

Engendering Banking Sector Policies



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Note to the Reader

This study was completed in 2013 and there have been significant developments in the financial sector in the last two years. We have tried to update the data where possible and observe that recent developments have not yet ushered in transformation towards gender responsive banking in India.

At least two major events are noteworthy:

- (A) The Bharatiya Mahila Bank began operations in November 2013 and is up and running with 60 branches and an explicit women oriented business strategy.
- (B) Financial Inclusion has gathered momentum with the launch of the Prime Minister's Jan Dhan Yojana (PMDJY) on 15th August 2015 and nearly 16.5 crore accounts have been opened in less than a year.

The importance of the gender awareness in policies and practices becomes clear when we review these developments more closely.

There is no record of a debate on how the launch of a women's bank will set the strategy for gender responsive banking. It is good that the new women's bank is biased in favour of women customers at all levels, but it is not clear how it plans to tackle stereotypes and assumptions about women. For example, the

Chairperson announced support to women's new ventures through MoUs with Lakme, Naturals and Cavinkare to help women set up beauty salons and loan products such as BMB Parvarish-Child Day Care Centre Loan, BMB Annapurna-Catering Services Loan, which are all rooted in women's traditional roles. Simultaneously she recognised the constraint that women do not own immovable properties, and offered a collateral free loan of up to Rupees One crore, covered under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE). This typifies the dilemma of helping women wherever they are, even while contesting gender imbalances.

The PMJDY is aimed to include the household, not the individual and thereby avoids the issue of women's inclusion in the formal financial system. Therefore, it is unlikely to alter the status quo in terms of women's access and control over financial resources because it is not an issue spelt out as part of the objectives.

These developments highlight the need for a more informed and strategic approach to address the gender imbalances which persist. The research and the tools presented in this report will be useful for moving towards gender responsiveness in the formal financial system.

If this is an issue of interest, please read on....

Executive Summary

BACKGROUND TO THE STUDY

Financial services should be available and accessible equally to all individuals, but there is enough global and national evidence indicating that there is significant gender imbalance in its accessibility and use. As a response to address this inequality, the Indian banking system has initiated and promoted women's financial inclusion¹ through several programmes. These financial inclusion programmes focus on promoting sustainable development and generating employment and are especially important in the context of empowering women as inclusive growth is critical to sustainable development. Women's access to financial services through financial education, technology usage and awareness generation² would aid in the empowerment process of women.

As a response to this imbalance, the Indian banking system has taken measures through its various programmes. These programmes, the SHG Bank Linkage Programme (SHG-BLP) amongst others, are aimed especially at women and their access to financial services.

Despite the fact that these programmes are deemed as the world's largest effort for women's financial inclusion, in 2013 only 26% of all adult women in India (including rural and urban) had a formal financial account, against the 47% global average and the 37% average of developing countries³.

It is in this context that UN Women commissioned BASIX--a new generation livelihood

¹ "Financial Inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." Source: Government of India, Ministry of Finance (2008) – Report of the Rangarajan Committee on Financial Inclusion

² S. Shinde, *Financial Inclusion in India*, 2014, Laxmi Book Publication

³ According to Global Findex, the first database tracking how adults use financial services around the world, available at and retrieved on March 26, 2013 www-wds.worldbank.org/external/default/WDSContentServer/1W3P/IB/2012/04/19/000158349_20120419083611/Rendered/PDF/WPS6025.pdf

promotion institution--to carry out a gender analysis of banking sector policies, financial products and services in India. UN WOMEN builds political support, technical resources and capacities for improving gender parity within the framework of rights and empowerment.

The project commenced in September 2012 and concluded in April 2013.

Select banking sector policies were reviewed to identify barriers women face while accessing financial support and the appropriateness of financial products for women's empowerment. Methods to draw gender responsive indicators for effective monitoring and select innovations for women's economic empowerment, national and global, were closely studied.

The objectives of the study were to:

- Review select banking sector policies from a gender lens
- Identify barriers in banking to securing women's right to financial services
- Review the appropriateness of financial products for women's empowerment
- Review monitoring and evaluation systems of financial services from a gender lens, and to assess the applicability of Gender Responsive Budgeting (GRB) tools for this purpose
- Document select innovations in processes, mechanisms and products for vulnerability reduction (e.g. pensions, insurance) and for women's economic empowerment

METHODOLOGY

The findings are based on a review of literature and analysis of primary data. The primary data was collected through field visits, face-to-face and telephonic interviews and focused group discussions. Along with the already existing literature on women's experiences of banks, 10 Focused Group Discussions (FGDs) were

conducted with women belonging to the lower socio-economic strata for a better understanding of women's aspirations and needs. Officials from the Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) were interviewed to understand the supervisory and regulatory aspects. However, despite repeated efforts, the study team was unable to interact with any representative of the Ministry of Finance (MoF).

As part of the secondary data, the annual reports of the MoF, the RBI and banks were studied, along with the Annual Statistical Statements and Status of Microfinance Reports from NABARD, Statistical Tables relating to banks in India, Basic Statistical Returns and the Survey of Small Borrowal Accounts of the RBI. Women's experiences of banks and their real needs were examined using the rich literature available

A range of banks, in terms of their geographical location and structure were studied. Canara Bank and the State Bank of India (Public Sector Banks), Assam Gramin Vikas Bank (the Regional Rural Bank or RRB in the North-East) and the Chandrapur District Central Cooperative Bank (a district cooperative rural bank or DCCB in Maharashtra) were the mainstream banks studied. Mann Deshi Urban Cooperative Bank (Maharashtra), Shri Mahila SEWA Sahakari Bank (Gujarat) (both women's cooperative banks) and Krishna Bhima Samruddhi Local Area Bank (a private sector local area bank or LAB), were the smaller development oriented institutions studied for their innovations. Primary and secondary data was collected from most of these institutions.

The review and gender analysis covered financial products and services in mainstream banking, SHG-BLP/Swarnajayanti Gram Swarozgar Yojana (SGSY), priority sector lending to Micro Finance Institutions (MFIs) and Financial Inclusion (FI) (no-frill accounts), mainly through the Lead Bank Scheme (LBS) and Business Correspondent (BC) model. These were selected, as currently they are

focusing on women, or are likely to focus on women clientele in the future. Data was collected for the five-year period of 2006-2011, wherever possible.

MAJOR FINDINGS

(a) Legal and Procedural Barriers

Officials in the banking system have reached out to several women from different walks of life. Despite this a large proportion of women in rural and urban India do not have access to financial services. The existing patriarchal structures in our society and the perspective and practices followed as a result of it have adversely affected women's access to banking services. This is not exclusive to India, but research and analysis shows that women's limited access to financial services is a global phenomenon.

In India, banking practices are shaped by commercial traditions and bankers conduct their business in 'good faith', 'without negligence', 'as would a man of ordinary prudence'⁴. Women are seldom seen as economic actors and this bias impacts their access to banking services. Patriarchal structures influencing all institutions do not let women be seen as economic actors even for their minor offspring. For example, in 1984, Ms. Githa Hariharan, an award-winning author appealed to the Supreme Court to have access to her minor child's investments as his natural guardian. In a landmark judgement, the Supreme Court directed the RBI to allow mothers to operate accounts for minor children, making the financial role of mothers of their minor children official. Despite this judgement, RBI's circular still acknowledges that banks are reluctant to open a deposit account for a minor with mother as a guardian. Prejudices against women with regards to loan accounts run even deeper. This illustrates the deeply entrenched patriarchal mindset in our society and the institutional and societal structures that are a product of it.

⁴ Negotiable Instruments Act of 1885

(b) Women's Needs

- i. **Savings:** Women, either modern or traditional, have been socialised into making saving an important responsibility that they have to carry out. A. Sharma (1990) argues that a sense of insecurity about the future compels women to think in terms of saving more in comparison to their male counterparts⁵. Supporting this view, all women (except the poor tribal women) with whom FGDs were conducted, said that they felt a need to save. The reasons for saving were myriad, but largely were for the benefit of the family and its members, such as for medical emergencies and illnesses, house construction, old-age security, household expenses- food and non-food. Saving for the education and marriage of children was a priority. Women also saved for livelihood purposes such as agriculture and non-farm enterprises. It is interesting to note that while women save money for the abovementioned reasons, they borrow money when it comes to spending on gender maternity expenses. Women also mentioned that they rarely used savings to buy gold. This indicates that the savings that women themselves do are not used for their self, but for the rest of the family.
- ii. **Loans:** Along with savings, women also expressed their need for financial support for the purpose of loans. The reasons for wanting loans depended on their geographical location and their age. Rural women from farming families required loans for investment in agriculture, while women from semi-urban localities needed funds to start individual enterprises. The young rural and semi-urban women were eager to start collective non-farm enterprises. With the exception of women in semi-urban areas, no other group of women sought a loan for the construction of toilets, though loans to construct houses was a very common need. Saving money for women is vital and many had savings in banks as well.

⁵ A. Sharma, *Modernisation and Status of Working Women in India: a Socio-Economic Study of Women in Delhi*, 1990, Mittal Publications

(c) Women's Usage of Banking Services

The banking system in India is dominated by PSBs as they handle approximately 77% of the business. The analysis of data from RBI and the Ministry of Finance reveals that men's usage of banking services is around four to six times women's usage of comparable service or product. Thus in 2011, men owned 40% of deposits as against the 10% held by women (and 50% held by institutions). In the category of loans below INR 2 lakhs accounting for 13.6% of loans from the banking system, 1.9% went to women as against 10.4% to men (nearly five times the loans availed by women). Priority sector loans stood at 8.4% of total loans and 1.2% of this went to women against 6.4% to men (again almost five times) Despite the growth in the banking business in the past few years, the gender differentials in usage of banking services remains unchanged.

Those women who did use the banking services- either for savings or for loans- did not have positive experiences and hence were hesitant to avail the services. It was observed that while women made extensive use of the facility of savings and internal lending of Self Help Groups (SHGs), a significant number of women, more so in the semi-urban areas than rural areas were unwilling to take on the risk of joint liability, thus not fully availing of the services available to them. Some women in the urban areas complained about the delays and paperwork involved in availing a SHG loan from the bank. It was observed that not a single woman from the SHGs had graduated to taking a personal loan as neither were they farmers nor had they any other source of income. Their credit history was also insufficient to overcome the obstacle of a lack of collateral for availing a personal or entrepreneurship loan. As one woman put it, "we have no standing with the bank except as SHG members". These experiences limit women's usage of the banking services.

(d) Credit Discipline and Repayment Behaviour

Women exhibit better credit discipline than men across categories. The Indian banking system carried a Non Performing Assets (NPA) load of around 2.8% of Average Net Banking Credit (ANBC) and 4 to 5% for priority Sector Loans since 2010. Data from the survey of small borrowings in 2008 indicate that women borrowers had a smaller share of NPA (3.4%) compared to men (4.1%). For consumer loans, the national average loans of more than 90 days past the due date are 4.94% and 7.95% for women and men borrowers respectively.

(e) Policy on Bank Credit to Women

Policies influencing the relationship of banks (i.e. PSBs) with women constituents, especially in the priority sectors, were analysed using several tools, including those of GRB. In December 2000, the RBI circulated a policy on strengthening credit to women, particularly in the Tiny and SSI (Small Scale Industries) sectors. RBI and the MoF monitor the progress annually and the Parliamentary Committee on the Empowerment of Women reviewed this in 2004 and also in 2009. This policy mandated an increase in women's access to PSB finance from the low level of 2.36% in 2001 to 5% of Adjusted Net Bank Credit (ANBC) within three years and banks achieved this target in 2005. Women's share of ANBC further increased to 7.46% in 2011 and 7.71% in March 2014 especially through NABARD's SHG - BLP. Women, particularly those at the bottom of the economic pyramid are deemed to be best served through the SHG-Ba. Though the policy's impact needs deeper review, updating it is itself an important first step.

Apart from the share of credit flowing to women, no objectively verifiable indicators have been identified, nor deterrents set, for non-compliance. When these policies were analysed with GRB⁶ tools like Debbie Budlender's

⁶ GRB is defined as 'Analysing the impact of government expenditure and revenue on women and girls, as compared to men and boys to build accountability for national policy commitments to women.' (Source: UNIFEM 2001 Annual Report)

Five-Step Framework, a huge gap was revealed between actions and the real need. Above all, the tools highlighted the absence of gender perspectives in policy formulation.

(f) Women-oriented Products, Services and Leadership

Beginning with the systems and processes for allocation of resources, planning and monitoring of flow of credit to women were studied in selected banks representative of PSBs, RRBs, DCCBs and LABs. Special programmes and products favouring women such as the SHG-BLP and the Financial Inclusion Programme were studied. The SHG-BLP has been instrumental in reaching women at the base of the economic pyramid, and more than 80% of the clients using this scheme are women. The case study of a rural branch of Canara Bank shows how the efforts of a motivated woman branch manager resulted in greater access for women clients. Similarly motivated leadership in Chandrapur DCCB led to their offering customised services to women. In AGVB, women had a 20% share of the total outstanding loans, through SHGs, though no special focus was noticed.

(g) Credit flow to Women

In studying the resource allocation processes in the banking system it was found that:

- Larger government owned banks reported an expansion in the portfolio of loans to women in general and the priority sector in particular.
- Priority sector loans to women grew at a slower pace compared to regular commercial loans.
- Canara Bank had a relatively large portfolio of loans for women under the priority sector and commercial schemes.
- Canara Bank's growth in priority sector lending to women was spread over all categories of priority sector loans.
- Other banks achieved the increase in priority sector lending through larger deployment under government schemes.

- SBI has the largest share of loans for women under government schemes.

(h) Monitoring and Evaluation of Progress in Women's Access to Finance

The monitoring system captures trends in the volume of credit to women but not the qualitative changes. It is at an aggregated level and the regional disparities are not properly captured. Also, here is no system in place to gather regular feedback from women though some banks have conducted a few surveys. There is hence an urgent need to not only monitor and evaluate the success of the various programmes, but also train people across several levels about sensitivity to gender issues for greater outreach and impact of the programmes.

GRB ANALYSIS AND TOOLS

(a) Gender Responsiveness Analysis for Planning and Product Design

As part of this study, systems for product design/development, operations strategy, planning, monitoring and reporting in individual banks and within regulatory bodies were examined. The prevailing gender stereotypes were uncovered through methods adapted from marketing management; three new tools have been used in the report.

(a) The Need Feature Benefit Analysis was applied to the existing product range, separating the three aspects in terms of gender. It showed ways to improve the design and development processes to make them more sensitive to women's needs. (b) Similarly Kotler's Rings were adapted to identify female friendly improvements at each stage in the evolution of a product. The application to the Savings Bank Product demonstrated the use of this tool. (c) The SERVQUAL GAP Model was used to summarise the gaps which were noticed between women's expectations and policies/ programmes/ products and services in the banking sector. This analysis indicates that–

- Women hold 11.4% of deposits and avail of 7.7% of loans from the banking system. This significant volume is neither noticed nor addressed directly in the planning and goal setting process.
- The approach to women as a market segment is determined more by the direction from government than by business strategy. Bank management is satisfied with achieving the target expected by government and the momentum noticed in lending to women between 2005 and 2011 has since been lost.
- Budgeting and credit planning do not identify specific sub-goals for business generated by women, either at the bank level or at the branch level.
- Individuals eager to address needs of women have been successful within their unit or subunit.
- A few products are seen as 'women's products' and there is no effort to make sure that women go beyond these.

The abovementioned factors have resulted in a situation where women have limited expectations from the banking system and prefer to avoid rather than confront their exclusion.

(b) Markets and Regulations as Enablers or Barriers

Access and usage become key determinants of active demand and gender responsive banking. Supply is determined by entry regulations, pre-conditions, attitudes, awareness and the actual actions to promote banking for women. There are enablers and barriers that originate from the mind-set of women themselves and their perspective on accessing banking facilities. These also include those issues that arise from the social and cultural settings they belong to.

Some enabling regulatory measures clearly address constraints arising from gender differences. Examples of these include the 14-point policy on facilitating flow of credit to women, reporting of gender disaggregated data and policies and programmes that improve wom-

en's access to markets through entrepreneurship and vocational skill development opportunities. Enablers also include measures like the classification of loans to women as weaker section loans, despite the inherent stereotyping of women as 'weak'. Within the banking system, commitment from leadership, autonomy to act in favour of women and increasing employment of women in banks, have been strong enablers.

Markets and regulations acts as enablers as well as barriers. The focus is on the overall numbers and the norm of 5% credit flow to women is considered adequate. The norm has not been reviewed once it was crossed. Though gender disaggregated data is reported, it is not monitored closely and seldom analysed or used for strategy. The success of SHG-BLP has been taken to mean that it is sufficient to address gender concerns. Barriers are also created by gaps in communication, technology and product features which inhibit women from fully availing the opportunities that exist. The barriers within the banking system include stereotyping of products and non-recognition of women's stake in agriculture and MSME, lack of awareness about the provisions in support of women.

(c) Innovations in Providing Enhanced Access to Women

Mann Deshi Bank and Self Employed Women's Association (SEWA) Bank were studied to understand the innovations in services to women. These women's banks have adopted a comprehensive model to serve rural and urban low-income women customers. They realise the importance of reaching out to this segment and are committed to doing so. Both have succeeded through innovations across products, strategy, systems, service delivery, training and customer education.

Both the SEWA Bank and the Mann Deshi Bank are women's co-operative banks and hence, women are central to all activities. They have recognised the varied livelihood activities that women engage in and provide an integrat-

ed set of services for enterprise development, technical assistance, forward and backward linkages, etc. They also address systemic gender inequalities that women face through financial literacy programmes. In the Mann Deshi Bank, every woman who avails a loan is provided with free financial literacy training on topics of finance management, ups and downs in business, profit and loss, customer interaction, and markets. More than 16,000 women have availed of this training so far. As early as in June 2002, the SEWA Bank introduced Project Tomorrow for members to gain skills in personal financial planning. More than 5000 women have participated in these financial literacy trainings till 2013. Entrepreneurship development, micro-pension and micro-insurance programmes are also offered in collaboration with market leaders.

Recommendations

(a) Gender Responsive Policy Formulation

Women have faced subjugation and oppression for centuries, which has created inequalities between men and women. These inequalities are manifested in the socio-economic-political and cultural areas in each individual's life. Formulation and implementation of female-friendly policies is one method of affirmative action. Such policies have been in place for decades across India. The momentum thus gained for economic equality can be a springboard for the next great leap. The study team recommends greater attention to two aspects in the preparation of policies in the financial sector:

- Explicit recognition of the differential impact of proposals on men and women.
- Understanding of the wide variations in the situation of women with regard to regional, social, educational and political dimensions.

Attention to these points at the preparatory stage will generate sensitive approaches, alive to gender aspects and differences inhibiting women from accessing banking services.

(b) Improving Policy Monitoring Systems

The monitoring system should track the changes envisaged in the key processes, such as the gender perspectives used for decision making; funds and budget allocations; provision of the required infrastructure, IT support, human resource and public acknowledgment of the progress. The use of GRB tools would be helpful in this regard.

(c) Choice of Indicators for Tracking

Indicators which are simple to understand and easy to monitor would help in achieving gender parity in availing of financial services at the branch level and within banks. Currently, all information flows upward and the branches make no use of such gender related information.

An indicator suggested is the ratio of credit flow to men and credit flow to women. Currently men avail credit at a level, which is 5 to 6 times higher than that availed by women in nearly all categories of business across the banking system. The ideal would be a ratio of 1:1, and a realistic goal would be 3:2. The goal can be restated as “for two or three loans extended to men, extend at least one similar loan to a woman”. Branches can assess their current level and plan for yearly improvement. This target can easily be explained to field staff and will quickly highlight the gender inequality inherent in the branch portfolio.

(d) Improving Gender Responsiveness within Existing Frameworks

A ‘gender responsiveness in banking’ sub-group should be set up in each district level business correspondent (DLBC) and state level business correspondent (SLBC). This group should set goals for improving credit flows to women and track their progress. It should also monitor the progress of government schemes.

Board level sub-committees should be set up within banks and goals set to increase recruitment of women. All new recruits should be provided gender sensitisation training as part of the orientation/induction and the ratio of

those not trained should be tracked over time with the aim of bringing it down to zero.

(e) Transforming Mind sets within Regulatory Bodies

Key decisions makers within regulatory bodies have to deal with the pressures generated by stakeholders’ conflicting claims. They have to be sensitised to gender and similar identity issues at regular intervals. This can be achieved by constituting a gender responsive sub-committee within the regulatory body with invited experts and individuals—women and men—from the rural and marginalised communities. RBI/NA-BARD should set up a joint standing review committee for gender responsive banking and all existing products should be reviewed using specific GRB tools suggested. Goals and targets set in the system should be reviewed.

(f) Governance in Banking Institutions

The board of a bank should constitute a gender responsiveness committee to review its own policies, portfolio of products and services, and actual service delivery at quarterly intervals. This committee should have access to external advisory support and the resources to commission independent assessments and reviews from time to time. Similarly, banks should acknowledge their commitment to women as a market segment by publishing a charter for women customers.

(g) Review of Key Managerial Processes in Banks from a Gender Lens

Key decision-making processes within banks significantly affect women’s access to services. These have to be reviewed from a gender perspective. Thus setting business goals/sub-goals, distribution and delivery channels, product development, customer support, and staff sensitisation have to be reviewed regularly. Tools such as benefit incidence and gender analysis, which were used during this study, can be applied by the banks. Recruitment, deployment and promotion of women will also be helpful. Gender indicators could be made part of the RBI audit of banks. Providing sex disaggregated data

should be made mandatory for reporting on key parameters of performance by banks (banks are already reporting on loans to marginalised communities, religious minorities, et al).

(h) Understanding and Anticipating Women’s Needs

Surveys and outreach methods will help banks to accurately assess women’s needs and design appropriate responses. This could include constant reviews of existing products to improve their features according to women’s needs such as convenience, confidentiality, guidance, and advice with regard to optimal use of the product features.

(i) Service Delivery and Customer Service

Location and accessibility of branches, ambience and waiting facilities, guidance, knowledge and attitudes of frontline staff, responsiveness and problem solving by the staff are the critical factors that need to be managed to bring more women customers to banks. Internal training and operating procedures have

to be reviewed to develop women friendly practices. Staff should be well informed about the emerging business potential of the women’s segment, the banks policies products, and services.

