
Indian Women's Bank- An Overview

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Abstract

The inception of women world banking in 1980 to address the hitherto unmet needs of economically active but poor women's access to financial services thereby enabling them to engage in productive economic activities was the first step in the direction of ensuring women fair access to finance. The country's first all-women bank, Bhartiya Mahila Bank (Indian Women's Bank) India's first women bank under Reserve bank of India act was inaugurated in Mumbai in 2013 by Prime Minister Manmohan Singh to cater to the financial requirements of the middle class and lower middle class section of the society. The Government has taken initiative and set out an action plan in order to realize the ambition for involvement of women in business and entrepreneurialism by the inception of Indian Women's Bank. One of the key objectives of the Bank is focus on the banking needs of women and promotes economic empowerment through women's growth and developments. One of the other objectives of the bank is to promote asset ownership amongst women customers.

Keywords: Financial Services, Bhartiya Mahila Bank, Lower Middle Class, Economic Empowerment.

Introduction: Ensuring women have fair access to finance is essential to realizing the goal of maximizing the contribution of women to the economy and drive growth. The 1975 International Women's Conference in Mexico City, brought together like-minded women leaders from across the world, culminated into formation of Women's World Banking (WWB) in 1980. WWB was created to address the hitherto unmet needs of economically active but poor women's access to financial services thereby enabling them to engage in productive economic activities. In 1982, promoted by SEWA, Friends of Women's World Banking, India (FWWB-I) was created as one of the first few affiliates of Women's World Banking.

The country's first all-women bank, Bhartiya Mahila Bank (Indian Women's Bank) India's first women bank under Reserve bank of India act was inaugurated in Mumbai by Prime Minister Manmohan Singh on the occasion of the 94th birth anniversary of former Indian Prime Minister Indira Gandhi in 2013. With the inauguration of the bank, seven branches became operational across the country. The other six branches

were inaugurated through video-conferencing by the prime minister and UPA (United Progressive Alliance) chairperson Sonia Gandhi was also present at the event. It will primarily serve women but deposits will also be taken from men. The chairperson of the bank is Usha Ananthasubramanian, she is the executive director of Punjab National Bank.

Although initially reported as a bank exclusively for women, the bank will allow deposits to flow from everyone, but lending will be predominantly for women. After Pakistan and Tanzania, India will be the third country in the world to have bank especially for women. (First Post, 2013).

The Bank's initial capital consists of Rs 1,000 crores. The government plans to have 25 branches of the said bank by the end of March 2014 and 500 branches by 4th year of operation (2017). Bhartiya Mahila Bank is presently operating in Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Lucknow Ahmedabad, Guwahati and Indore.



The Government has taken initiative and set out an action plan in order to realize the ambition for involvement of women in business and entrepreneurialism by the inception of Indian Women's Bank. Ensuring women

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have fair access to finance is essential to realizing the goal of maximizing the contribution of women to the economy and drive growth. Strong, sustainable and balanced growth of a country is possible with the help of a vibrant, entrepreneur-led small business sector. Talent of human resources is essential to establish and run successful businesses. A part of the Government's growth agenda is to secure greater participation by women, as employees and as entrepreneurs. Women have to be encouraged to take step into entrepreneurship by providing them support of the potential means. In India, only 26% of women have an account with a formal financial institution, compared with 46% of men. That means an account in either a bank, a credit union, a co-operative, post office or a microfinance institution, according to a study by the World Bank (Bbc.co.uk, 2013).

Objective: The main objective of this paper is to analyze the role of Indian Women's Bank in catering to the banking needs of women and in promotion of economic empowerment through women's growth and developments.



Literature Review: The move has been criticized as it treats women "differently". This fact is "guised in many forms, some in garbs of reverence, some as protection, but they are all forms of discrimination that promote gender-based stereotyping. Women-only organizations stem from this eagerness to patronize women in the name of preferential treatment.", reports the Hindu (The Hindu, 2013).

Bank finance and support is a critical resource for starting and growing businesses. But some women feel that the financial services sector does not always take account of how their motivations and their businesses differ from traditional models. The first report looking at gender disaggregated data reflects that SMEs led by women are more likely to be successful when applying for loan finance compared to an SME led by men. It also shows that women are more likely to seek advice prior to an application (BDRC, 2013). Generally for securing loans Women could be facing problems such as refusal of business loans more frequently as compared to men; being asked for more collateral for business loans than

men; charged higher rate of interest for business loans than men; discriminated against when applying for mortgage loans if they were pregnant or on maternity leave; unfavourably stereotyped by bank staff dealing with business and mortgage loan applications. Women's businesses also tend to be different to men's. They are more likely to be: in the health, social work or professional activities sectors; sole traders; and, to have lower turnovers (BIS, 2012).

