

Mann Deshi Mahila Sahakari Bank Ltd.



Founded 1997

By Chetna Gala Sinha



Whenever you are in doubt or when the self becomes too much with you, apply the following test. Recall the face of the poorest and weakest man whom you may have seen, and ask yourself if the steps you contemplate are going to be of any use to him. Will he gain anything by it? Will it restore to him control over his own life and destiny? In other words, will it lead to swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.

- Mahatma Gandhi

Meet Nakusa Doltade



“Reliable banking improved my life, not charity.”

Every day, Nakusa is reminded of her painful childhood, as her name in Marathi means *unwanted*. Nakusa was the fifth daughter born to her mother and father. Soon after her birth, Nakusa’s father married another woman. She recalls with sadness how her entire family was thrown out of their home and onto the street.

With no one to turn to, the family traveled to the nearby city of Karad in search of work and shelter. They lived on a footpath in Karad City and found it exceedingly difficult to find work. Nakusa had not eaten in two days and was hungrily watching some men have tea and snacks. “I realized then, that if you watch people while they are eating, they will give you food because they want to get rid of you.” This is how she learned to beg.

Nakusa did not allow her dismal upbringing to predestine her future. Several years ago, she approached Mann Deshi Mahila Bank for an Rs 10000 loan, which she used to free herself from the clutches of a moneylender. After repaying that money, she took an Rs 30000 loan to buy land and an Rs 60000 loan to develop that land into a farm. Today, she is the proud owner of 3 acres of land, 1 cow, 2 buffalo, and 100 chickens. Nakusa no longer toils painfully as a construction laborer because she owns and manages productive assets.

Nakusa is now the director of our Self-Help Group Federation and coordinates three self-help groups. She is turning her back on injustice and educating her daughter. Nakusa rightly believes that education is the key to providing her daughter with those benefits and opportunities that were initially unknown to her.

Who are we?

The Mann Deshi Mahila umbrella of operations encompasses three distinct organizations – Mann Deshi Mahila Sahakari Bank, Mann Vikas Samajik Sanstha, and Mann Deshi Mahila Bachat Gat Federation.

The Mann Deshi Mahila Sahakari Bank (Mann Deshi) is a regulated cooperative bank run by and for women. Founded in 1997, it is India’s first rural financial institution to receive a cooperative license from the Reserve Bank of India.

Mann Vikas Samajik Sanstha (Mann Vikas) is a non-profit organization that provides a variety of non-financial services to our clients. Mann Vikas is responsible for providing our women with HIV/AIDS health education camps, student scholarships, and vocational skills training.

Mann Deshi Mahila Bachat Gat Federation (Self-Help Group Federation) is a non-profit association aimed at organizing rural female entrepreneurs. The Federation currently consists of more than three hundred self-help groups. These groups are made up of self-employed women like vegetable vendors, milk sellers, and weavers. It receives loans directly from the Bank and, with additional support from the Indian government, conducts lending activities.

Who do we serve?



100% of Mann Deshi clients are poor women with annual incomes averaging 22,000 rupees. The Reserve Bank of India requires that 60% of our loans go to those sectors designated as 'priority or weak.' In 2004, Mann Deshi surpassed all expectations as 85% of our clients came from this sector.

An astounding 70% of our clients come from backward castes. Mann Deshi Bank is proud to have become the first bank in the country to have more than 2000 members from backward castes. Roughly one-half of all Mann Deshi clients are street vendors or day laborers. The other half owns small enterprises, including tailoring, rope making, and dairies. Most of our clients live in large households consisting of at least two children and both of her in-laws.

Why do we do it?

It is our mission to provide women in the drought-prone area of western Maharashtra with the tools necessary for achieving financial independence and self-sufficiency. Our experience has shown that when women control the household finances, more money is spent on children, education, healthcare, and other important domestic items. We believe that the financial empowerment of women will hasten the growth and development of rural India, thereby creating a better life for future generations.



Why are we different?