Quick Action Steps

Some quick measures, which can be introduced immediately, are suggested below:

- Recurring deposit rates of interest can be offered for savings under the SHG-BLP, given the long-term nature of these savings and their availability to the bank
- All gold loans, particularly agricultural gold loans where women’s ornaments are pledged, should be sanctioned to women jointly with the spouse or family members
- Gender equality campaigns in the bank branches can be organised
- Gender sensitivity and awareness sessions must be a part of all training programmes for bankers

CHAPTER 1

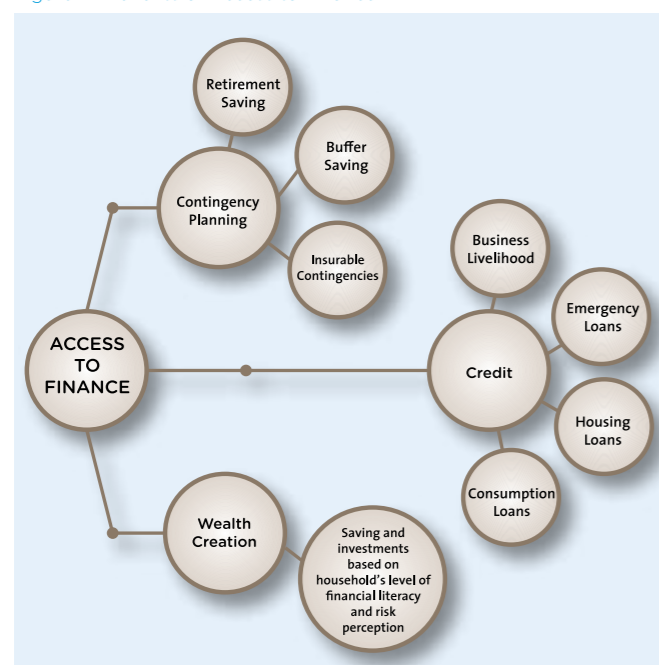
Background

1.1 Project Rationale

1.1.1 The Importance of Access to Finance

The report of the Committee on Financial Inclusion in India (GoI, 2008) defines financial inclusion “as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost”. Empirical studies offer evidence that improved access to finance is pro-growth and pro-poor and also reduces income inequality and poverty (Beck, Demirgüç-Kunt, and Honohan 2008, 2009)⁸. The Invest India Income and Savings Survey, 2007 summarises the benefits of access to finance at the household level succinctly as shown below. (Figure 1.1)

Figure 1.1: Benefits of Access to Finance



Source: Invest India Income and Savings Survey, 2007

‘Finance for All? Policies and Pitfalls in Expanding Access’⁹, a World Bank policy

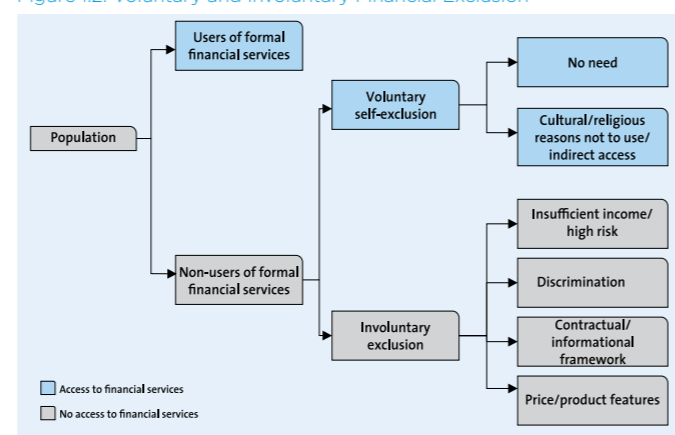
7 http://www.nabard.org/pdf/report_financial/full%20Report.pdf, retrieved on February 26, 2013

8 <https://openknowledge.worldbank.org/bitstream/handle/10986/4154/WPS4943.pdf?sequence=1>, retrieved on February 26, 2013

9 http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf

research report (2008) distinguishes voluntary and involuntary financial exclusion. The paper argues that while ‘access’ is supply driven, i.e. dependent on the availability of appropriate and reasonably priced financial services, ‘usage’ is determined by both demand and supply. The challenge for policy makers is to distinguish between voluntary and involuntary exclusion. Among those excluded involuntarily, they must distinguish between those that are rejected due to high risk or poor project quality and those that are rejected because of social discrimination, entry conditions or high unaffordable pricing.

Figure 1.2: Voluntary and Involuntary Financial Exclusion



Source: World Bank, 2008

1.1.2 Key Aspects of Financial Inclusion

A comprehensive approach to financial inclusion must address the following four aspects:

- **Access:** The ability of individuals to obtain and use financial services that is affordable, usable, and appropriate to their financial needs. The five drivers of access are proximity, affordability, appropriate product features/terms, eligibility and regulatory requirements.
- **Usage:** The regularity and frequency of adoption of formal financial services and products by individuals. The drivers of usage are mon-

etary value, relative cost, convenience and ease of documentation, with focus on removal of factors that may discourage people from using such financial services even if they are not explicitly excluded from doing so.

- **Quality:** User convenience and safety, with promotion of financial literacy among customers leading to better understanding of product features and risks by a better informed and financially-educated customer.
- **Welfare:** The impact of the service on the lives of consumers, consumption patterns, business activity, and well-being.

1.1.3 Formal Financial Services and Women

With regard to the lower usage of formal financial services by women, especially those already marginalised (in terms of economic status, geographical location, education, or religion/culture), both voluntary and involuntary factors play a great role. In “Money Matters: Reaching

Women Micro-entrepreneurs with Financial Services” (1996-97), Gloria Almeyda-Stemper identifies many cultural and social factors such as exclusion from public life, illiteracy, religious beliefs, and

lack of experience with formal institutional environments that deter women from using formal financial services.¹⁰ Berger (1989) also identifies socio-cultural constraints as one of the many features inhibiting women’s demand for credit.¹¹

1.1.4 Access vs. Usage

Bester, Chamberlain and Hougaard (2008)¹² identified barriers to inclusion on both the demand

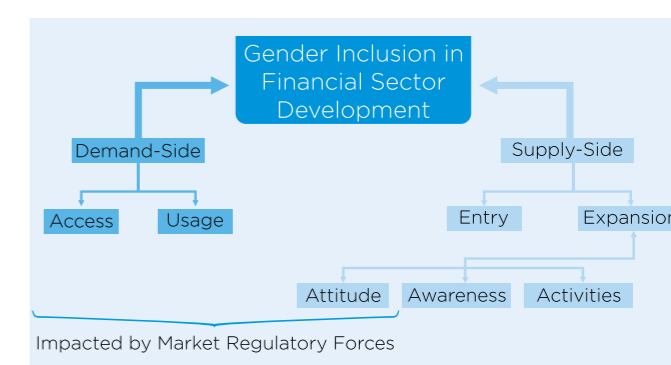
¹⁰ The document is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=918926>, retrieved on February 26, 2013

¹¹ Berger, Marguerite (1989), “Giving Women Credit: The Strengths and Limitations of Credit as a Tool for Alleviating Poverty” World Development, Volume 17, Number 7, pp. 1017-1032.

¹² Bester, H., Chamberlain, D. and Hougaard, C., 2008. Making Insurance Markets Work for the Poor: Microinsurance Policy, Regulation and Supervision – Evidence from Colombia, India, Philippines, South Africa and Uganda. Cenfri project for the IAIS-CGAP JWGM.

and the supply sides. Demand side barriers relate to access (such as affordability or accessibility) or usage (preference or levels of understanding that determine users’ choices), while supply side issues involve the entry or expansion of financial services to certain client segments. Generally, mainstream banks struggle with supply-side barriers for expanding services to “women”, arising mainly from Attitude (to serve women clients differently, if not preferentially), Awareness of women clients’ profile/needs and Activities (lack of women-appropriate products/schemes, difficult paper work etc.).

Figure 1.4: Gender Adapted Version of Bester, Chamberlain (2007) Framework of Financial Inclusion



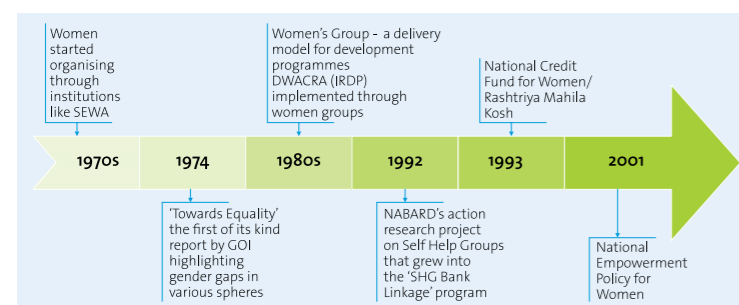
1.1.5 Gender and Inclusion in the Financial Sector in India

Despite equality principles enshrined in the Indian Constitution, gender disparities persist in access and use of basic services, including formal financial services. To address this imbalance, there have been some well-intended initiatives including the SHG BLP, the world’s largest Financial Inclusion (FI) programme for women. The success of the SHG programme has helped to ensure that 26% of all adult women in India (including the 74 million¹³ or 11% of women in India covered by the SHGs) have a formal bank account, though this is well below the global average. It should be borne in mind that access to financial services does not automatically get translated into empowerment of women or greater control over resources by them Ranjula Bali Swain,

¹³ Status of Micro Finance in India 2009-10: NABARD

2007¹⁴; Karubi, 2006¹⁵). The Bharatiya Mahila Bank or Indian Women’s Bank, was launched in 2014 to further this aim of providing better financial services for women.

Figure 1.5: Significant pro-women initiatives for their economic empowerment



It is in this context that UN Women partnered with BASIX in August 2012 to undertake detailed research on gender analysis of banking sector policies and financial products and services in India.

1.2 The Project

This study is aimed at enhancing awareness and understanding of the existing literature, policies and schemes addressing gender concerns in the financial sector, particularly the banking sector. The scope include services to various segments such as women from rural, urban, poor, entrepreneurial, Scheduled Caste and Scheduled Tribe backgrounds. Gender issues in banking sector policies, require analysis at two levels:

1. Identifying and addressing inherent discrimination in the design and delivery of financial services in a gender responsive manner. It may be argued that banking sector policies fall under the 'gender neutral' category, but they need to be inspected from the angle of gender and related socio-cultural factors
2. Examining and ensuring that improved access translates into women's empowerment and improved well-being rather than feminisation of debt, increasing women's burden of work, or reinforcing stereotypes

¹⁴ Can Microfinance Empower Women? Self-Help Groups in India: Ranjula Bali Swain, Department of Economics, Uppsala University
¹⁵ Development, Micro-credit and Women's Empowerment: A Case Study of Market and Rural Women in Southern Nigeria: Nwanesi Peter Karubi, University of Canterbury

The objectives of the study were therefore identified as follows:

- (i) Review select banking sector policies from a gender lens
- (ii) Identify barriers in banking for securing women's right to financial services
- (iii) Review the appropriateness of financial products for women's empowerment
- (iv) Review monitoring and evaluation systems of financial services from a gender lens, and to assess the applicability of Gender Responsive Budgeting (GRB) tools for this purpose
- (v) Document select innovations in processes, mechanisms and products for vulnerability reduction (e.g. pensions, insurance) and for women's economic empowerment

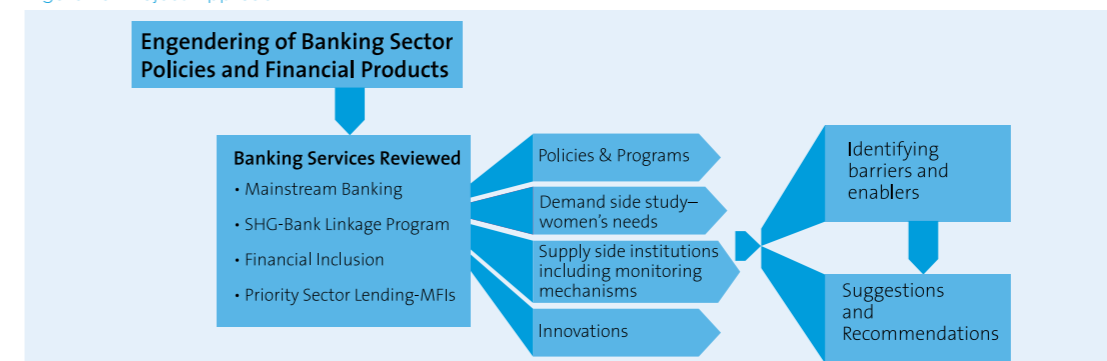
1.3 Project Approach

A review of the current levels of gender mainstreaming in different aspect of banking in India as listed below, was undertaken:

- Mainstream banking
- SHG-BLP and SGSY
- Financial inclusion (no-frill accounts) mainly through the lead bank scheme and business correspondent model
- Priority sector lending to MFIs that, in turn, lend to women through various established microfinance channels

Figure 1.6 Summarises the project approach. The focus was specifically on 'women in rural areas falling in the poor category' as a client segment. The period for analysis was 2006 to 2013. The findings pertain to policies and programmes, financial products/services, practices within the banking sector, and perceptions/needs of women clients. An attempt to derive pointers for actions from the findings has been made.

Figure 1.6: Project Approach



1.4 Project Methodology

Table 1.7: Project Methodology

Data collected on	Through	Tools employed for analysis
I. POLICIES and PROGRAMS		
<ul style="list-style-type: none"> • Existing women-centric policies/programmes • Action flowing from these policies at various levels in the banking sector • Targets and achievements in these programmes/schemes 	<ul style="list-style-type: none"> • Secondary research • Primary research through key informant interviews associated with policy formulation to understand how they examined the gender aspects (particularly in RBI, NABARD) 	<ul style="list-style-type: none"> • GRB Tools
II. SUPPLY OF BANKING SERVICES TO WOMEN		
<ul style="list-style-type: none"> • Products and options available to women: nation-wide and bank specific • Products selected for study based on: <ul style="list-style-type: none"> – business significance (for banks) – innovative features and benefits – Their relevance for women • Measures by banks to enable women to make informed choices about financial services/ products 	<ul style="list-style-type: none"> • Secondary research • Primary research through interviews • Detailed study of different categories of banks through field visits. Banks selected are: <ul style="list-style-type: none"> – Canara Bank – Assam Gramin Vikas Bank (RRB) – Chandrapur District Central Cooperative Bank – Mann Deshi Bank – Krishna Bhima Samruddhi Local Area Bank – State Bank of India – SEWA Bank (secondary resources only) 	<ul style="list-style-type: none"> • Need-Feature-Benefit Analysis – Mapping of product features – core, augmented and enhanced – Kotler's model of product development • SERVQUAL framework
III. DEMAND FOR BANKING SERVICES AMONG WOMEN		
<ul style="list-style-type: none"> • Financial needs of different categories of women • Usage of banking products and services particularly the women-centric SHG BLP/SGSY • Other avenues tapped by women for financial needs • Impact of products on women's wellbeing and empowerment 	<ul style="list-style-type: none"> • Secondary Research • Focused Group Discussions 	<ul style="list-style-type: none"> • Analytic Hierarchy Process (AHP) • RATER Scale framework

Data collected on	Through	Tools employed for analysis
IV. MONITORING & EVALUATION		
<ul style="list-style-type: none"> • Sex disaggregated data collection and analysis • Availability of requisite infrastructure, expertise, technology and personnel • Developing indicators for monitoring progress on access to finance for women 	<ul style="list-style-type: none"> • Secondary research • Primary data collection during visits to selected banks 	<ul style="list-style-type: none"> • Log Frame Analysis
V. INNOVATIONS		
<ul style="list-style-type: none"> • Distinctive and replicable efforts by government and private parties in facilitating women's access to finance in the country, and other similar economies. 	<ul style="list-style-type: none"> • Secondary research • Interactions with bank officials during field visits to selected banks • Telephonic interviews 	<ul style="list-style-type: none"> • GRB tools

A profile of the Project team and Advisory group is presented in Annexure I and a List of key informants interviewed is attached in Annexure II

Each bank has a specific rationale and mandate for operation. To understand category-wise differences on the 'appropriateness of products' for women, one Public Sector Bank (PSB), one Regional Rural Bank (RRB), one District Credit Cooperative Bank (DCCB), one Local Area Bank and one Women's Bank was studied. The selection was based on a combination of empirical considerations and the willingness of the bank to participate in the study. Canara Bank was selected amongst the PSBs because it has the highest percentage of credit to women among PSBs. The Assam Gramin Vikas Bank (AGVB) provided the opportunity to study a successful large RRB bank in North East India. The Chandrapur District Credit Cooperative Bank (CDCCB), in an underdeveloped region, had the distinction of being among the leading banks in SHG-BLP in Maharashtra. Mann Deshi Bank was selected as an example of a Women's Bank that has made great strides in reaching women in a short span, and KBS LAB, one of the four Local Area Banks in the country that has a microfinance and 'woman client' mandate.

1.5 Tools Used for Analysis

The following tools have been used in the analysis of data/information obtained from various sources during the course of the study.

- **Gender Responsive Budgeting Tools:** To analyse policies that affect women's access to credit.
- **Need-Feature-Benefit Analysis:** To showcase how the tools can be used for improved product development and thereby enhance the value of banking services to the women's segment. (Annexure III)
- **SERVQUAL framework:** A tool to measure the gap between customer expectations and experience. (Annexure IV)
- **Kotler's Rings of Product Development:** A tool to map features of products as they exist today and how features can be modified to make the product gender responsive (Annexure V)
- **Analytic Hierarchy Process (AHP):** To analyse the financial priorities/needs of women, based on Focused Group Discussions with women clients. (Annexure VI)
- **Log Frame Analysis (LFA):** For objectives-oriented project planning and management. It highlights three levels of results (Outputs, Purpose and Goal). (Annexure VII)

The report covers our findings and offers our suggestions to move towards a better gender balance in access and usage of formal financial services.

CHAPTER 2

Differentiating the Financial Needs of Women- Barriers and Constraints

The work of Stuart Rutherford has amply established that ‘poor people lead complex intensive financial lives’. Until recently, it was widely assumed that poor people, because of their low incomes, did not require services for savings. There is sufficient evidence from recent studies to show that such a view is erroneous¹⁶. The low income group is in fact the primary driver of intense financial activity. Much of this financial diaries research on poor people’s financial lives was conducted at the household level and includes an intra-household analysis. Feminists have long argued that a household level analysis masks the inequalities in the household and gives the perspective of the household head. Women-specific understanding, concerns and activities remain hidden and only the voices of men are heard and become the reference for policy and action.

2.1 Literature Review

2.1.1 What Difference Does Being a Woman Make?

Sexuality and the division of labour are two critical differentiators that define ‘gender’ in society. A gendered division of labour prescribes that women are responsible for reproduction and care giving. When they have the added responsibility of contributing to the income of their family, they suffer the double burden of unpaid household work and paid employment. In poor communities, women’s lives are marked by experiences of discrimination and inequality within the household and outside with regard to work, ownership, control over assets and resources and life expectancy. Further, women are not a homogenous unitary group; there are differences among women based on age, caste, class, ethnicity, geography, sexual

preference, occupation, education and so on. Women’s identities and interests emerge from within these complexities and are distinct from those of men.

2.1.2 Economic Consequences of Gender on Women

Notwithstanding the many differences among women, their economic situation remains distinct from that of the men in their families. Some of the economic consequences for women because of the gender differentiation are as following¹⁷:

- Women are responsible for physically taking care of their children and this affects their employment patterns. They do part-time work, drop out of the labour market, work in the vicinity of their home, etc. and as a result do lower-paying jobs.
- They are confined to certain kinds of jobs at lower levels of the workplace hierarchy and earn less than men due to gender discriminatory labour markets.
- Women are less qualified in formal terms and are therefore employed in the informal sector with the insecurity of employment, low wage, a lack of social security, and an absence of pension.
- They rarely own physical assets such as land and house. In addition, their gold jewellery is controlled by the men and used as collateral to get loans.
- Women earn from a variety of smaller scale economic activities, with lower profit margins to balance their household responsibilities with income generation. The ‘portfolio’ could include part-time wage work, micro-entrepreneurship, local sale of

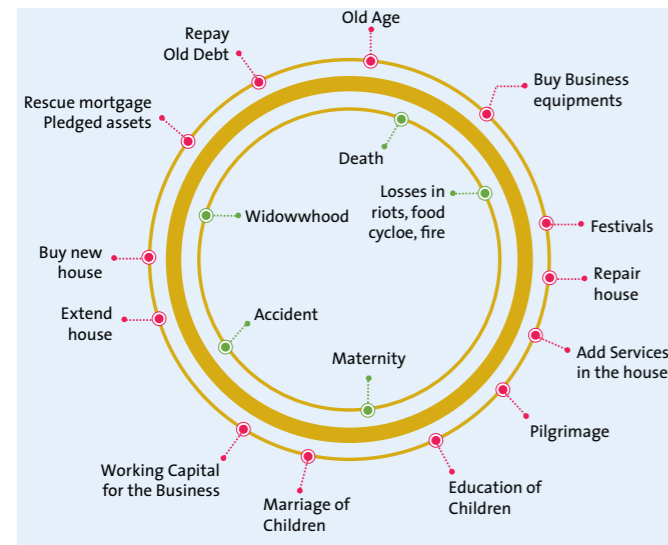
¹⁶ Jonathan Morduch (2010): Microfinance’s Social Impact - Cutting Through the Hype; Microfinance Club of New York; NYU Financial Access Initiative

¹⁷ Some of the points are drawn from ‘Promoting Women’s Financial Inclusion- a Toolkit’; UK Aid and GIZ on behalf of BMZ-Federal Ministry for Economic Cooperation and Development (2012)

household poultry, milk, and processed milk products and the sale of small animals such as goats and pigs.

- Women farmers are known to grow more food crops than men farmers, who are known to favour cash crops.
- Many women farmers have little or no access or control over amounts received from the sale of farm produce as men in farming families are in charge of selling the produce.

Figure 2.1: Women Specific Lifecycle Needs



The high economic vulnerability of women resulting from low incomes, precarious control over resources and assets and gender-specific constraints results in distinct financial needs, and shapes their identities. In other words, “because of who they are, where they are and what they do, women’s financial needs and how they use financial services differ from that of men.”¹⁸

2.1.3 Women’s Financial Needs: A Conceptual Framework

The Women’s World Banking (WWB)’s approach, which derives women’s financial needs from an understanding of women’s life-cycle and risks is a useful starting point for understanding women’s needs.¹⁹ When gender-specific life-cycle needs suggested by the WWB

¹⁸ Heather Clark. Women and Their Money: Making Financial Services More Useful to Women. Feb 2012. Case Study No. 14. SDC’s Thematic Case Studies
¹⁹ Heather Clark. Women and Their Money: Making Financial Services More Useful to Women. Feb 2012. Case Study No. 14. SDC’s Thematic Case Studies Series Employment + Income Network

are coupled with the additional dimensions of emergency needs and for seizing opportunities²⁰, women’s financial needs become clearer. To satisfy financial needs arising from one or more of the three categories of needs or their intersection, the poor have to either save or borrow.²¹

2.1.4 Women’s Financial Behaviour

Women’s World Banking (WWB) has pioneered research on women’s financial needs and behaviour to promote financial services catering to women. Feminist economists and others have also begun to examine the differences between men’s and women’s financial needs and behaviours. Research studies show that women have adopted certain common financial attitude. Diana Fletschner and Lisa Kenney²², highlight the innate behavioural differences among men and women, particularly the risk taking ability, while assessing the adequacy of financial products. Heather Clark mentions, “...as primary care givers in the household, women often sacrifice greater investment in their businesses to care for children. They use loans, savings and insurance - when available - to manage risks for the family. They take more time to make financial decisions and want more information about financial products. Women value confidentiality, even within the household. In many countries and in rural areas women have limited mobility. Women save constantly and in small amounts. They invest in children’s education and build the house - often block by block - to provide some security in old age when they are more vulnerable to abandonment.”²³

²⁰ This is drawn from Stuart Rutherford’s thesis that the poor engage in financial activity to meet life-cycle needs, emergencies and for seizing opportunities. Opportunities can be seen as needs that arise from requirements to improve life for self and the next generation. See Daryl Collins, Jonathan. Morduch, Stuart Rutherford, Orlanda Ruthven ed. Portfolios of the Poor. Princeton University Press, New Jersey, USA. 2009.
²¹ ibid
²² Fletschner Diana and Lisa Kenney; Rural Women’s Access to Financial Services; ESA Working Paper No. 11-07 March 2011; Agricultural Development Economics Division; The Food and Agriculture Organization of the United Nations
²³ Heather Clark: Women and Their Money: Making Financial Services More Useful to Women; WWB and Swiss Development Cooperation (SDC); Case Study no. 14, February 2012

Some of the important and widely observed financial attitudes of women are²⁴:

- Women’s household expenditure differs from men regarding the goods they buy, amount they purchase, method and sources of shopping, etc.
- They spend almost their entire income on the household unlike men, who spend more on personal needs such as alcohol, tobacco consumption, and leisure.
- Women would rather control their earnings than worry over the amount of income.
- Women save small amounts, with a greater frequency and with informal sources so that these savings will escape the notice of

their husbands and are accessible for their independent use.

- They are known to be more averse to higher risk investments because of their greater vulnerability and lack of control over assets.
- Women have a stronger preference for financial products designed to help them save in a safe, secure environment, and insure them against risks. They also prefer to borrow in ways that do not jeopardise their assets.
- Women forego greater investment in their business to care for their children.
- They use a variety of financial instruments, loans, savings, and insurance, whenever available, to manage the risk in the family but these differ from men (See Table 2.1 below).

