

# Women's Bank: The Way Forward



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# **Women's Bank: The Way Forward**

## **Introduction**

By now, much is written on the proposed Women's Bank which is the need of the hour. In this paper, it is attempted to establish a rationale for setting up the Women's Bank, global perspectives in banking through Women's Bank, suggested business models, constraints, business opportunities and strategies to make the proposed bank viable and friendly to women. To make the Women's Bank in India fruitful in its original spirit of women empowerment and upliftment through financial access, it is essential that the business model be from grass root level, products and distribution be customized as per the unique needs, and be capable to address social, economic and infrastructural limitations, that are depriving the target segments from mainstream financial services. This paper is based on the available literature and developments that have taken place till this date and has reckoned with views and suggestions that have appeared in newspapers. To start with, reasons for setting up the proposed bank need to be understood.

## **Women's Bank: Need and Rationale**

The Indian growth story is characterized by a strong financial system, a vibrant economy promising equality to all the sections of the society through initiatives for rural upliftment, employment for all, financial inclusion, etc. Particularly bringing women to the mainstream of development is of utmost importance for achieving equitable and sustainable growth. Several studies, census and human development indices reflect the deprivation of women from some basic rights of equality, education, nutrition, and even taking birth (female foeticide). To elaborate, India was ranked 136 in 2013 by the UNDP Human Development Index (HDI). As per the Census 2011, population of India was 1210.19 million comprising 586.47 million (48.5%) females and 623.72 million (51.5%) males. Females have a share of 48.1% in the urban population and 48.6% in the rural

population. In the context of financial assets, it is well documented that credit access to women in India is highly disadvantaged (Ghani, *et al.* 2012) underlining the fact that India's gender balance in economic participation and entrepreneurship remains among the lowest in the world. According to the Survey of Small Borrowal Accounts (2011), during 2006-2008 while 91.7 per cent of all small borrowal accounts were held by individuals, women borrowers constituted only 15.1 per cent of individual small borrowal accounts in terms of number and 13.9 per cent in terms of amount outstanding of the total small borrowal accounts. Again, the average amount outstanding for women accounts was comparatively lower than those of all accounts in most of the social groups. Even during the recent past, we do not witness any major change in this regard. According to the latest published report of the All India Census of Small Scale Industries, the number of micro and small enterprises owned by women has increased marginally from 10.11% in the last census to 13.72% in the present one, suggesting that strong steps are needed to improve the economic participation of Indian women in entrepreneurship.

The efforts put in by the Reserve Bank of India (RBI) and the Government in promoting financial inclusion and to ensure the participation of women in economic activities are worth appreciating. Financial inclusion focuses towards bringing the deprived sections into the mainstream through financial empowerment. Consequently, there is progress towards financial inclusion as per a study conducted by Reserve Bank of India (Pradhan, 2013). This study suggests that the share of rural informal credit in total outstanding debt has been decreasing over the period from 1950 to 2002 with various financial inclusion initiatives of the Reserve Bank and legislations of various state governments to regulate moneylenders. However, about two-fifths of rural households still depend on informal credit. Thus, there seems to be huge scope to strengthen financial inclusion in rural areas to provide financial empowerment and freedom from exploitative clutches of moneylenders. The proposed Women's Bank is a prudent measure in this direction to facilitate women's access to financial services and give an impetus to their financial inclusion and social as well as economic empowerment.

## **Proposal to set up Women's Bank**

The Union Finance Minister, in his recent Union Budget (2013) speech, had announced the Government's intention to set up a Women's Bank which would be a public sector bank. This would start operations in November 2013. The Government has appointed a committee to draw up a blue print for the proposed bank. As per the news reports, initially, it would start with at least one branch in each of the major regions: South, West, East, Centre, North and North-East. Thus, there would be six branches initially. The bank is expected to start operations with an initial capital of Rs.1000 crores which would be contributed by the Government. The bank will be largely managed by women.

## **Global Perspectives**

Globally, there have been several instances of banks being set up to specifically address financial needs of women. This is not surprising given the fact that gender discrimination in credit access is well-documented. For example, Muravyev et al. (2007) considered two indicators of financial constraints (the probability of obtaining a loan and the interest rate charged) and found that there was discrimination against female entrepreneurs. The paper shows that firms managed by females have 5.4 percent lower probability of receiving a loan, and pay 0.6 percent higher interest rates.

