

# Grameen Bank on Joy's letter

FROM PAGE 20  
circulated by email, Joy has identified himself as an adviser to the prime minister.

"Last year Norwegian Television uncovered documents revealing massive financial improprieties at Grameen Bank under Muhammad Yunus. Approximately \$100 million in donor funds to Grameen Bank were transferred out of Grameen Bank to a private corporation, Grameen Kalyan set up by Yunus," Joysaid.

"The government of Norway raised this as a major concern and as a compromise \$30 million was returned. The remaining approximately \$70 million was never returned. All correspondence in this regard was from Yunus himself," he said.

"Just as international lobbying and media is being used in this recent incident, no doubt Yunus lobbied the Norwegian government as well. However, their explanation left millions of dollars unaccounted for."

Joy said this became a major issue in Bangladesh and the government was forced to form an independent committee to investigate. "Yunus personally gave a press statement (no questions were allowed) where he announced that he undertook these transfers to avoid taxes, which constitutes tax evasion."

"However, this makes no sense since Grameen was at the time a non-profit and paid no taxes. What is clear is that this transfer is completely illegal and constitutes a criminal offence of 'conversion' under Bangladesh law."

"Further investigation uncovered other fraud, improprieties and illegal activity at Grameen Bank under Yunus."

Joy said, between 1998 and 2002 all microloan borrowers were forced to pay an additional amount labelled "forced savings" which they were supposed to be paid back. "However, this money was never returned to the borrowers, who are among the poorest of society! This is fraud and theft."

He alleged that donor funds were used to invest in a variety of private-for-profit ventures, all without approval from either the donors or the government, which owns 25 percent of Grameen Bank.

"In several cases, the equity in these private ventures was held not by Grameen Bank, but by Yunus and his family members personally. This is completely illegal and constitutes embezzlement," Joy claimed.

He said loans were made by Grameen Bank to some of these corporations, which is completely illegal since Grameen Bank is not a regular bank. "It is lending donor funds and is only allowed to loan to microcredit borrowers."

Joy also claimed Grameen charges up to 30 percent interest rate on loans and up to an additional 10 percent in "forced savings" to the poorest sections of society. "Their collection methods are draconian and collection officers who fail to collect payment have the uncollected amounts deducted from their pay."

"There are many documented cases which constitute abuse and the criminal offence of 'molestation' under Bangladesh law," Joy wrote in the letter.

He claimed the government, not Yunus, founded Grameen Bank. "Contrary to the popular perception, Yunus did not found Grameen Bank. The government of Bangladesh did. Initially the government owned 65 percent of Grameen Bank, which was whittled down over the years by Yunus. The government still owns 25 percent of Grameen Bank and retains the right to veto management appointees."

Joy said there is little evidence that showed a link between microcredit and reduction of poor people. "Despite the hype, there is no evidence that microcredit has in fact reduced the rolls of the poor in Bangladesh. Grameen Bank has been in the microcredit business for 30 years, yet Bangladesh remains one of the poorest countries in the world."

"Furthermore, the private sector investments made using Grameen Bank money have become quite profitable. Grameen Phone is by far the largest telecommunications operator in Bangladesh with a subscriber base of 28 million, annual revenue of over \$1 billion and profits of several hundred million dollars per year. Grameen Bank owns 35 percent equity in Grameen Phone, so why do they have to charge such high interest rates to the poor?"

Joy also said the government had tried to retain the respect of Yunus. "Given his stature as a Nobel Prize winner, the government of Bangladesh requested that Yunus step down quietly from

the post of managing director of Grameen Bank. He refused and has engaged in an international lobbying campaign accusing our government and in particular, Prime Minister Sheikh Hasina of engaging in political retribution."

"Nothing could be further from the truth. Yunus has no political stature in Bangladesh. During the brief military regime from 2007-08, under a state of emergency with all political activity banned and most political leaders behind bars, even with the help of the military he was unable to put together a political party and garner any public support. Politically he is a non-threat in Bangladesh and no threat to any political leader," Joysaid.