Table 2.1: Preferred Source of Finance in India: Men vs. Women

Preferred source/option	Loans and Savings		Preferred source/option
	Men	Women	
Basic			
<ul style="list-style-type: none"> • Current earnings • Hand loans from friends • Money lenders, govt schemes, bank loans • Chits, post office, recurring deposits in banks, goats, poultry 	<ul style="list-style-type: none"> • Fees, Rent • Eases Consumption • House site, construction • Savings for major commitments 	<ul style="list-style-type: none"> • Food • Eases Consumption • House site, home repairs • Small savings 	<ul style="list-style-type: none"> • Current earnings • SHG loans • Govt schemes, money lenders • Bank, investment in gold, land and in informal finance companies
Livelihood			
<ul style="list-style-type: none"> • PACs, Coop banks • Commercial bank, RRBs Co-operative banks • Savings, friends and relatives • Bank loan • Govt schemes, KVKs, KVICS, RSETIS, FLCCS, NGOs etc 	<ul style="list-style-type: none"> • Land development, purchase • Crop expenses • Investment in business, livestock • Working capital • Skill development 	<ul style="list-style-type: none"> • Skill development and financial literacy • Margin money • Working capital 	<ul style="list-style-type: none"> • NGOs/ RSETIS/FLCCS • Savings, govt schemes • Bank, MFI, SHG
Lifestyle			
<ul style="list-style-type: none"> • Finance from dealers, bank loans 	<ul style="list-style-type: none"> • TV, Motorcycle, 	<ul style="list-style-type: none"> • Gas, water filter, mixer, grinder, jewellery 	<ul style="list-style-type: none"> • Instalment schemes, chits by retailers
Social			
<ul style="list-style-type: none"> • Money lender, sale of small asset 	<ul style="list-style-type: none"> • Children’s marriage, Funerals 	<ul style="list-style-type: none"> • Guests, Pujas, Festivals 	<ul style="list-style-type: none"> • SHG loans, small savings, hand loans

Source: Cumulative knowledge of consultants on women’s needs, backed by secondary research

²⁴ The list is sourced from the following articles. Solutions for Financial Inclusion: Serving Rural Women, WWB Focus Note; Gender Effects on Aggregate Savings; Maria Sagrario Floro and Stephanie Seguino (2002); ESA Working Paper No. 11-07, 2011, FAO; Heather Clark: Women and Their Money: Making Financial Services More Useful to Women, (2012) Case Study No. 14; SDC’s Thematic Case Studies.

- Women borrow for short-term goals.
- When women are responsible for the wellbeing of their families, their saving goals vary

based on their stage of life and the ages of their children.

- Women in their role as mothers are responsible for feeding their children and have to balance spending for current consumption against saving for a lean period.

Women's financial behaviour assumes significance because providing women greater access and control over financial resources has a greater impact on improving the livelihoods of a poor family. They tend to allocate greater resources to food, health, education and clothing.

2.1.5 Providing Appropriate Products and Services to Women

WWB maintains that understanding potential issues in a household, especially the gender dynamics and being able to respond with appropriate products is the key to serving women.²⁵ The first step in providing financial services to women clearly is to listen to them and assess their needs. Beyond the principle of identifying women's needs, WWB offers nine suggestions on appropriate products for women. These are as follows²⁶:

1. Time and mobility requirements need to be acknowledged
2. Confidentiality has to be ensured
3. All levels of literacy must be accommodated
4. Documentation and collateral requirements should be sensitive so that their burden (either monetary or socio-cultural) does not exclude prospective clients
5. Offer a variety of loan sizes and structures
6. Tailor marketing strategies to reach women
7. Create a brand position that respects women
8. Ensure Gender Positive interactions as part of an institutional culture
9. Offer a full suite of financial products

The SHG BLP, the main programme for the FI of women, works as a device to ease consumption pressures, which takes care of many

²⁵ Solutions for FI: Serving Rural Women; WWB
²⁶ Women's World Banking White Paper on Providing Women Access to Financial Services in Response to Proposals by the G-20 Financial Inclusion Expert Group (2012).

small sporadic needs and at times for small investments. It also brings in the component of compulsory savings, which is a major attraction for women. Baden (1996)²⁷ asserted that women's high level of participation in RoSCAs (Africa's equivalent of SHGs in India) is partly explained by their forced savings function. Given their secondary status within the household, which negatively impacts their bargaining power, women may not be able to resist encroachment on their reserves when these are kept in a fungible cash form.²⁸ Banks could look at marketing their recurring deposit products to address this particular challenge women face. Currently, the recurring deposit and other savings products from the banking system are not marketed emphatically and safety is not emphasised (unlike chit funds²⁹ and other such 'finance schemes').

Women have repeatedly expressed their specific expectations about efficient service delivery. These include conveniently located service points, responsiveness, and empathy of the staff at outlets and the cost of the service. The literature review so far has been drawn from research on women across the world, including India. However, the information available in the secondary sources on the needs of poor Indian women is limited. Gathering additional information for this paper has provided an opportunity to fill this gap.

2.1.6 Primary research

The primary research was aimed at understanding the range of financial needs of women located in different areas. The identification of commonalities and differences among women, it is hoped, will enable the development of a bouquet of products that cater to a larger cross

²⁷ <http://www.bridge.ids.ac.uk/sites/bridge.ids.ac.uk/files/reports/re39c.pdf> accessed in February 2013
²⁸ Women's World Banking White Paper on Providing Women Access to Financial Services in Response to Proposals by the G-20 Financial Inclusion Expert Group (2012) 52
²⁹ According to Chit Funds Act, 1982, a chit Fund is a kind of savings scheme prevalent in India which involves a transaction under which a person enters into an agreement with specified persons where each one shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical instalments over a definite period and that each such subscriber shall, in his turn, as determined by lot/auction/ tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount.

section of women. The primary research used FGD). Eight FGDs were conducted, of which seven were with women members of SHGs and one with NGO staff. In two of the FGDs, the AHP was used to rank the saving needs identified. The FGDs were conducted in Kolar district, urban Bangalore in Karnataka, and in the semi-urban and rural areas of Chandrapur district, Maharashtra. The FGDs in urban Bangalore were with the customers of Canara Bank, while the FGDs in Chandrapur included members of SHGs formed by a variety of banks such as the CDCCB, the RRB, and ICICI Bank. The selection of localities and participants was done to ensure that the women members represented a variety of categories of caste, poverty level, occupational status, rural/urban location and region.

Focus Group Discussions Findings

Tribal Wage workers and Subsistence Farmers

Tribal women from households with marginal landholdings, and landless tribal women from Gondsavari, earned most of their income from wage work through either agriculture or the government's livelihood schemes. Some landless women migrated seasonally to the nearby regions of Wani and Yeotmal to work on soybean and cotton fields. Many tribal women had additional seasonal occupation based on collecting mahua flowers and tendu³⁰ leaves from the forest. These women did not rear goats or cattle since cattle grazing would be an impediment to their regular farm or wage work, and thus they did not seek dairy loans. Their income, in spite of having marginal landholdings, was generally poor and only limited savings were possible for them; they saved primarily to buy ration/food from fair price shops during the periods of unemployment. When individual savings did not suffice the purchase of food from fair price shops, they took loans from their SHG. They also took loans from it for medical expenses. They saw no need to save for the education of their children because their children went to government school

³⁰ Mahua flowers and Tendu leaves are Minor Forest Produces (MFPs)

hostels. A few women belonging to families with marginal landholdings also took loans from banks, through the SHG, to purchase seeds and fertiliser for agriculture. Some mentioned taking loans to build houses on sites from the government, supplementing the grant from the government.

Entrepreneurial Women Farmers

SHG members from households involved in cultivation in Gondsavari saved primarily to meet the expenses of illnesses and children's education. Vegetable cultivation and vending these vegetables in the nearby town of Chandrapur was an important occupation for eight months of the year for them; for the remaining four months, they cultivated rice. Several women had saved sufficient amounts to pay for the capital needs of family agriculture, house repair, children's education, purchase of milch cattle, etc. In addition, they felt it was important to save towards a secure old age. They fulfilled consumption needs through the internal lending of their SHGs; they did not seek loans from banks for this. SHG loans also took care of medical expenses. They were keen to borrow from banks to invest in expanding agriculture and a secondary non-farm business. Several groups took more than one loan cycle; the maximum amount availed being INR 60,000. Interestingly, women mentioned that they needed to save in order to get loans: "Without SHGs they will not consider any loans". This sentiment was widely shared by the other women in the FGDs, including those active in SHGs for over 15 years, and owning farms. Some were aware of a loan scheme of up to INR 1,00,000 for house construction available to men and wanted a similar product for women.

Housewives and Self-employed Farmers

Homemakers from cultivator families of Shindewahi agreed that saving for medical expenses was a priority. They saved for children's education, agricultural investment, house construction, old age security, and daughter's/ children's wedding (similar to their Gondsavari sisters). Many women in the Shindewahi

did not have their own source of income, and were very enthusiastic about the proposal to pay women a monthly salary for their role as homemakers. Despite lacking independent income, these women have saved and taken loans through the SHGs for agricultural investment, debt repayment, children's education and household emergencies. The Shindewahi group included wives of salaried workers, micro-entrepreneurs, and women from cultivating households with mixed income status. Some were sufficiently well off to buy gold with their savings: others saved

to take care of routine household expenses such as food and LPG cylinders during lean periods. Few women entrepreneurs borrowed for their own enterprises, or the household businesses. They also saved in banks through Recurring Deposit (RD) schemes and Fixed Deposit schemes, though none had availed loans from banks. Only one woman had taken a gold loan. The view was that banks did not give women separate loans because of collateral, and because 'people are patriarchal even now'. The table below gives their ranking of saving needs.

Table 2.2: AHP Findings – Ranking of Financial Needs of Women

Sample/ Need	Child educated	Health	Investment in business / agriculture	House construction	Old Age	Children's wedding	Backup for Food & other HH Expenses
Shindewahi PACs/ SHGs	3	1	4	6	5	2	7

Table 2.3: Composition of Participants in FGDs

Location and Number of women	Age Group	Education	Caste/Tribe	House hold Land Owning	Occupation and Income source
Karnataka-Vishwanathapura 50km from Bangalore city					
Rural, Above Poverty Line (APL) -20	Few below 25; most older than 40	Illiterate, illiterate, SSC, literate, SSC, HSC. Graduate-semi-literate, SSC, HSC	Middle castes, Upper castes, Muslim (1)	Land-owning	Agriculture, dairy, micro entrepreneurs
Rural APL-20	Mostly 25-40 yrs; only 2 older-60+	HSC. Graduate-semi-literate, SSC, HSC	Upper and Middle castes, and Muslim (1)	Land-owning	Grocery store, medical store, tea stall, widow pension, wage labour National Rural Employment Guarantee Act (NREGA) Agriculture, dairy, petty business shops, corner store, grocery, fancy items
Maharashtra: Nehru Nagar 2km from Chandrapur cleared forest land					
Semi-urban, APL -10	5-6 young women mostly 20-25 yrs; 4 above 45-50	Illiterate, literate, SSC HSC.	OBC)/ Christian	Own houses, meeting place not pucca-mud flooring, tin roof	Firewood, embroidery, floor mats, tailoring, selling vegetables, bangles, Salaries, skilled labour e.g.: mason, petty/micro business, non-farm labour
Maharashtra: Indiranagar-3 km from Chandrapur					

Location and Number of women	Age Group	Education	Caste/Tribe	House hold Land Owning	Occupation and Income source
Semi-urban, APL-18	Few below 30 most 30 – 50	Illiterate, literate, SSC completed	SC/ OBC/ Muslim/STs	Own houses pucca walls, varied flooring and roof tin/ tiles/ concrete.	Firewood, embroidery, floor mats, tailoring, selling vegetables, bangles, skilled labour, non-farm labour, employment
Maharashtra: Shindewahi, Chandrapur district					
Semi-urban, APL-13	Mostly 30-50, few in 20s or above 50	Illiterate and literate, attended school	OBC/ Muslim	Of 13, 3 own house and 3 own land	Landowning, salaries, farming, home-based entrepreneurs - e.g. masala business
Maharashtra: Gondsavri-60 km from Chandrapur					
Rural, Mixed, 15	Most-30-50, few younger and two above 60	Illiterate, leader literate	ST/SC	Marginal and landless	Farming, wage work, seasonal migrant labour, selling firewood and vegetables.
Rural, APL-15	Mix of 20-30 and 40-50 yrs	Illiterate and literate, SSC completed	OBC	Landed households	Women farmers own lands, selling vegetables in town

SSC: Senior Secondary Level of Education HSC: Higher Secondary Level of Education (13 years of schooling); OBC: Other Backward Castes; APL: Above Poverty Line; BPL: Below Poverty Line; SC: Scheduled Castes; STs: Scheduled Tribes.

Dairy Farmers from Landowning Families

This group included women from the two SHGs in Vishwanathapura³¹ Branch of Canara Bank. One SHG was 12 years old and the other less than five years. Most were middle class from landholding families, though there were at least four-five from households without land. Dairy was the predominant occupation, along with businesses such as clothes shops, grocery stores, medical stores, and tea hotels. Two were wage workers, in agriculture and NREGA, while one widow received a government pension and had availed SHG loans.

Out of the twenty women, at least nine had taken an emergency loan and two had spent it on marriage, one on a hotel business, and six for medical expenses. Further, ten women had taken loans for constructing or repairing their

house. In addition, they had taken a gold loan, and this was used by five women to purchase cows; by one to buy goats; by two to dig bore wells; by one for non-farm business; by two for medical expenses and by two for marriage. During discussions, women mentioned school fees, food cost, monthly expenses on electricity and LPG cylinder payments, and medical expenses as reasons for taking loans. 50 % said they had spent more than INR 3000/- in the previous year on medical expenses, and three women mentioned medical insurance, while two women had life insurance. The group was keen about old-age pension schemes like the Sandhya Suraksha Yojana.

Young Rural Entrepreneurs

The second group of 15 women, mostly around 30 with very young children, had formed the SHG 15 months back to access credit through SHG-BLP for business. After saving INR 50 per week and accumulating INR 56,000/- they took

³¹ Vishwanathapura, though a rural area being very close to Bangalore city, has some semi-urban characteristics such as high land prices, access to markets, good roads and transportation, etc.

a loan through the SHG-BLP. They paid off this loan within six months to seek a larger loan of INR 400,000 to start a group enterprise of sanitary napkins, paper cups or spices. However, the Branch Manager refused a loan of more than twice their savings and they reacted by threatening to shift their accounts to another bank. He then gave them the required loan.

In this group all, except two older women, had attended school. Many had completed SSC and HSC and the leader was a graduate. They all had enterprises - either sale of milk or petty shop, provision store or fancy items store. Net income of these women ranged from INR 1000 to 2000 for the women owning cows/buffaloes; INR 300-5000 for petty shop and provision store; and INR 7000 for the fancy items store owners. All of them were from landowning families.

They had used their first loan for either business expansion/diversification or for purchase of cattle, renovation of house, or purchase of gold for a daughter's marriage. Besides establishing group enterprise, they wanted to avail of loans for children's higher education, business expansion, building of house, repayment of an earlier loan, and purchase of a vehicle. Several had savings with the Post Office, or in the bank as Recurring Deposit Accounts and Fixed Deposits. Some also purchased a Life Insurance policy.

In spite of being relatively well off they stated that given the expenses for children's education, they did not have any money to purchase gold; they had dreams of enrolling their children in professional programmes of medicine, engineering, law, and computer science. They complained about the considerable money they were spending on health and medicines. Of the 11 women present, eight (70%) had incurred expenses greater than INR 3000 as medical expenses in the previous year and three had medical expenses of INR 10000, INR 6000 and INR 7200 for the same period.

Young Urban Entrepreneurs

The Nehrunagar SHG members were reluctant to get a loan from the bank because of the risks joint liability imposed, and the tedious paperwork requiring all members to go to the bank. They were largely from middle castes and APL category, but with limited family income (except for one elderly woman) and therefore women's earnings were welcome. They mostly engaged in rearing goats, ironing clothes, and tailoring from home. The women felt they had to save for their children's education and marriage, illness and for old age.

One member used her savings from her recurring deposit account to buy a 'pico and fall' machine to start an enterprise at home. These women were categorical that they did not save to buy gold: 'How can we buy gold? We have so many regular financial problems/needs in the house and our wages do not increase ... purchasing gold is the business of the salaried.' They borrowed from the SHGs for medical expenses, daughter's maternity expenses, daughter's wedding, construction of toilet, purchase of essential food items, payment of the monthly electricity/utility bills and house repair.

The five-six women, aged 20-22, educated till Class 10, were keen to begin a collective enterprise; though their attempt to start production of bags, after training with an NGO, did not come to fruition.

Scheduled Caste Urban Entrepreneurs

Most women in the FGD at the urban locality of Indiranagar were from the SC community and two were Muslim women. Most were either employed as wage workers or had their own enterprises. Their occupation included collection and sale of firewood, vegetable cultivation and vending, sale of bangles and readymade garments, tailoring for individual customers and a boutique, embroidery, stitching floor mats, construction work, and facilitator of the SGSY programme. The women had availed of SHG and MFI loans for investment in enterprise and children's education.

They did not seek loans from banks because 'innumerable signatures are required' including PAN Card, ration card, introductory letter, proof of residence, Aadhaar card, house-tax receipt, and electricity bill.

Besides saving in SHGs, the women also saved a part of their income either in regular savings accounts, recurring deposits, or chit funds. Savings were used for children's education, business enterprise, weddings, construction of toilets, medical expenses, household gadgets, to keep as reserve, and to build a nest egg as old age security. As in the other groups, there was a strong desire to have access to cash for individual expenses for the present and for security in old age.

2.2 Discussion and Analysis

Analytical Hierarchy Process

The most striking finding was the high priority women accorded to the need of saving for medical expenses, saving for children's wedding and education being second. Women consistently mentioned the high expenses incurred on health, even in the groups where they were not requested to rank their priorities. In each group, there were a significant number of members who had either borrowed or used savings to take care of large medical expenses.

The process of ranking and settling of preference wasn't unanimous. The discussion, within the Shindewahi group, regarding the relative importance of saving for house construction and business investment was prolonged and heated. Women from salaried families, who were relatively better off, ranked the need for house construction higher than the need to invest in business, while women with their own non-farm businesses or those from households with non-farm businesses were clear about the need to expand the business for better earnings and an improved lifestyle. The same group also engaged in lengthy and animated discussion about the importance of saving for children's education and children's

marriage - the opinion differing based on the different stages of their life cycle, determining their perception and need -- revealing the interplay between the three axes in a woman's life: life cycle needs, emergency needs and need to seize opportunity.

Focus Group Discussions

Women's needs showed a wide degree of diversity. The differences and similarities were so randomly distributed that they cannot be attributed to any single parameter such as age, caste, urban status, etc., thus making it difficult to reduce the diversity of financial needs into simplified categories. The findings reflect the complexity of their lives due to a multiplicity of characteristics such as social categories, geographical location, and individual attributes such as age and education.

Women's experiences with banks were more uniform within and across groups as compared to their needs. Women agreed that it was next to impossible to get an individual loan from the banks as they either did not have collateral (true for most FGD participants) or were unable to endure the tedious, expensive and time-consuming process. Another reason was 'people's patriarchal mindset'. Several women shared that they had initially felt scared visiting the banks, but over time they had gained confidence and now regularly interacted with the bank, both on behalf of the SHG and as individuals. Most women felt that the bank staff were helpful and treated them well. There were no complaints about transactions with the banks either. Women in rural areas felt it was easy to get a loan from the bank through an SHG but women from semi-urban locations complained about hassles like the expenses involved and time taken in getting a loan from the bank. There was dissatisfaction among some women regarding the limited amount of an SHG loan.

Commonalities...

Women are Workers: Though a majority of the women were earning an independent income, the most striking feature of the

FGD participants was that all poor women were “workers”.

Women Save: Each and every woman in the group had a habit of saving. They saved with a variety of institutions, at home under the bed, in the SHG, in local chit funds, in banks and with private financial institutions. Instruments preferred were fixed deposits, recurring deposits, saving accounts, high-risk saving deposit schemes of private financing companies, and insurance-linked schemes.

Need for Additional Funds: All the women needed “additional funds” over and above their current income and therefore borrowed from different sources. This was equally true of the poorest and the not-so-poor across the groups - the tribal women wage workers from Gondsavari borrowed from their SHGs and so did the “housewives” from Shindewahi.

SHGs - Trusted and Frequently Accessed Source of Funds: Besides saving regularly in the SHGs, all women had at some point in time used the internal lending facility of their SHG.

Periodic Withdrawal of Funds from SHG-Savings Account in the Bank: Women across the board mentioned that they regularly withdrew all their SHG savings from the banks and used the amount to take care of large expenses or investment.

Financial Transactions for Family Needs: Most of the women’s savings and borrowings were for fulfilling the needs of the family -- better food consumption, investment in the family’s farm or non-farm business, constructing or repairing of house, children’s/grandchildren’s education, setting up a venture for a son, or a medical emergency. Even the miniscule number of women from the ‘salaried’ families who saved for “gold”, were accumulating it for a daughter’s wedding and not for themselves.

Confidentiality and Independence - Critical Needs: Women made it a point to save/keep

aside at least some amount of money away from the knowledge of others so that they had control and autonomy over it. This seemed essential to maintain their sense of “independence”. Achieving some semblance of financial autonomy was easier for independent earners but rural ‘housewives’ with no earnings in cash keenly felt the absence of having their own savings as their husband maintained that the ‘saving’ by these women were in fact not “theirs” to claim. Therefore, they were enthusiastic supporters of the government’s proposed scheme of paying women a monthly income for housework to which they could lay claim as earned income.

Concern for Security in Old Age: Women strongly articulated a need to save for security in their old age to ensure some independence, or as an incentive to others to care for them. This is the most explicit indicator of their need for financial security. Participants in all the seven FGDs made it clear that saving for their old age was important. SHG members in Vishwanathapura were very enthusiastic about the Sandhya Suraksha Old Age Pension scheme to be introduced by Canara Bank for old-age security.

Funds Accessed for Varying Periods, from a Variety of Sources and Using a Mix of Instruments: Women’s saving and borrowings activities were seen as a strategy to achieve short-term, medium-term and long-term goals. Women’s need for cash and the period over which it was required varied. The women we met needed a variety of financial products, instruments and sources to achieve these varied goals. When individual savings did not suffice purchase of food from fair price shops, Gondsavari tribal women borrowed from the SHG. The Gondsavari middle-caste women farmers also borrowed from the SHGs to smoothen food-buying and emergency medical needs. However, to invest in agriculture or for the establishment and expansion of a secondary non-farm business these same women preferred to take loans through SHG-BLP. On the other hand, scheduled-caste women from the semi-urban

locality of Indiranagar and the middle-caste women from Nehrunagar did not avail of loans from the bank. But both groups of women had savings accounts and recurring deposit accounts in banks.

Savings Used for Entrepreneurial Activity: Many women liquidated their savings to access consolidated amounts for varied purposes. For example, one young woman in Nehrunagar liquidated her fixed deposit to start a micro-enterprise -- the purchase of a ‘pico-fall’ machine. A middle-aged scheduled caste woman with a patch of land and a vegetable vending business was saving in the bank to accumulate funds to purchase an auto-rickshaw for her son.

Yet Underlying the Apparent Similarities are Also Differences...

Saving for Short-term vs. Long-term: While all women saved, some did not have the luxury to think beyond the short-term. Such is the case of the tribal wage workers from Gondsavari for whom merely having access to food regularly is an uphill task. All the other women saved some amounts for fulfilling some long-term need.

Savings for Education of Children: Tribal women of Gondsavari did not feel the need to save for the routine expenses of child education since their children were enrolled in government hostels. On the other hand, women from several other groups mentioned saving for educational expenses for their children. But under educational expenses were hidden a multiplicity of educational purposes. A mother of high-school-going children and a grandmother in Vishwanathapura wanted to save over the medium-term to collect a lump sum to pay for the higher education of children/grandchildren in professional courses. Women from Indiranagar were saving for annual educational expenses.