Mann Deshi's highest priority is our clients. We aim to improve the lives of our clients holistically, by providing a unique combination of financial and non-financial services. Through the Mann Deshi Mahila umbrella of operations, we are able to offer financial services, business insight, health services, and group advocacy. Mann Deshi's first seven years of operation has produced numerous business highlights:

- **Promoting the right of women to own property:** In early 2004, the Mann Deshi Bank succeeded in convincing the Revenue Department of Maharashtra to include women's names on stamp papers, which are required in transactions of immovable properties.
- **Encouraging home ownership among the rural poor:** The Mann Deshi Bank has created an incentive for women to become homeowners by giving them a one-percent rebate on interest paid.
- **Creating women leaders:** Mann Deshi has trained several hundred women to lead self-help groups, manage accounts, and keep financial records.
- **Gaining national and international recognition:** In 1997, the founder of the Mann Deshi Bank, Chetna Sinha, received an award from the Governor of Maharashtra, as well as an Ashoka Fellowship for Social Entrepreneurs. Five years later, she was selected for Yale University's first class of World Fellows. Ms. Sinha has twice participated in the Bridge Builders Conference at Harvard University. Additionally, the success of the bank has become a microfinance case study at Harvard's JFK School of Government. In 2005, Mann Deshi Mahila was a Planet Finance Finalist and received an Award for Excellence.

Meet Sukabai Lokande



At the age of 12 when most girls are happily attending 7th standard, Sukabai Lokhande was already married. She stoically endured her husband's drinking, which habitually plunged the family into domestic violence and bankruptcy. With no money with which to run the household, Sukabai was often forced to accept her meals from kind neighbors.

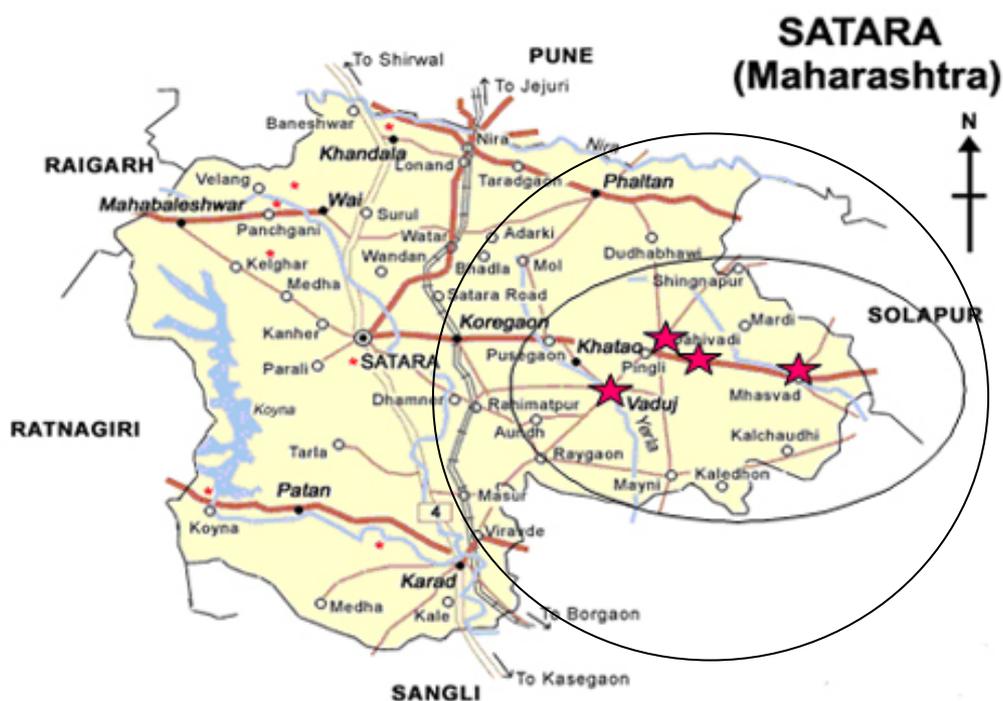
Sukabai started staying at her mother-in-law's house, where she learned the business of vegetable vending. Her vending business grew and prospered and she eventually wanted to expand into a wholesale business. With the plan to buy vegetables in a nearby city and sell them to other local vendors, Sukabai approached Mann Deshi for a loan.

