

The Daily Star

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DHAKA THURSDAY MAY 10, 2001

Grameen Mutual Fund launched Debuting bid to channel rural savings to corporate world

STAR BUSINESS REPORT

To mobilise savings of the rural destitutes, Grameen Bank yesterday launched its first mutual fund.

The fund came into being following registration of the trust deed with the local sub-registrar at a city hotel.

Grameen Bank will be the sponsor of the fund, Standard Chartered Bank will provide the custodian services while Asset and Investment Management Services (AIMS) of Bangladesh – the country's lone asset management company – will be in charge of its management. The Grameen Trust will act as trustee to the fund.

Speaking on the occasion of the fund's launching, Grameen Bank Managing Director Dr. Mohammad Yunus termed the move as an old-age pension scheme for the poor.

He said the first scheme – Grameen Mutual Fund One – will offer a guaranteed 10 per cent return.

The size of the fund will be around Tk 12 to 15 crore, part of which will be offered to the general public.

Dr. Yunus said the fund will enable the micro-credit recipients to claim ownership of large industries and sit on the boards of these companies.

He said that the fund would also help overcome the present depression on the stock market.

Under the scheme, Grameen Bank is planning to enhance the earnings potentiality of the rural poor through augmenting and directing their savings towards the capital market in a structured way.

Grameen Bank's micro-credit recipients have savings of over Tk

1,000 crore under different projects. Their funds will be invested in a number of selected companies and the yield would be distributed among the poor micro-credit recipients.

A portion of the fund would be placed with the financial institutions and a part of it be earmarked for the general public through initial public offering (IPO).

Speaking on the occasion, Professor Rehman Sobhan, Chairman of Grameen Bank, said through the fund's formation, savings of crores of the poor will be channeled to the corporate world.

"So far, their activities were confined to the rural economy, which will now be mobilised to the national economy. Finally, it will be channeled to the global market," Prof Sobhan said.

He said the first Grameen fund scheme will be a test case and more such funds will be created depending on the success of the first one. "It's a pioneering and bold experiment which will be observed not only in Bangladesh but also around the globe," the Grameen Bank chairman said.

Managing Director of Aims of Bangladesh Yawer Sayeed said the fund will now be registered with the Securities and Exchange Commission (SEC) and a prospectus will soon be floated, inviting public subscription of the fund.

He said it may take five to six months for the fund to be traded on the stock exchanges.

Grameen trust Managing Director A. A. Qureshi was also present to witness the documentation ceremony.