One of the very successful examples of women's bank is the **Women's World Banking**; a microfinance institution set up in 1979 and headquartered in New York (USA). It is focused on ensuring women's access to micro loans through network of 39 financial organizations from 28 countries, including India. It has been successful in its mission of uplifting unprivileged women, by offering **right type of and innovative, financial products enabling women to come out of vicious circle of impoverishment through self-employment**. It is offering **technology enabled services and matching offerings to typical socio-economic and business challenges of women entrepreneurs** across the globe.

**Women's National Bank** was established in 1978 in Washington DC, though later changed its name in 1986 to **The Adams National Bank**. It was set up by women who

felt a need for a **bank catering to women exclusively**, as there was lack of financial education in women and some amount of discrimination in granting credit to women. Its purpose was to incorporate more women on both sides of the operation: as owners and as customers and the bank was not alone in its mission--the First Women's Bank of Maryland, the Women's Bank of Richmond, and the First Women's Bank of New York were similar enterprises launched in the mid-1970s.

Do exclusive Women's Banks in developed economies serve more of a marketing initiative rather than helping women empowerment? Also, there have been instances of banks or branches which began as exclusive 'Women Bank or Branch', but eventually converted into normal banks/branches catering to all strata of society and employing men as well as women, on account of the loss of original vision in face of market realities and mismatch in operating models to mission and objectives.

Among developing countries, **First Women Bank Ltd., Pakistan** is a Scheduled Commercial Bank and a development financial institution for the **socio-economic empowerment of women**. It was set up in 1989 by Prime Minister Benazir Bhutto with a paid up capital of Rs. 100 Million; 90% of which was contributed in varying proportions by five leading Public Sector banks of the country.

**Women's Bank in Tanzania**, was established in 2007. Bank's aim is to empower women socially and economically. Tanzania Women's Bank strives to provide high quality services across the board, thus the bank's recognition and appreciation for the presence of low income earners, small businesses, corporates and SMEs. The bank aspires to appropriately **address a range of problems and challenges faced by women entrepreneurs** in accessing loans in various banking and financial institutions like high interest rates, lack of collateral and unavailability of financial services in rural areas.

A significant example is of an innovative business model for Microcredit in Palestine by a NGO named, **Palestine Centre for Communication and Development Strategies**, **which** focuses on incubating business and it receives a share in business revenues. Its clients receive **seed funding, technical assistance through a pool of experts, and marketing services** to guarantee the sale of products in local and regional markets.

Banks like **Unicredit Bulbank, Bulgaria** provide modern, comfortable and convenient atmosphere for women to bank in. The 'Donna' product range is billed as catering to the **needs of the modern women**. In Bangladesh, 94% of micro credit borrowers are women and the recovery rate of loans is 98%. Since 1985, the **Grameen Bank** has been channeling credit to women. It has also been proved that household consumption increases by 18% when lending to women, compared to 11% when lending to men.

### **Indian Scenario**

In India, there are three major Women's Banks which are successful and have a unique business model. These include: **1.Sewa Bank 2. Mandeshi Mahila Cooperative Bank, and 3. Bhagini Nivedita Cooperative Bank**. It would be interesting to study them for working out appropriate operating model for the proposed Women's Bank.

#### **1. SEWA Bank**

SEWA Bank is successfully working towards the cause of providing women with access to financial services since last 41 years. In May 1974, SEWA Bank was registered as a cooperative bank. Its origin was in the form of a trade union established in 1972. Later 4000 self-employed women founded SEWA Bank. Its shareholders are self-employed women and, shareholders elect the Board of Directors. Bank is run by qualified managers hired by the Board. In the initial years between 1974 and 1977, the bank concentrated on attracting deposits from self-employed women and served as an intermediary to enable depositors to obtain loans from public sector banks. During this period, about 6000 members received nearly Rs 25 lacs as credit. Initially, these banks charged higher interest rate ranging from 9-16% which was subsequently reduced to 4% as a result of SEWA's lobbying with the Government. It pioneered **doorstep banking** in 1978. Since then, it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture. The unique feature of the bank is to create a **credit loan fund from members' own savings**. In an economic environment where bulk loans from mainstream financial institutions are near impossible to access, it relies on a steady source of funds for lending, from its own deposits. **Need based products** have been launched by SEWA Bank in response to demand from members for a variety of savings

needs. Another important aspect of SEWA's model is providing a wide range of loan products to meet the investment credit requirements of its clients. SEWA Bank requires that a woman saves regularly for at least one year before she is eligible to apply for a loan. In the absence of traditional collateral, a regular savings habit is deemed to be a necessary form of security. **Shelter related loans** constitute a large portion of total loans by SEWA and recovery rate is as high as 96%.

