

Bangladesh Convicts Nobel Laureate Muhammad Yunus

Why In News

- The Nobel prize winner Muhammad Yunus was sentenced to six months in jail by a court in Bangladesh for violating the country's labour laws. The 83-year-old, credited with pioneering the system of micro-finance loans to help impoverished people, was granted bail pending appeal.

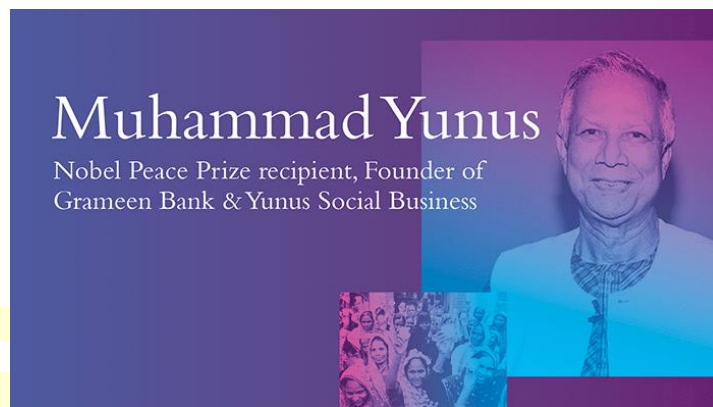


- While Yunus called the judgement “contrary to all legal precedent and logic”, his supporters said the case was politically motivated. The professor shares a frosty relationship with Bangladesh’s Prime Minister Sheikh Hasina, who once accused him of “sucking blood” from the poor.
- Currently, Yunus is facing a wide array of other charges involving alleged corruption and fund embezzlement.



Who Is Muhammad Yunus

- Born in **1940 in Chittagong**, Yunus received his PhD in economics from Vanderbilt University in Tennessee, USA, in 1969 and subsequently, became an assistant professor at Middle Tennessee State University.
- After **Bangladesh was formed in 1972**, he returned to his homeland and was appointed head of the economics department at Chittagong University.
- As Bangladesh struggled to **stabilise its economy and tackle poverty** in the post-independence years, Yunus came up with a unique idea to help the impoverished.



- He decided to provide small loans to entrepreneurs who wouldn't normally qualify for bank loans, on terms suitable to them.
- "Following the success of an initial local experiment, Professor Yunus became confident that the model could work on a broader scale and went to set up **microcredit projects in other parts of the country**. Within seven years, the initiative took formal shape as the **Grameen Bank in 1983**," says an African Development Bank Group profile of him.



BANK FOR THE POOR
GRAMEEN BANK

- Grameen Bank is credited with lifting millions from poverty — it has disbursed **collateral-free loans of \$34.01 billion** among **9.55 million people** since its

inception, Daily Sun, a Bangladesh-based national daily, reported last year. The recovery rate is 97.22%, the report added.

- In 2006, **Yunus and Grameen Bank** jointly received the **Nobel Prize in Peace** “for their efforts to create economic and social development from below.” The professor came to be known as the “**Banker to the Poor**”.

Tumultuous Relationship With Sheikh Hasina

- The Soon after **winning the Nobel Prize**, Yunus began with the idea of forming his own political party. This didn't sit well with Hasina, who was in jail at the time under the charges of extortion.
- In the following months, Yunus abandoned his plans, saying there wasn't enough support for his new political movement.



- Nonetheless, once **Hasina returned to power in 2009**, her government opened a host of investigations into Yunus' activities.
- The prime minister accused him of using force and other means to recover loans from poor rural women as the head of Grameen Bank.

Why Has Yunus Been Sentenced To Jail

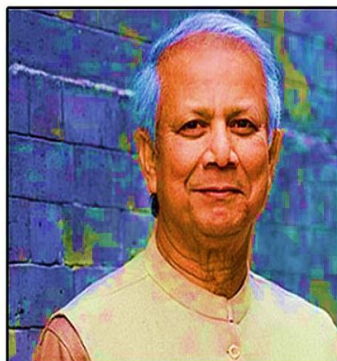
- **Third Court of Dhaka** found Yunus' company, **Grameen Telecom**, which he founded as a non-profit, guilty of violating labour laws.
- **The Others Accused In The Case Are:** Ashraful Hasan, CEO Of Grameen Telecom Trust; Trustee Nurjahan Begum; And Managing Director M Shahjahan.
- According to the judgement, **67 of the company employees** were supposed to be made permanent, which they were not, and the employees' participation and welfare funds were not created.



- Moreover, as per company policy, **5% of the company's dividends** were supposed to be distributed to staff, which was not done.
- The court convicted Yunus, as chairman of Grameen Telecom, and three other company directors, sentencing each to six months in jail. Grameen Telecom owns **34% of Bangladesh's largest mobile phone company**, Grameenphone, a subsidiary of Norway's telecom giant Telenor,

Other Companies

- Additionally, Prof Yunus has founded **various companies** in Bangladesh to tackle diverse issues related to poverty and development.
- These include Grameen Phone (a mobile telephone company), Grameen Shakti (an energy company), Grameen Fund (a social venture capital company), Grameen Textile, Grameen Knitwear, Grameen Education, Grameen Agriculture, Grameen Fisheries and Livestock, Grameen Business Promotion, Grameen Danone Foods Ltd, and Grameen Healthcare Services. He is also the founder of Grameen Trust, extending the Grameen microcredit system globally.



Grameen Telecom



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