

### **VERSION 3**

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That bright April morning in 2006 when Vanita Pise received the Confederation of Indian Industry's outstanding woman social entrepreneur award from the Indian Prime Minister Manmohan Singh in New Delhi, her mind kept racing back in time. Hailing from a poor backward caste family in a remote Maharashtra village, the diminutive 32-year-old couldn't help remembering how she had to drop out of school in class nine because her father could not afford to educate her further. The doe-eyed mother of three broke into an occasional grin as she recalled doing odd jobs like rearing buffaloes and goats and selling milk from door to door to support her 18-member extended family when avian flu wiped out her husband's small-time poultry business started with a state loan. "I wanted to start my own business to improve my family's living condition and approached several banks for a small loan, but they refused to consider my request saying I didn't have the necessary collaterals, a steady employment and a verifiable credit history," she recalls. "Had it not been for Tai's help, I would still have been struggling to survive."

"Tai" in Marathi means elder sister. But for Vanita and the nearly 17,000 women entrepreneurs like her from the poor and backward Mann sub-division in Satara district of southern Maharashtra, Tai or Chetna Gala Sinha is much more than that: She is also a mother, a teacher, a mentor, a beacon of hope and support. The brain behind the Mann Deshi Mahila Sahakari Bank (MDMSB), a pioneering all-woman's cooperative bank, the 48-year-old Sinha has spearheaded a revolution of women's financial empowerment in an otherwise poor, illiterate, drought-ravaged area. The bank provides microcredit or small loans to poor, unemployed women, otherwise not considered "bankable" because they lack even the most minimum prerequisites to qualify for traditional credit. Headquartered in Mhaswad, a village XX kilometres from Satara in Maharashtra, the bank operates across five districts through three branches and an extension counter.

It was in 2001 that Vanita, much to the chagrin of her family, joined a SHG. Three years later, Vanita took a loan of Rs 15,000 from MDMSB and bought a machine to make disposable paper cups, commonly used to give away prasad or prayer offerings to devotees. She today earns Rs 2,500-3,000 every month and dreams of making her own daughters computer engineers. But as Vanita accepted the award that day, the glow on her face was a reflection of much more than her own confidence. Besides bettering her own life, she has also helped 17 other marginalised women like her to purchase their own cup-making machines and support their families.

"Our mission is to empower women in poverty-stricken areas of Maharashtra so that they achieve financial independence and self-sufficiency," says Sinha, the President of the MDMSB. Sinha is also the founder of MDMSB's two sister organisations: Mann Vikas Samajik Sanstha (MVSS) — an NGO that uses collective woman power to fine drinkers, close illicit liquor dens, and propel education, anti-domestic violence, and cleanliness drives — and Mann Deshi Mahila Bachat Gat (MDMBG), a federation of over 2,300 self-help groups (SHGs) of self-employed women such as vegetable vendors, milk sellers, and weavers, spread across 440 villages. These groups receive loans directly from the bank and

conduct lending activities. The clientele of the bank consists of poor women with annual incomes averaging Rs. 22,000. Together, these three spell a moral and emotional support group for these once oppressed rural women.

Villages in this area are today brimming with stories of change. Chaya Kachare, a farm labourer who hails from a nomadic tribe and was widowed at 19 with a two-month-old son in arms and no money, has bought a flour-making machine and earns Rs3,000 every month. Twenty-nine-year-old Nandini Lohar, a class-six dropout belonging to a community of blacksmiths and welders, makes framed posters and sells them near a widely visited shrine of the local deity of Gondavle village. Her monthly income has surged to Rs2,500-3,000 and she wants to invest in a poster-laminating machine to further boost her profits. Nakusa, an illiterate girl abandoned by her parents and married to a landless chauffeur, today owns agricultural land in Varkute village and supports her family. Shamshad Tamboli, a paltry construction worker in Mumbai, now runs a sewing school in Gondavle village and helps her students to start out on their own. Hirabai Awgade, married to an alcoholic policeman, who frittered away his savings post-retirement, today runs a successful toy-making unit in Mhaswad. Her two sons, once working in Mumbai sweatshops, have also joined her. Suman Wasav, a coconut-seller in Gondavle village, has built her own house. Vandana Sazgane, a woman from the shepherd community, is happy that a cell phone the bank helped her purchase enables her to keep in touch with her children when she is away during the rearing season.