So there is clearly scope for greater involvement in business by women. There is also potential for women's businesses to grow. The initiatives taken by the Government focus on building the confidence of women for setting up and running their own businesses and about approaching banks to access the finance to support and expand their businesses. Women-led SMEs have a different approach to accessing finance. This includes lower confidence about being successful prior to applying for finance (BIS, 2012), even though there is evidence that they are more likely to have an application approved (BDRC, 2013). Women-led SMEs also have a greater tendency to be well prepared before applying for finance, and, on average seeking smaller loans (BIS, 2012).

This alternative evidence supports earlier conclusions by the Women's Enterprise Taskforce (WETF) in 2009. The WETF found that there was no evidence of discrimination against women in business lending. It did find, however, that there was a persistent myth that banks discriminated against women which needed tackling. It also highlighted the need for more robust gender disaggregated data, and support and education to be available for women to access finance (Women's Enterprise Taskforce, 2009). Microfinance programs have become internationally recognized as a method of attempting to reduce poverty. As these programs have developed, many institutions have examined the role of gender in the lending process. Women are attracted to microfinance programs since they are not required to go through official institutions that have traditionally disregarded their needs. In turn, microfinance programs find women to be more responsible in investing their loans and more likely to use profits from investments to benefit their families. Presently, many microfinance institutions target women for their programs (Rahman, 1999).

Initiatives of Bhartiya Mahila Bank (Indian Women's Bank): Women bank is the bank for the women where they are accepted in their own right. The main objective of this bank is to empower women and to accept them in their own right. The bank offers special products to cater to women's needs. Bharatiya Mahila Bank Ltd, as part of various initiatives towards economic empowerment of

women, will be entering into tie ups with NGOs. As one such initiative, the Bank has entered into a partnership with Dhrishtee Foundation; an NGO involved in identification and development of women beneficiaries. The Bank would extend financial support to the beneficiaries. As a first step of the partnership, the Bank has provided loans to women beneficiaries starting/running retail shops in Malihabad village in Lucknow, under the “Momo Rangoli” project of Dhrishtee Foundation. “Momo-Rangoli” is a Women to Women Retail shop for Community Engagement. The project aims at empowering women of rural areas, by providing access to a variety of women's products at places where women have limited access to women's products – particularly products that can significantly improve their health and wellbeing, and ultimately, their quality of life. As a step towards empowering women from every household in India, the women bank is planning to enter into such tie ups with other NGOs in other parts of the country as well. The Bank is initiating all possible steps to include and empower women from every household in India.

Distributing the sanction letters to the beneficiaries at a function held in Lucknow on 04.02.2014, Mrs.Usha Ananthasubramanian, Chairman & Managing Director, Bharatiya Mahila Bank Ltd.



The Bank Has Designed A Number Of Loans For The Benefit Of Women:

- With working women in mind, the Bank has designed a special loan product for creating an efficient kitchen.
- Educational loan, loan for day care centers.
- Vehicle loan.
- Home loan are some of the other loan products that have been designed for the benefit of women.

BMB bank is also offering online banking, mobile net banking, loans, remittance and other services for women's in India. The bank places emphasis on funding for skills developments to help in economic activity. Moreover, the products will be designed in a manner to

give a slight concession on loan rates to women (First Post, 2013). The bank aims to inspire people with entrepreneurial skills and, in conjunction with NGOs, plans to locally mobilize women to train them in vocations like toy-making or driving tractors or mobile repairs, according to CMD, Usha Ananthasubramanian (Livemint, 2013). One of the key objectives of the Bank is focus on the banking needs of women and promote economic empowerment through women's growth and developments. One of the other objectives of the bank is to promote asset ownership amongst women customers (Entrepreneurindia, 2013). Studies have shown that asset ownership amongst women reduces their risk of suffering from domestic violence (ICRW, 2013).