Life-cycle Stage Makes a Difference: While all the members in the Shindewahi group agreed that saving for children’s education was an important goal there were differences voiced

regarding the current need and priority for saving for children’s education. As one woman put it: “You can say that saving for education is important because your children are now married but we have daughters of marriageable age and have little option but to save for their marriage...”

Differences in the Needs of Rural Entrepreneurial Women: Even among entrepreneurial women there were differences. Rural middle-caste women farmers from landowning families in Gondsavari and dairy farmers of Vishwanathapura save and/or take loans for purchase of cattle. However, the younger, relatively better educated, women in one of the SHGs in Vishwanathapura in spite of having land were not interested in purchasing cattle; they wanted credit for establishing a group enterprise of a small scale manufacturing unit of either sanitary napkins or paper cups or spices.

Young women Share a Taste for Non-farm Group Enterprise: Similarly younger members in the semi-urban Nehrunagar group were keen to start a group enterprise to manufacture purses and handbags. These women had already completed a training course with a local NGO.

Group Enterprise Not a Preference for All: Group enterprise did not appeal to women entrepreneurs in the Shindewahi group. They wanted loans for their individual business and the family’s welding business.

Poor Access to Credit Snuffs-out Individual Entrepreneurship: Among the young women in the SHG in Vishwanathapura was a graduate woman seeking an individual loan from the bank for expanding her micro-enterprise -- a store selling gift items. Another young woman, (who has completed her SSC/ class 10), from the semi-urban locality of Indiranagar also expressed a similar desire. She wanted to progress from stitching designer blouses for a boutique to establishing her own boutique. They have both been unsuccessful in securing individual bank loans.

Urban Entrepreneurs Establish a Variety of Businesses: Among urban entrepreneurs there was a greater variety of the types of micro-enterprises such as selling vegetables, garments/sarees, bangles and miscellaneous household goods, and services like tailoring, laundry service, etc. The nature and scale were diverse and the level of investment, return on investment, cash flows, etc. varied. Yet they all shared two features: all of them were self-employed micro-entrepreneurs and none of them had any property to offer as collateral. As a result, none could avail of individual loans from banks. Several of these entrepreneurs shared a third feature -- they all ran home-based enterprises.

Collateral Barrier Forces Sub-optimal Choice: Similar to the urban entrepreneurs, the rural vegetable vendors too were not eligible for individual loans from banks; because they did not own any land or property to furnish as collateral, and the banks did not accept the method of cash flow appraisal (followed by MFIs) as a basis for approving loans. Therefore, both rural and urban micro-entrepreneurs were left with two choices, they could either borrow larger sums at higher cost from non-formal sources such as MFIs or money-lenders for business investments, or borrow smaller amounts from SHGs; both options are suboptimal as higher interest rates eat into the net profits and hinder business expansion; inadequate capital from SHG-BLP stymies business growth. The women farmer entrepreneurs from Gondsavari chose the option of borrowing through SHGs, as did the women entrepreneurs from Vishwanathapura. But the women entrepreneurs from the semi-urban category perceived the risk of group liability as too high to bear. Women from Indiranagar and Nehrunagar had preferred to borrow from the Bharatiya Samruddhi Finance Limited (BSFL), a microfinance organisation, through joint liability groups at a higher interest rate rather than through the SHG-BLP.

Lack of Products to support Women's Acquisition of Asset: Only a sprinkling of women members

in each group owned any land or housing. The desire to own agricultural land was expressed by a woman farmer from Gondsavari. She specifically asked, if there was a product that would enable women to purchase agricultural land in their own name. Neither their successful vending business nor their membership in the SHGs had been sufficient for them to graduate over time to meet the bank's criteria for individual credit for purchasing land!

2.3 Conclusion

To sum up, the findings from the FGDs demonstrate that there is some similarity among the needs of women. All women (except the poor tribal women) expressed a need to save for illnesses, children's education, children's wedding, agriculture or non-farm enterprise, house construction, old-age security, household food, and non-food regular expense to tide over lean periods. Women have borrowed for women-specific purposes such as maternity expenses and only rarely have savings been used to buy gold.

However, critical differences in financial needs are masked by these broad-based categories. Rural women from farming families require loans for investment in agriculture, women from semi-urban localities need funds to start individual enterprises, and the young rural and semi-urban women are eager to start collective non-farm enterprises. With the exception of women in semi-urban areas, no other group of women sought a loan for the construction of toilets, though loans to construct houses are a very common need. Saving for the education of children is a priority, but whether saving for this goal should get precedence over saving for children's marriage is a matter of dispute.

Women saved without fail and many had savings in banks as well. Women made extensive use of the facility of savings and internal lending of SHGs, but a significant number of women, more so in the semi-urban areas than rural areas, were unwilling to take on the risk of joint liability. Some women in the urban ar-

reas also complained about the delays and paperwork involved in availing a SHG loan from the bank. Not a single woman from the SHGs had graduated to taking a personal loan; not even women who were members of a SHG that had taken several loans from the bank. Neither

was their occupation as farmers, their earning capacity, nor their credit history sufficient to overcome the obstacle of a lack of collateral for availing a personal or entrepreneurship loan. As one woman put it, 'we have no standing with the bank except as SHG members'.

CHAPTER 3

Women's Access to Banking Services: The Macro Report card

3.1 Financial Inclusion (FI) for Women - Macro-Indicators

Growth is inclusive when it creates economic opportunities and ensures equal access to all. 'Inclusion' should be seen as a process of bringing in the excluded as agents whose participation is essential in the very design of the development process and not simply as welfare targets of development programmes (Planning Commission, 2007). Banks and other financial institutions are expected to mitigate the barriers that prevent poor and disadvantaged social groups from gaining access to the financial services. Empirical evidence shows that countries with a large proportion of population excluded from the formal financial system show higher poverty ratios and higher inequality as well. FI is critical to financial and economic stability and inclusive growth of the country and it is no longer a policy choice but a policy compulsion today and banking is a key driver for inclusive growth.³²

Women's share in formal banking business at a macro level clearly highlights the extent of marginalisation that women experience in the economic sphere. The many options and opportunities available to women within the framework also reveal that efforts are being made, though these may seem inadequate in the context of the need. The trends in the data and efforts to redress the imbalance are presented in this chapter. The details on women's usage of banking services are drawn mainly from three sets of data--RBI data (BSR) from

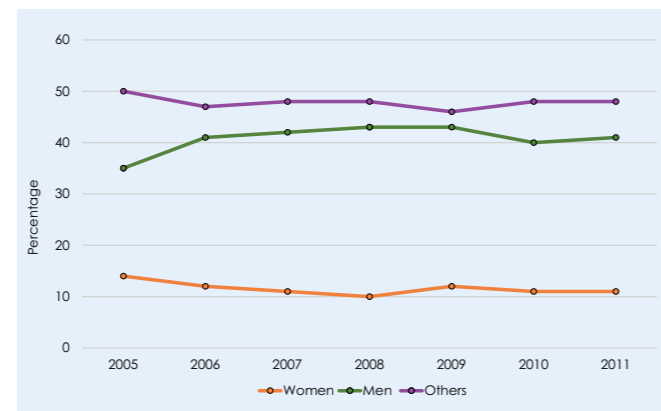
³² Excerpt from speech of Dr K C Chakraborty, Deputy Governor, RBI, 29th Nov 2010 at National Finance Conclave

all banks available on RBI's website, annual reports of the MoF on PSBs and Priority Sector Lending (PSL), and the Survey of Small Borrowal Accounts from the RBI.

3.1.1 Women's Usage of Formal Savings Products

Experts are of the view that the availability of safe opportunities for saving small amounts is highly empowering for poor women. In March 2011, deposits from women depositors constituted 11.5% of deposits in the All Sched-

Figure 3.1: Deposit ownership of Men and Women (All Scheduled Commercial Banks)



Source: BSR returns -RBI

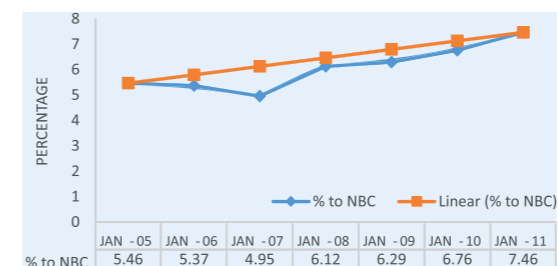
uled Commercial Bank (ASCB) (INR 6,181,196.9 lakh). In March 2014 this has improved to 16.0%. Deposits from organisations and firms were 48.50% in March 2011 and came down to 45.5% in 2014. Deposits by men were 40% in 2011 and 38.4% in 2014. Thus women's deposits have ranged between 33% and 41% of men's savings bank balances. The gender disparity is similar across rural-semi-urban locations while the trend is worsening in rural areas and improving in metro centres. This 16% share owned by women indicates that it is in itself a significant market segment for the banking industry. (In this table and elsewhere 'others' represents

companies and other legally recognised firms and organisations)

3.1.2 Access to Loan Products

The credit to women as a proportion of Net Banking Credit (NBC) was 7.46% in March 2011 and has reached 7.71% in March 2014 (Figure 3.2). Small loans below INR two lakh to women was around 15% of that portfolio till 2010 and has risen to 18% in 2011 and 21% in 2014.

Figure 3.2: Net Bank Credit to Women

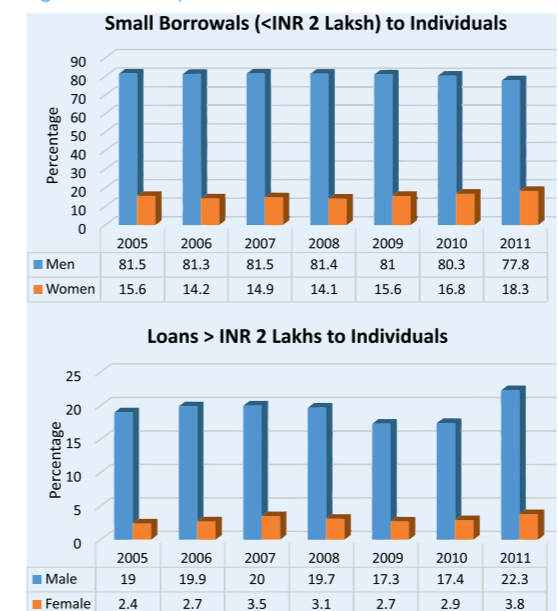


Source: RBI - Basic Statistical Returns 2005-2011

Thus women's access to small loans has ranged between 1/4 and 1/5 of comparable loan accessed by men. (Small loans to institutions are negligible.)

For larger loans (>two lakh) women and men are able to access a smaller proportion when compared to firms, companies, and other organisations. The access rate is adverse for women in this category.

Figure 3.3: A Comparison Of Credit To Women And Men



Source RBI -BSR Return 2005-2011

3.1.3 Women's Access to Government Schemes

Women's share in microcredit and other government schemes is below 1 % of net bank credit (ANBC) though the trend has been rising and it appears that the government has been able to ensure a better share for women. Women have accessed nearly 40% of loans provided under the SGSY and 17% of loans under the Prime Minister's Rozgar Yojana (PMRY). The proportion of women's access to benefits of government programmes/schemes like PMRY, Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and SGSY with a bank loan component account varies across banks. For example, Canara Bank appears to reach more women than men under these schemes and the SBI is poised in between.

3.2 An overview of Women's Share

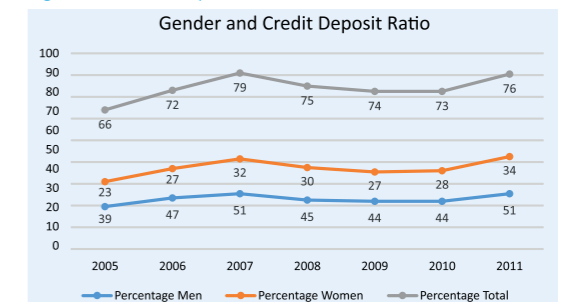
The share of banking services accessed by women as in March 2011 is summed up in Table 3.1. All figures are in percentage. It may be safely inferred that men are able to leverage around five or six times more banking services than women across categories.

Table 3.1: Share of Banking Services to Women

Customer Segments	Deposits	All loans	All loans >2 lakh*	All loans <2 lakh*	Priority Sector loans <2 lakh
Total %	100	100	86.4	13.6	8.4
Women%	10	5.4	3.5	1.9	1.2
Men%	40	29.4	19.0	10.4	6.4
Institutional %	50	65.2	63.9	1.3	0.8
Men: women ratio	4	5.4	5.4	5.5	5.3

* Estimates available are used based on Survey of Small Borrowal Accounts of RBI, 2008

Figure 3.4 Credit Deposit Ratio and Gender



Source: RBI-BSR data 2005-2011

3.3 Credit Discipline and Repayment Behaviour

A perceptive remark in the Raghuram Rajan Committee Report on Financial Sector Reform is worth quoting in full:

“... (If) it became widely known that loans below Rs 10,000 to Dalit women in Bihar have only a 0.1% NPA while loans above Rs 1,000,000 to MBA students have 4.3% NPA, it is likely that some market participants will overcome their aversion to working with Dalit women of Bihar.”³³

When we examine the aggregate data it confirms that women's credit discipline is

gender disaggregated data reveals that women have barely begun to assert themselves as clients of equal standing in the banking system. It is also clear that the recent increase is because policy makers have started addressing such gender inequalities.

3.4 Women Staff in the Banking Sector

By the end of 2011, women constituted 18% of the total staff of 10, 50,885 in the banking sector. Table 3.2 gives details of women employees. Predictably a larger proportion of males are officers while a larger proportion of female staff are clerks. The highest proportion (18.44%) of

Table 3.2 Women Employees in Public Sector Banks

Region	Female Officers		Female Clerks		Female Subordinates		Female Total	
	No.	% to Total	No.	% to Total	No.	% to Total	Total	% to Total
North	13,728	15%	14,647	23%	3,557	12%	31,932	17%
North-East	1,010	10%	2,045	22%	425	9%	3,480	15%
East	5,806	9%	9,042	14%	2,426	7%	17,274	11%
Central	5,620	8%	10,255	16%	2,070	7%	17,945	11%
West	19,540	18%	28,475	32%	2,868	9%	50,883	22%
South	22,254	17%	36,535	33%	6,481	15%	65,270	23%
All India	67,958	14%	100,999	25%	17,827	10%	186,784	18%
% of Female Employees	36%		54%		10%		100%	

Source: RBI- Basic Statistical Report 2011

better than men's in the banking system as a whole in all categories. The Indian banking system has carried a NPA load of around 2.8% of ANBC and this is between 4 % to 5% for Priority Sector Loans since 2010. Data from the survey of small borrowings in 2008 indicates that women borrowers have a smaller NPA percentage (3.4 %) compared to men (4.1 %). As per the data on consumer loans available on a website of a rating agency³⁴, the national average of Day Past Due (DPD) > 90 days is 4.94% for female borrowers and 7.95% for male. The belief that women repay loans more sincerely is vindicated by this data. This overview of readily available

³³ Report on Financial Sector Reforms 2009, Raghuram Rajan Committee Report, Page 109

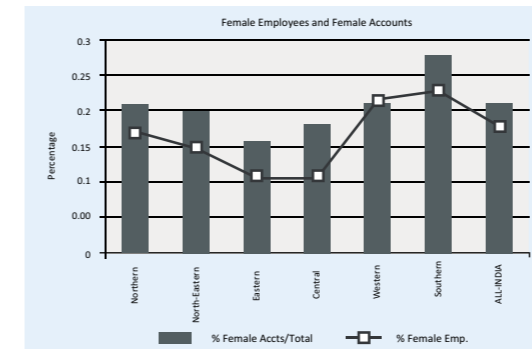
³⁴ Source of Information: HIGHMARK; Retrieved from (as on February 27, 2013) http://www.highmark.in/index.php?option=com_content&view=article&id=46&Itemid=18

women officers is in the western region, followed by the southern region with 17.43%. The lowest proportion of women officers are found in the central region accounting for just 8%.

There is a suggestion that women entrepreneurs feel more comfortable approaching women bank professionals.³⁵ The data was analysed to compare empirical links between the level of woman employees and the level of women's accounts. This shows a correlation coefficient of 0.85, which is quite high, indicating an empirical relationship, though a causal link cannot be established on this basis alone. Further research is needed to study how the presence of female employees in the system

³⁵ Roomi (2005) cited by Sushma Narain in her paper 'Gender and Access to Finance.'

Figure 3.5: Correlation: Female Employees and Female Accounts



could be one of the critical factors that facilitate a greater FI of women.

This overview reveals that women's usage of banking services has not changed substantially. However, there is much variation in the way banks present opportunities emerging from reforms and affirmative schemes.

3.5 Product Differentiation and Special Services for Women

Mainstream Banking Products: On the deposits front, the basic products — savings, current, recurring and term deposit accounts, are creatively packaged and presented to attract customers. Similarly, banking sector loans can be overdrafts (in current accounts), cash credits, demand loans, term loans, or credit cards, beside products like letters of credits and guarantees. Demand drafts, electronic transfers, and traveller's cheques are the usual remittance products. The product differentiation strategy for women-oriented products in mainstream banks is to relax the eligibility criteria and offer concessions on interest. A few examples offered by PSBs are listed below. These are sporadic initiatives and not part of a bigger plan to serve women. Products for needy and poorer women, particularly in rural and remote areas, have been developed by the MoF, RBI, NABARD and SIDBI (Small Industries Development Bank of India) rather than by individual banks.

Table 3.3: Examples of Loan Products offered by PSBs to Women in India

Bank	Women's Product
State Bank of India: Stree Sakthi Package	A loan for women-owned start-ups with concessions in promoter's margin and rate of interest and collateral for loans up to INR 5 00,000.
Bank of India: Priyadarshini Loan	A loan for women's small village and cottage industry start-ups for machinery purchase. 1% cut in the interest rate for loans > INR 200,000.
Dena Bank: Special Scheme for Women owned MSMEs	Incentives include a 0.5% interest rate concession; no processing fee, easy payment options and no penalty for loans up to INR 500,000.
Union Bank of India: Viklang Mahila Vikas Yojana	Special scheme for physically challenged women to start own vocations, includes vocational training and financial assistance (grant) of INR 25,000.
Central Bank of India: Cent Kalyani	Aimed at women entrepreneurs and women professionals.
Oriental Bank of Commerce: Orient Mahila Vikas Yojana	A special loan scheme for woman entrepreneurs between INR 2 00,000 and 10, 00,000 with a 2% interest concession. Loans above INR10, 00,000 1% concessions to enterprises managed by women with 51% woman's share. (Term loans with a 7 year repayment period)
Karuk Vysya Bank: KVB Mahila Swarna Loan	KVBs instalment loan to formally employed women between 18-50 yrs, for purchase of gold / diamond ornaments / silver wares. Up to INR 25,000 no collateral.
Bank of India: Star Mahila Gold Loan Scheme	Loan of INR 50000/- to INR 200000 for purchase of gold ornaments, for Resident Indian Women, 18 - 60 years of age. Applicants need minimum 20 marks rating; Repayment in 60 EMIs.
Andhra Bank: Mahila Jyothi (SHG for Community Managed Sustainable Agriculture)	For SHGs in Community Managed Sustainable Agriculture at villages in Andhra Pradesh for 'A' rated groups under MoU with SERP.
Andhra Bank: Mahila Soubhagya (Debt Swapping for SHGs)	To repay debt from non-institutional money lenders for all SHGs. From INR 25,000 to INR 200000. No Collateral up to INR 5 lakh per group.
Andhra Bank: Vanitha Vahan Scheme	Loan to salaried women for purchasing four wheelers / two-wheelers 0.50% interest concession for prompt payment.
Bank of Baroda: Akshaya Mahila Arthik Sahay Yojna	Loans for professional, self-employed women.
State Bank of Travancore: SBT Mahila Vikas Scheme	Term loan/ working capital for women owned or administered units with 50% employment generated for women, at 8% interest. INR 50,000, to INR 25 lakh. No Collateral Security – up to INR 25 lakh.
State Bank of Travancore: SBT Pratibha	A savings deposit scheme for women with a minimum balance of INR 250.

SHG-Bank Linkage Programme: Bank credit for women has become synonymous with SHGs. This was evident in bank policy, practice, and in the conclusions drawn from all the three banks visited. Secondary research confirms this for the entire banking sector. SHG deposits (predominantly of women groups) see no special 'women-friendly' treatment; in fact, they get a less than 'friendly' treatment. These SHG deposits are included in the category of 'savings accounts' though they are in practice like recurring deposits. Thus, they get the lower savings bank rate of interest rather than the term deposits rate applicable to recurring deposit accounts. Table 3.4 shows the progress of the SHG-BLP programme - as with PSL-MFI, the disbursements and outstanding peaked in 2009-10, after which it has plateaued.

comparison to private sector banks' exposure of INR 4,133 crore. Foreign banks had outstanding loans of INR 1,994 crore."

The AP-MF crisis however changed the entire scenario. Bank lending reportedly close to INR 20,000 crore before the crisis dropped to INR 13,000-14,000 crore and touched INR 11,450 crore in 2011-12. It has since improved to INR 14,425 crore in 2012-13 and INR 16,517 crore in 2013-14. During this period we find that the proportion of advances to MFIs and SHGs increased in favour of the SHGs and is now declining slightly.

Skill Training and EDPs: Under the SGSY programme of the Ministry of Rural Development (and now NRLM), PSB sponsored RUDSETIs offer free, unique and intensive short-term residen-

have, or cannot hold, titles to assets such as land and property, or must seek male guarantees to borrow.³⁷ The 'no-frills' account (basic savings account) with simplified Know Your Customer (KYC) norms and the development of a FI plan of ASCBs, implemented through the Lead Bank Programme, were the pilots for the ambitious FI programme announced in 2014. A clear-cut statement emphasising women's inclusion through this programme has not been made. In practice, joint accounts are being opened to ensure that formal banking does reach women. As it stands now, individual managers or leaders can bring in this emphasis at their discretion; the effect will therefore not be uniform.

The Government of India launched Pradhan Mantri Jan Dhan Yojna (PMJDY) on 28th August, 2014 with a revised target of 10 crore bank accounts by 26th January, 2015. The scheme has resulted into deposits of INR 1049962.62 lakh with 12.54 crore new bank accounts as on 31st of January 2015. The scheme does not directly address the issue of women's exclusion, but has potential for huge impact because the new accounts opened are invariably joint accounts.

Technical Support for inclusion: The Government of India (GoI) has constituted two funds viz., Financial Inclusion Fund (FIF) for meeting the cost of developmental and promotional interventions of FI and Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption. Each Fund has a corpus of INR 500 crore and the cumulative disbursement under the schemes have been INR 250 crores up to January 2013.

The major initiatives under FITF are Information and Communication Technology (ICT) based solutions for Business Correspondent/ Business Facilitator (BC/BF) model and Core Banking Solution (CBS) for RRBs and support for ICT Solution usage of ATMs, POS devices by Cooperative Banks and RRBs. The major initiatives under FIF are engaging SHGs/Farmers' Club as BC/BF by RRBs, Financial Literacy and

Credit Counselling Centres (FLCCs)³⁸ and financial literacy through audio visual media.

There is no specific window or allocation for women friendly technology applications, though it is acknowledged that the technology gap is further widened by the gender gap.

Based on RBI guidelines regarding keeping an arm's-length between the bank and the FLCC, commercial banks are setting up separate trusts with contributions from their profits at an initial cost of INR 3.5 lakh, required for each centre.