In collaboration with the HSBC Bank, which contributed a grant of Rs 7 lakh, MDMSB and MMVSS recently started the Mann Deshi Udyogini (MDU), a novel business school that provides technical, financial and marketing training and guidance to rural girl school dropouts and women with no formal education. This allows them to start and improve their own small enterprises. The school has a mobile classroom to serve women in remote areas and create entrepreneurial opportunities for these women. "This school revolves around the needs and compulsions of the rural women. The course encompasses everything from improving feed quality for cattle and de-worming goats to photography, lamination, screen-printing, bag-making, chutney-making, confidence building, financial literacy, spoken English and basic computer skills. There are no pre-qualification criteria for enrolment and any woman can join a course on any given day," says Sinha. The school's innovative approach was recently listed alongside Harvard and Fuqua School of Business in the Financial Times' latest ranking of the best B-schools in the world.

Sinha's resolve to work for rural women was inspired by her own experience. Sinha was born and brought up in Mumbai in a well-to-do business family. It was in her late teens that this post-graduate in economics from the Mumbai University was drawn towards activism and joined Jayaprakash Narayan's nationwide movement for the rights of the poor and the underprivileged. During one of her campaigns for labourers in Bihar, she fell in love with co-activist Vijay Sinha, a farmer based in the Mhaswad village of Maharashtra, and tied the knot. She then bid goodbye to Mumbai and started living with her husband in Mhaswad, a drought-prone village 80 kilometres from Satara. A year into their marriage, they borrowed some money to grow onions on their five-acre farm and toiled hard. But by the time they took their produce to the market, onion prices hit rock bottom.

The money from the sale was barely enough to pay for the delivery truck. The couple went bankrupt. As a seasoned farmer, Vijay had witnessed the ups and downs of farming in a drought-prone region. But the young Chetna was aghast. Farming was their only source of livelihood. To counter dry spells, the couple had planned to rotate crops and buy livestock from their earnings. But now it all seemed impossible.

As Vijay gradually picked up the pieces and returned to till his land again, Sinha decided to start goat farming, which needed less capital. She approached several nationalized banks in nearby towns for a loan to buy goats. "No bank would give a loan for such a purpose. The process was so painfully bureaucratic that I realised it is very difficult for someone to take a loan from these banks, more so for villagers. I also understood why villagers, for want of access to financial services, often become ready preys for greedy moneylenders, who extract exorbitantly high interests," she says. For the next few years, Sinha supplemented Vijay's meagre income from farming by working on study and research projects on rural issues for Australian Aid and the Norwegian Agency for Development Co-operation. She used a part of her savings to rebuild their house. But all along, she felt a constant urge to do something for the villagers, more so the women, who bore the maximum brunt of social and economic backwardness.

Sinha had realised early on that, contrary to what people thought about them, these women had a deep understanding of their real problems. She was only 20, still doing her post-graduation, when she had first visited this region of Maharashtra as part of a padayatra in the JP movement. There, she and other volunteers interacted with a lot of rural people. "I had been going around the villages thinking that I needed to tell the women how they could solve all their problems by organising themselves for their rights," she recalls. However, in a village named Gangoti, 8 kilometres from Mhaswad where Sinha now lives, a middle-aged woman came up to her after one such meeting. "Do you see those mountains," she asked Sinha, pointing in the distance. "Our problems are as big as them," she said. Then pointing towards a frail old man, she said, "He is my father-in-law. Look at how his eyes have sunk deep in his face. That's because he has been thinking about our problems. I am happy that you care to think about us, but you cannot solve our problems. Go back and continue your studies," she said resolutely. "I was speechless and shaken," says Sinha. "I was so wrong in assuming that I needed to "tell" and "teach" these women what to do. They knew their problems and were convinced lofty sermons and generic solutions won't work for them." Sinha returned convinced she needed to do more to address their real problems and be of any meaningful help.

After facing her share of problems in the wake of a failed crop, Sinha was even more determined to do her bit for the women. She had intermittently fought on behalf of these backward caste women to gain them access to village wells and ensure they got the right wages for their hard work in farms and at construction sites. Yet, empowering them economically appeared to be a big challenge. Despite a burning desire to contribute to the welfare of the family, these women were bogged down by a patriarchal society. They didn't have the right to own a property. Nor did they have any money they could call their own. Their husbands often whisked away their hard-earned money and squandered it on liquor. They lived in the fear of being disowned by their husbands.

Sinha had heard about the concept and benefits of micro-financing from Elaben Bhatt, founder of the Self-Employed Women's Association (SEWA). Through Bhatt's work, Sinha had seen closely how small savings groups had rewritten the destinies of marginalised rural women. In such groups, women saved money into a common fund and then took turns to borrow money from that fund, use it for income-generating activities like buying livestock, seeds or machinery, and pay it back with an interest. The strong solidarity within the groups ensured that the loan repayment was usually 100 per cent. Defaulters ran the risk of losing their place in the group.