Her entrepreneurial instincts proved correct, and from her earnings she has educated her children and purchased land in her own name. With wisdom far beyond her years, Sukabai states, "If you are not going to love your daughter, how will anyone else love your daughter? You will love her and then the world will. And love means giving them real rights." These are not idle words; Sukabai has bucked tradition and divided the shares of her property equally between son and daughter.

Geographical Coverage Area

The Mann Deshi Bank is headquartered in Mhaswad, a village in the district of Satara, south of Pune. Its operations cover eastern Satara, as well as parts of Solapur and Sangli. The Bank has two branches, Vaduj and Gondawale, plus one extension office in Dahivadi. Mann Deshi's affiliate Self-Help Group Federation has five additional offices.

Located on the Deccan plateau, the area is prone to drought and has one of the lowest annual rainfall rates in the country. The economy is largely agricultural and relies heavily on the production of millet, wheat, onions, and cotton.



Note: The stars represent branch or extension offices of Mann Deshi Bank. The inner circle indicates Mann Deshi Bank's immediate coverage area; the outer circle indicates the coverage area of the Bank and the Self-Help Group Federation.

Methodology

Individual loans

Individuals can receive loans of less than Rs15000 with the signatures of two other women, who serve as guarantors. Those requesting more than Rs 15000 must put up some form of collateral - a house, farmland, or livestock. Individuals may also take out loans using gold or their deposits as collateral (Loan Against Gold and Loan Against Deposit, respectively). The Bank gives 70% of the gold's value and 80% of an individual's deposit as loans.

Self-Help Group Federation

The Mann Deshi Bank lends to the Self-Help Group Federation. The Federation re-lends the money it borrows from the Mann Deshi Bank to self-help groups. As a non-profit, it also receives subsidies from the government and is therefore able to lend to poorer clients who can't qualify for individual loans from the Mann Deshi Bank.

Financial Products

Loans

Type of Loan	Clientele/ Loan Type	Maximum Amount	Terms	% Of Loans
Short-term 1 Year	Street vendors Shop owners	Rs 5000	Rate: 12%* Fee: Rs 25 Repayment: Monthly	34%
Long-term 2-5 Years	Working Capital Agricultural Home Animal Husbandry	Rs 30000	Rate: 15%* Fee: Rs 100 Repayment: Monthly	48%

Loan Against Deposit 1 Year	Emergency	80% of deposit	Rate: 2%* Fee: None Repayment: Varies	12%
Loan Against Gold 1 Year	Emergency	70% pure gold value	Rate: 14%* Fee: Rs 25 Repayment: Monthly	6%

* To encourage ownership of property among women, borrowers who own household property or farmland receive a one-percent discount on rate of interest.

Savings

The Bank requires all of its borrowers to open savings accounts and to save regularly - daily, weekly, or monthly. In addition, it has created a long-term savings account for those wishing to save for old age.

Type of Savings Account	Description	Interest rate
Regular Savings	Maximum 2 withdrawals per week	3.5%
Term Deposits	Held for 15 days to 3 years	3.5% – 8.0%
Weekly and Monthly Deposits	Held for 6 months, 1 year, or more	5.5% (a portion of the interest pays the commission of women agents)

Insurance

The Bank does not have permission from the Reserve Bank of India to offer insurance, but it does offer a type of credit repayment insurance through a partnership with New India Insurance Company. Those who cannot repay their loans due to medical reasons can file a claim with New India, which will cover their outstanding loan. The Bank has also created insurance-like products. In 2003, it introduced a long-term savings/pensions scheme. Women in this program will begin receiving an annuity 15, 20 or 25 years from the time of their enrollment, depending on the terms of their individual contracts.

Meet Shelar Bai



Shelar's unusual story begins at the age of 16, when she became a widow. She had been married at 14 to a man 45 years older than herself, a spouse whose age was more suitable for her mother. When he died, Shelar had a 1-year old daughter and was pregnant with her second child. Since that day, Shelar has been solely responsible for her two children and her husband's first wife. She recalls being too busy to even mourn her pitiful situation.

