rejects some approaches that
208 privilege the local at the expense of the global; moreover it is full of complexities of identification (Frank,
209 1996;Green, 2002;Putnam, 1993;Tickly, 1999). GB initiative is an example that promotes local living economic
210 theory, internal fund mobilization concept and respect local values, norms and culture.

211 **10 is time consuming. GKF faces serious fund shortage**

212 According to Joel Samoff (2009) foreign aid may function more often to extract than to deliver resources and
213 services. However, underdeveloped countries often are receiving foreign aid but fire their development projects.
214 Moreover, the foreign aid does farms. GKF is busy to provide different information, and problems following
215 consultants plan in Bangladesh; problem after the end of the agreement (Grameen Krishi Foundation, 1994).

216 Partnership for international development cooperation is the currently preferred characterisation of foreign
217 assistance, but partnerships are working side by side to enable the poor to become more self-sufficient (Samoff,
218 2009;Warwick, 1980). Aid shifts terms to from charity to technical assistance to cooperation to partnership.
219 However, Samoff (2009) finds partnership is used simply to label whatever is the current pattern of interaction
220 between aid provider and the aid recipient. Many support programs-public and private, large and small,
221 government-to government, institution-toinstitution-are labelled partnerships. Westerns consultants describe
222 it technical assistance where there is a room for them to take a job from the aid agencies to the aid recipient
223 agencies. However, the aid agencies and aid recipients' relationships perpetuate dependence among aid recipients
224 to donors. Instead equal exchange and share of information, consultants and donors impose their inequalities of
225 power, authority and wealth and perpetuate relations of dependence between them. Until there is an effective
226 partnership, external support cannot be effective in assisting aid recipients to set their own agendas (Arnone, &
227 Torres, 2007; ??itiGroup Foundation, 2000;Samoff, 2009, Yunus, 1994.

228 Ownership is another term is important for country led and project led local development, but Joel Samoff
229 (2009) raises two issues-does the development agenda reflect national and local needs, interests and preferences;
230 second do national and local authorities and others feel sufficient responsibility for that agenda to commit
231 themselves to achieving it? These questions are very important because conditionality exercises direct influence
232 through its certifying role. In many cases donors' conditions are unpleasant and unreasonable but they are
233 apparent. Through ownership, local programs external support could be declined and programs could achieve
234 sustainability (Brinkerhoff, 1996;Coleman, 1999;Found, 1999;Samoff, 2009). However, country-led development
235 requires a strong and assertive national leadership, project authorities and ensures welcome diverse ideas suited
236 to local conditions that are willing to have mutual negotiation rather than receive external direction (Bray,
237 2003(Bray, , 1999;Crossley & Watson, 2003;Samoff, 2009). Project ownership would be the ultimate goal of
238 receiving foreign aid. In these relationships, donors, technical assistance agencies and aid recipients should have
239 responsibilities for creating open space for and listening to multiple voices. Unfortunately maximum donors are
240 hegemonic top down role players in this game which has happened in GKF case.

241 According to Joel Samoff (2009) external supports have three sets of values, assumptions and understandings:
242 (1) Human capital development-skills development-alternative investment patterns and rate of return analysis;
243 (2) Focus on internal efficiency of the organization to increase the productivity of organizations; and (3) improve
244 service delivery system-Paulo Freire termed it 'the banking model of knowledge sharing' of both parties. Human
245 capital theory looks at the technical administrative or managerial concerns. In these three approaches it is
246 essential to recognize the critical voices, critiques and innovative departures that emerge within the institution
247 (McLaughlin, 1987; , 2009). Human capital development means human skills development through institutional
248 capacity development and support, and structural relationships among donor agencies and aid recipient agencies
249 (Stilitz, 2003). However, instead aid agencies equal partners with aid recipients, they (donors) are reinforcing
250 their agendas, conditions and influence aid recipients. No human capital actual development happens to aid their
251 autonomy and the projects failed. Hence, there needs to balance and intersects external and internal pressures
252 between these two parties donor and aid recipient (Manion, 2012;Novelli, 2010;Rogers, 1996;Samoff, 2009).

253 Foreign aid plays an important role in maintaining the external orientation. Foreign aid is always a relationship.
254 Unfortunately the aid relationship is shaped by dramatic inequalities of power and influence. The disabilities of the
255 aid relationships are deep and enduring ??Samoff, 2009, p. 157). Therefore, the relationship can neither survive
256 nor function without direct and active participation of the aid recipients. Sorry to say funders retain the upper
257 hand. Organizing aid to permit effective transfers and exchanges cannot be achieved by only modifying forms
258 and terminology rather requires structural transformations (Leys, 1995;Putnam, 1993;Samoff, 2009). Author's
259 experiencing obstacle to aids is consultants want donor recipients should intellectual worship and dependence
260 of donors that perpetuates dramatic inequalities of power and influence; therefore, relationships between donors
261 and aid recipients are not direct and no active mutual participation. Every year donor consultants visit GKF for
262 two months and monitor their inception report for GKF. GKF has tried to work with local context, adjust local
263 situation, consultants strict on their own plan. Many meetings have conducted from grass roots to head office
264 level to minimize contradict with between GKF and consultants. Donor consultants are hegemonic attitude to
265 GKF that hampers the GKF farming activities.

266 Bellow section talks about Grameen Bank (GB) program implementation strategies, policies and tools.

267 11 VII.

268 12 Projection Meeting

269 Lists of genuine landless persons are collected before selection of members for group formation. Even before
270 that ideals and objectives of Grameen Bank are expected through mini meetings in different localities. Before
271 a branch is opened in an area, the Branch Manager gathers information from the 4 sq. mile around the areas
272 relating to roads, markets, school, college, landless, middle class, upper class population, money lending system,
273 bank, economic institutions, social framework etc. Projection meetings are held with all sections of people. In
274 the projection meeting, the Area Manager and Zonal Manager high-lights the detailed objectives, ideas and
275 programmers of Grameen Bank. On hearing from Grameen Bank, people thought that the Grameen Bank is as

276 like as other banks. They might face many hassles to get loan from it. But due to honesty and dedication of
277 Grameen Bank personnel, these dishonest people are dropped in the selection process.

278 13 a) At the Start, Branch Manager Works Alone

279 At the primary stage when a branch is opened, generally the Branch Manager works alone. The objective
280 of Branch Manager working alone at early stage and group formation stage is that by working alone he can
281 familiarize himself with people of that area, environment, socio-economic condition, politics, education, religion,
282 culture and values. His other colleagues are posted in turn after 5-6 months. One center comprises 1 or 2 groups.
283 At least after 4 months of formation of first and second groups, another group is formed; the next one is formed
284 after another three months at in the same center. A fully fledged centre of 6-8 groups is formed after two or more
285 years. There is no hard and fast rule regarding how many groups a centre will comprise. This is done according
286 to circumstances. To be on firm foundation it is preferable not to establish 6-8 groups in a centre within 4-5
287 months.

288 14 b) Group Training

289 The objective of Grameen Bank rules and regulations and credit system is to encourage savings. GB group training
290 includes the 16 decisions programmes of Grameen Bank, Grameen Pension Scheme (GPS)-previous Group Fund
291 (GF), Children Welfare Fund, Special Savings Fund and their use; formation of group and centres, teaching how
292 to sign name; orientation on personal and hygiene, public health, nutrition, planned family, grow vegetables,
293 animal husbandry, method of investment, disaster management, cleanliness, care of mother and children health
294 (MCH) education. Moreover training topics cover duties and responsibilities of borrowers as citizen, remove
295 superstition, grow healthy social values, development of anti-dowry, quarrels and disputes feelings. Training on
296 these subjects is imparted continuously for 2-3 weeks or more. Training courses are held in some rooms, courtyard
297 suitable for landless women and take place in an informal atmosphere through face to face discussion. Writing
298 materials like pen and paper are not used in the non formal group training. Moreover, side by side with giving
299 them direct ideas on the above subjects, efforts continue on Group selection, Group formation, formation of
300 Centre, Centre meeting, proposal for loan, disbursement of loan, utilization of loan, repayment of loan instalment
301 etc.