Micro-pension scheme is another innovation wherein systematic investment plan like savings will be collected from women, who will not be required to pay an initiation fee. Another, important feature contributing to SEWA's success is the concept of '**Bank Saathis**' who are the bank's frontline workers. They come from the same communities as customers and live along-side them in the same neighborhood. A capable bank saathi serves around 400 borrowers of the bank. A bank staff in-charge monitors performance of bank saathis. The loan procedure is simple in which the bank saathi assesses the borrower on various socio-economic parameters which she (bank saathi) understands well. As part of handholding services, she explains to the applicant about the process and helps her throughout the process. The bank saathi earns 1 per cent on savings and 3 per cent of credit business transacted. *SEWA Bank's approach to banking has been to consider the life cycle needs of women.* SEWA Bank relies on intimate knowledge of its client's expenditure patterns, in order to develop appropriate products and services. Three types of financial services have been developed by the bank to broadly meet three different financial needs as stated under:

Savings	Credit	Insurance
<ul style="list-style-type: none"> <li>• Education of children</li> <li>• Marriage of children</li> <li>• Celebrating festivals</li> <li>• Pilgrimage</li> <li>• Old age needs</li> <li>• Emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Repayment of old debt</li> <li>• Rescue mortgaged pledged assets</li> <li>• Working capital for business</li> <li>• Buying trade related equipment</li> <li>• Buying a new house</li> <li>• Repairing/extending house</li> </ul>	<ul style="list-style-type: none"> <li>• Sickness</li> <li>• Accidents</li> <li>• Death</li> <li>• Widowhood</li> <li>• Maternity</li> <li>• Losses in riots/flood/cyclone etc.</li> </ul>

At present, the bank has 10 branches in Gujarat. It is having state-of-the-art CBS, ATM and staff strength of 150. It is paying dividend as high as 15%. It charges 17% interest per

year on loan and pays 8% interest on savings. Present financial indicators of the Bank are stated in Appendix 1.

## **2. Mandeshi Mahila Sahakari Bank**

Mandeshi Mahila Sahakari Bank founded by illiterate rural women in 1997 with the efforts of a social activist, Ms. Chetna Gala Sinha. The origin was in Mhaswad village (Satara district) of Maharashtra towards infrastructure development in the village. A credit union was formed in 1993 to provide loans. Subsequently in 1997, it obtained license from RBI to open a cooperative bank. The bank began with 550 members and initial capital of rupees 6 lakh. The initial staff strength was 7 (5 men and 2 women) and, none had banking experience. The bank became profitable within two years of its existence.

Once the bank was established, its founder developed an organization called, Mandeshi Mahila Bachat Gat Federation (SHG) and Mann Vikas Samajik Sanstha to oversee community development projects in the area of education and health. Together Sanstha and Federation provided support services to enable women to borrow from Mandeshi Mahila Bank. It does **door-to-door savings collection** every day in order to encourage regular savings. It began a **financial literacy programme** to improve, client's knowledge of savings and loan basics. Impact assessment of the programme revealed that clients who take the financial literacy course would improve their weekly savings, become eligible for bigger loans for productive purposes, and repay regularly.

Half of Mandeshi's clients are poor rural women, who work in the unorganized sector. In addition, Mandeshi offers different types of need based deposits and loans. Technology is being leveraged by the bank in the form of **e-card**. Mandeshi has a network of **pigmy collection agents** who provide door step services for pigmy savings and at the end of the day, a pigmy device is hooked to the system and the data is transferred into the banking system. E-card solution helps rural women to bring all the transactions in one card. These e-cards displaying woman's name and photograph instantly allow the bank's field agent and clients to view saving account balance and loan

account status and repayment history, thus making the entire banking process simpler, faster and more convenient for rural women.

