



**OUT OF THE BOX**  
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on Innovative Ways to Improve the Culture of Living

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## Social Business: A way to solve society's most pressing problems

**Muhammad Yunus**

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Muhammad Yunus was born on June 28, 1940. He is the founder of Grameen Bank which pioneered microcredit – a method of banking where small [loans](#) are given to the poor, mostly to women, without collateral, for income generating activities, with high repayment rate, to help them get out of poverty.

The third oldest of nine children, Yunus was born in the village of Bathua, [Chittagong](#). His father was Haji Muhammad Dula Mia Shawdagar, a jeweler, and his mother was Sofia Khatun. In 1944, his family moved to the city of [Chittagong](#), and he studied at Lamabazar Primary School. Later, he passed the matriculation examination from [Chittagong Collegiate School](#).

During his school years, he was an active [Boy Scout](#), and traveled to West Pakistan and India in 1952, to Europe, USA, and Canada in 1955 and to the Philippines and Japan in 1959, to attend [Jamborees](#). In 1957, he enrolled in the department of [economics](#) at [Dhaka University](#) and completed his [BA](#) in 1960 and [MA](#) in 1961.

Following his graduation, Yunus joined the Bureau of Economics, Dhaka University. Later he was appointed as a lecturer in economics in [Chittagong College](#) in 1961. In 1965, Yunus was offered a [Fulbright scholarship](#) to study in the [United States](#). He obtained his [Ph.D.](#) in economics from [Vanderbilt University](#) in the [United States](#) in 1969. From 1969 to 1972, Yunus was an assistant professor of economics at [Middle Tennessee State University](#) in [Murfreesboro, TN](#).

During the [Liberation War of Bangladesh](#) in 1971, Yunus founded a Citizen's Committee in Nashville, TN, published a newsletter named, Bangladesh Newsletter, and ran the Bangladesh Information Center in Washington DC with other Bangladeshis living in the [United States](#), to raise support for liberation of East Pakistan, and lobby at the US Congress to stop military aid to Pakistan. Inspired by the birth of Bangladesh in 1971, Yunus returned to Bangladesh in 1972, and joined the Economics Department of University of Chittagong after a brief spell in the Planning Commission. He became actively involved with [poverty reduction](#) after observing the [famine of 1974](#), and established Rural Economics Programme as a part of the Department's academic programme. In 1975, he organized Nabajug (New Era) Tebhaga Khamar (three share farm) which the government later adopted as the Packaged Input Programme.

In 1976, during visits to very poor households in the village of Jobra near [Chittagong University](#), Yunus discovered that very small loans could make an enormous difference to a



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poor person's life. Jobra women who made [bamboo](#) furniture had to take out loans at usurious rates for buying bamboo, and had to give up their profits to the moneylenders. Shocked by this reality, he lent [USD 27.00](#) from his own pocket to 42 people in the village to help them pay back their loans to the loan-sharks and be free.

When he approached traditional banks to lend to the poor, he found that they were not interested as the poor were not considered creditworthy. Yunus strongly believed that given the chance the poor will repay the borrowed money, and that it would help the poor work their way out of poverty. After many efforts, Yunus finally succeeded in securing a credit line, offering himself as the guarantor, for his project from [Janata Bank](#) to lend it to the poor in Jobra in December 1976. On October 2, 1983, the project was converted into a full-fledged bank named as [Grameen Bank](#) (*Village Bank*), specialized in making small loans to the poor.

As of May 2009, Grameen Bank (GB) has 7.5 million borrowers, 97 percent of whom are women. With 2,554 branches, GB provides services in 84,237 villages, covering more than 97 percent of the total villages in Bangladesh. It has lent over USD 7 billion to the poor people with near 100 percent repayment rate, since its inception. All its money comes from the depositors of the bank.

Yunus has also founded a number of companies in Bangladesh to address diverse issues of poverty and development. These include Grameen Phone (a mobile telephone company), Grameen Shakti (Grameen Energy), Grameen Fund (Social Venture Capital Company), Grameen Textile company, Grameen Knitwear company, Grameen Education company, Grameen Agriculture company, Grameen Fisheries and Livestock company, Grameen Business Promotion company, Grameen Danone Foods Ltd, Grameen Healthcare Services, among others. He is also founder of Grameen Trust which extends the Grameen microcredit system all over the world.

In October 2006, Muhammad Yunus was awarded the 2006 [Nobel Peace Prize](#), along with Grameen Bank, for their efforts to create economic and social development. The [Norwegian Nobel Committee](#) stated "Muhammad Yunus has shown himself to be a leader who has managed to translate visions into practical action for the benefit of millions of people, not only in Bangladesh, but also in many other countries. Loans to poor people without any financial security had appeared to be an impossible idea. From modest beginnings three decades ago, Yunus has, first and foremost through Grameen Bank, developed micro-credit into an ever more important instrument in the struggle against poverty". Muhammad Yunus became the first [Bangladeshi](#) and third [Bengali](#) to ever get a Nobel Prize.

He has won a number of other awards, including the [Ramon Magsaysay Award](#), the [World Food Prize](#), the [Sydney Peace Prize](#). Within Bangladesh, he has received the President's Award (1978); Central Bank Award (1985); and Independence Day Award (1987), the highest national award. Bangladesh government brought out a commemorative stamp to honor his Nobel Award.

Yunus was inducted as a member of the Legion d'Honneur by President Chirac of France. In January 2008, [Houston, Texas](#) declared January 14 as "Muhammad Yunus Day". He is one of the founding members of [Global Elders](#) chaired by Nelson Mandela. He was the 2008 commencement speaker at [MIT](#) on June 6, 2008.



Yunus has been awarded 28 [honorary doctorate](#) degrees and serves on the board of many national and international organisations. He is the author of two New York Times bestsellers - [Banker to the Poor](#) (1997) and *Creating a World Without Poverty, Social Business and the Future of Capitalism* (2008).

Muhammad Yunus is married to Dr Afrozi Yunus, and has two daughters, Monica, and Deena.