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ALL-WOMEN BANK: PROSPECTS AND CHALLENGES



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ABSTRACT

Bharatiya Mahila Bank (BMB), the Country's first all- Women Commercial Bank constituted exclusively for women, has started operating in public sector since 19,h November, 2013. The idea of an exclusive lender for women was mooted at the Jaipur Congress plenary last year. In Budget 2013-14, the Finance Minister, Mr. Chidambaram had announced setting up of all-women bank with an initial capital of Rs.1,000 crore. "Women are heads of many banks today, including two public sector banks, but there is no bank that exclusively serves women. Can we have a bank that lends mostly to women and women-run businesses, that supports women SHGs and women's livelihood, that employs predominantly women, and that addresses gender-related aspects of empowerment and financial inclusion? I think we can," Mr. Chidambara- had said.

KEYWORDS : *All-Women Bank , Bharatiya Mahila Bank (BMB), Prospects and Challenges.*

INTRODUCTION :

The idea has become a reality with the inaugurate- the Bank at its Nariman Point branch in Mumbai on 19th November 2013. While inaugurating the Bank Mr. Manmohan singh Prime Minister has said 'The setting up of the Bharatiya Mahila Bank is a small step towards the economic empowerment of our women. It is also a reflection of our deep commitment to this cause. I am sure that the Bank will fulfil the objective with which it has been established, namely financial inclusion of women and providing them equal and easy access to financial services. I am also sure that it will particularly benefit women from the less privileged sections of our society. The fact that it will be run largely by women, will serve as an example that given the opportunity, women are capable of taking omn challenging tasks.The tagline of the Bank is 'Empowering Women' that signifies the laudable purpose for which the Bank has been set up.

BASIC FEATURES OF THE BANK

- Bharatiya Mahila Bank or BMB is a full-fledged commercial bank opened in Public Sector category. It is headed by Ms. Usha Ananthasubramanian, eminent banker, as its Chairman and Managing Director.

- The Bank has a 8 member all Women Board which may be expanded up to 12.
- The Bank has started with an equity capital of Rs.1,000 crores wholly owned by the Government of India.
- Mahila Bank with staff strength of 100 at the moment has drawn on a majority of cadre from state-run lenders. Besides, it has recruited 110 fresher in officer cadre. Almost 60% of these officials are women. The Bank will hire women preferentially.
- 7 branches across 7 states became operational on inauguration. The bank is headquartered in New Delhi with branches located in Kolkata, Chennai, Ahmedabad. Guwahati, Lucknow, Mumbai and Patna. The number would go up to 25 by the end of March 2014.
- Initial branches will be opened in State Capitals and Union Territories.
- The bank intends to fulfill its obligation of meeting 25 percent of its branches in rural and unbanked areas from the next fiscal.
- The bank will break-even in the next three to five years. Its total business - advances and deposits - will be Rs.60,000 crore by 2020, when it will have a 770-strong branch network and it will be listed in due course.
- It will design and offer special products for women, create more job opportunities for women and pay special attention to weaker and neglected sections of women. While every bank is supposed to do these, the fact is that they don't as they have other priorities and goals.
- One of the gender-related issues that the bank aims to address is the need for collateral when the title to property is not in the name of the woman borrower. In such cases, the owner of the property can become the co-borrower.
- While Men can open deposit accounts, the Bank will provide Credit predominantly to women.
- The Bank will support women entrepreneurs and self help groups.

HIGHLIGHTS OF PRODUCTS OFFERED BY THE BANK

Higher interest on savings bank account BMB announced savings bank account interest rate of 4.5% for deposits up to Rs.1 lakh and 5% for balances above Rs 1 lakh. Most public sector banks offer 4% while a number of private sector banks are providing 5-6% on the savings bank account.

Specialised products like kitchen loans: Women can borrow loans to redo their kitchen space, the place where most women spend their most of time, according to the Bank's Chairman and Managing Director. The loan can be availed Rs.50000-700000 at 2.5% above the bank's base rate.

Other special products include loans for setting up catering services and hygienic day care centres for children of working women. The bank also launched education loans of up to Rs.10 lakh for girls with no processing charges.