At present, it is a successful bank with ISO 9001-2000 Certification, with recovery rate of 98% and over 1.40 lakh clients. It has increased its client base 13 times since 2003. Manndeshi is a profit making bank since 2001 and is the **largest microfinance institution** in Maharashtra and the **second largest microfinance bank** in India. The number of SHGs for Manndeshi is 2400 as of now, benefitting 40,000 families spread around 150 villages.

*The unique feature of Manndeshi's operating model is that it uses microfinance and financial literacy as safety-nets to increase disaster resilience among the rural poor women. An outcome of this holistic approach is that around 1.27 lakh women in the rural Maharashtra have been benefitted from the services of Manndeshi and started controlling the finances, conducting businesses, acquire property rights and break the caste barriers. The entire family of each of these women has now begun to reap the full benefits as more money is spent on children education and household necessities. Financial particulars of Manndeshi Bank are stated in Appendix II.*

### **3. Bhagini Nivedita Cooperative Bank**

Bhagini Nivedita Cooperative Bank Ltd. (BNCB) was founded in 1974 at Pune, Maharashtra. The Chief Promoter of BNCB was a Chartered Accountant, who had earlier successfully promoted the Ahamadnagar Cooperative Bank (ACB). One section of ACB was run exclusively by women. Based on the good experience gained from the women's wing of ABC, BNCB was started. The area of operation of the bank is Maharashtra. The Board of Directors consists of well qualified and professional women. The basic philosophy is that "a woman uplifts the household". In the initial stages, BNCB had to face many challenges in respect of mobilizing share capital and deposits. People could not believe that women could run a bank successfully. In those days, directors of the bank used to organize meetings at every nook and corner of the Pune city including offices, hospitals, schools, colleges, temples, clubs, etc. Hundreds of women and men used to attend the meetings. The directors explained to them the fruitfulness of a Women's Bank,

where they can put their savings and the advantages of the savings habit brings to them. They also explained the savings and loan schemes of the bank.

The prime objective of starting the bank was to develop the banking habit among the masses in general and women in particular. Women could generate money out of their own undertakings, or own savings and gain economic empowerment. Hundreds of families have been freed from the clutches of moneylenders by the bank, by providing credit access. The **shareholders and the staff are given financial assistance** for medical and educational purposes. **Loans for school and college buildings** are given on liberal terms and conditions. Financial assistance is provided to institutions which work for the welfare of the handicapped, mentally retarded and the needy poor. Financial **assistance to organizations working for widows, divorcees and neglected women** is given on priority. Exhibitions are held by the bank for **women entrepreneurs**. Many a times, directors give them the **required guidance** to promote entrepreneurship among them. Rate of interest for loans given to women entrepreneurs is relatively low. On the 7th of March every year, the bank awards three women entrepreneurs and two institutions working for social cause. The bank has uplifted thousands of households by inculcating in them **financial discipline** and by extending financial assistance on easy terms. The bank maintains nil non-performing advances since last 8 years and offers a wide range of products and services like NEFT/RTGS, anywhere branch banking, SMS alerts, etc. At present, it has 13 branches and 262 staff strength out of which 234 are women employees. Financial data for BNCB are shown in Appendix III.

### **Observations**

On an analysis of different business models of the three major Women's Banks, following observations are made:

1. These are formed and governed by women and are highly successful. Women entrepreneurs and administrators have been equally successful in governing and managing banks.

