

Prof. Yunus meets with members of Association of Karnataka Microfinance Institutions

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Bangalore: Nobel Laureate Prof Muhammad Yunus on a brief visit to Bangalore, met with the three Grameen Bank partners based in the city: Ujjivan Financial Services, Grameen Koota and B.S.S. and the other leading members of the Association of Karnataka Microfinance Institutions (AKMI): Janalakshmi & Moksha Yug. He was pleasantly surprised to hear that the member organizations of AKMI have disbursed over Rs.2000 crores to more than 2 million poor customers in Karnataka. He encouraged AKMI, as a unique state-wide organization of microfinance institutions, to work together to promote microfinance in the State and create greater awareness. Professor Yunus launched the AKMI website.

Professor Yunus discussed a number of critical issues facing microfinance. First, was the requirement of microfinance institutions to be totally transparent on pricing. An international organization has been set up: mftransparency.org and all microfinance institutions (MFIs) are encouraged to participate. Secondly, on the issue of interest rates he said the goal of MFIs should be to charge 10% or less over the market cost of funds, those who charge 15% and above over the market cost of funds are in the 'Red Zone'. Thirdly, he stated that microfinance institutions were set up with the mission of removing poverty. With the world-wide success of microfinance, it is now seen as a very lucrative business opportunity by some international venture capitalists and hedge funds. There is a danger of a mission drift solely towards profit maximization. He is opposed to such a change of mission. He strongly endorses raising of funding from local resources within the country and avoid foreign currency borrowings which increases the risk and cost to poor borrowers.

Professor Yunus spoke of the special mission for his short visit to Bangalore. Grameen Bank has set up 38 clinics across Bangladesh to serve the poor. These have been operating successfully in a self sufficient manner. His vision for healthcare for the poor is to expand the scope dramatically by building hospitals across Bangladesh and setting up a medical university which will be dedicated to providing the healthcare professionals required. The total program would not only provide a comprehensive healthcare system for the poor but would also provide rewarding careers for doctors & nurses. He is in Bangalore to see the operations of some hospitals and interact with medical professionals.



Prof. Yunus with members of AKMI



Carol, Chief Operating Officer, South, finds out meeting Professor Yunus is a lot fun too!!!