3.6 Conclusion

The macro picture reveals a clear gap between men and women with regard to the levels of usage of banking services, be it deposits or loans. Measures to improve the situation have been initiated and there are signs of progress. However, a major effort to improve the situation is needed to achieve a breakthrough. Since the gap arises because of well entrenched socio-cultural patterns of discrimination, a clear strategy is required along with the commitment to make a difference. A deeper analysis of the situation is attempted in the ensuing chapters, using GRB tools and approaches to provide a basis for formulating the strategy

Table 3.4: Commercial Bank Lending: SHG-BLP vs MFI

(All amt. in INR crores)	2009-10		2010-2011		2011-12		2012-2013		2013-14	
	MFI	SHG-BLP	MFI	SHG-BLP	MFI	SHG-BLP	MFI	SHG-BLP	MFI	SHG-BLP
Amount advanced	13956	28038	13731	31221	11450	36340	14425	39375	16517	42927
Ratio of SHG to MFI	2		2.3		3.2		2.7		2.6	

Priority Sector Lending – MFI: More than 80% of the funds for MFIs are direct loans, portfolio buyouts and securitisation. Till the AP-MF crisis in October 2010, bank lending to MFIs was a profitable business proposition. The banks' interest rate of 12 % -13% was affordable and banks benefited by counting loans to MFIs as PSL. When fresh bank loans to MFIs dried up several MFIs reduced business and/or stopped disbursements. The loans outstanding to MFIs from commercial banks increased several folds during the years 2006-10 to touch peak levels in 2009-2010. Srinivasan³⁶ notes that in March 2010, "Public sector banks (not including SIDBI) had an exposure of INR 4,737 crore to MFIs in

³⁶ Srinivasan, N (2010) Microfinance in India-A State of the Sector Report', New Delhi, 2010

tial self-employment training programmes for rural youth. RUDSETIs were mandated to give equal opportunities to women entrepreneurs and organise exclusive programmes for women in various trades depending upon their aptitudes and local demand. As on March 31, 2012, 26 RUDSETIs functioned across the country, which have trained around 2.85 lakh rural youth cumulatively, though there is no data on the breakup of males and females.

Financial Inclusion (FI): The RBI recognises women as one of the financially excluded groups amongst others and identifies 'gender issues' as one of the factors affecting access to financial services, as women usually do not

³⁷ RBI: Financial Inclusion; <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/86734.pdf>

³⁸ Financial Literacy and Credit Counselling (FLCCs) centres provide free financial literacy/education, credit counselling and also help customers in negotiating with banks for restructuring debts.

Chapter 4 Gender Analysis of Policies Promoting Banking for Women.

4.1 Banking Policies in India - A Gender Perspective

The banking system in India operates in diverse business settings and through a variety of banks. About 77% of the business is handled by the PSBs spread across rural and semi-urban markets, as well as urban and metro markets and committed to the development agenda of the government (Figure 4.1). In this chapter, the policies that impact the relationship of banks with women constituents, especially in the priority sectors, are reviewed using the GRB tools.

4.1.1 Banking traditions and Accounts for Women

Banking law and practice in India is shaped by the commercial, political and social context of our colonial and post-colonial past.

Advertising and promotional efforts by banks reveal the prevalent implicit and explicit gender stereotyping. For example, fixed deposits schemes are often promoted as saving plans for a daughter's marriage or a son's higher education. Typically, men are portrayed as decision makers and achievers, and women are depicted as their supporters. Another running theme is that women are either shoppers or consumers who 'benefit' or enjoy the outcomes of decisions that lead to the purchase of a home or a car. This unconscious categorisation spreads well beyond advertising.

Many assumptions and mental models about women as economic actors are based on the colonial legacy. For example, every aspiring banker who reads on how to open accounts is still confronted with cautionary notes about opening women's bank accounts, as highlighted in Box 4.1. The underlying assumption is that

a woman is unlikely to have an independent economic or financial identity.

Box 4.1: 'SPECIAL TYPES OF CUSTOMERS'

'Tannan's Banking Law and Practice in India' still reads³⁹

98. Person legally capable of opening an account

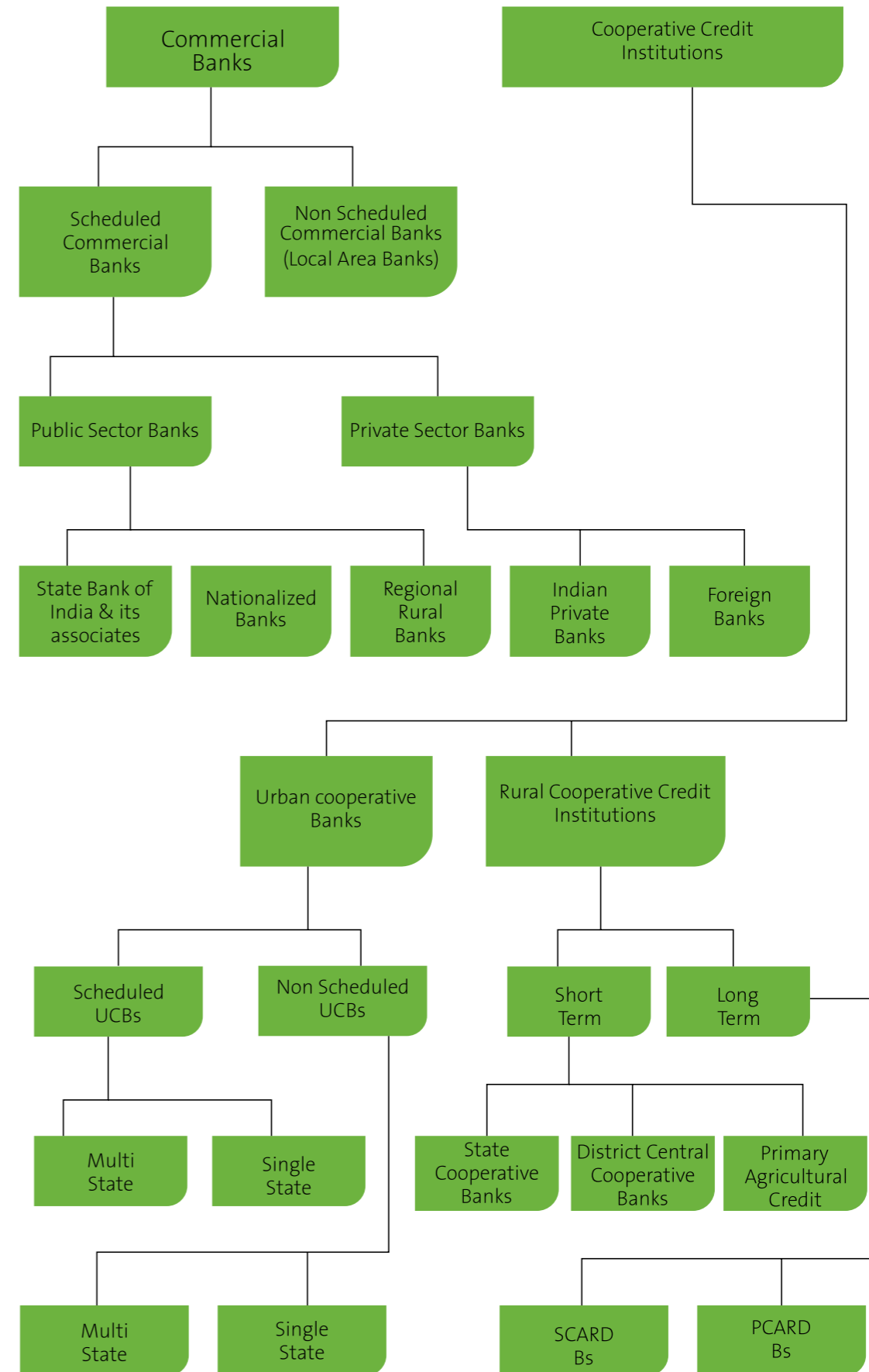
Every person is legally capable of opening an account with a banker if the latter is satisfied as to the former's bona fides and if he is willing to enter into the necessary business relations with the former. The capacity of certain classes of persons, however to make valid agreements is subject to well recognised restrictions, as in the case with Minors, Lunatics, Drunkards, MARRIED WOMEN, Undischarged bankrupts, Agents of all types, Trustees, Executors, Administrators etc. We shall therefore, consider the position of a banker with regard to these special classes of customers and the precautions which he should take in his dealings with them.'

(Bold capitals are ours, and the reader is invited to note women's position on this list!)

Matters came to a head in December 1984, when Ms Githa Hariharan, an internationally acclaimed playwright applied to the RBI for 9% Relief Bond to be held in the name of her minor son, indicating that she, the mother, would act as the natural guardian for the purposes of investments. The RBI returned the application

³⁹ Tannan, M L (2010) 23rd Edition, page 703. M L Tannan's book on Banking Law and Practice is the recommended text book for professionals appearing for Bankers' Exams by the Indian Institute of Bankers and Finance (IIBF) and quoted by the Supreme Court of India, High courts and Tribunals in Various judgments.

Figure 4.1: An Overview Of Indian Banking



advising the petitioner to either produce an application signed by the father or a certificate of guardianship from a competent authority in her favour. “My husband and I wrote to the RBI that for this purpose, we were agreed that I would function as guardian. But the response was unbending, and we discovered, completely legal: if I wanted to sign as my child’s guardian, I would have to produce a certificate from a competent authority to prove that my husband was “unfit”; or that he was dead; or that he had taken to Vanaprastha.”⁴⁰

Examining the issue, the Supreme Court directed the RBI to formulate appropriate methodology to allow mothers to operate accounts for minor children.⁴¹ After the judgement, the growing financial role of mothers has now been ‘officially’ taken into account. The master circular acknowledges the ‘ordinary prudence’ to be displayed by bankers and the updated rules are as follows:

3 Restrictions on Opening of Certain Types of Deposit Accounts⁴²

3.1 Minor’s Account with Mother as Guardian

3.1.1 “Generally, the banks are reluctant to open deposit account in the name of minor, with mother as a guardian. Presumably, reluctance to allow mother as a guardian when the father is alive, is based on section 6 of the Hindu Minority and Guardianship Act, 1956 which stipulates that, during his lifetime, father alone should be the natural guardian of a Hindu minor.

3.1.2 The legal and practical aspects of the problem have been examined by the RBI. If the idea underlying the demand for allowing mothers to be treated as guardians related only to the opening of fixed, recurring deposit and savings banks accounts, notwithstanding the legal provisions, such accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensur-

ing that minors’ account opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minor’s capacity to enter into contract would not be a subject matter of dispute.

3.1.3 Further, in cases where the amount involved is large, and if the minor is old enough to understand the nature of the transaction, the banks could take his acceptance also for paying out money from such account.”

Another reflection of such prudence is the specific mention that the “Branch should also obtain photograph of the ‘Pardanishin’ woman found in policies on customer acceptance, customer care and customer service⁴³.” Today, this ‘cautionary’ statement remains in the policy despite the fact that banks routinely obtain photographs of account holders and signatories for opening ANY account. Very soon biometric identification may become the norm.

Priority sector norms, which identify “weaker sections” to be “developed” through bank credit, all loans to SHGs, and individual loans below INR 50,000, to women, are now classified as priority sector advances to weaker sections. This again leads to an assumption in the banking system that women are a “weaker” section and that catering to women’s banking needs (and those of other weaker sections) is a compulsory social commitment and not a viable business proposition. These are but few examples of unexamined assumptions and prejudices, which inhibit the delivery and uptake of banking services for women. These images and assumptions persist despite the tireless efforts of many officials in the banking system to reach out to serve women from different occupations.

4.2 Directing the Flow of Bank Credit

The district level planning for credit to agriculture and other priority sectors is coordinated by the lead bank and the NABARD district offices.

⁴³ Master Circular on Customer Service in Banks, RBI/2011-12/56, DBOD No.Leg.BC.18/09.07.006/2011-12, dated July 1, 2011

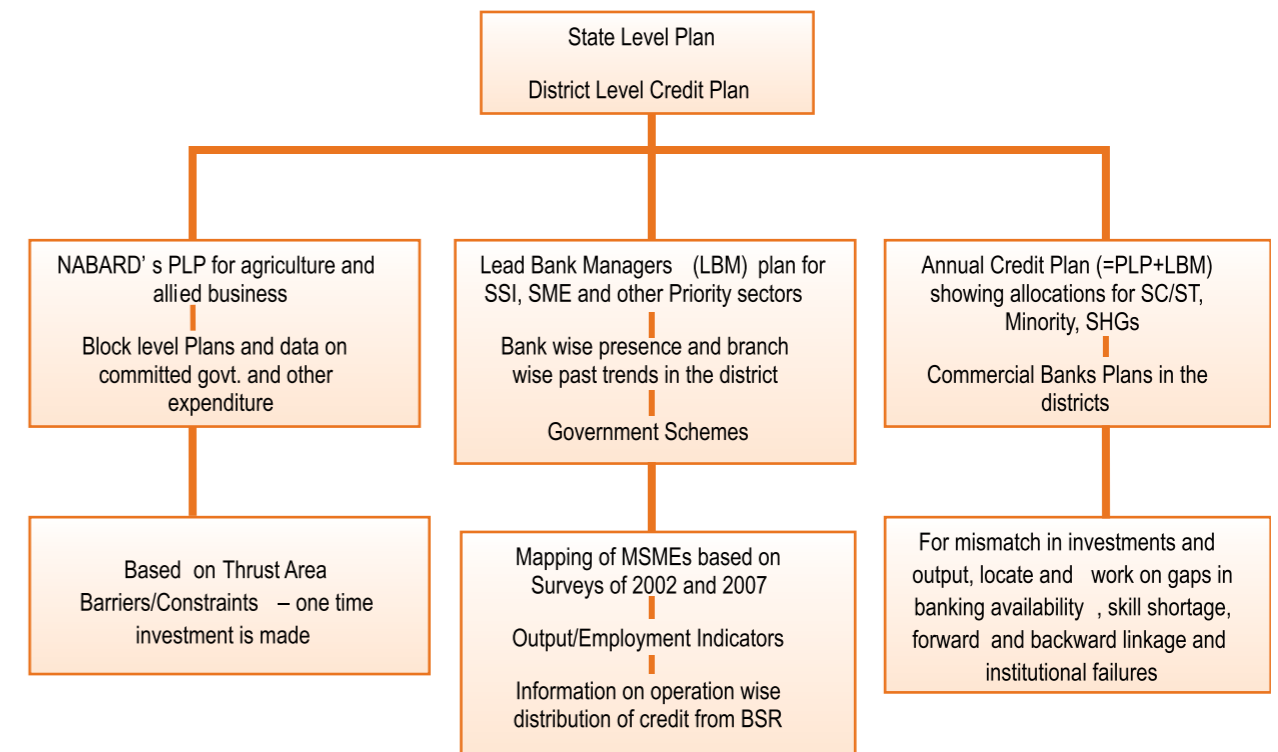
The process aggregates information on opportunities and credit needs within the service area of each bank branch and can identify gaps in the availability of critical resources and inputs.

The district credit planning process is based on an extrapolation of past trends. The focus is on crop loans and the agriculture sector. Targets are also set for the broad head,

4.3 Policy on Bank Credit to Women

The disparity in women’s usage of formal credit went unnoticed till the late nineties. In December 2000, RBI circulated a policy on this to the banks⁴⁴ in the wake of the CEDAW (Convention on Elimination of All Forms of Discrimination) reforms and the government’s commitment to

Figure 4.2: Flow of Banking Services to the Priority Sector



“Other Priority Sector” (under which the sub-head SHGs is categorised) but no targets are set for SHGs within this broad head. In short, there is no specific attention to women as a customer segment, either under the segment “women” or as a subset of any category such as farmers in the planning process.

Most banks monitor the performance of branches against plans at monthly intervals and this system is well established in banks. Gender disaggregated data is not specifically monitored in most cases even though the MIS system generates the information.

improve the status of women in India.⁴⁵ Though the full impact of the policy requires further exploration, the policy itself is an important first step.⁴⁶ We present below the action points recommended and the progress reported in the last 12 years.

(a) Redefining of Bank’s Policies / Long-term Plans

The focus had been on improving the share of women in ANBC to 5% by 2004 and on ensuring that women got their allocated share in pov-

⁴⁰ www.githahariparan.com/downloads.html, retrieved on February 27, 2013

⁴¹ Githa Hariharan and Another vs. Reserve bank of India and Another (decreed by the Supreme Court in 1999)

⁴² www.rbi.org.in/commonman/English/scripts/Notification.aspx?id=47, retrieved on February 27, 2013

⁴⁴ See Annexure VII for the relevant RBI circular.

⁴⁵ *Ibid* 24

⁴⁶ RBI currently publishes only aggregate credit to women. By making available disaggregated data by type of loan (for e.g. MSME, SHG, etc.) RBI could also facilitate tracking the increase in women’s access to different types of credit and thus facilitate policy response to women’s differentiated credit needs.

erty alleviation and employment generation programmes. The data generation on women's usage of credit has been streamlined over the last few years and the monitoring of credit flow to women is now possible.

The policy proposed a charter for women, which has not been implemented by most PSBs. The State Bank of Bikaner and Jaipur however has a special charter for women, which besides guidance and advice, offers women entrepreneurs some concessions. Discounts on interest rates are offered either through existing or special loan products by a few more banks. SBI and its subsidiary banks have a charter for MSMEs in which special schemes for women are separately mentioned. Such a statement or charter, as in the case of State Bank of Bikaner and Jaipur (SBBJ) is not found (at least not on their websites) for most banks. In addition, it is not clear if these provisions are well understood and implemented across banks.

Box 4.2: Monitoring of the 14-Point Policy

The MoF monitors the progress of such work. The first review by the Parliamentary Committee 2004⁴⁷ highlighted the need for greater emphasis on the implementation.

"...The Committee found that the % age of Net Bank Credit for lending to women by some banks as on March 2003 was far below the average figure of 3.90% of Net Bank Credit and they might not achieve the modest target of 5% by March 2004. The Committee felt that not only the target of 5% should be achieved by all the banks by the stipulated date, but it should also be increased beyond that as had been done by some banks. The Committee, therefore, recommended that the Department of Economic Affairs (Banking Division)/Reserve Bank of India should impress upon the banks which are lagging behind to

⁴⁷ Eighteenth Original Report of the Committee on 'Functioning of Self Help Groups for Economic Empowerment of Women tabled in Lok Sabha on February 24, 2004; available at (as retrieved on March 22, 2013) <http://164.100.24.208/15/committeeR/EMPOWERMENT/1eow.pdf>.

take suitable remedial steps to enhance Net Bank Credit for lending to women..."

Another review in 2009⁴⁸ revealed that progress was slow. The Committee asked for a revision of the 5% target and recommended a survey to ascertain the real demand for credit by these borrowers. It also suggested further liberalisation of lending norms to women and a mechanism to track performance under different schemes for the welfare of women.⁴⁹

(b) Setting up Women Cells

Some PSBs have set up women's cells in their corporate offices for implementing this policy. However, the practices vary within the sector. The SBI has set up a credit-counselling cell for women, to provide advisory services for the credit requirements of women entrepreneurs, both existing and potential. The Punjab National Bank and Dena Bank have also set up similar women cells in their corporate offices. The Central Bank has been a quiet pioneer, with an exclusive Ladies Department that has been catering to its women clientele since 1924. Another small but significant initiative is Canara Bank's Centre for Entrepreneurship Development (CED) for Women that was set up in 1988, with its head office at Bangalore and in 34 more centres across the country. It assists potential women entrepreneurs to start ventures of their own through training, conducting skill development programmes, guiding the improvisation/modernisation of existing enterprises, coordinating linkages with government and other voluntary institutions, formation of SHGs through their capacity-building and bank linkages. CED is also responsible for monitoring the extent of credit offered to women. Two exclusive specialised branches of the Bank have also been set up for this purpose.

⁴⁸ Twentieth report of the Committee on Action taken by the Government on the recommendations contained in the 20th Report (14th Lok Sabha) on the subject 'Credit Facilities for Women by Public Sector Banks and NABARD' presented on December 15, 2009

⁴⁹ The report could not be retrieved from the internet. The Financial Express clip, as retrieved on March 22, 2013 (quoted here) gives a good understanding on the report's findings <http://www.financialexpress.com/news/rbi-norm-on-credit-to-women-a-far-cry/425255/2>

To strengthen the institutional capabilities in addressing gender issues on credit, NABARD has supported 201 Women Development Cells (WDC), as on March 31, 2011. NABARD has discontinued this support since the Financial Year 2011-12.

(c) Simplification of Procedural Formalities

The Know Your Customer (KYC) requirements for opening bank accounts have been relaxed and simplified for accounts with balances not exceeding INR 50,000. The KYC norms have been revised to allow the letter carrying the UIDAI number as well as the job card issued by the NREGA as "officially valid documents" for opening small accounts. Within the FI framework, the RBI has advised all Scheduled Commercial Banks to convert all "no-frills" bank accounts into basic savings accounts with "nil" or very low minimum balances that would make such accounts accessible to vast sections of the population.

As a provision to extend problem-free-credit, the General Purpose Credit Card (GCC) (akin to the Kisan Credit Card) is issued by banks at their rural and semi-urban branches (including all RRBs and Cooperative Banks). The card provides a revolving credit up to INR 25,000. As on March 31, 2011, an amount of INR 21.9 billion was outstanding under the GCCs. However, there is no gender-disaggregated data available on this usage.⁵⁰ Since 2008, 50% of the credit outstanding under the GCC was allowed to be classified as indirect finance to agriculture under the priority sector.⁵¹ A study conducted by NABARD in 2010 on the use of the KCC threw up ample evidence that they are a male monopoly product.⁵²

The SHG-BLP Programme is a major example of a simplification of procedures and liberalisation of norms for lending. Exclusive women's schemes from NABARD (some of them have since wound up) were:

- **Assistance to Rural Women in Non-farm Development (ARWIND)** (wound up/merged with Women SHG Development Fund in 2011) started in 1993 for promoting entrepreneurial development among rural women. NABARD provided 100% refinance to banks under this scheme, for the setting up of units, common facility centres, setting up of mother units and organising women.
- **Assistance for Marketing of Non-farm Products of Rural Women (MAHIMA)** (wound up in 2010) commenced in 1997 to promote marketing of items produced by women through technical assistance for market surveys, technology up-gradation, branding, packaging, labelling, advertising, setting up sale outlets. NABARD provides a 100% refinance.
- **Gender Sensitisation Programmes:** NABARD conducts programmes for bankers at the district and state level to create awareness about gender concerns in credit.
- **Development of Women through Area Programme (DEWTA)** (wound up in 2008) was initiated to address needs of women identified by the women themselves on skill up-gradation and capacity building.
- **Rural Entrepreneurship Development Programmes (REDPs)** was started for credit-linked promotional programmes introduced in 1990 and Training-cum Production Centres (TPCs) for promoting women's entrepreneurial capabilities, self-employment and wage employment.

(d) Orientation of Bank Officers/ Staff on Gender Concerns/Credit requirements of Women

Gender sensitisation programmes are planned and conducted by banks with support from NABARD. However, the primary research conducted for this study points to the inadequacy of such programmes, which calls for a scaling up of such efforts. The College of Agricultural Banking (CAB), Pune conducts a Training of Trainers (ToTs) on the credit needs of women and gender responsive budgeting, supported by UN Women. Other training institutes catering

⁵⁰ Reserve Bank of India: Annual Report 2011-12

⁵¹ RBI/2007-08/313, RPCD.CO.Plan BC.No.66/04.09.01/2007-08

⁵² NABARD Occasional Paper 52: Kisan Credit Card – A Stud; Samir Samantara, 2010

to the banking sector in the country like the Bankers Institute of Rural Development (BIRD), Lucknow and the Indian Institute of Banking and Finance (IIBF) also routinely conduct training programmes on SHGs and credit delivery through SHGs.

(e) Publicity Campaign for Creation of Awareness about Credit Facilities

Scattered efforts are reported across the banking system mainly arising from individual initiatives. A holistic approach in an 'edutainment' mode is urgently required.

(f) Entrepreneurship Development Programmes/Training Facilities for Women

The banking sector and various other government wings have been organising EDPs especially for women. One initiative particularly geared for this is the formation of RSETIs. The National Academy of RSETIs (NAR) is mandated to work closely with nearly 600 RSETIs that are now there across the country to improve their performance. Data for the last six months provided by NAR indicates that the RSETIs train at least twice as many women than men. The most popular skill development programmes for women are tailoring/dressmaking, beautician's course and food processing. The RSETIs and FLCCs are gradually emerging as viable options to build life-skills and the potential of independent income for women.