Conclusion and Suggestion: Effective management of savings, budgeting, borrowings and investment decisions require proper knowledge, skills and attitudes on the part of the women. However, women are often lacking in this attribute. Women learn these skills while they face circumstances in their lives that affect their ability and willingness to implement the learning experience from the program. Pre-requisite for a financially healthy household is the capacity to consider alternatives for financial planning in saving, choosing the most valuable option and finally acting upon this decision. Women can be more assertive in maintaining control over financial resources if they feel confident in their financial decision making skills. Women Banks can play an important role in motivating the women to participate in the economic sector by achieving a greater sense of self-efficacy and independence in decision making.

Women Bank has a range of initiatives aimed at supporting women. But the promotion of these initiatives needs sustainable efforts. This may mean banks have to grab opportunities to actively seek and encourage women to access finance. The main aim of the women bank is to promote savings habit in the women. This saving habit will positively affect the financial decision-making capacity of the women thereby affecting investment in micro enterprises, farm establishments and households. Initiative is taken to help women organize and effectively learn how to save money and make effective use of loans. Bank's staff can play an important role in providing social support system to the women where they can seek advice in difficult times.

An effective action plan requires better dissemination of information to women about their rights, greater awareness within the financial sector of these issues, gathering of robust gender disaggregated data. There is also a need for the broad business groups to also recognize and support women-led businesses. Government also recognizes its role in encouraging women in business as well as the need to promote the

range of finance options that exist and not just that from banks.

Future Prospects: The Bharatiya Mahila Bank, which started operations from November 2013, is planning to open a modest 33,400 accounts through 39 branches in its first year. Implementation of an action plan is a critical step to be taken by the financial sectors in the demonstration of how they take women into account. The financial industry has to actively take into account women's needs and experiences in their approach to business lending and mortgage products. It is planned to start its operations in Dehradun, Ranchi, Raipur, Chandigarh, Patna, Trivandrum, Jaipur, Shillong, Bhubaneswar, Goa, Hyderabad, Shimla, Srinagar, Itanagar, Gangtok, Agartala.

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Annexure-1

Interest rate on deposit rates for sb and term deposits

Interest rate on savings fund

4.5% per annum on daily product basis

5% per annum for balances over Rs. 1,00,000/-

Interest rate on term deposits`w.e.f. 13.02.2014

TENOR	EXISTING	REVISED (w.e.f. 13 th February 2014)		
	Interest rate Up to Rs. 1 Crore	Interest rate Up to Rs. 1 Crore	Annualized Yield* (For <Rs. 1 Cr.)	Interest rate (For Above Rs. 1 Crore [#]
7-14 Days	7.00%	7.00%		
15-29 Days	7.00%	7.00%		
30-45 Days	7.00%	7.00%		
46-60 Days	7.00%	7.00%		
61-90 Days	7.00%	7.00%		
91-179 Days	7.50%	8.00%		
180-270Days	7.50%	9.00%		
271-<1year	7.50%	9.00%	9.20%	
1yr to <3 yrs	9.00%	9.15%	9.47%	9.25% [@]
3yr to <5 yrs	9.00%	9.00%	10.20%	
>5 yrs to upto 10 Yrs	9.00%	9.00%	11.21%	
For senior citizens additional rate of interest shall be 0.50% for all maturities				
*at the beginning of the period				
@ At present, no deposits above Rs. 1 Crore for more than 1 year will be accepted				

Annexure-2

BMB Savings Account

- Highest ROI amongst nationalized banks:
 - 4.5% - Up to Rs. 1 lakh
 - 5.0% - Above Rs. 1 lakh
- Interest payable on daily product basis
- Zero balance
- Free International Debit-cum-ATM Card
- Free access to any bank's ATM up to 10 transactions
- Immediate credit of outstation cheques up to Rs. 25,000
- No charges for RTGS/ NEFT/ Banker's cheque
- Unlimited transactions through bank's ATM and Debit-cum-ATM Card

Annexure 3

BMB Basic Savings Bank Deposit Account (BSBDA) Small

- Zero balance
- Relaxed KYC
- Free ATM Card 'RUPAY'

Annexure-4

Bharatiya mahila Bank Board of Directors

1. Ms. Usha Ananthasubramanian
- Chairman and Managing Director.
2. Ms. Nupur Mitra - Director.
3. Ms. Renuka Ramnath - Director.
4. Ms. Tanya Dubash - Director.
5. Ms. Kalpana Saroj - Director.
6. Ms. Chhavi Rajawat - Director.
7. Ms. Pakiza Samad - Director.
8. Ms. Priya Kumar - Director.