EXCLUSIVE WOMEN BANKS IN THE WORLD

A few countries have experimented with the concept of setting up Banks exclusively for women. Pakistan was the first country to set up a women's bank - First Women Bank Ltd - in 1989. Late Prime Minister Benazir Bhutto established this to meet the needs of women entrepreneurs. Subsequently, the government's stake rose beyond 50%. It gives loans to those companies where women have at least 50% shareholding, or women employees constitute at least 40% of total employees or those that have a woman Chief Executive Officer (CEO). The First Women Bank Limited is an initiative by the Government of Pakistan for the welfare of female entrepreneurs. The main idea behind it was to improve the socio-economic life of women in Pakistan. It provides loans to female entrepreneurs, training & advisory services to better manage their business, and other market opportunities (International Labor

Organization (ILO), 2003). The bank has about 60,000 women customers spread over 41 branches over 24 locations, with a majority in Karachi. its headquarters.

Tanzania Women's Bank is the second example. In 1999, a group of women entrepreneurs mooted the idea of the bank to then president Benjamin William Mkapa. It was set up in 2007, with the government holding 97% equity stake and private entities the rest, but it started business in July 2009. Based in Dar es Salaam, it focuses on low-income earners, small businesses and small and medium enterprises. Its name was changed to Tanzania Women s Bank Public Ltd Co. Last year when the bank planned to raise money from me public and list its shares.

There is yet another global example of a special vehicle for women - Women's World Banking Ghana Savings and Loans Co. Ltd. Set up in 1998, It has seven branches in Ghana's Golden Triangle, It's an affiliate of the Women World Banking Global organization that has a network of micro finance institutions and banks working to help low income entrepreneurs around the world.

Enat Bank inaugurated on 7 March, 2013 was initiated by some of Ethiopia's leading visionaries and business women. Enat Bank's founders created a bank that empowers women, while providing all clients with exemplary services. Ethiopia's Enat Bank - which means 'mother in Amharic signifies their attitude to all clients Enat Bank is for everyone with a special focus on reaching women. Enat's 11 person board of directors (5 women and 5 men) includes leaders from varied economic, social banking and other business background. Over 7,000 shareholders - 64% of whom are female - have already invested in Enat.

The Indian Experience

In India, there have been a few co-operative banks that give loans to women borrowers. At least two co-operative organizations are run exclusively by women - the Ahmedabad based Shri Mahila Sewa Sahakari Bank Ltd and Mann Deshi Mahila Sahakari Bank Ltd. Both have a limited geographical presence. Established in 1974 with 4,000 members each contributing Rs.10 as share capital, Sewa Bank now has 93,000 depositors. The Mann Deshi Mahila Sahakari Bank was founded in Satara district of Maharashtra by illiterate, rural women who won a hard-fought battle for a banking licence from the Reserve Bank of India. Since then, the bank has grown from start-up share capital worth US\$15000 to assets worth US\$ 470,459.32 in 2012-2013. Mann Deshi is proud of a repayment rate of 98% and has over 185,000 clients. The average age of clients is 36, and they live in households having at least two children and both in-laws. At the bank, their average monthly savings is around Rs.75 (\$1.88). Roughly one-half of Mann Deshi's clients are poor rural women who earn living as street vendors, vegetable vendors, milk vendors, weavers, wage laborers etc.

The sterling examples of SEWA and the several hundred self-help groups across the country tell that women are willing to take responsibility for financial decisions of their households, and given the right mentoring will pursue entrepreneurial ventures. From informal credit groups and chit funds to joint entrepreneurial ventures, women have drawn strength from working in groups. Their collection does not represent a preference to deal only with women, but to enable them to fight their battles better These women benefits from organizations that are able to work with them at grass root level a task several NGOs, Microfinance institutions and business enterprises such as Amu and FAB India have accomplished over the years The systems and structues in these organisations help women manage their earnings, profits, loans and finance. It is not about these organizations being run by a man or a woman but their acceptance that women can make financial decisions. has worked.

Since micro-credit could help women's economic empowerment, thereis s a needfor government and other institutions to support creation of an enabling environment for the future

development of the sector by removing institutional and regulatory obstacles. The establishment of BMB is a step forward in this direction.

PROSPECTS AND CHALLENGES

The purpose of BMB is laudable, the road map set up is ambitious, the prospects seem encouraging with total Government support and the challenge before the Bank is to tread the road map successfully.