(g) Specialised Branches for Women

By March 2011, 11 public sector banks (Canara Bank, Dena Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab National Bank, Punjab & Sind Bank, State Bank of Travancore, Union Bank of India, the United Bank of India, Bank of Baroda and Bank of Maharashtra) have opened 31 specialised branches for women. Again, there is need for at least one bank branch per district (say 650 branches) or per block to serve women specially. Bharatiya Mahila Bank, a new PSB for women, was set up in 2014 and is expected to eventually help in filling this gap.

(h) Motivational Strategies to Enthuse Bank Officials/Staff

Many motivated bankers at different levels of the banking industry are promoting lending to women. However, from our primary research with different categories of banks, there is no evidence of a streamlined reward system/motivational approach by the banks for officials, to encourage lending to women for overall business growth.

(i) Monitoring System

Monitoring from the MoF ensures that there is adequate reporting of numbers. The RBI and NABARD keep a tab on the stipulated credit delivery of 5% of ANBC by banks to women. Another area that is closely monitored is the SHG-BLP Programme. Besides reporting numbers, many impact studies have been commissioned by both NABARD and RBI on this subject. However, one does not find much literature on other schemes/programmes of the banking sector being looked at through a gender lens.

(j) Data Collection

Data collection is conducted regularly. The Basic Statistical Returns submitted on an annual basis by all scheduled commercial banks have gender-disaggregated data for individual deposits and advances. However, programme/scheme-wise (except for SHG-BLP), male-female breakup is not available. The core banking system now implemented across the banking sector enables easier data collection, collation, analysis, retrieval, and reporting.

(k) Strengthening of Existing Schemes

There is an ongoing collaboration between RBI, NABARD and SIDBI to improve women's participation in formal banking. There is hope that this will get stronger and wider in scope in the future. A summary of major initiatives by this triad is presented in Chapter V (Microfinance) of the RBI's "Report on Trends and Progress of Banking (2007-08)"⁵³.

⁵³ Available at www.rbi.org.in/scripts/PublicationsView.aspx?id=10932&http://www.rbi.org.in/scripts/PublicationsView.aspx?id=10933, as retrieved on March 2, 2013

(l) Increasing the Limit for Non-obtention of Collateral Security

Concessions are available for women borrowers at all banks. Women need to be better informed about these facilities so that they are able to benefit from them. A well-articulated Women's Charter by all PSBs will be helpful in this regard.

(m) Involving NGOs/SHGs/Women's Cooperatives

Ever since the SHG-BLP Programme was launched by NABARD, the Self Help Promoting Institutions (SHPI) such as NGOs, Cooperative Banks, Farmers' Clubs and Individual Rural Volunteers (IRV) are being extended grants to organise and nurture SHGs of the poor. The Business Correspondent model has been well tested as the 'last mile link' in the credit delivery system.⁵⁴

Table 4.1: NABARD's Support to SHPIs in 2011-12

SHPIs	Sanctioned	Disbursed	SHGs formed	SHGs linked
NGOs	16200.59	4882.31	283,007	181,196
Coop. Banks	857.81	289.19	47,515	31,744
IRVs	733.58	86.02	13,105	6,860
Farmer Clubs	83.16	73.81	17,356	9,694
Total	17875.14	5331.33	360,983	229,494

Source: NABARD: Status of Microfinance 2011-12 (All amounts in INR Lakh)

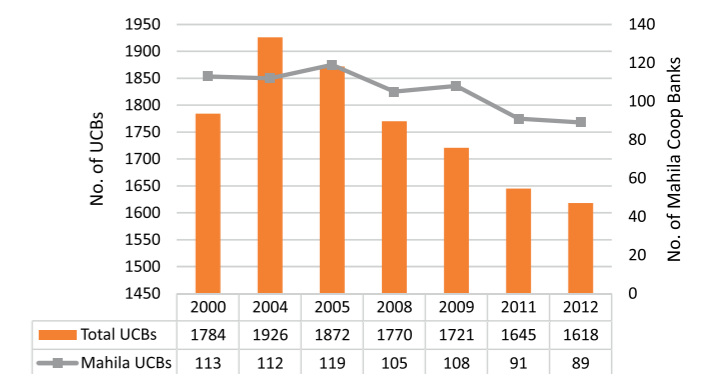
(n) Mahila Rural Cooperative Banks

In March 2012, there were only 89 Mahila banks in operation, and this number has been declining over the years. The RBI has prescribed a 50% relaxation in the entry point capital for Mahila banks. In 2008, the RBI decided to permit existing Mahila Banks, which conform to existing entry point norms for general category banks to enrol male members up to a limit of 25% of their total regular membership. However, Mahila Cooperative Banks, as all cooperative banks, face challenges in certain areas like dual regulation and supervisory framework, capital adequacy and corporate governance. In 2000, 16.8% (of 113) of Mahila Cooperative Banks were declared weak,⁵⁵ most of them closed down eventually.

⁵⁴ RBI Circular RBI/2005-06/288 DBOD.No.BL.BC. 58/22.01.001/2005-2006: Financial Inclusion by Extension of Banking Services - Use of Business Facilitators and Correspondent

⁵⁵ RBI: Licensing Policy of New Urban Cooperative Banks, available at <http://rbi docs.rbi.org.in/rdocs/PublicationReport/Pdfs/10457.pdf>,

Figure 4.3: Mahila Cooperatives



Source: RBI Reports

There has been an improvement in women's access to credit in terms of the overall target, though little attention has been paid to check how the flow of credit and support services actually impacts gender dynamics in local markets or improves women's access to and control over financial and physical assets. The Nair Committee review of norms for priority sector lending indicates that the central bank is satisfied with this progress. It has referred to the increase in the credit outstanding to women to 7.46%. This section of the Nair Committee report is shaped by an understanding of "women's burdens" and acknowledges the difficulties women face. It is, however, silent on how bank credit will empower women or alter the status quo and overcome their "weaknesses".

4.4 Analysis of Policy with Gender as Focus

To better understand the gender impact of these 14-points we can classify them by their impact on the existing balance between men and women and in terms of the level of actions reported.

4.5 GRB Analysis of the 14-Point Policy

The analysis of the prevailing patterns regarding banking services in general and especially credit flow to women from the banking sector

retrieved on March 3, 2013

Table 4.2: 14-Point Policy on Bank Credit to Women: A Gender Analysis

	Acted upon successfully	Action initiated	No action reported
Gender Negative	Nil	Nil	Nil
Gender Neutral	10th Point: Quarterly reports on loans to women to the RBI to create a data base 12th Point: More concessions on margins and collateral for loans to women	2nd Point: Women's cells in head office, in corporate and regional offices, to collate data and monitor 3rd Point: Simplification of procedures 5th Point: Publicity campaigns, awareness about credit facilities through variety of channels 11th Point: NABARD, SIDBI to offer new schemes for women through banks	4th Point: Workshops for branch managers/ staff on handling women's credit needs. 8th Point: Motivational strategies for managers/staff to achieve targets for women 9th Point: Periodic review by board and the RBI
Gender Sensitive	1st Point: 5% net bank credit to women before 2005	1st Point: Benefits under govt schemes to the women as prescribed 4th Point: Short term staff trainings with special gender inputs. 14th Point: Progress on Mahila UCBs reported annually in 'Report on Trends and Progress of Banking Sector'	1st Point: Redefine policies to suit women's requirements holistically 7th Point: Special women's branch in each district
Gender Positive		6th Point: EDPs /Training facilities for women entrepreneurs 13th Point: Collaboration with NGOs and SHG promoters	1st Point: Publish Charter for women 2nd Point: Women's desks, officers at branches or clusters
Gender Transformative	Nil	Nil	Nil

Refer to Annexure VIII for details on gender-related terms used in the table above.

has followed the first two steps of Debbie Budlender's Five-Step Framework.

As we proceed with the next step on budget allocations, it is clear that the allocation envisioned in the policy and other government initiatives is far below "equality". The resources allocated in the banking system in terms of women specific banks or branches are far below the requirement. Special allocation of resources and loans to women envisaged by policy is far from equal. This pattern contin-

ues even though the position is known and highlighted. For example, INR 1000 crore capital was the allocation to start women's bank in the year 2012-2013 and an addition of INR 14,000 crore was envisaged in the capital of PSBs. Only 5% of this overall capital investment, about INR 700 crore, will support women's loans, while 25% will go to men and the balance 70% to firms and others. Budget allocations for women's branches and Women Development Cells, gender sensitisation training, have been far below the requirement; the rela-

tively small expectations spelt out in the policy itself are not fully met. The short-term outputs include coverage of women through the SHG-BLP programme and the recognition that there should be a focus on livelihood development in the improved SHG 2 programme. The impression is that the outreach has expanded and is yet to become fine-tuned to meet women's needs adequately.

This GRB tool takes us a step further, beyond the gender lens review, to help us unravel the gender implications of the existing situation. The five-step analysis reviews the existing allocation process, the inherent inequality in the allocation, and the lack of any in-depth analysis of the actual usage of the resources envisaged in the policy, and the impact of the measures on prevailing gender imbalances.

4.5.1 Policies on Women's Share in Priority Sector Loans

Given the size and complexity of the different categories within the priority sector, the RBI has had several groups and committees that worked on the different aspects. Recent changes are viewed from a gender perspective in the following section.

Table 4.3 derives the proportions of loans to men and women from the SBL survey of 2008. These weights are used in estimations when needed because they are relatively stable and can be used as measures of probabilities.

Table 4.3: Comparison of Small Borrowals by Women and Men

Sectors	All (1)	Institution (2) = 1.29x(1)	Men (3) =10.42x(1)	Women (4) =1.89x(1)	Women < 50,000 @ (5) =42% of (4)	Men/Women (6) =(3)/(4)%
Agriculture	5.20	0.49	3.98	0.77	0.32	5.2
MSME	2.01	0.19	1.54	0.23	0.10	6.7
Personal Loans	5.24	0.50	4.01	0.68	0.29	5.9
All Other	1.16	0.11	0.89	0.20	0.08	4.45
Only PSL#	8.36	-	6.41	1.21	-	5.3
Total	13.60	1.29	10.42	1.89	0.79	5.5

41.9% (or 42%) of small borrowing accounts by women is below INR 50,000 O/S
36.3% of all small borrowing accounts are below INR 50,000
Only PSL = Total minus Personal Loans

56 National Commission for women : Impact of WTO –Women In Agriculture, 2005; (Page 15)

Agriculture

A large number of Indian women are extensively involved in agricultural activities. In overall farm production, women's average contribution is estimated at 55% to 66% of the total labour, and in certain regions it is much higher. Of the total agricultural labourers, 38.0% were female and 61.9% male. In addition, among livestock, forestry and plantation workers, 78.3% were male workers and 21.7% were female. About 99.2% of agricultural workers were reported to be unorganised and unprotected. It is also well documented that there is a casualisation and feminisation of the workforce in rural areas, with the number of marginal women workers becoming larger and more significant, while male main workers in rural areas have declined.⁵⁶

Bank loans directly to agriculture are mandated to be around 13.5% of ANBC with gender disaggregated data on loans to agriculture are not readily available. If we examine the data for PSBs in 2011 from the MoF sources, 3% of ANBC went to women for priority sector loans in agriculture, housing, and education. Even if we assume that most of this went to agriculture, it is easy to see that women get less than their due share of the 13.5% of the direct credit and 4.5% indirect flow into agriculture.

The Vyas Committee report is the most recent comprehensive review of credit flow to

agriculture. It is notable that it does not directly refer to the role of women in agriculture or to the barriers/constraints they experience in terms of asset ownership, control or decision-making. The only recommendation, which recognises gender imbalances, is the proposal for the inclusion of women in local committees to oversee credit flow. In February 2012, the M. V. Nair Committee on priority sector lending norms noted that:⁵⁷

“...The critical role of women as producers in agriculture & allied sectors and as the backbone of household economy is significant. In order to enhance women’s access to credit for production and consumption, especially in the absence of any collateral security, loans taken by women in their individual capacity is recommended to be included under weaker section...”

Box 4.4: Whose Bangles are they anyway?

A popular product used by farmers is the Agricultural Gold Loan, a demand loan secured by a pledge of gold ornaments to be repaid over three years at a very low interest rate of 7% under the interest subvention scheme. Invariably, the loan is in the man’s name.

The ornaments pledged are usually bangles, necklaces, earrings, and the like. No questions are raised about the ownership of such jewellery, despite the tradition that a woman’s jewellery is her personal emergency fund. The assumption is that the gold is an asset of the household even if purchased in a woman’s name, with her initials marked on it. Sometimes the items could be contributed by her parents or maternal home. Banks readily accept these when pledged by men. On the contrary, banks see land or a house site in a man’s name very differently. It is his individual property even if it is inherited and is the only asset for the household. Land, cat-

⁵⁷ Report of the committee to re-examine the existing classification and suggest revised guidelines with regard to priority sector lending classification and related issues’ under the chairmanship of M V Nair, Page 42, Para 3.9

tle and livestock, house(s) and vehicle(s) are owned by the male head of the household even when women are the actual users or caretakers. Banks do not accept these when pledged or hypothecated by women.

This is an example of the way the system ignores women’s ownership of assets. Joint loans for spouses/partners against these assets will empower women as they play a larger role in agriculture.

Micro, Small, and Medium Enterprises (MSMEs)

This sector is seen as a major growth engine in the next decade and is expected to absorb the labour displaced from agriculture as farm mechanisation and efficiency improves. The final report of the 2007 census of MSMEs indicates that there are 15 enterprises of which 2 lakh or 13.7% are women’s enterprises. The sector provides employment to 19 lakh women who form 20.5% of the workforce. Of the total working enterprises, 95.05% are micro enterprises, 4.74% are small enterprises, and only 0.21% is medium enterprises. 45.38% of the working enterprises are in rural areas and 15% of the rural enterprises are women owned.

SIDBI in its Code of Commitment to Micro, Small and Medium Enterprises, 2008, declares that banks “will not discriminate on the basis of age, race, gender, marital status, place, religion or disability...”

The GoI in its package for the promotion of Small Scale and Agro and Rural Industries makes a direct reference to the need for the empowerment of women-owned enterprises and announces measures including:⁵⁸

- 80% credit guarantee cover for MSMEs operated or owned by women
- Financial assistance for exclusive clusters operated and/or owned by women up to 90% of the cost, subject to a ceiling of INR 9 crore

⁵⁸ Page 8, GoI Package For Promotion of MSMEs, Feb 2007

- 50% concession in fees for women candidates in entrepreneurship/management development programmes conducted by Small Industries Service Institutes (SISIs)
- Assistance to associations of women entrepreneurs for exhibition centres and to facilitate export by women entrepreneurs

The Report of The Working Group on MSMEs for the 12th Five Year Plan (2012-2017) chaired by Shri R. K. Mathur (January 2012) observes that “although no funds are separately allocated for women in the budget of the Ministry, care is always taken by the implementing agencies to provide appropriate coverage to women entrepreneurs”.

There is no direct reference to the role of women in microenterprises in the Nair committee report on priority sector lending. The overall recommendation in Para 3.10, which has since become the policy is as follows:

“As part of endeavour to focus on the vulnerable sections of the society, all priority sector advances to individual women beneficiaries and the housing loans advanced to Economically Weaker Groups (EWG) and Low Income Group (LIG) may be classified as weaker sections...”

This classification of all small loans to women under “weaker sections” gives women some room in the allocation of 10% to weaker sections. These loans can be used for their own micro enterprises or for long-term needs like investment in agriculture, house repair, or education of children. Unfortunately, this may eventually push all small loans to women into the “weaker sections” category where the clamour for space will be with other highly vulnerable and marginalised groups. As a result, while women might access a higher allocation of loans, they will, as a group, tend to be treated as inadequate. Thus, in spite of recognising women as economic actors, access to credit is not provided through allocations in these sectors, but pushed to the category of lending to “weaker sections”.

Microcredit Policies

The Malegaon report (2011) defines the policy for bank credit flow to NBFC–Microfinance Institutions (MFIs) even as the draft bill on microfinance is awaiting the consideration of parliament. The focus of the regulation is on ensuring the protection and dignity of MF clients; particularly of women so that microfinance remains a social enterprise even after it touches a larger scale. It sums up the operating context in the following terms:

- Inadequate penetration of microfinance in the country with undue concentration of effort in the Southern Region
- Scope for more efforts from banks both through SHG-BLP and directly
- Rapid growth of the JLG model accompanied by several disturbing features

The recommendations include moderation of the rate of growth of the MFI model, better regional balance, and a more vigorous growth of the SBLP model. “...In a utopian society, all microfinance credit would be extended only by not-for-profit making entities. However, the ground realities dictate otherwise... The SBLP and MFI models should be viewed not as competitive but as complementary models, both sharing a common cause.”⁵⁹

The draft of the microfinance bill was reviewed by a team of experts with regard to gender implications⁶⁰, which listed the following concerns:

- Emphasis more on regulation and less on development or poverty reduction
- No cap on interest rates or safeguards for women’s savings
- Women rendered invisible though 90% of clients of MFIs are women

⁵⁹ Report of the Sub-Committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector; RBI; January 2011 (Malegam Committee Report)

⁶⁰ Please refer to ‘Addressing Gender Concerns in the Microfinance Institutions (Development and Regulation) Draft Bill 2011 –Report of the Expert Group Consultation, UNDP; August 2011’

- Perspectives of poor women on thrift not fully understood
- No regulation of the sharing of profits earned from lending
- Ambiguities about status of trusts, CBOs, cooperatives and MACS, etc.

The recent review of the SHG model has led to the SHG-2 circular from NABARD that brings in possibilities of more pliable banking support and improves flexibility and livelihood orientation in the SHG-BLP programme.

Financial Inclusion Policy

The ‘no-frills’ accounts (basic savings account) with simplified KYC norms and development of a FI plan of ASCBs, implemented through the Lead Bank Programme are the more recent initiatives of the RBI towards FI at the household level. Clear directions from the regulator emphasising the FI of women through this programme will ensure that the supply chain reaches women. As it stands now, individual managers or leaders can emphasise this factor at their discretion, though the effect will not be uniform.

The launch of the Prime Ministers Jan Dhan Yojana (PMJDY), insurance and pension schemes have been major initiatives to address the low banking density in the country. The design of these programmes has not laid emphasis on altering the gender imbalances.

4.5.2 Gender Aware Budget Statements (GABS)

An important dimension of fiscal policy can be explored using the GABS tool. In the banking context the government has spelt out the norm for flow of credit to women. It has not allocated a separate budget to enable women to access banking services more readily. Data on the gender difference in availing bank services is being generated and critics are able to raise questions based on such data.

The SHG-BLPProgramme is an example of a pro-women government programme that can be considered a Part A--programme with allocations mostly for women. The performance of the banking system is up to the mark in this regard. Government programmes like PMRY, SGSY have at least a 30% target for women and here too the prescriptions are met. These parts of the overall resource allocation are a very

small portion of ANBC (less than 1%) and the policies and schemes leave the bulk of the bank’s business free for lending to neutral entities like companies.

The policy reviews and pronouncements from several sources have a direct impact on the flow of credit to women. RBI/NABARD has the most direct impact and Gol has an equally strong impact by virtue of its investments in the PSBs. This quick review of the poli-

Figure 4.4: Financial Inclusion – Strategy and Operation



cy environment indicates a stated commitment to increase the flow of bank credit to women. The policy framework and the special products and programmes indicate a commitment to help women deal with poverty and economic exclusion. When we use a gender aware policy appraisal approach to review these policies (using Diane Elson’s Gender-Aware Policy Appraisal), the implicit and explicit gender biases become very noticeable.

Box 4.5: GRB Tool III-Diane Elson’s Gender-Aware Policy Appraisal

A gender-aware policy appraisal involves the development of an analysis that reflects an understanding of the policy’s gendered implications by:

- identifying the implicit and explicit gender issues;
- identifying the allied resource allocations; and
- assessing whether the policy will continue or change existing inequalities between men and women and patterns of gender relations.

Table 4.4: Diane Elson’s Gender-Aware Policy Appraisal for Select Policies, Programmes, Task Committees⁶¹

Implicit and explicit gender issues	Allied resource allocation	Impact on gender status quo
Vyas Committee on Agricultural lending		
<ul style="list-style-type: none"> • Women’s participation in agriculture is not made explicit 	<ul style="list-style-type: none"> • No recommendation specific to banking services for women in agriculture • Recommend women in local panels overseeing flow of credit 	<ul style="list-style-type: none"> • Maintains status quo • A token presence for women that can be used well by individual women
Nair Committee on PSL Norms		
<ul style="list-style-type: none"> • Notes women’s role in agriculture 	<ul style="list-style-type: none"> • All loans to women < INR 50,000 will be classified under weaker sections 	<ul style="list-style-type: none"> • 3 % of ANBC under agriculture, going to women will be reported as weaker sections (limit 10% of ANBC). This will release funds up to approx.9% of ANBC for men in agriculture as against the 6% now. Unclear how this new classification will increase flow to the more needy women instead of mere re-classification.
SIDBI code of commitment to MSMEs		
<ul style="list-style-type: none"> • Will not discriminate on the basis of age, race, gender, marital status, place, religion or disability 	<ul style="list-style-type: none"> • No specific focus on women or any other vulnerable group 	<ul style="list-style-type: none"> • Maintains status quo
Gol policy on MSMEs, 2007		
<ul style="list-style-type: none"> • Refers to the need for empowerment of women owned enterprises 	<ul style="list-style-type: none"> • Higher credit guarantee cover • Promotional expenses for women’s enterprise clusters • Marketing support • Fee concessions in EDPs 	<ul style="list-style-type: none"> • Credit guarantee will motivate bankers to lend to women • All women clusters will be encouraged • Improves viability • Develops women entrepreneurs
Working Group on MSMEs growth 12th Five Year Plan		
<ul style="list-style-type: none"> • Notes the challenges faced by women in MSMEs 	<ul style="list-style-type: none"> • Makes no specific allocation • Recommends group/cluster approaches 	<ul style="list-style-type: none"> • Will keep scale of women’s enterprises small and local

⁶¹ We looked at the Raghuram Rajan Committee on Financial Sector Reforms and Rangarajan’s Committee on Financial Inclusion also, however there was no explicit mention of women as a client/beneficiary of services being rendered/suggested

Implicit and explicit gender issues	Allied resource allocation	Impact on gender status quo
Malegaon Committee on MFI – PSL		
<ul style="list-style-type: none"> • Focus on NBFC- MFIs and their operations • No direct reference to women 	<ul style="list-style-type: none"> • Since MFIs mainly lend to women, the provisions are protecting their interests 	<ul style="list-style-type: none"> • Is empowering for women (vis-à-vis MFIs) as it secures their interests
Review of MF Bill		
<ul style="list-style-type: none"> • Focus on MFI operations and not on women clients 	<ul style="list-style-type: none"> • Since MFIs mainly lend to women, the provisions are protecting their interests 	<ul style="list-style-type: none"> • Is empowering for women (vis-à-vis MFIs) as it secures their interests
NABARD SHG 2		
<ul style="list-style-type: none"> • Focus on procedural angles 	<ul style="list-style-type: none"> • Greater flexibility, eventually leading to more lending 	<ul style="list-style-type: none"> • No new change in gender equations

4.6 Conclusion

The discussion in this chapter reveals the need for greater focus on redressing the persistent gender imbalance in banking services at all stages of policy formulation. This will take us beyond the current phase where there is a desire to make the change but no overall strategy is yet in place. The systematic adoption of

the three GRB tools at the policy making levels will bring in greater clarity and generate deeper systemic impact. Current policies allow well-meaning individuals and institutions to go beyond status quo. They should be sharpened to make compliance the norm rather than the exemption.

Chapter 5:

Banking Practices and Products: Supply Side Perspective

Bank management, beginning with strategy formulation, business planning, product development, delivery channel management, monitoring, and reporting, profoundly influence access and usage of banking services. When institution-specific management processes are examined from a gender lens, (Annexure VIII) it is possible to identify practical issues that become the barriers experienced by customers. Secondary sources provide inadequate or incomplete information and this necessitated some primary research with a few select banks. Canara bank and SBI among the PSBs, Assam Grameen Vikas Bank (AGVB), an RRB, CDCCB and KBS LAB (a private small bank specialising in microfinance) were studied for this purpose.