302 15 c) Borrowers are Organized Into Small Homogenous

303 Groups Such characteristics facilitate solidarity as well as participatory interaction. Here poor need to be
304 organized if they are to acquire the capacity for managing their own development on a sustainable basis.
305 Organizing the borrowers into primary groups of five numbers and federating six to ten groups into centres has
306 been building blocks of GB's operating system. Emphasis from the very outset is to organizationally strengthen
307 the Grameen clients, so that they can acquire the capacity for planning and implementing micro level development
308 decisions. The centres are functionally linked up with the GB's organizational fabric where the Bank Assistants
309 have to attend centre meetings every week. It is in these weekly centre meetings that most of the bank transactions
310 take place.

311 16 d) Group Members Select Each Other

312 The group members themselves are responsible for selecting their peers. They are to be like minded and have
313 similar economic and social back grounds. Male and female will form separate groups and centres.

314 17 e) Subjects Relating to Evaluation of Loans Proposals

315 Following recognition of groups, a member becomes eligible for credits. Before a loan is sanctioned, Bank
316 Assistants, Managers mix with the prospective borrowers for 1-2 months and through training and exchange of
317 information form an idea as to how much loan is required, and how much income will be generated from investing
318 the borrowed fund. They find them the way how to earn income by utilizing limited amount of loan money.
319 At the primary stage, they are given proportionately less amount of credit and provide opportunity for them to
320 invest and utilize the loan. By turn, the member takes higher amount of loan and expands his business. Bank
321 Assistants and Managers keep watch how the member invests his funds. They keep on counselling about earning
322 higher income from the invested fund. They explore market possibilities for the produced commodity. They
323 also explore market outside the area and pass on the information to the Assistants always keep track how much
324 members are benefited from the loan, how much income they are getting. In short, the Bank keenly observes
325 the activities and thinking, movement of the members and guides them accordingly. They are advising them
326 according to their needs. They expressed sympathy at their misfortune, provide courage and inspire them, advise
327 them on their children's education. If by chance any members lose his capital and needs additional capital, the
328 Bank has programme to provide appropriate amount of limited capital.

329 **18 f) Loan Sizes Grow Slowly**

330 The amount of the first loan is usually very small which vary between Tk 2000 (\$30) to Tk. 6000 (\$90). Given
331 the limitations of the entrepreneurial capacity of the poor and the market conditions this amount is sufficient
332 for them to initiate activities leading to self employment and gradually raise their incomes. With the gradual
333 gaining of experience and increase of confidence, they borrow larger amounts in the subsequent years. It has
334 been found that GB members would increase their working capital by 3 times in about 2.5 years.

335 **19 g) Borrowers are the Choosers**

336 The poor GB borrowers decide the area or the activity where to invest the money and how to run the shop.
337 They are the ones who have the real stakes to realize the profits and thus have real freedom to make choices.
338 Thus, the choices of investments are numerous. They clearly and carefully study their local markets, understand
339 the signals and respond timely to reap the benefits. The selection of the activities or the areas where the loan,
340 money will be invested are discussed at length in the centre meetings and is unanimously approved by the group.
341 Self-chosen economic activities increase the sense of participation and strengthen the base of self-help.

342 **20 h) Approval of loan proposal and disbursement of loan**

343 After recognition of group and before loan proposal, Branch Manager and Bank Assistant keep in view the
344 frequency of presence in centre meeting, savings habit and capacity of investment of a member. Center Chief
345 and Group Chairman watch the changes in loan prayer's investment capacity and other related factors. The
346 deficiencies of a member are repeatedly brought to his attention so that he is well aware of them and can rectify
347 him.

348 All five members are not given loan at a time after their recognition of the group. Generally, priority is given
349 to other three members excluding the Chairman and Secretary. Loan proposal from the centre is made maximum
350 for two at a time. First recommendation to a loan proposal is made by the Chairman and next is

351 The Branch Manager reviews different aspects of the loan proposal and forwards to area office for approval
352 supported by necessary documents. Area manager approves the loan. It takes maximum two days for processing
353 all these formalities at different stages. These tasks are completed at utmost speed and loan is disbursed to the
354 members.

355 **21 i) Utilization of loan in 7 days**

356 Member is required to invest the loan revived by him within seven days. After seven days, instalment at the rate
357 of 2% on loan has to be repaid at the next consecutive centre meeting. And the member has not to go the bank
358 for payment of the instalment. Bank Assistant goes to the centre for collection of the instalment. The centre
359 meetings are over by 8:30 in the morning.

360 **22 j) The Bank goes to the people**

361 Loan is delivered to the GB members' right at their door-steps. The borrowers need not come to the town; they
362 do not incur any extra expenditure to get the loan. The poor appreciate the bank's concern for their well being
363 and reciprocate with satisfactory performance in their own interests.

364 **23 k) Loan facilities without collateral**

365 All banks in Bangladesh advance loan against collateral. Loan has to be taken after much paper work and
366 hypothecation of property. But the landless labourer has nothing to mortgage. If they can get loan and capital
367 they may undertake business. This was realized by Prof. M. Yunus of Chittagong University and he introduced
368 the system of advancing loan with easy terms and without collateral through Grameen Bank.

369 **24 l) Repayments are broken down into small instalments**

370 To facilitate in repaying a larger loan, the arrangement of weekly instalments at the rate of 2% of the principal
371 loan amount had been made compulsory. This helps in the development of a habit of loan repayment and at the
372 time relieves the borrowers from the strain of repaying a large sum in one lump which is often not possible for
373 a poor person who is in constant allurements instigated by the pressure of his multifarious basic needs to spend
374 the cash he saves.

375 **25 m) Organizational Structure of Grameen Bank**

376 Various activities of the Bank are organized and implemented by four tiers of administrative set-up, branch office,
377 area office, zonal office and head office.

378 The branch office is the lowest operation unit of GB. It is located in a village. It selects and organizes the
379 target clienteles, supervises credit operations and recommends sanction of loans. An area office supervises about
380 10 to 15 branch offices. Assisted by programme officers, the area manager sanctions loans and supervises loan
381 utilization and recovery them. An area office is generally situated in a small town. The area manager works

382 under the supervision of the zonal office which is located in the district headquarters. Zonal manager supervise
383 about 10 to 12 area offices. The head office is situated in Dhaka City. The head office primarily maintains liaison
384 with the government and other agencies provides general guidance and feed back to the lower units of the Bank.