Sinha was now keen to try this out with the women in her village. She was already known to most of them as the "educated Tai" who had left the city to live in their village. She invited these women for a meeting. Around 200 women turned up for the meeting, where she told them about the idea of savings groups. "I found that the women were more than willing to participate," she says. "They all agreed on one thing that their hard-earned money was not safe in their homes and the men in their families would inevitably squander that money on liquor."

The rural women thus received a direction. They formed SHGs with members of their own choice. Each SHG consisted of 5-20 women. This ensured that they had mutual understanding and trust so that they could comfortably save the money with the group. In 1992, Sinha brought together such groups and started a general credit cooperative society that allowed the women to save money on a weekly basis. "My objective was to help them develop assets and increase their income," says Sinha. "I fixed the minimum weekly contribution at Rs5 per member, but the women were so excited by the thought of saving money and using a larger amount later to earn for their families that they would quietly keep Rs10 aside from their meagre earnings at the weekly market and save it with the group despite the need to buy their weekly grocery." The women knew any loans in cash would invariably end up in the hands of their husbands. So they insisted on loans in the form of goats and buffaloes. "We used to accompany the women to the market, they would buy goats and buffaloes, and we would pay the money," explains Sinha. "The women used to repay weekly instalments from the sale of milk until the full amount was recovered."

These self-help groups (SHGs) in Mhaswad soon became a talking point at the weekly market and went on to inspire similar groups in neighbouring villages. The women have since discovered a new collective strength. They bargain more effectively to buy or sell their livestock or other wares at an appropriate price. If a woman needs money for medicine and does not have it, the SHG of her village adopts her and provides her medicine. The groups also provide bicycles to rural girls to help them go to school instead of opting out.

In 1995, Bhatt, impressed with Sinha's work in Mhaswad, suggested that she establish a cooperative bank to cater exclusively to the needs of rural women. "I immediately knew I had to do this," says Sinha. "I had suffered due to the absence of a bank that gave loans for buying goats. Besides, forming a bank would have allowed my work wider reach, greater credibility and reduced dependence on outside money as I could mobilise the deposits," says Sinha. She studied the intricacies of establishing and running a bank, got members of around

50 SHGs together and submitted a proposal to the Reserve Bank of India (RBI) for starting a rural women's bank.

Sinha had anticipated resistance from local strongmen and politicians to the idea of an all-woman cooperative bank. "All that it really takes to start a cooperative bank is to bring shareholders together and create the required capital. But a cooperative bank is a sensitive political issue in Maharashtra because politicians averse to new competition run most such banks. It isn't therefore easy to form one," she reveals. "So we ensured that the idea didn't leak out until the proposal had obtained the first few of the six clearances required from the cooperatives department and the RBI. I always started out by meeting the top people so that we didn't face any corruption at the lower levels."

But the first problem she encountered was altogether different. With most of the promoting members having only a thumb impression to produce for a signature, it was highly unlikely, an officer in the cooperatives department told Sinha, that the proposal would be accepted. Without waiting for a formal rejection, Sinha withdrew the proposal.

"I had seen how these illiterate women calculated in practice by using their own home-grown methods," says Sinha. "For instance, many would make flour balls and colour them such that each colour stood for some number. Based on the number of balls of a certain colour, they used to deduce how much they had spent and saved. Interestingly, they knew about concepts like interest. All I had to do was tell them how to go about it systematically and use the right terminology." For the next month, she organised regular classes for the women, where they understood banking and learned to sign their name. "Our teaching was more practical: signing name, reading bus boards and other directions, calculating, handling postal services, and so on."

Three months later, the team led by Sinha made a fresh proposal. "And this time, I got an appointment with RBI's Chief General Manager (CGM)," says Sinha. "Of course, we understood his dilemma in giving a license to a group of neo-literate, inexperienced women, but we wanted to convince him of our intentions and problems." Soon, a team of Mhaswad women, led by Sinha, was at the RBI office in Mumbai. "The staff there was surprised to see a group of rural women in their office and let us in after much questioning only when we told them we had an appointment with the CGM," says Sinha. "It is not easy to run a bank," the CGM told the group during their 20-minute meeting. "Licenses cannot be given for experimental projects." "We have banks in our area, but not a single woman is able to avail of their services," rued a woman accompanying Sinha. "Don't we have a right to save money with dignity?" asked another. "Why would we waste our time and money if this were an experiment," said another woman. "You can test them if you doubt their ability," said Sinha. "Ask them to calculate interest on any amount and they shall do it without using calculators." And they did so, orally.