5.1 Business Planning for Women's Inclusion

5.1.1 Stated Mission or Purpose

Canara Bank leads in credit to women and this distinction can be traced to the principles of its founder Shri Ammembal Subba Rao Pai. He believed that the education of women made a difference to society. The bank continues its pro-women legacy through a 1% concession to women for education loan, the SHG-BLP linkage programme, and its exclusive Mahila banking branches. Against the RBI norms of 5% net credit to women, in March 2012 Canara Bank advanced 16.8% in 2011 and 15.95% in 2014.

The AGVB mission is “the sacred task of all out development of Rural Assam”. In 2011-12, women owned 30% of deposits and 20.7% credit, exceeding the proportion in Canara Bank. AGVB has a women-only branch in urban Guwahati and the WDC creates awareness amongst members of SHGs/JLGs, organises promotional activities and conducts training/

skill development programmes for women. The goal is to help women graduate from SHGs to individual enterprise. It also promotes individual women entrepreneurs through incentives in its Urban Credit Card product, group loan for traders and rewards the inclusion of a woman entrepreneur.

CDCCB was established to “build cooperative commonwealth” for the development of farmers. PSL dominates the portfolio and crop loan continues to be the largest single category. Since crop loans require ownership of agricultural land, only a few women farmers can avail of this. Fortunately CDCCB has relaxed the collateral criteria for SHG loans as per the NABARD and RBI norms and accepts a salary account in its bank as a form of security. As a result, women customers with credit are mostly SHGs members with sporadic exceptions.⁶² The network of the CDCCB also makes it the preferred option for beneficiaries of several government programmes.

The mission and vision 2014 of KBS LAB explicitly mentions catering to women clients through various models and not just SHGs. Approximately 50% of its clients are women. It delivers services through JLGs with an enterprise focus, business correspondents and, of course, directly to individual women. It is the first and only microfinance bank in the country.

5.1.2 Business Planning

The study team tried to understand the attention, if any, assigned to gender and women in Business Planning processes in the Bank.

⁶² The CDCCB has not installed CBS in all its branches as yet and thus there is no consolidated gender disaggregated product-wise data available at the bank level. Also, the 14-point Policy directive on Strengthening of Credit Delivery to women particularly in Tiny and SSI sector is not applicable to co-operative banks and thus CDCCB is not required to report to RPCD or the RBI on it.

In Canara Bank, the Business Planning section of the Customer Care and Business Planning Department (CCBP) undertakes a macro-level market analysis and sets annual targets and budgets for growth. The final business plan is adopted based on the analyses by CCBP, the business plans submitted by the circle offices and the business plans submitted by the heads of the various wings. There is no specific attention to women as a customer segment.

Box 5.1: Software and Gender Reporting in CDCCB

The number of women customers availing crop loans is not available from the MIS used by the Planning and Development section (CDC-CB) although it is required by the SLBC. This information is gathered manually and perhaps inaccurately because of the limitations of the current software. The inattention to gender in the software (developed by NABARD) is also evident in the fact that there is no separate head for recording SHG deposits; these have to be recorded as 'other' savings accounts.

The Lead Bank though does not consider these targets sacrosanct and at times sets a completely different Plan. The Planning and Development Section of the CDCCB allocates this plan across the branches. The focus is on farmers, and targets are set for crop loans, the agriculture sector, and "Other Priority Sector" (under which the sub-head SHGs is categorised). No specific targets are set for SHGs, and there is no attention to women as a customer segment.

The Business Plan for AGVB is set by its sponsor bank, in alignment with the District Development Plan, driven mainly by commitments to the PSL, agriculture and crop loans. No specific targets are set for disbursements to either women or SHGs. Progress is reviewed quarterly.

The Planning and Development Section draws up the CDCCB's Service Area Credit Plan based on past trends and sends it to the Lead Bank.

In KBS LAB the annual Business Plan is developed at the branch and ratified by the HO and the Board. The business goals are aggressive when compared to other rural banks and goals are set per agent. It is evolving into a cost effective hub and spoke model which saturates each client with all possible livelihood triad services.

5.1.3. Monitoring and Reporting Performance

Core Banking software readily allows banks to report on progress in lending to women. The question is who monitors the flow? In Canara Bank, the PSFI department reports on credit to women to the RBI (in the MoF format) but does not monitor the results. The information submitted is organised as general (non-PSL) and PSL, and more details are provided in specific categories of Microcredit, Small Sector Industries (SSI) sector, government-sponsored programmes (PMRY, SJSRY, and SGSY) and others. The non-PSL data is segregated into the categories of Medium and Large Industries and Others. No information is provided on the SHG contribution. These are reported in the MoF Annual Reports. Mere reporting instead of enabling gender mainstreaming remains a stand-alone exercise.

The reporting format used by the branches of the CDCCB includes a section on SHGs that asks for sex-disaggregated information, i.e. women SHGs, men SHGs, and mixed group SHGs. This information seems to have no other purpose as the CDCCB does not set targets for SHGs. The report is not shared with the Planning and Development section indicating that this data is peripheral. The bank relies almost entirely on the balance sheet for tracking performance against the set targets.

In AGVB, the Planning and Development (P&D) Department monitors overall performance and the Credit Department monitors progress on government sponsored schemes to report on women's share. However, the P&D department does not generate any gender-dis-

Box 5.2: Gender Reporting for Monitoring

There are several formats for monitoring in CDCCB that hindered gendered reporting and monitoring. A few of these are listed here.

- The monthly, 'Service Area Credit Plan Target and Achievement Information' for the Branch-level does not have a separate category for SHGs.
- In the quarterly reports there are no sex-disaggregated data sought other than the information on SHGs.
- The Block Level Consultative Committees (BLCCs) format does not have a separate sub-category for SHGs under the Other Priority Sector (OPS) unlike housing or education as there are no specified targets for SHGs to be met by a branch.

aggregated reports for other products. The RRB is not required to report the credit extended to women on an annual basis.

KBS LAB's has the software to generate monthly reports and gender disaggregated data on all products, which is monitored by the management. The impetus for gender monitoring comes from the mission of the organisation.

5.2 Product Design and Development in Banks

Most banks do not have a separate department for new product design. The prevailing assumption is that there is little opportunity and necessity for product innovation; interest rate modification is most often the only recourse.⁶³ New product ideas, especially for rural and excluded segments, are often formalised by NABARD or SIDBI with participation from banks in the design and pilot stages.

⁶³ Face to Face interview with AGM of Customer Care and Business Planning Department (CCBP) Canara Bank, HO Bangalore

In the banks visited, we found that new Product Design is decentralised. For example in SBI, the SBU in charge of rural banking also takes care of the needs of poor women in rural areas.⁶⁴ Product ideas generated either internally or from market research are assessed for financial viability, software compatibility and then recommended to a committee for new products. In Canara Bank, the Priority Sector and Financial Inclusion (PSFI) Wing, is assigned the responsibility of developing products targeting women.

Corporate Social Responsibility (CSR) though has become the banking sector's preferred mode to promote women clientele. Canara Bank Centenary Rural Development Trust (CBCRDT) is a not for profit entity and the RUDSETI and RSETI training and skill development institutes are housed under the CBCRDT. A recent pro-poor product innovation was the insurance cover of INR 25,000/- on paying a premium

of INR 100. Another innovation for the aspiring customer segment was the Canara-Robeco Mutual Fund. These are open to both men and women. The PSFI Wing of Canara Bank developed a new product in 2010 for micro-finance and opened microfinance branches in urban areas to promote urban FI for men and women entrepreneurs. While the extension of microfinance to men in urban areas is welcome, no attention is paid to women

Box 5.3: The Mann Deshi Umbrellas

Every year, in the summer month of May, high non-recovery of loans was reported. When recovery officers asked the borrowers, women said, 'In the summertime, exposure to the sun leads to dehydration and even heat-stroke'. Women got sick and lost working days leading to default. To protect these women from heat, in 1999 Mann Deshi Foundation and Mann Deshi's SHG Federation started distributing umbrellas as interest-free loans to vendors. This is a simple but effective way of protecting working women's most important asset--their health. Incidentally, it maintains the health of the bank's assets too!

⁶⁴ Services Marketing: K. Rama Mohana Rao; Published by Pearson Education

micro-entrepreneurs in these branches. While there are targets for forming SHGs, JLGs, and amounts for microcredit to be disbursed, there are no gender-disaggregated targets. Mixed groups of men and women entrepreneurs are discouraged, as it is perceived that these groups would not be sustainable. Monthly formats developed for monitoring do not distinguish loans by gender.

Box 5.4: Microfinance Branches in Canara Bank

As of November 2012, 19 microfinance branches had been set up. Each microfinance branch has a target to finance 1000 groups directly and 1500 groups indirectly in the first year of operation. The different categories of microfinance promoted by urban microfinance branches are

- (a) SHG-BLP
 - SHGs financed directly
 - SHGs financed directly by Bank with NGOs facilitation
- (b) Joint Liability Groups
- (c) MFI - Bank linkage for on-lending to groups and others

as a separate customer segment. An overdraft facility product for Anganwadi workers is an example of a product that originated from the dialogue between the Zilla Parishad, the District Collector, and the DCCB chairperson. The Sulabh Gas Scheme was created to give LPG to rural women, and the Rani Hirabai Deposit Scheme gave an additional 1% interest to women depositors. This attitude to encourage women customers has not been sustained. For example, the loan product for sanitation/toilets was re-launched and popularised, but it paid little attention to women customers. New product development initiatives originate from the board and senior management.

The NABARD (2011-12) Dudh Ganga Yojana designed exclusively for women through SHGs⁶⁵ has not reached a single SHG in CDCCB. The bank discussed the scheme with the District Milk Cooperative Office, the District Department of Animal Husbandry and the agriculture college to assess the feasibility, but did not target women customers. The pamphlets mention SHGs as one eligible segment, but only 13 of the total 86 individual customers (15%) were women, and they received 10.6% of the total disbursement. All the 13 women borrowers were asset holders and despite the NABARD guidelines, poor and landless women and SHGs, were in practice excluded from this scheme. This is a stark example of how gender responsiveness and attention to women's needs depends on the proclivities of key decision makers.

5.2.1 Gender Analysis of Product Development in Banks

The findings show there is no attempt to listen to women clients and develop products attuned to their needs; the so-called women's products use simplistic concession and rewards. There are implicit gender biases in the product range too. Thus, loans for allied agricultural activities like fisheries, poultry and duck rearing, or sheep and goat rearing ignore the presence of women in these activities. Credit is available through JLGs to tenant farmers and oral lessees, but not women farmers working on their own family farms. Similarly, the Kisan Credit Card (KCC) product is extended to individual landholders, commonly men farmers, but not to SHGs (usually comprising women) eligible for the same.

There are "prudent" reasons cited to justify stereotyping -- women do not usually own assets, land or tenancy rights in their names. Thus, group-based lending is a method to leverage women's social capital. Loans to men are best secured by the assets and valuables in their name and by individual credit history. These statements ring hollow because landless men, who like many women do not own land and

⁶⁵ Information on Dudh Ganga Scheme available at (as retrieved on March 6, 2013) indiagovernance.gov.in/files/gkc_oneworld_doodh_ganga_yojana.pdf

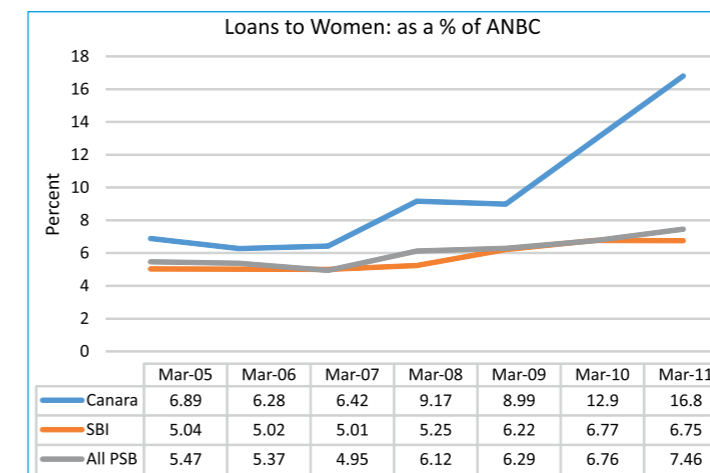
have little collateral, are not targeted for SHG formation. Products for entrepreneurs are also difficult for women to access because of gender stereotyping. (See Box 4.6)

5.3 Trends of Women's Borrowings in the Selected Banks

5.3.1 Overall trends

The trends in loans by the government-owned banks like the State Bank Group and the nationalised banks reveal a steady increase in the share of loans to women. In this section we compare the progress made in PSBs in general and Canara Bank and SBI in particular.

Figure 5.1: Loans to Women: SBI, Canara Bank, PSBs



Source: Annual Reports of the MoF

There was a slight improvement after 2011 and the share of credit to women in March 2014 was reported to be 7.71% for all PSBs, 6.98% in SBI and 15.95% in Canara Bank.

Since most loans to women from poorer, vulnerable, or marginalised settings are likely to be classified as priority-sector, women's share in priority-sector credit offers a deeper insight into how the banks address these women. The larger government-owned banks show growth in loans to women in general. However PSL to women is growing slowly compared to commercial loans to women.

Canara Bank appears to have a relatively large portfolio of loans to women in the priority sector and regular commercial schemes. SBI has the largest share of loans to women under government schemes. Other banks are achieving the increase through a larger share in government schemes.

5.3.2 Canara Bank's Efforts

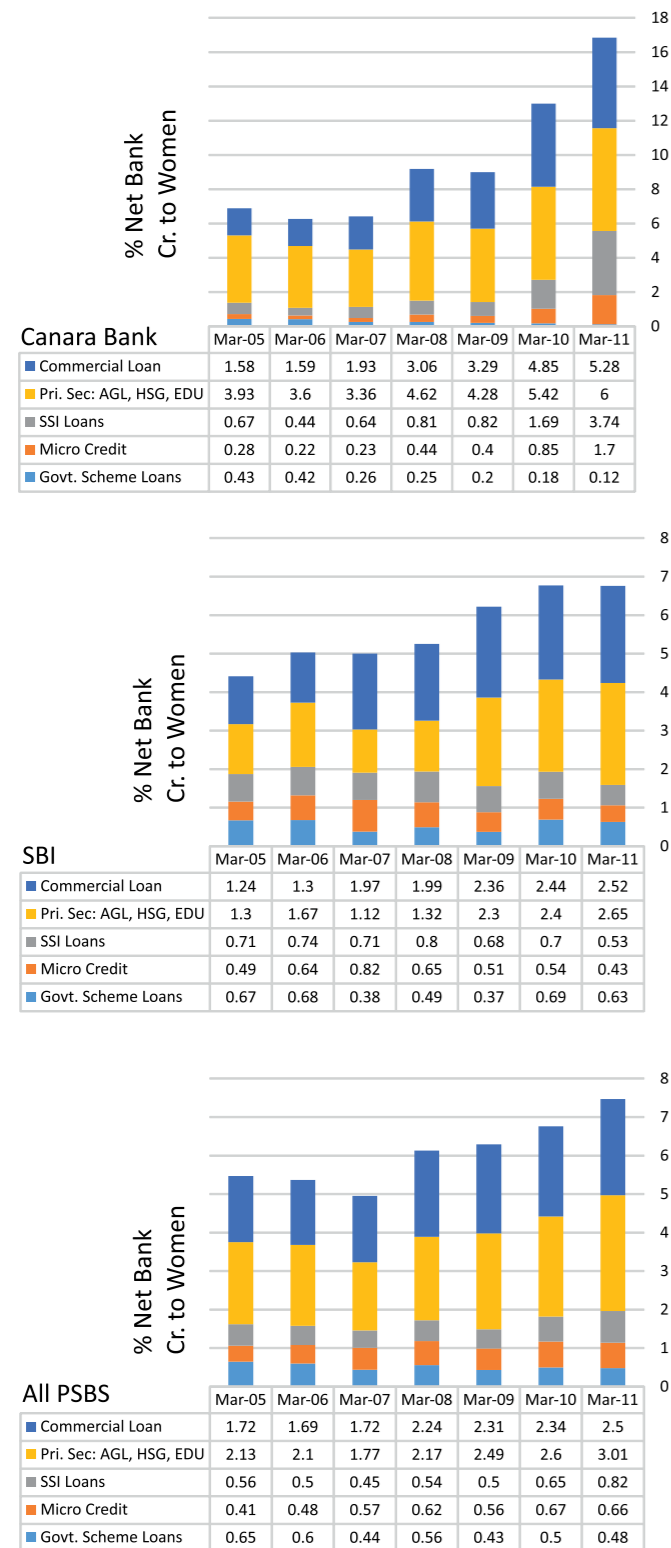
The MSME⁶⁶ Department of Canara Bank does not have any targeted lending for women entrepreneurs and neither do they have any data to share on the number of women entrepreneurs or outstanding credit. The bank officials mentioned that the department did not have any report available on women entrepreneurs, although it would be possible

to get gender-disaggregated reports from the Department of Information Technology (DIT). They mentioned that a 0.5% interest concession is offered to women entrepreneurs. This was in spite of the fact that the hand-out of the Centre for Entrepreneurship Development proclaims that the bank has provided certain special benefits to women entrepreneurs, such as nil margins for loans up to Rs. 50,000, nil processing fee and nil upfront charges and a 0.5%

lower rate of interest for loans up to five lakh. Canara Bank is also implementing some Gol schemes with special provisions for women entrepreneurs such as the Credit Guarantee Fund Trust for Micro and Small Entrepreneurs, TREAD, and the Prime Minister's Employment Generation Programme (PMEGP).

⁶⁶ The MSME Wing of Canara Bank was selected for examination of practices with regard to women entrepreneurs in a PSB because Canara Bank is recognised for its entrepreneurial outreach and it has established Centres for Entrepreneurship Development, RUDSETIs and RSETIs for promoting women entrepreneurs.

Figure 5.2: Women's Share in Priority Sector Loans of SBI, Canara Bank, PSBs



(Source: MoF Annual Reports)

Only two of these schemes are for non-farm producers - the Microfinance Scheme for *agarbathi* (incense sticks) manufacturers and handloom weavers. The 37 products offered by Canara Bank in its PSL portfolio (Annexure IX) are typical and representative of the PSLs in PSBs

5.3.3 Gender analysis of the PSL schemes (Canara Bank)

Women, in spite of their extensive participation in farming, are not perceived as potential customers for any agriculture banking products. One bank employee put it succinctly - "Women farmers are not particularly encouraged, nor discouraged; if women are in it, that is only incidental."

Products that have either land ownership or other collateral security as part of the eligibility criteria are beyond the reach of women. Products designed for non-owner cultivators do not recognise the existence of the category of self-employed women in agriculture, or meet the changing needs of women in agriculture. For example, the Kisan Credit Card Scheme is available only to individual sharecroppers but not to SHG members collectively having sharecropping arrangements.

The Fisheries Loan, which offers finance for fishing boats and fishing vessels, serves mainly men from the fishing community; fisherwomen are involved in separating, cleaning, vending and curing fish—activities not supported by any loans.

Box 5.5: Trade Related Entrepreneurship Development Program

TREAD specifically focuses on the economic empowerment of women through grants to NGOs for training and skill development of women entrepreneurs. As of Dec 2011, a total of 26 proposals were sanctioned comprising Rs. 482.81 lakhs as loans and Rs. 182.37 lakhs as grants. It is interesting to note that about 50% of the 26 proposals were from one circle office in south India, and almost 90% of the sanctions were in south India lending credence to the hypothesis that these schemes are neither targeted by the bank nor taken up actively by branches.

Table 5.1: Barriers and Enablers for Women in Some PSL Products

Scheme	Enablers for Women	Barriers for Women	Remarks
Crop loans to tenant farmers, oral lessees through JLGs	Land ownership no longer necessary	Women cultivators on family farm not eligible as they are neither tenant farmers nor oral lessees	The design excludes women who are de facto cultivators because men take on non-farm jobs locally or migrate. They are not formal tenants
Kisan Mitra Card	Tenants, oral lessees, share croppers and farmers without proper records	Women cultivators on family farm not eligible as they are neither tenant farmers nor oral lessees nor shareholders	Poor women, SHG members leasing land collectively are not eligible for the scheme
Gold Loans	A movable asset can be pledged	Poor women have little or no gold to pledge	Men in family can pledge and thus risk 'jewellery', usually considered women's wealth without women's consent; women risk losing the few assets they have
General Credit Cards	For rural and semi-urban households without security, or specific purpose	-	Although not required, bank managers insist on quarterly interest payment and urge prompt payment of principal. Women benefit with access greater amounts after repayment
Microfinance for Handloom Weaver Groups (JLGs)	No collateral security needed; consumption component, 15%	Documentation, Processing Fee, Insurance and margin (10%) expenses	A joint liability Group Product; women are helpers in weaving and face difficulties in getting individual loans as entrepreneurs
Microfinance Scheme (JLG) for <i>Agarbathi</i> (incense sticks) making	No collateral security to be insisted	Documentation, Processing Fee, Insurance and margin (10%) expenses	A Group Product with joint liability; Home-based women earning wages need entrepreneurship training to graduate to entrepreneurs
Dairy Loans	No specific mention of land ownership	Should be cultivators or have arrangements for supply of green fodder	Women not recognised as cultivators; requirement for green fodder linked to land ownership to deny loan
Sheep and Goat Rearing Loan	No collateral	For member of a co-operative society; NOC required from Forestry or Animal Husbandry department	Poor landless and lower caste women rear goats and are usually not coop members.
Poultry and Duck Rearing loan	Targeted to formal poultry enterprises	Scale of operations and infrastructure expected beyond the capacity of the poor	Not for poor women entrepreneurs rearing poultry and ducks; their scale is tiny; and needs are different

5.3.4 AGBV's Efforts

The total business of AGBV grew by 18.67%, 26.94% and 16.06% for 2009-10, 2010-11 and 2011-12 respectively. PSL portfolio also increased from 59.3% in 2009-10 to 83.5% in 2011-12. However, loans to women have remained more or less static at 20%. Microfinance/SHG loans accounted for 55% of the borrowings, with 27% going to government programmes and 17.5% to SSI, suggesting that most women are group clients, who can only absorb lower loan size.

Approximately 90% of the credit routed through the group-based methodology goes to women groups. In FY 2011-12, 79.012 crore and 59.86 crore were advanced through SHG-BLP and SGSY respectively, accounting for 81% of the total credit disbursement to women. This data further validates that, though group methodology has come a long way in facilitating credit to women, the banks have so far not identified ways to serve the needs of individual rural women.

Box 5.6: Financial Inclusion Camp at Sipajhar Village in Assam

In Dec 2012, AGVB Sipjhar organised a financial inclusion camp sponsored by RBI/NABARD (attended by the ED of the RBI). RBI has adopted Gharoa Sonapur, a village serviced by this bank. The camp was to ensure (a) Savings Account for all households (HHs) (b) need-based credit (c) micro insurance for all. Coverage went up from 90% to touch 100% after the camp.

RBI required a baseline of this village, which the branch staff and farmer club members completed. The formats provided by the RBI has not sought ANY information or detail on women clients (present or prospective), except gender of the head of the HHs.

At present, 353 HHs have 508 Savings A/c balances of 14 Lakh. Before the camp, 174 HHs had credit limits and it has now risen to 344 HHs, with 250 being BPL category, SC-- 8 and Minority--28 HHs. Further 268 HHs are agriculture based, 31 in small business, and 54 in government employment... This profile is typical of the livelihood mix in villages serviced by the branch.