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Grameen said Joy's claim that the government was "forced" to create an independent investigation committee "was highly misleading, as the government appointed a 'review committee' to look into the operations of Grameen and its associated companies.

According to Grameen, Joy's claim about tax exemption does not take into account the tax exemption practice prevailing at that time. "There are perfectly legal ways to minimise tax liabilities. They do not constitute 'evasion'," it said.

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# Abed, Yunus

FROM PAGE 1  
improve the lives of girls and women around the world.

Founder of Grameen Bank and Nobel laureate Dr Muhammad Yunus and Sir Fazle Hasan Abed, founder and chairperson of Brac, were included in the list prepared by US-based global advocacy organisation Women Deliver, said a press release.

The list of hundred individuals, the 'intrepid and results driven people', was released to mark the 100th International Women's Day, it said.

The honorees are derived from the fields of health, human rights, politics, economics, education, journalism, and philanthropy, and represent a great diversity of geographic and cultural backgrounds.

The list includes, among others from six continents, Nobel laureate Economist Prof Amartya Sen (India), Co-chair of Bill and Melinda Gates Foundation Melinda Gates (USA), US Secretary of State Hillary Clinton (USA), UN Secretary-General Ban Ki-Moon (South Korea), Queen Rania Al-Abdullah (Jordan), Nobel Laureate Human Rights activist Shirin Ebadi (Iran) and journalist Christian Amanpour (UK), the release added.

The body of Jahangir Afrad, who died of heart attack on reaching the Egyptian border from Libya, could not be sent from Matrouh Airport of Egypt as per schedule since the pilot of the aircraft unloaded the coffin for safety reasons.

The body is now at Matrouh Hospital under the International Organization for Migration (IOM) care and will be flown back to Bangladesh in a first available chartered flight that is equipped for carrying a dead body.

IOM says that they can bring 4,000 passengers per day but the Hazrat Shahjalal International Airport does not have the capacity of such repatriation and that is why it is getting delayed a few days, Quayes said.

Speaking at the briefing, Civil Aviation and Tourism Ministry Secretary Shafiq Alam Mehedi said Biman's Dhaka-Jeddah and Dhaka-

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Grameen said Joy's claim that the government was "forced" to create an independent investigation committee "was highly misleading, as the government appointed a 'review committee' to look into the operations of Grameen and its associated companies.

According to Grameen, Joy's claim about tax exemption does not take into account the tax exemption practice prevailing at that time. "There are perfectly legal ways to minimise tax liabilities. They do not constitute 'evasion'," it said.

The claim that "Grameen was, at the time, non-profit and paid no taxes" is simply

not true, the microfinance institution insisted. "Grameen Bank was never a non-profit organisation. Following the expiry of Grameen Bank's tax-exempt status on December 31, 1996, it did not receive notice of tax-exempt status until 2000, when the government retroactively issued tax-exempt status to Grameen Bank from 1997 onwards," it said.

Grameen brushed aside Joy's claim that from 1998 to 2002, "forced savings" were taken in members' names and not returned to them.

"From the beginning of Grameen Bank's operation, members have been required to maintain a savings account containing five percent of their loan disbursement amount in order to provide for their emergency needs," Grameen said.

"This money is credited to the borrowers' savings account, which is an interest bearing account and Grameen Bank has been giving 8.5 percent interest for the savings. The borrowers are enjoying the benefit of their savings at their convenience and are allowed to withdraw the entire savings without leaving any balance in their accounts. There is no question of not returning the money to the account holders," Grameen added.

According to Grameen, the allegation of using donors' funds for private ventures without approval from either the donors or the Grameen Bank is completely false and baseless. "There had never been any single incident of using Grameen Bank fund for private venture with or without approval of the Grameen Bank," it said.

