

Chapter 13

An Advancement to the Grameen Bank Model

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ABSTRACT

This chapter proposes the concept of the Grameen Bank initiated by Muhammad Yunus as a prototype for promoting rural entrepreneurship within the under-developed rural community governed by the digital portal. There are many factors that were considered important for the shift from microfinance to financial inclusion when proposing the model. One of the key factors is what is happening with data in general and our ability through digitization to have a more comprehensive understanding of the needs of the poor community. The Grameen model is considered as an advanced empathetic financial service that is appropriate for the needy poor women located in rural locations. By analyzing prior literature on Grameen model, in this chapter, an advancement to the existing Grameen model is proposed.

INTRODUCTION

Grameen Bank, a Bangladeshi bank which was established by financial analyst Muhammad Yunus as a way of improving the lives of rural population and providing little advances to poor people. The Grameen (Bengali: “Rural”) model, contrived by Yunus in 1976. This model depends on gatherings of five planned borrowers who meet consistently with Grameen Bank field administrators. Ordinarily, two of the five imminent borrowers are conceded advances. If after a trial time frame, the initial two borrowers meet the terms of reimbursement, at that point credits are conceded to the rest of the gathering individuals. Grameen bank was transformed into a free bank in 1983; headquartered in Dhaka, Bangladesh, it has in excess of 2,200 branches in Bangladesh. The Grameen model symbolize a proficient method for helping the poor and rural population by giving them chances to support themselves. It was identified that of 97 percent of Grameen’s advance beneficiaries have been ladies.

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Bangladesh is one of the poorest and overpopulated nations in the world, and population of women in that nation are among the poorest of poor people. In the late 1970s, a man played out a supernatural incident there. With a couple of credits out of his pocket in 1976, Professor Yunus demonstrated to himself that even the most distressed could haul themselves out of horrendous destitution. By planting a vegetable garden, exchanging dairy animals, or opening a little shop, these ladies could possibly make an advantage, feed their family and pay back their advance with intrigue. He then took this to indicate Rome, where the International Fund for Agricultural Development (IFAD) had recently been established, with the understanding of neediness moderation in the poorest nations. With his interest, he impacted IFAD that an advance to the Grameen Bank, as he called his business undertaking, would be a decent resource and particularly supportive to decrease destitution in Bangladesh.

Microcredit projects in Bangladesh are sorted out by non-government organizations (NGOs), state-claimed business banks, private business banks, Grameen Bank, and concentrated projects of a few services of Bangladesh government. Microcredit has created a new extension in Bangladesh in both rural and urban areas. In terms of rural development, the role of micro-credit is very important and in rural Bangladesh, the effect of micro-credit is huge. The government has proposed rural development administration under which, Micro-credit operations, research-oriented organizations, and close monitoring on expected Micro-credit outcomes and interprets the report are conducted. The government policy on Micro-credit also covers the stakeholder's involvement by providing maps and flowcharts. The Bangladesh Rural Development Board (BRDB) is also under the Ministry of Local Government, Rural Development and Cooperatives. This is one of the biggest administration institutions set up by the Government of Bangladesh which is specifically engaged with local advancement and poverty mitigation exercises in Bangladesh. The poverty alleviation project is also a government-funded program.

This project aims to shape casual gatherings, give ability for preparing for independent work, collection of claim capital through thrift stores, the supply of small-scale credit for money earning exercises, bring issues to light, re-establish the certainty of poor people, human asset advancement, up-keeping condition and guaranteeing the manageability. Grameen Bank has turned around regular financial practice by expelling the requirement for guarantee and made a financial framework dependent on shared trust, responsibility, cooperation and innovativeness. Grameen Bank gives credit to the least fortunate of the poor in Bangladesh, with no guarantee. At Grameen Bank, credit is a financially savvy weapon to battle neediness and it fills in as an impetus in the overall improvement of financial states of the poor who have been kept outside the financial circle on the ground. Professor Muhammad Yunus, the founder of "Grameen Bank" contemplated that if money related assets can be made accessible to the needy with terms and conditions that are suitable and sensible. "The microfinance sector is not only helping the poor in rural areas to generate some income, but it also promotes entrepreneurship and help them to become entrepreneurs, said the Nobel peace prize winner and founder of Grameen Bank of Bangladesh Muhammad Yunus.

In an interview with CNBC-TV18, Yunus, who is known as a pioneer of the microcredit concept, said the microfinance sector in India would double the size in the next five years and become a significant economic entity. "Rural areas always provided the labour to the city. I don't think, after micro credit, that would be the scenario. The scenario will be that they would be dealing with their own economy, building their own economy as entrepreneurs. I think microcredit has transformed the whole idea of what the urban and rural relationship would be." According to facts and figures uploaded on the official website, "As of, November 2019, it has 9.60 million individuals, 97 percent of whom are women. With 2,568

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