Despite all odds, Shelar taught herself to read and write. With proceeds from vending her children were educated and she is now spreading compassion to other women like herself. She is the director of the Association of Self Help Groups (Bachat Gat Federation) and she teaches reading and writing to women in the five groups she coordinates.

Shelar shares that for the first time in her life, things are different. She took a loan from Mann Deshi Mahila to renovate her house and send her children to computer training. She has repaid the loans and is firmly in control of her own destiny.

After reading these profiles, you may feel that these women's lives have changed because of Mann Deshi Mahila Bank – but we too have changed and grown from our interactions with these inspirational women.

Our bank is proud to help women like these, who dare to dream dreams, and act to make those dreams happen. These women are the inspiration for our products and the motivation behind our services. Mann Deshi Mahila envisions a future where financial services are available to all women who aspire to make life better for future generations.

Continued Innovations in Rural Development

Women's Property Rights

The Mann Deshi Bank won a victory in 2004 when it convinced the Revenue Department of Maharashtra to include women's names on stamp papers. Stamp papers are duties levied on transfers of immovable property. By including the names of women, the papers recognize a woman's right to household property. Women can now use these papers in court to prevent their husbands from selling or divesting household property.

The Bank has also found more innovative ways of getting women to own property. In 2003, the Mann Deshi Bank helped one village to win a state government-sponsored "Cleanest Village" competition by convincing all the men in the village to share the legal title to their property with their wives - some even volunteered to transfer all of the property to their wives. The men agreed to the transfer because they wanted the financial reward as well as the coveted distinction that their actions brought to the village. The women, in turn, took extra care to keep their newly acquired properties sparkling clean. In the end, the village won the cash prize in addition to several government-run schemes.

Girls' Education

The Bank, along with Mann Vikas and the Self-Help Group Federation, provides low-interest loans and some scholarships for girls to attend school. It also lends bicycles to girls who can't afford to take the bus to school. As of December 2004, the Bank has lent 200 bicycles under its Bicycle Program.



Following the success of the “Cleanest Village” competition, the Mann Deshi Bank is now sponsoring a similar competition for the first village to achieve 100 percent enrollment of young girls in school – the Savitribai Phule Gram Puraskar Award.

Smart Card Technology

Mann Deshi Mahila has put cutting edge technology into the hands of its rural female clients. Mann Deshi Mahila Bank is one of the first banks in India to utilize Smart Card technology. A plastic ‘credit card’ is replacing all of Mann Deshi Mahila’s paper client passbooks. The card allows both field agent and client to instantaneously view savings account balance, loan account status, and repayment history. The card benefits the client by discreetly keeping her account information free from unwanted inquiries and alterations.