26 n) Group Fund and other Funds

386 Prior to recognition of the group, the members have to save Tk. 5/day during the 7-day continuous training.
387 After recognition of the group, the five members of the group open joint account in the Bank with Tk. 35/-.
388 This fund is called group fund. After this, at the weekly meeting Tk. 5/-has to be deposited with the instalment
389 which is deposited in the group fund. At the time of receipt of the loan, 5% is deducted and deposited in group
390 fund. This is known as Group-Tax-1/. Loan may be taken from group fund on easy terms. While borrowing
391 from group fund, 5% is to be deposited in

27 o) The different sectors of GB loans

392 The economy of Bangladesh is mainly agrarian. About 48% of its GDP originate from the agricultural sector.
393 As the economy grows, the non-farm activities also gain momentum. Thus, the rural non-farm sector has one
394 of the highest potentials for raising income and generating employment for the large number of unemployed
395 and underemployed rural work force. Rural non-farm activities generally consist of the provision of consumer
396 goods and service for local markets including manufactured goods, processing and transportation of agricultural
397 commodities, manufacture of a wide range of handicrafts or goods produced by the artisans who have inherited
398 their skills from their ancestors. As a rural bank GB naturally is mandated to finance the whole range of activities,
399 schemes or items on which its target clienteles are dependent for their livelihood. For the purpose of simplicity,
400 GB's range of financing has been classified into eight major categories.

401 These are: Processing and manufacturing, agricultural and forestry, livestock and fisheries, services, trading,
402 paddling, shop keeping and collective enterprises. Of the total loan disbursement by Grameen Source: Grameen
403 Bank Annual Report (2012).

404 It will be seen from the above figures that the Processing and Manufacturing, Livestock and Fisheries and
405 Trading categories comprise about 77.7% of the loans advanced by GB. Under the Processing and Manufacturing
406 category, the rural artisan and the people who basically live on the skills acquired from their ancestors, are
407 financed by the bank. Since Grameen Bank's loans are given for any income generating activity, and the loans
408 are very small, the idea of projects or schemes, while conceiving a loan or a loanee, may mislead a financier. GB
409 always views its loans as means to gain command of resources. With its effective use a poor person converts
410 his latent skills in to generating an income for himself to reverse the age old vicious circle of 'low income, low
411 savings, low investment into an expanding circle of 'low income, credit, investment, more income, savings, more
412 investment, savings, more investment and so on'. On this hypothesis, Professor M. Yunus asserted that "the more
413 credit one can receive, the more resources he can command, the more powerful he is. Credit creates entitlement
414 to resources. In a given society if one can find out who is enjoying how much credit, it would be easy to predict
415 the socioeconomic configuration for tomorrow" (Yunus, 2002). Thus, GB finances activities and not projects
416 or schemes as such. The recipient will oversee the relevant activity 'to be properly and skilfully performed to
417 generate income for him or her. In this approach the people who are targeted by GB have the options to borrow
418 for any legal purpose, be it related to irrigation for food production, raising poultry or purchasing a rickshaw or
419 a pair of milch cows, husking paddy, engaging in pottery or cane works etc. He or she is the person to make the
420 selection based on her skills and capacity to invest and keep control over the different variables in the process
421 of using the bank loans. The innovativeness of these people is enormous. Up to the end of June 2013, the GB
422 borrowers have taken an amount of \$10 billion for about 665 different income generating activities (Grameen
423 Bank Monthly Report, June, 2013).

28 p) Grameen Bank Years' named and programs

425 Grameen Bank has passed ten years in 1993 since its establishment as an institution on Oct. ??, 1983. As each
426 year comes with a new name, the workers of the bank in the light of new experience are devoting themselves to
427 implement newer programmes without keeping themselves within the traditional programmes. The programmes
428 and rules and regulation and later with addition, deletions and refinement. The bank has been enriched with
429 new programmes. The programmes undertaken by the bank were aimed at welfare of the members. And these
430 programmes have been adopted to meet the timely demand of the members. There is no scope of rigid programme.

431 The bank officials sensing the requirements of the members have come forward with timely programmes.

432 The programmes taken in hand by the bank for benefit of the members are as follows:

433 General loan; group fund loan; house building loan; basic house building loan; setting up of disaster fund;
434 provision of grant from Central Emergency Fund to members of the family when a member dies; Grameen Pension
435 Scheme (GPS); facility to each member of becoming a share holder of the bank; making of poles and their
436 distribution; construction of slab latrine and their distribution; distribution of vegetables seeds, distribution of
437 saplings, distribution of water purification, material, establishment of centre school and distribution of textbooks
438 free of cost, establishment of children welfare fund.

440 The Bank also conducted sessions on sixteen decisions campaigns, women workshops (7 days, 1 day, regional,
441 national and guardian). It organizes exchange visit among borrowers. It provides seasonal loan, family loan,
442 collective loan, and capital restructuring loan, establishment of disaster fund, establishment of full group,
443 distribution of saline, and distribution of Iodized Salt. The bank elects its Board members from the members.
444 Grameen Bank organize training on health programme, training of birth attendants, vaccination programme,
445 vaccination of poultry and animals, maternity and child welfare, anniversary. The bank conducts sessions on
446 community forestation, sericulture, Grameen Chek fabrics, fisheries VIII.

447 **29 Discussion of Findings a) 98% female members/borrows of 448 Grameen Bank**

449 It is observed that in the context of Bangladesh, women are only treated as object of enjoyment for males. They
450 have been engaged in cooking, bringing up children. Their role in the development of family or family members,
451 in the development of children, family decision, leadership of society, earnings have been very little. Everything
452 is done by males. By keeping within the four walls of the house her mental frame, creative faculty and everything
453 have been crippled.

454 Grameen Bank experience has revealed that the role of women in the family is most important. Women play
455 major role in the development of her children. She is more careful. Experience also showed that women save
456 more. They are more prompt in repayment of loan. And so Dr. Joyonta Kumar Roy (1987) of India has said
457 that the female borrowers of Grameen Bank may attract the attention of any researcher. Grameen bank has
458 created the sense of self respect and leadership. For instance, divorced woman with Grameen bank loan has sense
459 of self respect and leadership. For instance, divorced woman with Grameen bank loan has improved her financial
460 condition so much that her husband out of greed proposed reunion with her. As Dr. Prof. M. Yunus commented
461 there is no such work which the women don't know or don't do. The skills she develops through different activities
462 in the family can very well be utilized for earning of income. He also observed that we have forgotten that women
463 are also part of the labour force. It has to be remembered by all. In order to understand the real social picture of
464 Bangladesh, it has to be seen from the experience of rural women especially poor women. Dr. Muhammad Yunus
465 further has observed: during the days of scarcity the husband also disappears. The father may disappear to avoid
466 facing the starving children, but the mother cannot. The mother tries to the last moment to feed the hungry
467 children. b) Bank Assistants in the centre meeting not only collects loan instalments but they spend more time on
468 discussion for development of the members The members do not have to go to the Bank to pay loan instalments
469 or deposit their savings. Rather the Assistants of the Bank go to the centre near the house of the members and
470 collects loan instalments between 7:00 -8:30 in the morning on week days. Through instalments are collected in
471 the meetings, the Bank assistants and Managers spend more time on discussing the different ways and means of
472 improving the standard of life of the members. They exchange views on different aspects of the problems of the
473 members. If there is any problem of the Centre, they discuss how to resolve those problems. They also exchange
474 ideas about how to fruitfully implement the programmes taken up by members. They take steps to strengthening
475 a weak member. It has been observed that the staff at branch level fix up 52 subjects of discussion in 52 weeks
476 and discuss them in the centre meeting according to their appropriateness on prepared materials. Besides, the
477 Bank Assistants ascertain the problems in the centre meetings and take measures to resolve them through the
478 members. If the office staff and centre members cannot resolve the problem, the Manager and other staff try to
479 find solution to the problems. They also try to solve the problems of the problem raised center in cooperation
480 with neighbouring centres. Bank Assistants decides the subjects' matter of discussion according to the life span
481 of the centre. That is, subject matter of less than a year old centre is not same as 8-9 year old centre. Experience
482 has shown that older centres are more expert in resolving problems than the younger ones. Centre integration is
483 very strong for older centres. They are able to earn more. They are more courageous in facing disaster.

