

Nobel laureate Yunus not in favour of privatisation of PSBs in India

PTI | Apr 08, 2018, 12.45 PM IST



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Comments

Nobel Peace Prize-winning economist [Muhammad](#)

[Yunus](#) has said that he is not in favour

of [privatisation](#) of public sector banks ([PSBs](#)) as private banks have not shown any "exceptional" performance in many countries.

Several experts, including Chief Economic Advisor Arvind Subramanian and former Niti Aayog Vice Chairman Arvind Panagariya, had pitched for privatisation of PSBs after spate of frauds were unearthed in state-owned banks, including over Rs 13,000 crore scam in the Punjab National Bank (PNB).

The Bangladesh-based champion of micro-finance Yunus also said that ways have to be found to stop frauds in the banking sector.

"Fraud in anything is bad, frauds in banks is a more sensitive thing, so we have to find a way to stop it...We have private sector banks in many other countries. Their performance is

not something exceptional," he told PTI in an interview.

He was responding to a question on whether, after the PNB scandal, the demand for privatisation of public sector banks by certain quarters merits consideration.

On the tariff war triggered by imposition of duties on certain products by the US administration, he said that anything which distances one country from another is a negative thing.

"We should be working towards creating a common market, rather than building tariffs. This is a negative way of doing things. The case of Brexit is a negative thing, that's something we should be avoiding; we should be bringing countries together," Yunus noted.

Yunus, who is also the creator of social business, said that he sees no reason for the [Grameen Bank](#) to set up operations here as India

has several successful micro-credit organisations.

"No, we don't want to work outside Bangladesh. But there are lots of micro-finance institutions (MFIs) in India," he observed.

A multi-agency probe is progressing into more than Rs 13,000 crore scam at PNB, involving diamond merchants Nirav Modi and Mehul Choksi.

The fraud was mainly perpetrated through issuance of fraudulent Letters of Undertaking (LoUs) with the help of PNB officials.

A Mumbai branch of PNB had fraudulently issued LoUs for the group of companies belonging to Nirav Modi since March 2011.

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He was in India to participate in an event organised by Indo-French Chamber of Commerce and Industry (IFCCI).