The general banking scenario in India has become very dynamic now-a-days. For the purpose of assessment of performance of banks, the Reserve Bank of India categories them as public sector banks, old private sector banks, new private sector banks and foreign banks. There are 27 banks in Public Sector, 19 banks in Private Sector and 36 Foreign Banks operating in India. Developing countries like India, still have a huge number of people who do not have access to banking services due to scattered and fragmented locations. But if we talk about those people who are availing banking services, their expectations are rising as the level of services are increasing due to the emergence of Information Technology and competition. Now, the existing situation has created various challenges and opportunity for Indian Commercial Banks.

Set with the objective of empowering women, the prospects and challenges for BMB will be unique and specific to the Bank. At the same time it has to face all the challenges the current banking scenario encountered by commercial banks in general.

Empowerment is a process by which people take control of their lives or gain the ability to generate choices exercise bargaining power develop a sense of self worth and a belief in one's ability to secure desired changes (UK 2001). Empowerment is seen as a process that enhances the ability of the poor to utilize available resources to transform their lives.

Applied to women as a segment or group, empowerment essentially means economic empowerment through financial independence. Economic empowerment aiming at enabling women to earn or having earning power by increasing women's access to micro credit has the tendency to initiate a series of virtuous spirals of economic empowerment, increased well being for women and their families and on the wider scale on social and political empowerment.

Beyond increased opportunities and income, micro-credit programmes are believed to engender self-confidence and a culture of independence such that women are able to believe in their own agency to significantly improve upon their lives (Mayoux,1998).

Economic Empowerment of women can be done by encouraging micro credit on the one hand and promoting women entrepreneurship for self employment on the other.

The first major challenge for BMB, therefore, is empowering women through micro credit. It is noteworthy that generally the relationship that has been existing between men and women has been that of dependency where men have more control than women. This dependence relationship makes women less assertive and less influential when it comes to taking decisions and/or taking financial risks due to lack of the purchasing power. It is, therefore, theorized that if micro-credit is made available to women it would produce economic changes which in turn would stir up other changes towards the general empowerment of women.

According to Ackerly (1995) erect c . Definition is a liability and, therefore, in order for it to be empowering it must be a means to generate income Hence. Bharatiya Mahila Bank is not only to provide but also to ensure productive use of micro credit that would translate it to empowerment A study of Grameen Bank suggested that women participants in credit programmes were more conscious of their rights, better able to resolve conflicts, and have more control over decision making at the household

and community levels (Chen, 1992)

Micro-credit schemes may take three different forms or a composite of all the three forms namely, the capacity building approach, the channelling approach and the institutional approach. The capacity building approach focuses on the very poor, the landless, the powerless, the voiceless or the assetless, especially women. The aim is to raise awareness, organise the clients and build their confidence to enable them believe in their own ability to transform their lives and to develop savings culture.

The channelling approach may be used by rural banks and non-governmental organisations to assist the 'not-so-poor' or productive poor. These groups may have the courage to take some minor risks but may lack financial support because of the lack of collateral security. In this case the function of the scheme could be limited to credit intermediation, extension and peer-pressure.

The institutional approach is more embracing and may be used in places where there are no financial institutions. In this environment, poor women especially could be helped through the institutional approach where they are given the opportunity to mobilize their own savings through the group formation and linking them up with a financial institution. The SHG Bank- linkage programme is based on this approach.

Table:1 Highlights of the SHG-Bank Linkage Programme

Particulars	No.in lakhs	Amount in Crores(Rs.)
Total number of SHGs saving linked with Banks	73.18	821 7.25
Out of total(of which) exclusive Women SHGs	59.38(80%)	651 4.87(79%)
Total number of SHGs credit linked during 2012-2013	12.20	205 85.36
Out of total (of which) exclusive Women SHGs	10.37(85%)	178 54.31(87 %)
Total number of SHGs having loans outstanding as on 31 March 2013	44.51	393 75.30
Out of total (of which) exclusive Women SHGs	37.57(84%)	328 40.04(83 %)
NPA as on 31.03.2013		2.787(7.08%)
Source: NABARD Report 2012-2013		

Considering more than 80% share of WSHG in SHG bank linkage programme as it is evident from table . BMB has to adopt a combination approach to micro credit which essentially involves capacity building of women self help groups, providing credit to micro enterprises set by women as well as the institutional linkage approach adopted by Commercial Banks.