484 **30 c) Members are owner of Grammen Bank**

485 It was impossible in the context of Bangladesh that poor people especially poor women will earn income through
486 business by taking loan from bank without collateral and invest money. Moreover, it was unimaginable that poor
487 people can become owner of the bank through purchase of shares. But Grameen Bank has given it a reality.
488 Every member of Grameen Bank has become owner of the bank through purchase of share. Out of 13 members of
489 Board of Directors of the Bank, 9 are women members of the Board and all of them participate in decision making
490 in respect of policies and rules and regulations of the Bank. They review the income, expenditure, profit/loss
491 of the bank for each year and approve the programmes and budget for the next year. After recognition of the
492 group, every male/female member buys 100-Taka share and becomes a share holder of the bank. They consider
493 themselves lucky to think that they have become owner of the bank through purchase of share. They have
494 decoded they were one soul with the bank and share the benefits and sorrows of the bank. They are in one soul
495 with the group and centre and all staffs of the bank and share its prosperity and development.

496 The rich people are envious and express indignation at the opportunities enjoyed by the poor people. They
497 try to divide the members. But social and mental unity of the members have grown so much that it became
498 impossible to make any break. Failing to do so, they are now being invited to the rich society in their meeting,

32 E) MEMBERS GETTING MORE OPPORTUNITY TO BE ASSOCIATED WITH AGRICULTURAL PRODUCTION

499 arbitrations and give them opportunity to express their views. They cannot ignore the views and decisions of
500 the landless; rather they are compelled to accept them.

501 If there are problems or disputes among the members, members of the centre resolve them. If necessary, Bank
502 assistants offer them assistance. The members feel that they are joint owner of Grameen Bank. They are in
503 unison on the ideals of Grameen Bank and support it in a body.

504 31 d) Role of members and Bank in facing calamity

505 The house and property of the members are adversely affected by natural calamities like flood, drought, cyclone,
506 tidal bore and business capital is lost. Extensive damage is caused to crops. The unprecedented floods of 1987
507 and 1988 had destroyed the houses, crops, cattle and other assets of the people. For want of shelter many people,
508 cattle and poultry died. People became discouraged at the loss of property and belongings but 'Grameen Bank'
509 members did not lose their morale and initiative. During those dreadful days their slogans were:

510 (1) "We are not afraid of flood and drought

511 We shall not leave Grameen Bank."

512 (2) "Whatever may be flood and draught We shall not leave centre."

513 Offices and staff of all levels of Grameen Bank took many programmes to save them. These are discussed
514 below:

515 ? Transported the affected persons to shelter at flood free higher places by shallow engine boats, makeshift
516 boats made of banana plants

517 ? Distributed at the shelters water purification tablets, dry foods like puffed rice, biscuit, saline packets ?
518 Doctors admitted the seriously ill persons into hospitals else has to do so. The way poverty crushes a women, it
519 does not do so to a man. Grameen Bank experience shows that the way a women grabs the minimum opportunity
520 to remove poverty; a poor man does not do so. And so getting the opportunity of getting loan on easy terms and
521 without collateral 98% women borrowers of the bank have repaid 99% of their debt. Yunus thinks that poverty
522 alleviation effort should proceed through women.

523 ? Bank personnel regularly enquired about the welfare of the members in the shelters and take care of them ?
524 Buried and dead and provide benevolent services to the death person family ? Assisted the members to return
525 to their houses speedily as soon as flood water receded and cleaning of stranded water and rubbish ? Provided
526 special loans quickly to recover capital ? Provided maintenance loan for food ? Distributed wheat, corn, mustard
527 and vegetable seeds ? Provided loan for fertilizer and irrigation ? Provided loan for basic construction materials
528 and purchase of homesteads ? Supplied construction materials quickly ? Prepared statement of loss and took
529 necessary measures accordingly. With assistance from the bank personnel, the members faced the calamity with
530 courage and made up their loss. The Bank announced postponement of realization of instalments for 3-4 weeks
531 after the flood. When there was shortfall of money in branches of local commercial banks, the staff of Grameen
532 Bank Area Offices located in the districts at the risk of their life carried cash hiding in the side covers of motor
533 cycles or under the seats of Baby cabs and delivered the money to various branches. Each day in each branch loan
534 was distributed to 500-6000 members. Bank assistants worked hard round the clock for three months after the
535 flood to rehabilitate the members. As a result, the members were able to rehabilitate themselves. Nonmembers
536 of the area had to meet their requirements by disposing of their land and homesteads. But through the grace of
537 God, Grameen Bank members had not to do so. Through shanty houses were badly affected by flood, they could
538 rebuild new tin shed houses with Grameen Bank assistance. As Grameen Bank personnel were beside them, they
539 kept up their morale and courage in the face of the catastrophic disaster. They did not feel despair; rather they
540 faced the disaster with courage.

541 Experience of Tangail showed that the pre-flood irregular centres and irregular debtors being impressed by
542 prompt actions of Grameen Bank during the time of disaster admitted their mistake and came back to Grameen
543 Bank for assistance again. The centre became active again. The defaulting members became regular again and
544 made their life normal.

545 During acute scarcity of flood in the months of March, April, and May of 1989, Grameen Bank postponed
546 repayment of instalments by members introduced maintenance loan and 100% loan from group fund. Grameen
547 Bank arranged to distribute rice, wheat, flour, parched rice, molasses, and biscuit. Grameen Bank stood by their
548 members during the dreadful tidal bore of 1990 and rendered similar assistance to them. The Bank also came
549 forward to rehabilitate the members affected by the floods of 1992-1993 in Sylhet, Chittagong and Rangpur.

550 32 e) Members getting more opportunity to be associated with 551 agricultural production

552 Groups are formed with those landless men and women who have less than .50 dec. land and Grameen Bank
553 provides them loan for implementation of other programmes. The members by investing their loan money in
554 business earn profit and create some asset each year. They have more interest in two types of assets, first semi-
555 pucca house with strong galvanized iron sheet and second, purchase a piece of land if they find an opportunity. If
556 a survey is conducted, it will be evident that about 50% of 4/5 years loan receivers have purchased some property
557 mainly homestead land and or crop land. In the homestead land, they have planted strong and long life fruit
558 plants, cultivated vegetables. In crop land, they have planted paddy, wheat, different types of pulses. Not only,

559 had most members planted crops on leased land or share-cropped land. With the help of the produced crop,
560 they can not only buy consumable but also invest to expand their business. From the business income, besides
561 repayment of loan, they are adding to their savings, supplementing capital and defraying expenses of children's
562 clothing and education.

563 Following the introduction of seasonal loan, members can take this loan for planting crop according to need.
564 As a result, they can participate in non-rice production and supplement their income. With the help of seasonal
565 loan, they are planting sugarcane, corn, soybean, banana, papaya, vegetables. Members can also take individual
566 or joint loan to purchase traddle pump, power tiller, shallow tube-well, thrasher machine and use these machines
567 for cultivation, irrigation and processing of crops. As a result the rural economy is being revitalized. There are
568 revolutionary changes in firm production.

569 **33 f) Appropriate contextual strategies bring Grameen**

570 Bank success in Bangladesh i. Implementation strategies At the beginning this pilot project had no formal
571 organizational structure and procedures for delivering continual process of development and change to fulfill
572 borrowers' needs and demands through situational analysis and a bottom up approach. It is obvious that rigidity
573 in policies and guidelines have no place in GB.

