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India's bank for women

By Harsh Kabra
BBC News, Pune

Until three years ago, Aruna Gaikwad used to earn a meagre 20 rupees (44 cents) a day as a farm worker. Today, the 34-year-old has set up a successful vegetable vending business and makes 400 rupees (\$9) daily.



The bank has helped a large number of women to set up small businesses

Enlarge Image

She is one of the thousands of women in the drought-prone Mann Desh region of Satara district in the western Indian state of Maharashtra whose lives have been transformed by the 10-year-old Mann Deshi Mahila Sahakari Bank (MDMSB), a unique cooperative bank run by and for women.

"Our mission is to empower women in poverty-stricken areas so that they achieve financial independence and self-sufficiency," says founder-president Chetna Gala Sinha.

Mrs Sinha herself hails from a well-to-do business family in Mumbai (Bombay). A post-graduate in economics, she left city

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life and settled down in Mhaswad, a village in Satara district, after marrying Vijay Sinha, an activist and a farmer.

Daily loans

The Mhaswad-based nine-year-old bank operates across five districts.

A unique aspect of this fully computerised bank is that it offers weekly and fortnightly credit and savings schemes to its customers, most of whom are daily or weekly wage earners. Unlike any other bank, it also provides daily loans for buying vegetables or fruits.

With 48,000 members and assets worth 90,000,000 rupees (\$2m), the bank enjoys a repayment rate of 97.5%.

The bank has created 16,720 women entrepreneurs in the region around Mhaswad. The clientele consists of poor women with annual incomes averaging 22,000 rupees (\$490).

One example is 28-year-old Archana Rasal who escaped her alcoholic husband and abusive father-in-law six years ago and decided to raise her daughter all by herself. She is today a busy seamstress and earns a good 8,000 rupees (\$180) every month.



Another is Sakubai Lokhande, a backward caste woman and a grandmother of 11, who does not know her real age. What matters most to her is that even at this age, she earns \$180 a month by making and selling brooms and ropes. She has built houses for her two children and is financing the education of her grandchildren.

“ We have observed that when women control household finances, more money is spent on children, education, health care, and other important domestic requirements ”

Chetna Gala Sinha

Or polio-stricken Shobha Raut, who her own grocery store and supports her parents.

MDMSB is the first bank in the country to have more than 6,700 members from the backward castes.

Property rights

"We also have male depositors, but we provide finances only through women," says Mrs Sinha.

"We have observed that when women control household finances, more money is spent on children, education, health care, and other important domestic requirements."

Now the bank has launched a business school that will provide technical, financial and marketing training and guidance to girl school dropouts and women with no formal education to start and improve their own small enterprises.

The bank has also established kiosk centres to enable farmers to plan and manage farming activities and market their products with optimal returns.

To stop men from driving their wives out of the house or selling off the property at their whim, Mrs Sinha has implemented a novel idea.

"For obtaining loans, women are required to make their husbands declare them as co-partners in the family property," informs Mrs Sinha. "The monetary benefits of a loan encourage the men-folk to readily agree."

The bank has helped as many as 600,000 women to get a share in the property.

In 2004, it also convinced the authorities to include women's names on property papers in recognition of a woman's right to household property.



Polio-stricken Shobha Raut runs her own grocery store

Women can now use these papers in the court of law to prevent their husbands from selling or divesting household property.

The bank has also created an incentive for women to become homeowners by giving them a 1% rebate on interest paid on loans.

To encourage girls' education, the bank provides low-interest loans and scholarships for girls and has instituted insurance and pension programmes for women.

"Our bank demonstrates the effectiveness of microfinance as a financial tool to reach out to the poorest of the poor. We would like to expand our activities to encompass migrant workers and street vendors in urban areas," informs Mrs Sinha.

"We have shown that banking with the poor isn't always a loss-making proposition," she adds. "Each success story has inspired more innovation and creativity."

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