Grameen also refuted a claim that it had charged a high interest rate. "Grameen Bank charges the lowest interest rate in Bangladesh for microcredit," the microfinance organisation said.

Joy's letter, according to 'Friends of Grameen', has exposed the very dynamics behind the attacks on Yunus and Grameen Bank.

On March 15, a full bench of Supreme Court will hear an appeal filed by the Nobel laureate against a High Court verdict that upheld a central bank order removing him from the organisation he founded three decades ago.

(Read full text of Joy's letter and Grameen's blow-by-blow response on [www.thedailystar.net](http://www.thedailystar.net))

the Italian government will provide two flights for the repatriation. Of the two flights, one has already arrived in Dhaka and the flights in total will repatriate 288 Bangladeshis, he said.

Replying to a question, Quayes said the number of Bangladeshis from Libya to Egypt and Tunisia has drastically reduced and it is estimated that more than 30,000 Bangladeshis are still residing in Libya.

On another question, he reiterated that the government still has no plan for full scale evacuation of all Bangladeshis from Libya.

"We still do not see the necessity of air lifting all our nationals from Libya, but we have made preparations and examined whatever is necessary," he added.

**GERMAN GOVT SUPPORTS REFUGEES**  
The German government, in cooperation with international relief organisations, will examine all options to help trapped Bangladeshi citizens in North Africa, said a press release of German Embassy here yesterday.

It said Germany has so far committed 2.8 million euros, which is mainly used to provide humanitarian assistance to refugees along the Libyan-Tunisian border area and to support the return of Bangladeshi and other workers from Asia to their respective countries.

Germany is working closely together with the United Nations High Commissioner for Refugees (UNHCR), the German government disaster relief organisation THW, the International Committee of the Red Cross, and the IOM.

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"Nothing could be further from the truth. Yunus has no political stature in Bangladesh. During the brief military regime from 2007-08, under a state of emergency with all political activity banned and most political leaders behind bars, even with the help of the military he was unable to put together a political party and garner any public support. Politically he is a non-threat in Bangladesh and no threat to any political leader," Joysaid.

**GRAMEEN BANK'S REPLY**  
Grameen Bank responded to each issue in Joy's letter. It referred to one of his allegations that "approximately \$100 million in donor funds were transferred out of Grameen Bank to a private corporation, Grameen Kalyan set up by Yunus". The microlender insisted that Grameen Kalyan is not a private corporation set up by Prof Yunus.

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# 19,000 to fly in within week

FROM PAGE 20  
Dubai-London return flights will be re-routed to Alexandria to bring back the Bangladeshis from Egypt.

Two DC-10 aircraft and three Airbuses will be carrying the stranded Bangladeshis. Each DC-10 has the capacity of 314 passengers while the Airbus has 221. "The five flights will be able to carry 1,200 to 1,300 Bangladeshis in a week," the Civil Aviation secretary said.

The foreign secretary in his speech hoped that the government would arrange permission from the Egyptian authority to allow Biman fly over Egypt within a couple of days.

Quayes said those passengers, who have already given booking to the Biman's return flights to Dhaka from the destinations of Jeddah, Dubai and London, will be transferred to other airlines so that these flights could repatriate maximum Bangladeshis from Alexandria in Egypt.

Civil Aviation Secretary Shafiq Alam Mehedi said the expatriates' welfare ministry will bear the operating cost of the Biman flights and the national carrier will run on 'no-profit no-loss basis'.

The foreign secretary said as of yesterday, there are 3,027 Bangladeshis at the border point of Al Salloum in Egypt while around 15,000 in Rasjdair border in Tunisia.

Five flights are scheduled to carry 1,447 Bangladeshis from Djerba Airport in Tunisia to Dhaka yesterday. South Korea's Hanil Company will repatriate 154 Bangladeshi workers in the first of its arranged commercial flight from the Tunis Airport, Quayes said.

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