574 **34 ii. Monitoring and Information System (MIS)**

575 GB is more concern with calculating its vision and maintaining its organizational culture. Its' management has
576 some motivational devices to ensure targeted performances. Grameen uses its management information system
577 (MIS) to generate information for decision making and to disseminate information back to lower level staff so
578 that they can systematize their own performance. This MIS system has grown from field experience and that
579 allows managers and field staffs to track accomplishments.

580 Best Practices Parameters. GB developed some parameters that are keys to the success of its objectives. These
581 parameters are properly included in the operational structure at all levels and can be readjusted to the various
582 needs of the poor in order to eradicate poverty. The GB target group is exclusively rural poor women. Its loan
583 operations follow group lending methodology. It places special attention to and adapts community participation
584 approaches to empower women. Loan appraisals and planning are conducted in the weekly centre meetings
585 through mutual discussions and observance; not by complicated paper work or financial and marketing analysis.
586 Groups are composed of five poor women of similar socio-economic backgrounds, from the same village. Six
587 groups make one center in a neighbourhood/village. Borrowers themselves select their group members, but GB
588 staff screen and verify members' portfolio backgrounds to ensure that they are indeed the poorest of the poor.
589 This group formation system helps to maintain a homogeneous setting, in which clients can interact freely with
590 each other. Nonetheless, strict credit discipline and close supervision is in place to guide each borrower towards
591 proper control of loans.

592 Unique practices of Grameen Bank and its impact in the society. To maintain equal opportunity and to address
593 issues of participatory management, democracy and empowerment to all members of Grameen, the positions of
594 Centre Chief, Group Chairman, and Group Secretary change every year. By this process all members of the
595 center get a chance to be Center Chief, Group Chairman, and Group Secretary by rotation. This practice helps
596 to enhance leadership qualities and decision making skills in all members. In addition, this practice of rotating
597 leaders adds to a decentralized power structure and holds each member accountable to the other within the
598 center. These tools are essential to the efficient operation of the credit program including avoiding inequalities
599 and maintaining corruption free loan transactions. These unique practices of the Grameen Bank start from
600 making annual action plans at the field level. Branch managers set up some performance indicators like loan
601 disbursements, loan repayment, group savings, and attendance in the centre meetings of borrowers and borrowers'
602 wealth creation by loan utilization etc. These parameters track the viability of the branch performances. The
603 Branch maintains all loans and other such related documents. Its performance is ensured by GB internal audit
604 department. This internal auditing process enhances the leakage free credit delivery system.

605 The entire GB credit operation operates through a system of close supervision. There is an in-service training
606 program in GB for its staff training. This practical training helps staff to be committed and to work for the
607 poor as a cohesive team. There are no intermediaries between clients and the bank at the grass roots level. GB
608 charges 20% interest on its general loans. There is no subsidy at any stage of the credit operation.

609 The simple, straight-forward program designed for loan proposals through mutual discussions among center
610 members ensures diversified loan disbursements to its clients. All transactions are conducted within centre
611 meetings and are intensively monitored. It ensures mutual accountability through a peer support mechanism. No
612 information is kept secret, so there is no scope for corruption, misappropriation or irregularities. These strategies
613 further contribute to the successful operations of the Grameen Bank. Micro finance other agencies/industries
614 follow GB simple strategies to implement at their locations and situations.

615 **35 iii. Impact of micro credit**

616 The microfinance industry is going through a period of rapid scaling up in Bangladesh and in other countries. The
617 Grameen Bank group lending system has been widely replicated in other developing countries. Bank Rakyat in

37 H) FACILITATING FACTORS FOR IMPLEMENTATION OF PRACTICE

618 Indonesia and Banco Sol in Bolivia, CADRO Philippines, Bandhan India has worked to improve the effectiveness
619 of efforts at reducing poverty, that fall under the broad rubric of 'community driven development' (CDD). Access
620 to micro credit indeed empowers poor people, provides them the opportunity to have an account, to save and
621 invest in small business. Microfinance offers potential advantages to all stakeholders viz., the poor, the non-
622 governmental organisations (NGOs) and the banks ??Copestake et Moreover, Shahid Khandker (2005) finds
623 in his study in Bangladesh that the extremely poor benefit more from microfinance than the moderately poor.
624 Moreover, a study conducted in India by Small Industry Development Bank of India (SIDBI) (2008) mentions that
625 76 percent of the poor were able to increase their income through MFI assistance, and 77 per cent could provide
626 better educational facilities to their children. Likewise the micro credit impact survey on poverty reduction is
627 also reviewed by Morduch and Haley (2002) in India, and Khandker (2005) in Bangladesh. Both studies find the
628 same results. They have found a greater impact on poverty for low-income households. Moreover, Richard Meyer
629 (2001) observes that microfinance can contribute to poverty alleviation and empower bottom people. These
630 tremendous positive economic and social developments have achieved through supplying micro loans, savings and
631 other financial services by MFIs that enhance investment, reduce the cost of self-insurance, and contribute to
632 poor people consumption smoothing.

633 Participation in micro enterprise services leads to an increase in the level of household income (Chen &
634 Snodgrass, 1999). According to Chen & Snodgrass (1999) study in India, the average income of borrower
635 households of SHGs is higher (by 39%) than the average for non-member households in the SGH project area.
636 Further, they have observed that participation in micro enterprise services leads to an increase in expenditures
637 on food, especially among the very poor. Moreover, they (Khandaker, 2005 and Chen & Snodgrass, 1999) find
638 that microfinance has made incredible progress in Bangladesh and in India over a period of years. Micro credit
639 program has become popular and familiar to the poor these countries as they view benefits reaped/receivable
640 from microfinance services in their life.

641 It is generally felt that there have been perceptible changes in the living conditions of the rural poor mainly on
642 economic side and relatively on social side owing to the role of Grameen Bank. In addition, it is widely believed
643 that Grameen Bank has a positive impact on the poverty levels and standards of living of the poor and more
644 particularly on the economic empowerment of women in Bangladesh. However, these tremendous achievements
645 have achieved because GB Bangladesh and Self-Help Group (SGH) India organizations are built/developed with
646 strong management capacity. MFIs organizations in different countries have solid foundational relationship with
647 their clients.

648 36 g) Replication of Grameen Bank Model

649 The Grameen credit program is widely accepted as a tool for poverty reduction. It attracts the attention of
650 all development experts, researchers, universities, executives, policy makers and donors as a micro credit success
651 story in Bangladesh for addressing poverty. Different countries have used Grameen credit experiences to replicate
652 similar practices in their own cultural contexts. The Grameen micro credit model has been replicated worldwide
653 since 1993. Now 98 countries follow GB group lending model but they adjust their lending programs to their
654 local context, culture, values and norms ??Latifee, 2002: p.51).

655 The Global Micro Credit Summits of 1997, 2002, 2006 and 2011 have helped to draw the attention of policy
656 makers and practitioners' worldwide. Different international organizations like UNDP, UNHCR, UNICEF, ILO,
657 CIDA, SIDA, USAID and several countries included the micro financing program in their policies to address
658 poverty and to promote micro enterprises among microentrepreneurs. All projects that were modeled on the GB
659 reported loan repayment rates of more than 99%. The micro finance institutions (MFIs) initiators are trying to
660 cover their cost of operation from their interest income. For example, Activist for Social Alternatives (ASA),
661 Tamil Nadu, India, SHARE, Andrapradesh, India, CARD in the Philippines and NIRDHAN in Nepal, have their
662 own banks to serve the poor (Latifee, 2002). The Grameen Bank Replication Program (GBRP) has set up a
663 website that also helps people get information about its programs.