Mann Deshi Mahila Mobile Hat

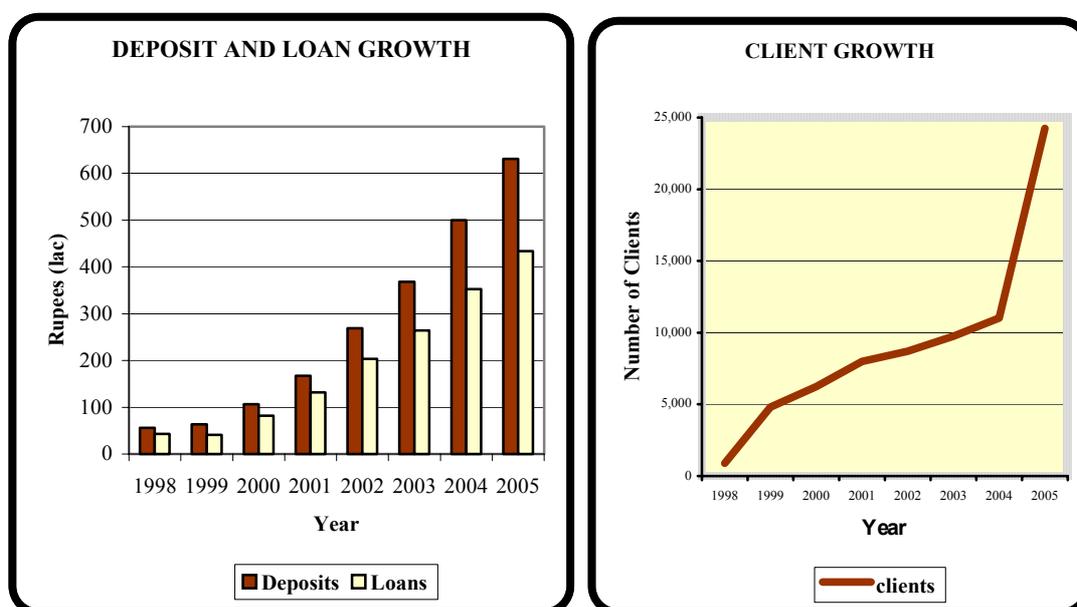
The newest innovation of Mann Deshi Mahila is the Mobile Hat, a mobile center designed to bring products and services to clients in the most remote and rural areas of Maharashtra. The Hat sells enterprise related products and personal consumption items that were previously unavailable to our clients. For example, the Hat sells local street vendors oversized umbrellas. This is one simple yet effective way to protect one of a woman’s most important assets – her health. The umbrellas reduce a woman’s risk of falling ill, which directly affects her ability to earn. The Mobile Hat is also stocked with the products of local women, thereby increasing their distribution and income capabilities.



A unique and innovative feature of the Mobile Hat is its credit linkage with the Mann Deshi Mahila Bank. By offering our clients an instant credit link, we are further empowering our female clients to have control not only of their savings, but also of their expenditures. Reducing the need for a large cash transaction ensures that a woman's money is spent only where she intends to spend it.

Financial Sustainability and Growth Strategy

The Mann Deshi Mahila Bank continues to prove that microfinance can be a viable and effective financial tool for reaching the poorest of the poor. We pride ourselves on being a financially sustainable enterprise. Our long-term goal is to move beyond the rural areas to include the urban centers of Pune and Mumbai and to extend financial services to the many migrant workers and street vendors in these areas.



Growth Trends and Projections

Rs. In lakhs

	2002	2003	2004	2005	2006	2007	2008	2009
Branches	1	1	2	3	7	10	12	16
Extension Counters	0	0	0	1	2	2	3	5
Members	2108	2350	2613	3058	5662	6871	7492	11445
Clients	8700	9740	11020	24244	28260	34300	39070	48741
Share Capital	23.82	30.54	35.22	43	75.42	102.4	150.7	202.61
Reserves	1.78	3.75	5.95	9	8	10.12	30.42	58.85
Total Own Funds	25.60	34.29	41.17	52	83.42	112.52	181.12	261.46
Total Deposits	269.36	367.9	500.03	630.75	843	1222.35	1772.4	2569.89
Total Advances	203.21	264.2	352.33	433.53	594.55	862.09	1249.9	1812.35
Working Capital	303.01	404.78	545.63	686.88	918.85	1332.33	1993.73	2890
NPA	1.00%	3%	3.84%	2.99%	2.80%	2.50%	2.10%	1.99%
Total Income	43.76	58.97	77.44	83.3	129.15	185.85	119.28	381.18
Total Expenditure	43.04	58.08	76.11	81.82	124.50	178.03	108.28	355.18
Profit	0.72	0.89	1.33	1.48	4.65	7.82	11	26
CRAR	12.70%	12.62%	11.60%	13.04%	12.69%	13.00%	13.12%	13.50%
CD Ratio	75%	69%	65%	61%	65%	66%	64%	66%

A Note from our Founder

Throughout our operations, we have received support from many generous and idealistic individuals and institutions. We would especially like to thank the Reserve Bank of India for their continued guidance. We are also thankful to Yale and Harvard University for providing fellowships to the students who have worked with us. A further thank you to the Bank of India, Other Backward Caste Corporation, HSBC, Asha USA, Ashoka USA, ICRW USA, and Johns Hopkins University. - *Chetna Gala Sinha*



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