

# Travelogue

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Yunus and Microcredit As Muhammad Yunus narrated his story and how microcredit was born, it was very interesting to know that the narrator once lived in a very poor country but managed to build himself up despite this fact. Upon his narration in the video one can feel his sincerity to help and create a difference. He left his country Bangladesh in 1965 when income was as low as \$300 and literacy rate was very down, facts that the said country was struggling very hard. He took the opportunity of taking a scholarship at Colorado where he finished his orientation course in Economics. He came back to Bangladesh in 1972 when it was struggling to liberate from Pakistan. This was the time when he wanted to make a difference and became very active in the said struggle. He was part of the planning commission in charge of planning the economy.

It was very remarkable to note that even with what he has achieved in life, he was passionate to help those poor people in Bangladesh to lift up their lives out of poverty. He thought of steps and possible strategies as solutions to this problem. According to Yunus, teaching well-designed economics strategies to his students were ineffectual when you see hungry people everywhere, old and young people looking alike. This was when microcredit system was born. Yunus believed that microcredit system was the optimal answer to fight poverty. The microcredit strategy includes providing credit to the poor without involving any collateral. He wanted to learn the realities of being poor and his experience in Jobra helped him realize that tiny loans offered to people for self-employment was one of the successful ways. Grameen Bank was born and this has started the economic revolution. Unlike the conventional banking system, Grameen bank does not require any collateral and extends their loans to those who are considered to be the

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poorest. The bank also focuses on women borrowers. To be able to make a loan, a villager must prove that her family owns not more than one half acre of land. This system was way considered unusual. For someone to start this kind of system and exert efforts to help without any security, Yunus is really an exceptional human being with so much passion to help the poor. This microcredit system is therefore mainly based on mutual trust. This very successful strategy that started with 42 people was due to the person who has a heart to make people very happy with small amount of money. As per Yunus after he has started to lend money to the poor, the only question in his mind was “ How do I do more of this?” This question led eventually more than 250 institutions operating microcredit system in more than 100 countries based on Grameen Bank model. Yunus indeed is a real “ Banker to the poor”.

Microfinancing or microcredit as a solution to the problem of extreme poverty, can be considered to be very unique yet a very brilliant idea. This system has given those poor people the opportunity to improve their lives. If this idea hasn't been thought of, who will lend money to those poor people? It is a fact that they don't have anything to give as collateral or security but their words and their promise to pay. Thus, microcredit system can be considered a promising solution to extreme poverty.

Reference:

<http://video.google.com/videoplay?docid=1986204406774837194>