664 The GB web site address is www.grameen.com/grameen/gtrust.

665 37 h) Facilitating factors for implementation of practice

666 The operational tools of GB which include projection meetings to plan for the program, direct contact with clients
667 mini meetings, rigorous training on group formation, weekly meetings and group screenings ensures that all clients
668 have equal opportunities to participate in decision making. These tools add to the successful implementation of
669 the GB programs throughout Bangladesh.

670 GB is not a centralized decision-making organization. Management functions and decisionmaking powers are
671 continuously being delegated to the branch offices to improve their managerial skills as well as to get grass roots
672 information to hierachal upper GB mobilizes its staff to be enthusiastic to do their assigned GB jobs by awarding
673 them star staff and five star branches. Those who achieve star criteria receive appreciation letters from Professor
674 M. Yunus, monetary compensation, promotions, and opportunities to travel and conduct assignments abroad.
675 A Grameen Bank Staff proudly displays his star on formal occasions. These awards encourage competition and
676 help inspire field staff to be more active in their work for the poor.

677 GB has faced many problems during its operation. These have come in the form of bureaucratic influence
678 from the government, income disruption to borrowers as a result of natural disasters like flood, cyclones and
679 river devastation. Overlapping with other credit institutions, opposition by religious leaders and local money
680 lenders, and political crises are also hampers to loan operations. These problems have impacted upon borrowers'
681 income as well as loan repayment. Delinquent loans portfolios increased. GB field staffs are polite, patient, and
682 respectful to borrowers but strive to maintain credit discipline. GB staff may become disappointed but they
683 are never disheartened about negative results. Both the head and zonal offices monitor field activities and lend
684 constant support to their staff.

685 GB had served borrowers an approximate 6.8 million rural poor in 35 years in August 2002; however, it has
686 increased its client's services to about 8.8 million in June 2012 (Grameen Bank Monthly Report June 2012). This
687 has been a huge increase within ten years. This rapid expansion poses added challenges to GB to maintain quality
688 service to its borrowers. GB confirms this information as of December 2013 latest information reports that it has
689 8.8 million borrowers (Grameen Bank at a Glance 2013). Still GB loan functions well. Its repayment rate is still
690 99%. GB offers loans to poor people for small businesses; however, it does not provide any training/orientation
691 on small business management, marketing, loans management and book keepings that are very essential for
692 businesses.

693 **38 i) Compare GB activities with its two other sister orga- 694 nizations Grameen Chek and Grameren Krishi Foundation 695 (GKF)**

696 GB has created twenty seven sister organizations. Here the author describes two of them:

697 (1) Grameen Check-is producing handloom fabrics, manufacturing garments and marketing them nationally
698 and internationally. It runs its own business by mobilizing funds internally. It covers it's costs from its revenue;
699 (2) Grameen Krishi Foundation (GKF) -it involves in agricultural irrigation farming, crops production and crops
700 marketing in Bangladesh. It is working with marginalized farmers in the villages. GKF receives grants from
701 US-Aid, UNCDF and Dutch government.

702 **39 i. Grameen Chek**

703 The Grameen Check has recently introduced a new programme called handloom manufacturing fabrics-Grameen
704 Chek.

705 Under this programme, Grameen Chek supplies yarn to the handloom weavers and purchase the produced
706 cloth from them. And have taken the initiative to market the product. The Grameen Chek cloths are superior
707 to Indian Madras Chek fabrics and being cheap, the local garment industries have shown interest to purchase
708 the Grameen Chek fabrics (Grameen Chek Annual Report, 2010).

709 As a result of introduction of Grameen Chek programme, the dying handloom industry has been reestablished
710 in Bangladesh. As the output of handloom was unprofitable and unproductive with cloth produced in textile
711 mills, many weavers closed their business, took other profession or became unemployed and were living miserable
712 life after selling their belongings. These handloom weavers under the Grameen Chek programme get supplies of
713 yarn and get rid of risk of marketing of the produced cloth, hence they are taking up this profession again. Many
714 handloom weavers in Pubna, Sirajgong, Bogra, Tangail, and Dhaka zones have found a new avenue of income
715 through Grameen Chek programme.

716 Grameen Chek fabrics are not inferior to Madras Chek. The Grameen Chek fabrics and garments are not
717 only used in local garment industry, but they are exporting abroad for use in the garment factories of Sri Lanka,
718 Middle East, and even in India (Grameen Chek Annual report, 2010). In this context Muhammad Yunus has
719 recently stated that if the inflow of Madras Chek is stopped in Bangladesh, the weavers of Bangladesh will get
720 order for Tk. 2 Billion per year (Grameen Bank Annual Report, 2010).

721 **40 j) Grameen Krishi (Agricultural) Foundation (GKF)**

722 GKF is a sister organization of Grameen Bank in Bangladesh was establish in 1991. The GKF top management is
723 composed with grameen personnel deputed from Grameen Bank to GKF. The author is one of them had worked
724 in this project seconded from Grameen Bank for seven years. ??KF seven million dollars totaling 21 million
725 dollars for managing this irrigation project from 1992-1995 on the basis that these were operated commercially.

726 With donor funds, GKF gradually expanded its activities to crop diversification like fish cultivation alongside
727 rice, and raising hybrid livestock, and fish cultivation.

728 It introduced modern agricultural technologies at the farm level to increase crop production with an integrated
729 farming approach and encouraged the cultivation of integrated farming system. It introduced hybrid maize,
730 soybean, wheat and sugarcane in its project area. It also started implementing the projects of buried pipes for
731 irrigation, seeds production for various crops, biotechnology and many other modern agricultural technologies
732 for increasing agricultural production in Bangladesh.

733 All these programs were designed by the western irrigation management expert hired by the donor agencies
734 (UNCDF, USAID and the Royal Netherlands Government). They have prescribed programs to GKF without

735 considering the local socio economic, geo-agricultural and environmental factors. The feasibility study, project
736 formulation report, inception mission, appraisal report and the review mission report all were prepared by donor
737 consultants who came from US, UK, and Netherlands. The GKF personnel followed the project formulation
738 guide lines that prescribed for tube wells' irrigation management, but their guidelines were idealistic and lacked
739 practicality. As a result, these guidelines did not fit in the farm and hence GKF was unable to run its DTWs
740 commercially.

741 Every year a review mission appointed by the donors visited Bangladesh to review GKF activities. GKF staffs
742 had no agricultural and DTWs irrigation management experience, but they were very hard working. A local
743 consulting firm named Kranti Associates Ltd. was recruited to provide technical assistance to GKF. The local
744 consulting team members were from Bangladesh Agricultural Research Institutes (BARI) and from Bangladesh
745 Agricultural University, who had limited agricultural extension implementation skills and experience. The local
746 consulting team gave suggestions to GKF. GKF was bound to follow consultants' recommendations as the release
747 of donor funds depended on review mission's report. Therefore, GKF staffs were busier to prepare and provide
748 quarterly performance report and account reports. They always referred to the appraisal reports in their review
749 mission. The author noticed that consultants' suggestions and conditions imposed on GKF by the consultants
750 were impossible to implement. For example, consultants bound GKF to test their diverse ideas in GKF farms like
751 increasing DTWs command area, reducing irrigation costs, and introducing new crops in the farms, which was
752 practically impossible although GKF tried hard to achieve. Even though GKF staffs worked hard and worked
753 with honesty, they failed to run DTWs on profit basis. The main reasons are stated below:

754 1. GKF operates the farms with farmers on partnership basis. GKF provides irrigation water and inputs like
755 fertilizers and seeds along with the technical backup. The farmers share the responsibility of cultivating their
756 lands; invest labor for crop production, and harvesting. GKF receives one third of the crops for its irrigation
757 services and 40% for irrigation and other input costs. A huge overhead structure was made for smooth functioning
758 of these DTWs' farms. The overhead costs of GKF were 25% of its total operational costs. Per farm overhead
759 costs was BDT 27, 000, but GKF was unable to recover its overhead costs and DTWs operational costs from
760 its share cropping. The consulting fee was five million dollars approximately. These fees also increase overhead
761 costs of GKF. Moreover, staffs were over burdened with workloads to maintain records of farm activities, and
762 farm wise data base information, statistical reports and accounts they were required to supply to donors and
763 consultants. Hence management information system (MIS) and accounting costs were huge. 2. Although per acre
764 rice production increased in GKF farms, as new crops like hybrid maize, soybean, sugarcane and HYV rice were
765 introduced in GKF farms, introduced new agricultural technologies, and barren lands were cultivated. Farmers
766 benefited greatly from GKF. Although it had created dynamism in the local economy; however, GKF could not
767 sustain and expand its activities all over Bangladesh as it had to incur loss in every year. For example, GKF
768 made a negative balance of total BDT 117.0 million in 1993-1994. Total expenditure was BDT 234.0 million, net
769 income was BDT 117.0 million (GKF annual report 93-94, p.41). In 1993-94 total operated DTWs were 807. And
770 per farm loss was BDT 92,000. The income per taka expenditure was BDT 0.46. So it ended up in a huge loss
771 Tk 1300, 00,000 (Grameen Krishi Foundation Annual Report 1994). 3. The project inception report mentioned
772 that DTWs crop production command area should be 100 acres, but in practice GKF had a meagre command
773 irrigation area, of 57 acres (GKF annual report, 93-94: p.16). GKF was unable to make enough income from poor
774 coverage area whereas the overhead (BWDB) did not operate these DTWs because these DTWs were located in
775 the less fertile soils area that consume more water in that area. Moreover, there is also the problem of frequent
776 power failure. As a result GKF operated DTWs operating costs were high (Grameen Krishi Foundation 1994). 5.
777 Maize is a new crop for Bangladesh. There is no maize flour processing industries there. GKF was in trouble in
778 marketing them. Hence GKF had to sell maize, soybeans and sugarcane with lesser prices than its production
779 costs. 6. Many DTWs were diesel operated machines. Pumps break down were frequent. Machine spare parts
780 were not available in the local market. So spare parts were being imported from UK, India, Italy and US, which
781 was time consuming and expensive. As one third of the DTWs were electrically operated, frequent power loss
782 had disturbed pumping water irrigation during dry sessions. 7. Seed production costs did not cover its selling
783 costs. 8. Buried pipe irrigation was very technical and costs were huge. Local farmers were unable to manage
784 it properly. 9. GKF brought tractors, trailers, lorries, cars, power tillers, harvesting machines, electric motors,
785 different crop processing machines, and other modern machines which increased the project implementation costs.
786 Many mechanics had complex operating procedures and were not suitable for Bangladesh as the lands are overly
787 fragmented. Plough through tractors was also not suitable as lands are small and fragmented. Farmers were
788 unwilling to use these unfamiliar machines. Big harvesting machines were not working in small lands. Therefore,
789 many machines brought by GKF as per the prescription of the consultants remained unused, although the fixed
790 costs for these machines were BDT 95.0 million (Grameen Krishi Foundation, 1994). 10. GKF had a crisis of
791 agriculturally skilled manpower at all levels. GKF managing director, regional managers, unit managers, and
792 farm workers were unable to argue with foreign academic experts and were unable to challenge to consultants'
793 DTW operational guidelines as they had no academic background in either agriculture or irrigation. 11. Cost
794 of production of maize, sugarcane, soybeans, and banana occurred very high in many farms. Moreover, farmers
795 were unwilling in cultivating unfamiliar crops other than Boro paddy in light soil.

796 In the same area, Government subsidized BWDB operated many DTWs around GKF project area and charged
797 lesser fees than GKF water fee. Therefore, it created a huge local conflict among farmers and in some places the

798 farmers resort to noncooperation to escape arrear crop share payment. However, donors did not consider it in
799 their project documents.

800 Although GKF demonstrated higher production in various crops, introduced and tested various agricultural
801 technologies at the farm level through a community participation approach and made positive impact in local
802 economy; however, it was unable to make a profit from its operation (Grameen Krishi Foundation 1994). As
803 mentioned earlier, lastly GKF ends up with huge loss in 2002 and GKF was unable to continue to run all its
804 DTWs. It curtailed and reduced its expansion after the donor funds were stopped. Therefore, GKF needs
805 subsidies in order to run DTWs in Bangladesh; however government close its support to GKF. The experience
806 of GKF in agricultural development in Bangladesh is very significant. Although the organization has created
807 awareness among farmers and agriculturalists about the commercial approach to farming, cost recovery from share
808 cropping income system was not successful in GKF. However, GKF, during its operation, made agricultural farm
809 management more dynamic. In addition, it drew the attention of various institutions from home and abroad
810 thereby pioneering the implementation of innovative programs like hybrid maize cultivation, silage preparation
811 and biogas plant installation in Bangladesh. It served as a 'Centre of Excellence' for technology demonstration
812 and transfer (Grameen Krishi Foundation, 1994). Muhammed Yunus received 'World Food Prize' Award in
813 1994 for GKF outstanding contribution to food production in Bangladesh. However, its sustainability ultimately
814 depended on it being a viable program, which is a question of cost consciousness and fund management. Although
815 GKF was able to manage this irrigation program for public wellbeing better than BADC and PDWB; however,
816 it was unable to be a self-reliant and self-sustaining cost-recovery project in Bangladesh because it failed to make
817 a profit per the conditions of its donors.

818 **41 k) Discussion and findings of the study on Grameen Bank**

819 Only investment of a poor man is not enough. Side by side they have to be counselled on loan utilization benefits,
820 marketing and other aspects. Otherwise many poor men shall eat up the loan money. Before loan is sanctioned
821 the receiver must have an idea about the objectives, ideals, loan transaction system, asset base of an individual
822 or a society becomes stronger at each economic cycle. This process of creation of assets can be accelerated with
823 the support of credit. A poor person can convert his/her latent skill or in other words his/her survival skill into
824 any economic activity, of course legal, with the aid of credit. When someone has an opportunity to acquire assets
825 or borrow assets to use these for any benefit, he/she no longer stops dreaming. Credit thus creates hopes and also
826 kindles ambition for a change. The experience of Grameen Bank testifies to this (Yunus, 2002). GB borrowers are
827 now formally becomes a part in the development process. Members are small entrepreneurs, always busy reading
828 the market signals, balancing the daily production and sales figures, procuring goods and services, attending the
829 bank meetings, participating in family decision making sittings, etc. The tales of sorrows and deprivations are
830 being slowly and gradually wiped out.

831 **42 ? Emergency use of fund**

832 As mentioned earlier, Bank has created several funds to finance during calamities of members and there are
833 certain rules and regulations in the management of this fund. If these rules are strictly applied it may not always
834 be possible to use the fund in times of emergency. Therefore, in time of necessity and calamity, these rules may
835 be relaxed and action taken accordingly. It has to be remembered that people is first, rules are secondary. If
836 there is no people, rules are meaningless. Therefore, there should be provision for 100% utilization of the fund
837 at the time of calamities.

838 **43 ? Center meeting discussion**

839 At weekly centre meeting, Bank employees simultaneously do jobs with loan collection, discuss about utilization,
840 supervision of loan and problem of the members. Even if these are discussed every week still the bank employees
841 are bound by time. So it takes time to discuss about special problems and issues.