2. The banks run predominantly by women have been viable because of prudent segmentation. For instance, though Bhagini Nivedita Cooperative Bank is catering to all strata of population, special care is taken to ensure that bank services for women are well suited to women's needs. In case of Mandeshi Bank it is catering to financial needs of underprivileged women, particularly in rural areas.
3. They also offer products exclusively catering to poor and unorganized women, in order to emancipate their socio-economic conditions. The SHGs are linked to these banks to strengthen the reach to deprived people, yet maintaining financial viability. In respect of SEWA Bank, it exclusively provides products and services to women in unorganized sector in both rural and urban areas. The bank operates through women representatives, who are from same locality and community as the clients are. Products/services are perfectly matched to contingent situations and typical life cycle stages in a poor woman's life.
4. To make them viable, a question arises as to whether Women's Bank is supposed to serve only women clients. In this context, experiences need to be looked into. In developed nations, the establishment of exclusively Women's Bank appears to have been predominantly aimed at providing niche products and services well suited to women clients. But, such banks were subsequently converted to normal banks for all type of clients. In developing and underdeveloped nations, such banks thrive and cater to women exclusively because of the various factors responsible for women being deprived of financial access, financial literacy and their resulting exploitation. The women in unorganized sector have different needs across their life cycles which are not covered in the traditional banking system. This development gave a rise to SHGs, but these also have limitations. Instances of SHGs not getting credit from banks are very common. Therefore, a bank exclusively catering to women's special financial needs, aspirations and empowerment paradigm is viable in developing and underdeveloped nations.
5. All these models indicate that women are creditworthy, loyal, viable and regular in loan repayment. By virtue of financial strength; women have uplifted their entire

household. They save and manage money for overall family's welfare. When suitable financial products were accessible, these women, with meager income proved their financial prudence by saving for children's education, health, home repairs and extensions, etc.

6. Another observation is that, for a Women's Bank to be exclusively for the women, a unique operating model has to be designed. Need would be to work closely with those sections in both rural and urban centers such as illiterate or semi-literate women from economically deprived or weaker segments, women in need of economic independence due to family or social circumstances and accomplished women who need exclusive financial products and services. Employees (women or men) need to be from similar segments, well acquainted with situations of those segments as they will be in a better mental framework and attitude to understand and appreciate the needs of the client. *If there is no consistent sensitivity and empathy to women's special financial needs the bank may end up into a replica of any other public sector bank, the only distinguishing factor being predominantly women employment.* The bouquet of special products and services may come to be offered by other banks as well.
7. All successful banks described have adopted latest technology. The proposed Women's Bank will also have to leverage the latest technology to fulfill its vision and mission.

### **Women's Bank: Some Concerns**

While the proposal for the Women's Bank is being seen as a tool that will help to address gender disparities, there are some concerns. While there are successful models of Women's Banks around the world, many of them have come up in response to specific needs of women rather than being 'set up' as a government policy. SEWA Bank, Mandeshi Mahila Cooperative Bank, Bhagini Nivedita Bank, etc. are most successful examples in the Indian context. It must be emphasized that a greater proportion of banks set up for women are cooperatives or microfinance institutions where there is a grass root stake-holding and involvement, besides being specifically designed to cater to needs of

disadvantaged sections of the female population. A movement focused on provision of financial services to women through the participation of women at the grass root level, is appreciated.

But in the quest for viability and profitability, it should not end up functioning like any other commercial bank, serving the most profitable customers. The Women's Bank to be set up proposes to provide specifically designed products for women though it will not exclude male-customers from its purview. *Again even if it is decided to allocate a maximum proportion of funds to women only, it may not ensure that the credit flow is to the neediest portion of the female population who cannot avail it from other sources.* India presently has growing population of educated, independent and financially well-off women working in various spheres who can avail of all banking services from any major commercial bank without being discriminated against on account of their gender. *But the basic idea of the Women's Bank in our considered view has arisen from the lack of accessibility to banking services experienced by a large number of socially, financially and educationally disadvantaged section of the female population in urban as well as rural settings.* These issues must be looked at for setting the blueprint for the Women's Bank.

Fortunately, a greater proportion of the female population is gaining access to educational opportunities, suggesting that there will be a growing demand for banking activities from this population. This also suggests that greater access to credit could be helpful to encourage women entrepreneurship and create a substantial case for introducing specialized credit products for different sections of the female population wanting to explore entrepreneurial capabilities. Along with new credit products suitable for women, there should be a stress on gender sensitive appraisal and monitoring which comes about with proper training of staff.