The second major challenge for BMB is to encourage women entrepreneurs by giving financial support to start or expand an activity. "The word entrepreneur is derived from the French verb *entreprenre* that means to undertake". Schumpeter (1934) described the entrepreneur as "the innovator who introduces something new into an economy". We can define an entrepreneur as 'One who undertakes a commercial enterprise and who is an organisational creator and innovator'. "Female entrepreneurs are defined as those who use their knowledge and resources to develop or create new

business opportunities, who are actively involved in managing their businesses, and own at least 50 per cent of the business and have been in operation for longer than a year”

FACTORS AFFECTING WOMEN ENTREPRENEURSHIP

- Personal factors like self fulfillment and achievement are motivational factors for females across the globe. One significant factor contributing to this is the status of females in society, especially in the developing world. Their leadership role is discouraged; they are considered subservient to males. They come to business because they want to prove themselves to others, including family members. With the world becoming a global village many women even in remote and far-flung places are becoming exposed to the idea of financial independence as a route to empowerment.
- Financial factors We cannot deny the importance of financial factors while pursuing an entrepreneurial activity. Supporting the family income and raising their standard of living are also contributory motivational factors in female entrepreneurs In lower-income classes. female entrepreneurship may be due to the need to meet family expenses While among middle income groups it can be attributed to the desire to raise the standard of living. Stereotyping haunts female entrepreneurs they complain about the discouraging attitude of ‘financial institutions towards them. In most cases female do not possess personal assets and are unable to offer any collateral. This gives rise to a vicious cycle where women are unable to secure the initial funding to get started on their path to start an entrepreneurial venture - hence leading to a lack of opportunities for women to gain financial independence.
- Psychological factors like the fear of failure impacts the performance of entrepreneurial females. A study of the literature, however, shows that this is not the case with all female entrepreneurs; some of them love a challenge and like to take on risks.
- Lack of education is another prime characteristic that discourages female entrepreneurs. Evidence from a study carried out in Nigeria declared this constraint to be high priority because it triggers further problems - lack of education seems to be the root cause due to which females have a greater fear of failure and lack of knowledge regarding financial resources and information along with a lack of awareness regarding the different opportunities available.
- Female entrepreneurs also lack managerial skills. These females have less knowledge about market conditions and lack basic training to run a business venture.
- The job-market situation also poses threats to females and they may become entrepreneurs to find more opportunities. In some cases, it has also been observed that females become self-employed because there is no paid employment available for them and self-employment is their last resort.
- Lack of governmental support and related issues have also created problems for female entrepreneurs. An Ethiopian study pointed out that although a government may devise different strategies and plans for female entrepreneurs there is a gap between the announcement and the implementation of these plans (Singh and Belwaal 2008). The same study identified heavy tax rates, corrupt officials, bribery and slow official procedures as additional concerns. Even in developed countries, governments may not be very successful in properly advertising their plans to female entrepreneurs.

Taking these factors into consideration BMB cannot remain idle just by providing financial support to women entrepreneurs. The Bank has to play the role of enabler of women entrepreneurship by ensuring the viability of the unit by arranging for essential training, expert guidance and support. It has to act like a partner in ventures taken up by women entrepreneurs.

CONCLUSION

Self-Help Groups (SHGs) - an intermediary between the banking system and borrowers - and the microfinance movement in India are being driven by women. Women play a critical role on this turf as they are more responsible and disciplined in dealing with money than their men folk. Bharatiya Mahila Bank wants to lend exclusively to women while it is open to the idea of taking deposits from men as well. But as a Commercial Bank it cannot remain limited to the WSHG movement. It has to design products for urban middle class women as well as the elite women to diversify its portfolio; it has to address the needs of working women, business women, women industrialists and agriculturists etc. in rural as well as urban India. It has to plan its road map carefully to transform itself into most preferred Bank for women in India. Skeptics caution that segregating women into separate spaces is easy: giving them real equality is far more difficult. The Bharatiya Mahila Bank has started operations with eminent ladies as directors in its all women board. With their knowledge and experience they are quite capable to devise policies and design strategies which actually leads to empowerment of women across all stratas, sectors and segments. An inclusive growth is the challenge and the goal of BMB. The responsibility lies in the able hands of its Board to carefully steer the Bank towards this goal steadily and effectively empowering women in the process economically, socially and above all personally to transform this half of India into strong and equal partners in the socio- economic progress of the country.

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