842 Besides, arrangements are made through mini workshops at intervals to get rid of monotony of weekly centre
843 meetings and avoid traditional discussion. If the high officials of the bank are present in the workshops, they can
844 take part in the discussion, in resolving problems and preparation of programmes which will strengthen members'
845 morale. This will also strengthen and consolidate the foundation of the centre.

846 **44 IX.**

847 **45 Policy Implications**

848 Micro credit empirical study analysis has revealed that microfinance particularly in the group based micro credit
849 approach is most suited for sustainable rural economic development through the

850 **46 ? Carefulness in group formation**

851 The group is the main framework of the bank. In this respect, the group members should be likeminded and
852 preferably of same age group to maintain the dynamism of the group. If it is otherwise, there will be difference of

53 CONCLUSIONS

853 opinion and indiscipline. Group and centre will be organizationally weak and it will not be possible to conduct
854 the banking activities uninterrupted. Moreover, in the disbursement of loan more importance is to be given to
855 group rather than to individual.

856 47 ? Impartiality is an important element of loan sanctioning

857 In the absence of impartiality, there will be negative reaction in the group and group discipline will be hampered.
858 Subsequently individual will also be indiscipline. Thus, the organizational structure will be weak. GB should
859 continue its service to its clients in future to keep its reputation.

860 48 ? Taking up of training programme

861 Formation of group and age profile of group plays an important role in the banking programme. At the primary
862 stage, group is fresh and less experienced and the members suffer from uncertainty. As the programme makes
863 progress, there is maturity in the thinking of the group with the passage of time and members' self-confidence
864 strengthens. In this situation, the group has to take new programmes and initiative to keep pace with time.
865 Again, if any programme is taken before maturity, there is possibility of its failure. Therefore, programmes are
866 to be taken keeping in mind the age of the group.

867 49 ? Productivity of loan

868 Loan provided by the bank may be utilized in two ways. First is short-term investment and second is long term
869 investment. However, Grameen Bank loan repayment system is weekly. So if any member needs long term loan,
870 she or he should get it if she or he has other source of income. Otherwise, it has to be ensured that a portion of
871 the proposed loan is to be used as regular source of income.

872 50 ? Credit and Development

873 The road to socio-economic prosperity must be continuous process of creation of assets so that the

874 51 ? Time of loan disbursement and amount

875 The amount of loan and the time of its disbursement play an important role. Loan must be available at the
876 proper time needed by the borrowers. If the loan is made available at the time convenient to the institution,
877 it may not be timely to the borrower. And if the loan is not available in time, it may not be any use to the
878 borrowers. Therefore, there must be a consistency between the amount and objectives of the loan. If not, the loan
879 cannot produce the desired result. Therefore, loan disbursement programme must be timely and consistent with
880 the objectives of the loan. In this regard, the loan giving institution must understand the plan of the borrower
881 and act accordingly.

882 employment opportunities for the poor in non-farm enterprises, empowering women, and improving the
883 accessibility of other financial services at the community level in Bangladesh. Moreover, the study observes that by
884 strengthening women's participation in groups particularly of those belonging to socially deprived classes impacts
885 significantly in providing full and productive employment for women in the society. It does not only empower
886 disadvantaged women and other marginalized people, but also opens up more business opportunities for the
887 private sector, stronger communities for society, and greater sustainable economic growth for countries. Therefore,
888 evidences show MFIs are empowering marginalised people in Bangladesh and other countries. Moreover MFIs
889 generate a smart economics-sustainable quick impact economy if they have proper micro loan implementation
890 strategies, and policies that are suitable to local society and context.

891 52 X.

892 53 Conclusions

893 Grameen Bank has not hired foreign consultants for its program design, program development, and program
894 implementation. GB has developed its services directly taken experience from the field. It's staff contributed
895 to its program design and program success in Bangladesh even bring it to world stage as a model for poverty
896 eradication. The GB staff review problems by themselves and they solve problems based on local situations. The
897 proposed solution is first tested in 2-3 branches for about 6 months on a pilot basis. Lessons are learned from
898 them and then extended to other areas served by the bank.

899 Grameen Bank slogans that this bank is for the people, people are not for the bank. As mentioned earlier,
900 Grameen Bank builds its own internal fund mobilization process (Grameen Bank 2002). Grameen Chek also
901 stands and runs on its own revenues (Grameen Chek, 2010). These two organizations did not use external funds
902 and external consultants. The field staffs bring their ideas to these organizations and these two organizations
903 develop their policies, operational strategies, marketing strategies, accounting procedures and MIS devices.
904 Conversely, as mentioned earlier, Grameen Krishi Foundation (GKF) receives external grants. The donor
905 consultants compel GKF to accept their terms of reference to run GKF farms. Even donors inception reports

906 forced GKF follow their action plans. Although GKF protested against donors' inception report and consultants
907 advice; however, donors forced GKF to follow armchair external consultants' directions.

908 The author involves with all these three organizations in their program designs and implementations.

909 The author praxis researches on social economy and micro economics development using his academia-sociology,
910 ecological economics; program planning and management; community development; small business management;
911 and environmental development and his working experience in different countries. The author has similar
912 experience like many other researchers (Arnoke & Torres, '2007;Bray, 2003Bray, , 1999;;Leys, 1995;Manion, 2012;
913 ??oveli, 2010;Samoff, 2009Samoff, , 2003)) who have experienced-foreign donors impose conditionality while
914 providing to grants to developing countries resulted failure of the programs. Many donor funded projects have
915 negative experience on donors' control, apply coercive powers and privileges and their mismatching impositions to
916 grant recipients that resulted failure the projects in different countries ??Bary, 1999; ??oveli, 2010;Samoff, 2009).
917 Donor funded many evaluation studies mention the same failure story ??Crosley & Watson, 2003; ??oyes, 2005).
918 Maximum reports identified failure causes are imposition of donors' ideas and their coercive control. The author
919 also finds same experience donors control and influence GKF activities. The author struggles to follow donor
920 consultants' advice and to follow their plan of action during his job in GKF. The author is unable to balance the
921 GKF local situations and implement consultants' ideas. Therefore, there was a gap between consultant advice,
922 grant allocation and implement the GKF activities for the benefit of marginalized farmers in Bangladesh.

923 As GKF currently is not financially sustainable; hence it shrinks its operations and services in Bangladesh.

924 On the other hand, as mentioned earlier, Grameen Bank and Grameen Chek run without external grants,
925 national and international consultants. The GB staff work hard for the well-being of GB clients. Moreover,
926 Grameen Bank does not contribute to the philosophy that they should precede on unfaithfulness. Grameen Bank
927 and Grameen Chek go to the doors of the individuals. This is the basic philosophy of Grameen Bank and is sister
928 organization. One has to keep this always in mind and move forward when working with community people in
929 any society. Not only provision of loan, in case of necessity, its effectiveness utilization has to be taught with
930 practical demonstration that these organization are striving for. These community-based grameen organizations
931 have played an effective role in creating individual initiatives. Thus the GB clients and Grameen Chek handloom
932 weavers find ways to get rid of their miserable life. Their initiative and contributions generate life in the social
and economic horizon in Bangladesh. ¹



Figure 1: Year 1 2014 Global

1984	Year of foundation lying
1985	Year of gathering strength
1986	Year of achieving qualitative strength
1987	Year of maturity
1988	Year of confidence
1989	Year of new horizon
1990	Year of arduousness
1991	Year of consolidation
1992	Year of reorganization
1993	Year of certainty
	B

Figure 2:

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