"People usually start cooperative banks for political reasons," says Sinha. "The CGM was only trying to ensure we didn't have a political agenda." With 840 members, all women, contributing a share capital of Rs 600,000 and the necessary paperwork and approvals in place, the RBI granted a license in

February 1997. As Sinha had expected, cynical politicians did create problems initially by influencing people against letting out their place to the bank. "So once when I met the owner of a place we thought was suitable for the bank," remembers Sinha, "I insisted on a legal contract at the very first meeting before politicians got a whiff of the deal and brought pressure on him to change his mind." Six months later, with Sinha as its founder-chairperson, the Mann Deshi Mahila Sahakari Bank threw its doors open to village women as India's first rural and all-woman's financial institution to receive an RBI license.

The bank did not want any external help. So it chose to operate with its share capital and the interest it earned from its market deposits. To boost efficiency, the bank was computerised. "It cost us Rs 200,000, but I wanted the bank to be as state-of-the-art as any other." All unnecessary operational expenditures were clipped. "The women were so obsessed with the idea of turning the bank into a success that they worked for the bank without taking any salaries for the first year. We did pay them some basic stipend for travel and other expenses. They said they would take their dues after the bank became viable." The bank's performance was up to Sinha's expectations in the first year. Within three years, the bank came out of its primary expenses. "It was a way to show the local politicians that we, as an all-woman bank, could not just survive, but also make it big," says Sinha. Unlike other banks, this bank has rolled out credit and saving schemes that allow the women, most of whom are daily or weekly wage earners, to repay their loans as weekly and fortnightly instalments, which other banks don't allow. "It is not safe for the women to keep money at home. So they prefer to use it this way. Even their moneylenders worked that way earlier, but charged a high rate of interest. This was a pattern they were used to." Says Archana Rasal, a village seamstress, "This bank even gives us daily loans for buying vegetables or fruits. Which other bank would think like this?"

Sinha has seen the women go to any lengths to uphold their credibility. She reminisces, "A male village council leader once asked an SHG leader to loan him the money she had collected from her SHG. In no time, all other members of the group, accompanied by village men, came to her rescue. 'We have worked hard to earn this money. We didn't even buy biscuits for our children, what makes you think we'll give this money to you?' they asked him." Therefore, physical collateral has been replaced by social collateral: the SHGs act as guarantors for its members. "If some member defaults in repayment, the credibility of her entire group gets tarnished," says Sinha. "So the other members of her group go all out to help her." With a recovery rate of over 96 per cent, the idea has paid off.

Today, most SHGs are led by backward caste women, who organise health camps and even help nationalised banks recover loans. "In Pulkoti village, for instance," says Sinha, "the United Western Bank had a lot of defaulters. When they saw our work, they came to us and asked for help with loan recovery. Many other banks have since grown interested in working with us."

To stop the men from driving their wives out of the house or selling off the property at their whim, Sinha has implemented a novel idea. "While giving loans, we get the women to make their husbands declare them as co-partners in the family property. When men see the monetary benefits of doing so, they readily agree." The bank has helped as many as 600,000 women to get a share in the

property. "We have seen that property taxes get paid on time when women are co-owners," adds Sinha, "So our approach has helped the administration too." Suitably impressed, Maharashtra's revenue department decided in 2004 to include the woman's name on stamp papers for joint registration of immovable property.

With 48,000 members and assets worth Rs 9 crore, the bank enjoys a repayment rate of 97.5 per cent. Income generation opportunities include everything from growing and vending vegetables and selling bangles to making packaged powdered spices, potato and lentil wafers. Local women have started many computer institutes in Mhaswad. Sinha's bank has given its women customers not just the right to dream, but also the capacity to realise those dreams. "We also have male depositors, but we provide finances only through women," says Sinha. While over 80 per cent of all loans typically go to the weaker segments of the population, well over 70 per cent of the bank's customers belong to the backward castes. In 2004, the bank set up a marketing centre to groom poor farmers for sophisticated buyers and larger markets.

"We have shown that banking with the poor isn't necessarily about going into losses," says Sinha. "Each success story has inspired innovation and more creativity. The rural women I serve are my source of inspiration to expand the services and capabilities of the bank for their needs."

The MVSS helps the women to avail of veterinary services for their animals. It also loans them umbrellas on a per-day basis to help them guard against the scorching sun while selling their wares. It has started providing vocational training and educational loans to rural youth, but that too, through their mothers. It felicitates men who invest in their daughter's education or go for joint registration of property. The women also run 12 cooperative dairies, selling over 5,000 litres of milk everyday, and eight sheep and goat rearing cooperatives and water cooperatives.

These rural women, once leading an existence of ignorance and humiliation, are more confident, organised and better respected in their families and communities. Sure, they are far busier today, but no one's complaining. Says 35-year-old Sitabai Kalel, a labourer-turned-farmer, "For long, I had legs, but couldn't walk; I had a mouth, but no voice. Now I have an identity and the strength to take on the world."