While a specialized bank providing credit products suitable to needs of women is welcome, it is unlikely it will be able to reach out to the large women segment across the country at any time in the near future. So, there is also a need to introduce these products in mainstream banking if we truly want to improve the credit access of the vast female

population in India. *It would be prudent to avoid competition between Women's Bank and other banks and instead the Women's Bank could in the initial years focus on the most needy and vulnerable segments of women, as done by the three successful women's co-operative banks cited in this paper. A segmented approach and graduated scaling up of reach would facilitate optimum use of capital and other resources.*

Further, given that the initial capital for the proposed Women's Bank being Rs. 1000 crores, questions are being raised as to whether it will be sufficient to ensure a pan-India reach. As pointed out by Folkerts-Landau & Carl-Johan Lindgren (1995), banks not only need to be of a minimum size to be viable, but it is also important for them to start with capital higher than the absolute minimum required to accommodate losses in the initial period of the bank's activities. The newspaper reports suggest that with the initial outlay of Rs 1,000 crore, the bank will open initially six branches (one each in the four metro cities, one in central India and another in the north-east), subsequently expanding to 25 branches within one year and 300 over the next four to five years. While the additional capital required will be infused in the coming years, profitability and viability considerations will be the foremost for this bank to survive and expand, kindling apprehensions that it may end up to be just another 'commercial bank' – hierarchical, with high establishment costs and catering to the economically viable customers, men and women, in order to sustain operating costs.

### **Women Bank: A Way Forward**

Going forward, we present some suggestions on the model of the Women's Bank and its sphere of activities.

#### **1. Women's Bank as a nodal agency**

An approach to ensure viability of the new organization could be that the Women's Bank initially sets up **nodal branches in states/regions** which have a large number of women SHGs that require credit linkage with banks. This assumes significance in the light of the 2012-13 Budget proposed for extending interest subvention to women SHG's operating under National Rural Livelihood

Mission (*The Hindu Business Line*, May 6, 2013). Women's Bank could be the nodal agency for administering disbursement of interest subvention to about 25 lakh women SHGs.

The bank could also be the nodal agency to **promote a cooperative model of Women's Bank** in each state by providing effective organizational and capital support and refinance rather than a wholesale replication of banking services provided by commercial banks.

Further, it can **coordinate with other public sector banks** in the region to formulate specific schemes and products for addressing banking needs of women in the region. A positive discrimination can be introduced by selecting to open more than one branch in regions with the worse gender ratios. In the first phase, it can be in the 150 backward districts.

## **2. Women's Bank and products**

The Women's Bank would like to focus on **simple unbundled products** keeping in view the life-cycle needs of women rather than offering a large array of products and services which would impose greater operating costs. For example, to incentivize opening of accounts, zero- balance deposit joint-account can be opened for every girl child, which will look to addressing all her banking needs over her life-cycle. Savings can be encouraged by paying slightly higher interests on these accounts. This would ensure loyalty of the customer with the bank and also serve the objective behind the setting up of the bank. To ensure these can be customized to the needs of the specific sections of women, operational flexibility should be introduced at branch level.

There should also be a stress on **new bank products and delivery channels** for women. It will have to take into account financial needs which would vary for women from diverse backgrounds (in terms of their location [urban/rural], educational background, nature of livelihood activities and social status [deserted/divorcee/widowed/heading household], etc). The approach and the services offered

by established banks are not flexible enough to address these needs, which appear to be the reason why smaller women's banks mentioned earlier have achieved consistent and profitable growth.

### **3. Women's Bank and specific sectors financing**

Since inception, there should be **specific focus on financing of certain sectors** to ensure credit flow to the neediest. For example, financing of women cultivators and agri-allied activities could be a priority. Again, financing of women entrepreneurs, especially those who have undergone vocational training in self-employment in training institutes setup by banks under the RUDSETI model or professional schools/ institutes can also be focused on. This can go a long way in ensuring financial independence of growing population of educated women in India. International Finance Corporation (2011) states that women-owned SMEs, a financially under-served segment, are less likely to obtain formal financing, often pay higher interest rates and receive smaller loans, all contributing to their business growing at slower pace. It further points out that the response to women's lack of access to finance has largely been focused on increasing women's access to micro-credit, but the growth and start-up needs of business women go beyond micro-loans. It has also been documented that women are seen as the most reliable in terms of provision of micro-finance services with regard to repayment and utilization of loans, underlying that the entire household benefits when the loans are given to women. Menon & Rodgers (2003) point out a greater responsiveness of female self-employment to credit access compared to male self-employment.

The Women's Bank must focus on promoting **financial inclusion** as part of its strategy. The growth of microfinance activities in the last one decade has shown that the women need different kind of financial services which will be available at the closer distance and which cater to their unique needs. However, there are regional variations and microfinance activities that have not reached to all parts of the country and commensurate with women needs for resources for their economic

activities. Some fresh thinking about special approaches and efforts to have financial services for women are required.

**4. Women's Bank and cost-effectiveness:** Further, to make the branches cost-effective, they could be initially set up **with limited local staff**. There could be an emphasis on using the business correspondent model and greater use of technology to ensure cost-effectiveness and greater reach on a pan-India basis.

## **Conclusion**

In a country, where women face discrimination in every quantum of her life, financial independence and security can go a long way to support their endeavors for a better future. The proposal for the Women's Bank presumably comes from the idea of providing Indian women with an institution that will cater to her financial needs and help in attaining financial security.

Women have a crucial role in the economy as both savers and investors. On one hand, as India sees a growing workforce of women and rising earning capacities, there is a huge potential of savings from these women that can be tapped and mobilized. On the other hand, growing credit needs of women in agriculture, allied activities, manufacturing and services have to be addressed. However, given the socio-economic disparities faced by Indian women, several bottlenecks arise in both deposit mobilization from women savers and financing their credit requirements.

It is important to remember here that, while several schemes have been taken up for providing financial support to women by the Government of India, the efforts have fallen short of the needs. The Constitution of India not only grants equality to women but also empowers the State to adopt measures of positive discrimination in favour of women for neutralizing the cumulative socio-economic, educational and political disadvantages faced by them. According to Sen and Batliwala (2000), empowerment is the process by which the powerless gain control over resources and over the circumstances of their lives. It includes control over resources and over ideologies. The Women's Bank being more than simply a commercial bank, should work with this ideology to empower Indian

women through sustained cumulative efforts. As we move ahead to have the Women's Bank, it must be underlined that the blue-print must espouse the ideology behind the setting up of a Women's Bank and the priorities of the institution.

We would reiterate that while the concept of a Women's Bank is laudable, it will be important to ensure that it does not get itself into the policy, procedural and cost structure rigidities that have arisen in Public Sector Banks and Regional Rural Banks and slackened them in their pursuit of financial inclusion over several decades. *The better approach in our view is to form an apex Women's Bank in the nature of a holding company that promotes and nurtures in each state/region women cooperative banks by mobilizing local resources and engaging local human resources to run these banks cost-effectively and more importantly not fettered by policy, procedural and top-down working model of a public sector enterprise.*

The unique feature of the bank must also be to provide timely, adequate and hassle-free bank services, besides delivering services almost at the doorstep. There is enough scope to introduce innovative and much-needed bank products to the women segment. Also, it is a major challenge to deliver the products at low cost by using technology to the fullest extent. Going by many success stories on setting up of Women's Banks in India and abroad, there may not be much difficulty in promotion and development of the proposed Women's Bank. Above all, education and training to women customers and also bank staff will have an important role to play in changing the mind-set and reorient resources. In these regards, the Women's Bank has a long way to go.

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**Appendix 1: Select indicators for SEWA bank (Established 1974)**

Year	March end, 2008 (latest available data)
Members	60,720
Share Capital (Rupees in lakhs)	Rs. 364.37
No. of Accounts	3, 07,558
Total Deposits (Rupees in lakhs)	Rs. 7399.70
Loans and Advances (Rupees in lakhs)	Rs.3245.49
Profit (Rupees in lakhs)	Rs. 52.41

**Appendix 2: Select indicators for Mannndeshi Mahila Sahakari Bank (Established 1997)**

(March end)

Financial Performance of the Bank	2012
Branches	6
Share Capital (Rupees in lakhs)	256.51
Deposits (Rupees in lakhs)	400.03
Advances (Rupees in lakhs)	2641.82
Net Profit (Rupees in lakhs)	31.38

**Appendix 3**

*Select indicators for Bhagini Nivedita Cooperative Bank (Established 1974)*

Financial Performance as on 31-03-2012	
Branches	13 (as on March 2013)
Share capital (Rupees in lakhs)	563
No. of Shareholders	34976
Deposits (Rupees in lakhs)	45193
Advances (Rupees in lakhs)	28203
Net Profit (Rupees in lakhs)	1026