Figure 5.3: AGVB - 2012: Credit to Women

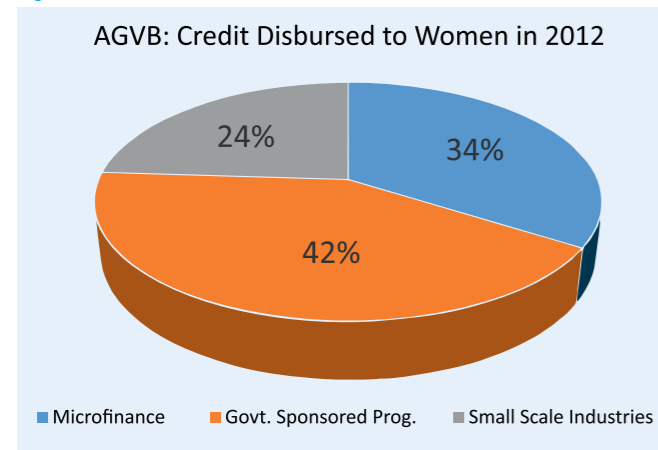
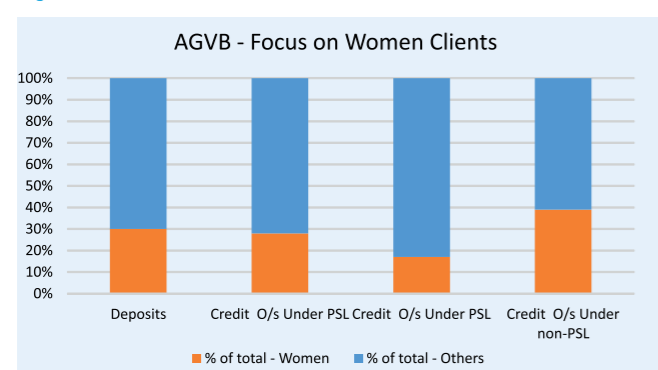


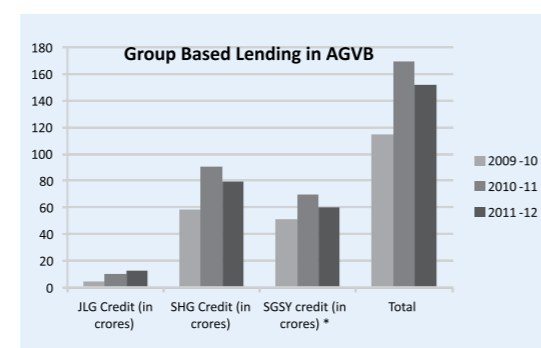
Figure 5.4: Share of Business: Women Clients in AGVB



The gender analysis of AGVB's recent performance (2011-2012) shows that:

- 68% of the total advances to women were in the priority sector (again 83% for AGBV) indicating that men had better access to the concession and benefits of PSL
- 1/3 of women got credit from the non-priority sector
- In 2011-12, the average loan size availed by women was very small, and just a little more than 1/4 of the loan recipients (27.4%) were disbursed a little more than 2/5 (42.5%) of the total amount disbursed to women
- A little less than 1/4 (23.7%) of the women got a loan from the SSI sector; this is a vast improvement over the 7.7% for the cumulative period 2011-12, indicating that AGVB is pursuing its goal of helping women customers graduate to micro-entrepreneurs
- 75% of women credit customers continue to be SHG members.

Figure 5.5: AGVB: Group Lending Statistics

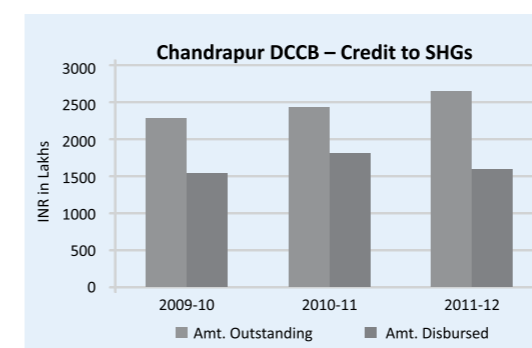


5.3.5 Efforts at CDCCB

Women credit customers of CDCCB are largely SHGs members, although some women also receive credit as members of PACS, as salary account holders. The CDCCB started providing credit to SHGs in a concentrated manner from 2002. However, in 2011-12 there was a decrease in the amount disbursed to SHGs, due to falling repayment rates by SHGs. In March 2005, the total outstanding to SHGs was INR 4.3 crore; the contribution of SHG-BLP to the PSL portfolio was 2.33% and to the total portfolio was 1.77%, nearly twice the national average for DCCBs. Recovery rates, which were around 90% from 2001

to 2005 dropped to 76% in 2007 and was 69% in 2012. As of March 2012, NPA was a staggering 22.16% of total loans outstanding. The NPA of SHGs under SGSY is even higher at 31.22% and is almost four times greater than the national DCCB average of 6.84% and 8.62% respectively. The share of credit through SHGs to the total outstanding credit of the bank has come down from 4.39% in 2010 to 3.62% in 2012. The new management was also unable to halt the decline in recovery rates. Deposits of SHGs in the bank increased from INR 21.64 crore to INR 22.76 crore and the loans disbursed to SHGs were 4.5 times the savings amount in 2012 and 3.5 times the savings amount in 2010.

Figure 5.6: Group Lending in Chandrapur DCCB



Box 5.7 Mr. Babasaheb Wasade: Successful Leadership in SHG-BLP in CDCCB

Mr Babasaheb Wasade believes that banking is a social business and his professional involvement in the social banking sector is a testimony to this. He implemented the SHG-BLP of C-DCCB both as a development programme and as a business product.

He transformed the discourse, taking the SHG-BLP programme beyond a mere product of the C-DCCB and turning it into a development programme for women, with widespread support. To build a sense of ownership among various stakeholders he included them in training, conferences and valedictory functions in which the CDCCB got awards for excellence in SHG-BLP. For example, for the ceremony that conferred the C-DCCB its first award from NABARD for

excellence in SHG-BLP, he took with him a 100-person team comprising staff, women beneficiaries and other stakeholders.

His strategy and action plan for SHG-BLP implementation could win the support of the Zilla Parishad. He also successfully used resources from development schemes from the state and its agencies to fund activities. For example, the infrastructure fund of the DRDA helped him purchase a mobile van for the awareness creation, NABARD funds for the capacity building of members and bankers, and MAVIM's resources for SHGs trainings, etc.

The task of getting the CDCCB staff to work extra hours was not easy. However, he managed to convince them that the profits from this business could later be used to improve their salaries. And last but not the least, he did not lose sight of the goal-outreach to women and improvements in their lives--providing the space for SHG members to voice their apprehensions, their desires and their successes; promoting women's participation in the local media and on public platforms wherever SHGs were a topic of discussion; starting the quarterly newsletter, Bachatganga, in 2003; and regularly organising "melas"⁶⁷ twice a year from 2003-07, with the aim of interacting with women beneficiaries.

His most salient contribution was achieving "convergence". He was aware of the plethora of SHG-based schemes available and administered by state functionaries housed in different departments and offices of the state and central government at the district level. In his own words, "he got them together and put them to work".

The Microcredit Department in the central office has been responsible for planning, implementation, and monitoring of the SHG-BLP, since 2003. Since the policy decision to go slow

⁶⁷ Village fairs; here mass women interactions

on the expansion of the SHGs was taken, the department no longer sets annual targets. It organises the training of SHG members to improve recovery. The issue of increase in NPA is not specific to the SHG-BLP and has to be understood in the context of the 40% average recovery rate of the DCCB over recent years. It may have to do more with its co-operative antecedents than its women clientele.

Table 5.2: Credit Disbursement in KBS LAB

	Types of customers	Outstanding o/s (INR000)	Outstanding as% of Total Outstanding	No. of Loan Accounts	Loan Accounts as % to Total Accounts
1	Men	556,892,000	60%	29450	50.8%
2	Women	365,852,000	39%	28500	49.1%
3	Firms and Others	6,758,000	1%	40	0.1%
	Total	929,502,000	100%	57990	100%

5.3.5 KBS Local Area Bank Efforts

KBS Local Area Bank has not extended loans to SHGs. Most advances are through JLGs. However, the information on credit is disaggregated by gender and the details of loans to women and men are readily available. Following are the figures for the year 2012-13.

5.4 Women's Access in Financial Inclusion Programs

Field work revealed that financial inclusion did not specifically reach women despite the opportunity to include women. This was common across the banks studied.

Canara Bank's internal circulars have no specific instructions pertaining to women, and accounts are in the name of the male Head of Household. With the introduction of direct benefit transfers, women are likely to lose control over these subsidies. With the PMJDY banking coverage expected to reach saturation soon, it is expected that women's inclusion will continue to lag behind in the absence of a specific policy thrust to include women.

Business Correspondent Operations

Recent guidelines mandating the Lead Bank in every state to identify the Technical Service Provider for the BC might cause more operational bottlenecks, especially in AGVB, where the recommended agency is not the one now providing the IT support. At Canara Bank, the IT platform used by the BCs is not connected real-time, and transactions are put through the next day. A gender-wise breakup of the

transaction assistants engaged by the BCs was not available. There is no plan to track this information since it is not required by the RBI. No group (SHG) BCs were taken on though there is a proposal funded through the FIF to involve Farmers' Groups and SHGs as BC/BFs.

Financial Literacy Centres

Canara Bank created the Canara Financial Advisory Trust and this trust had 26 Financial Literacy Centres in all the chosen districts across 5 states in 2013. A financial literacy booklet called 'Money and Savings' was published by Canara Bank in English and Kannada. At other centres the Financial Literacy training programmes have been outsourced to NGOs.

AGVB has also been investing in the RSE-TIs, with three centres. Its women development cells take special interest in conducting awareness camps, SHG promotion fairs, and exhibitions. Under MSME, a packaged drinking-water plant was financed by the bank to an SHG.⁶⁸ It was the first bank to

68 Source: AGVB Annual Report 2011-12

achieve the highest number of beneficiaries under the PMEGP at the national level in 2010-11. Financial awareness and literacy programmes have also been conducted through six NGOs (taking funding support from FIF).

5.5 Priority Sector Lending (PSL) – Micro Finance Institutions (MFI) in Banks

The following table gives a snapshot of PSL to MFIs in the banks studied

Table 5.3: Priority Sector Lending to Micro finance Institutions

Year	Loans disbursed by Banks to MFIs during year		Bank Loans Outstanding against MFIs as on Mar 31		Gross NPAs of Bank Loans to MFIs		
	No of MFI	Amount	No of MFIs	Amount	No of MFI	Amount	% to total O/S
CANARA BANK (all Amounts in INR Lakh)							
2011-12	9	18994.5	91	30832.45	6	255.08	0.83
2010-11	15	9289.67	96	17585.62	6	50.94	0.29
2009-10	32	8853.1	105	14118.98	7	12.55	0.09
STATE BANK OF INDIA (all Amounts in INR Lakh)							
2011-12	66	51587	220	92679	3233	25	3.49
2010-11	54	43292	123	94603	405	9	0.43
2009-10	56	39677	205	87619	974	11	1.11
ASSAM GRAMIN VIKAS BANK (all Amounts in INR Lakh)							
2011-12	1	600	14	1040	0	0	0
KBS LAB (all Amounts in INR Lakh)							
2009-10	5	49.8	11	47.15	0.19	1	0.4
Chandrapur DCCB does not lend to MFIs for on-lending							

(The respective banks annual reports and internal data)

Adopting the anchor-NGO approach, Canara Bank established tie-ups in Chitradurga district in Wayanad and other locations.

Box 5.8: How did KBS LAB reach clients more effectively⁶⁹?

KBS LAB began with loans to SHGs and in 2004 introduced its Sudhama Daily Savings Scheme, with linked small loans. Regular savers for 100 days or more, who build a balance of INR 1000, are eligible for loans under normal criteria. The savings are collected by assistants every day. Most of the clients are small traders and petty shop owners, often working in home-based enterprises. Savers are encouraged to move up to savings account or fixed deposits with higher

interest rates and free life insurance. Loan approval is more or less automatic if the savings have been regular and repayments are collected by the agents. KBS LAB also op-

69 Excerpt from "Whose Sustainability Counts? BASIX's Long March from Microfinance to Livelihoods": Malcolm Harper, Lalitha Iyer & Jane Rosser; November, 2011

erates two mobile branches, the so-called 'bank on wheels'.

KBSLAB took up the BC opportunity, and Indian Grameen Services, a member of the BASIX group, was appointed as the Bank's business correspondent (BC). Each branch has a 'BC Hub', with two spokes.

5.6 Other Enabling Factors at the Bank level

5.6.1 Increase in women Staff

Canara Bank introduced a new staff cadre called rural officers, and 178 agriculture graduates, including 62 women, were hired to improve financial inclusion. The senior management interviewed were in agreement that it was important to have women staff. All staff interviewed either at the head offices or the branch offices exhibited a keen attitude to learn how their products could be offered to women. However, the absence of focused gender training to women and men staff was evident in their stereotypical response – "Why do women need separate focus? We treat them equally", "Women are best at saving", "I have seen my mother bring up our family, therefore I instinctively know the support that women need".

In AGVB, 13% of the staff is women, but in managerial positions women (Scale II to Scale IV) represent a mere 2%⁷⁰ And this 13% is courtesy a recruitment drive in 2010 that resulted in hiring many women, thus pushing the ratio of women staff to this level. No gender sensitisation training has been provided to any of the staff. From 2006-2012, 135 officers of the AGVB were trained on the SHG-Bank Linkage.

Box 5.9: Women Leadership Training in State Bank of India

SBI began a series of training programmes for women managers in the mid-eighties to improve the retention of women officers.

⁷⁰ Collated from an interview with Mr G.Das, Chief Manager, Personnel Department, AGVB

The programmes presented lessons to women officials on cracking glass ceilings and facilitated networking and career planning for participants. It also created an awareness of concerns of gender and poverty in the country, especially in rural areas. Many women officers acknowledge the benefit of this programme.

The field staffs at Canara Bank were positively oriented towards serving low income groups. Though rural postings in banks are generally viewed as a punitive posting, the officers were knowledgeable about barriers like illiteracy and distance that women customers' face. They were in favour of SHG bank linkage and had a good understanding of what women entrepreneurs need. The preference for SHGs also stems from the good repayment, and the distributed risk.

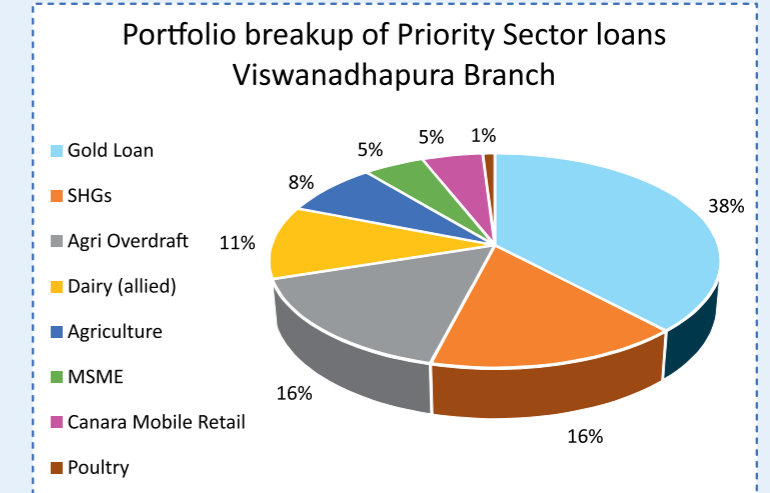
5.6.2 Branch Ambience

The bank branches visited were invariably prominently situated on the first floor of a building in the village. The branch layouts were spacious with adequate seating space for customers. BM's rooms were accessible to all customers. The branches opened before time and the staff interacted with customers freely. A number of women (mainly SHG members and elderly ladies who drew pensions) were seen coming to the banks. Despite being a busy branch no squabbles or arguments could be heard. Information was displayed on the walls in official languages, though somewhat inconspicuously at times.

Box 5.10: Vishwanathapura – a branch led by a woman

Vishwanathapura, a rural branch of Canara Bank near Bangalore, was headed by a woman Manager and two officers. Advances improved from INR 10 crore to 23 crore in two years. She focused on the SHG portfolio and built it up from INR 20 lakh to 3 crore with 100% repayment.

She promotes SHG-BLP, Gold loan, NFSA, GCC loan, DRI and KCCs. She recognises that agriculture work is mostly done by women, as many men work in nearby Bangalore. The bank lends in the men's name alone (no joint signatures), so men come to the bank only for the documentation, while women cultivate the land and conduct all subsequent transactions. Some women also have savings bank accounts in their own names.



Women friendly/ targeted products: Dairy loans are being extended to women and livestock insurance is compulsory. Canara bank has a corporate tie-up with United Insurance, but locally, the BM has tied up with National Insurance as they offer better services and claim facilitation. Gold loans have been sanctioned in the names of women. For loans more than INR 50,000, women can get a loan showing her husband's land papers and proof of marriage. According to the BM, women customers are aware of education loans and subsidy. She added that male branch managers were still cautious about lending to women.

Customer interface: The branch team invests a considerable amount of time with customers in the village, motivating them to form groups, informing them about different products and services. Women customers are now aware of the internal processes relating to subsidies. Ms. Rama, an SHG Member says, 'When I have all the safety at my bank, all my savings and loan needs taken care of, I will not go elsewhere.' Buoyed by the success of the women SHGs, the branch is experimenting with SHGs for men. The NABARD fund of INR 5000 for the branch has been utilised for awareness building.

5.6.3 Customer Grievance Redressal Mechanism

Banks have elaborate processes to gather customer feedback. Internal Customer Relations Committee meetings are conducted at each branch and a Customer Relations Programme organised regularly. In addition, there are help-lines and ombudsmen. But these structures approach customer services generically and do not focus on women or their needs. For example, in AGVB there is an entire department for Customer Care headed by an AGM. While the bank has call centres and complaint boxes, they acknowledge that it does not work effectively for rural customers. Therefore, the question of addressing the grievances of rural women

customers is moot.⁷¹ The personnel of the call centres have not been provided any training. The common thought process is that "people will imbibe what to do".

A perusal of the "Type of Grievances" received through various channels in 2011-12⁷² and redressed, reveals that 28.2% of complaints were related to loan matters, 23% to ATM issues, 7% to pension/insurance issues, and 3% to banking charges/interest. There is a provision to lodge complaints, suggestions, and queries available on the bank's website. Meetings with customer are organised at the

⁷¹ From an interview with the AGM Customer Care, Canara Bank
⁷² Canara Bank web-site

branch level to facilitate direct interface with them, record observations, and improve service. Regional level customer meetings are also held. However, no separate provision was made to include women.

5.7 Gender Analysis of Women Oriented Banking Products/Services

Based on primary research with banks, we offer a gender analysis of pro-women products in mainstream banking, namely the SHG-BLP, the PSL-MFI Scheme and the Business Correspondent Model of FI, with respect to the supply-side barriers affecting women’s access to financial services.

The research shows that major banks offer gender responsive products only on government pressure and this is because of the lack of sensitivity to gender imbalances in the formulation of vision, strategy, business plan, product design and delivery. Smaller rural and local banks have been more responsive to women’s needs.

Conclusion

Findings can be summarised in terms of the five point RATER Scale (Annexure IV) for service quality in the following terms:

Reliability: With the improved IT systems, bank’s accounting systems and processes are more robust and reliable. They offer uniform

Table 5.4: Usage of Special Products To Overcome Supply Barriers Faced by Poor Women Examples From The Field

	SHG-BLP	PSL	BC-FI
Supply Barrier I - Common Misconceptions About Poor Women And Their Financial Needs			
Basis for knowing the financial needs of poor women	Banks go by targets and guidelines.	PSL norms for women’s individual loans- up to 50000 brands women as 'weaker sections'.	The focus is on access points and technology. (BC/ USB/ Fin Inclusion Branch).
Recognition of women as economic actors--as farmers, small enterprise owners, dairy farmers, etc.	Vigorous or extra efforts made only where the Branch Manager or the Rural Officer takes an interest. (e.g. Vishwanathapura branch)	Disaggregated data on loans to women farmers, dairy, MSME and others not available or tracked. Loans to women with spouses' land papers and proof of marriage	The four products for BC operations available for men and women. FI assumes that FDs are not needed and this affects women too.
Supply barrier II--Targeting and reaching out to poor women customers			
Targeting women customers only through Govt. programmes (SHG/ PSL/FI or unique targeting	The SHG BLP is 85% women groups, men groups mostly in the SGSY scheme	Little specific targeting done, No specific sub-target for women within the 10% weaker section under PSL guidelines	No unique targeting of women observed. Pensioners and housewives use ultra-small branch
Supply Barrier III - Developing skills and appropriate institutions to enable poor women’s access			
Training or special assistance provided to women for Financial Literacy	Canara Bank has tied up the entrepreneurial skill development and training with the financial services through the Centres for Entrepreneurship Development, RUDSETIs, etc FLCC outreach is still very preliminary. FI executives themselves have not been trained specifically in Financial Literacy		

	SHG-BLP	PSL	BC-FI
Supply Barrier IV - Eligibility requirements (documents required to open an account, collateral requirements to access loans, other services)			
Any instances where procedure has been simplified for women	Non Form sector activity accounts opened for SHG members; Life Insurance for SHG members at Canara bank-- (Canara-HSBC-OBC)	At Palanjoghally (an FI branch), Canara Bank - a INR 50,000 loan for a business in mineral water to a woman entrepreneur based on residence proof, house (under HUF) documents in the spouse’s name, copy of the husband’s auto driving license, but no co-obligation. Appraisal is business oriented and not 'CSR'	
No special instances of positive action were noticed for the following barriers Supply Barrier V- Affordability--strict minimum balance terms, financial collateral, and access fee charges Supply barrier VI - Constraint for women with no assets or land titles in their name Supply Barrier VII - Gender stereotype Supply Barrier VIII- Women’s social barriers to access services			

levels of safety to men and women. Facilities like ATMs are slowly spreading in rural markets. Banks have difficulties in measuring up to the uniform service delivery standard set up by the IBA/RBI. Punctuality and discipline needs to be improved.

Assurance: Staff has the necessary domain expertise gained from experience more than formal training. There is a definite need for training in gender sensitivity. This leads to a situation where women do not feel assured that they will be treated well and guided as needed.

Tangibles: Banks can do a lot more to improve their advertising and educational material to attract women as a customer segment. Brand building by banks has not yet trickled down to rural areas. Branch premises are often cramped, and customer amenities have to be improved. For women customers--provision of toilets, drinking water, and a baby-care room are essential.

Empathy: While staff is friendly in their dealings with women, queries and complaints are not dealt with promptly and completely. Women customers do not get much help when they require any assistance, or their work goes beyond the routine transactions. Efforts like the

FLCCs and RSETIs are a concrete expression of empathy for women’s need for financial education. Similarly, customer service committees and complaint redressed systems are in place, though they have not been too effective in solving problems or expressing empathy.

Responsiveness: Routine transactions, particularly for SHG members, are now well understood and streamlined. The employees in rural branches understand the business potential of SHGs and their impact on women’s lives. Women employees are more responsive to women’s needs. It is not clear if other services are delivered in an equally sensitive manner.

This overview of services aligned to the dimensions of the RATER Scale indicates that it can be a practical framework in helping a bank or a category of banks (like PSBs/RRB/Cooperative banks) and the banking sector on the whole to improve their efforts in bridging the gap between perceived and expected services.

The ‘Gaps’ between women’s expectations and the policies/programmes/products and services in the banking sector can be summarised in an adaptation of the SERVQUAL model. (Annexure IV)

Chapter 6: Innovations – Experiences and Opportunities

6.1 Global Trends in Innovations for Inclusion

This chapter highlights the situation prevailing round the world, and the innovations attempted both in India and elsewhere to demonstrate what has worked in improving women's access to banking services, particularly to credit. Broadly, two parallel approaches are being used - marketplace interventions and regulations. Mailliard and Anderson reviewed the working of women's banks in the USA in 1987 and concluded that stronger regulatory action is required to embed market interventions when the marketplace is highly skewed in favour of men.⁷³ Best practice models of access to finance for SME female entrepreneurs are found predominantly in developed Anglophone countries. Emerging models in developing countries are yet to reach significant scale, unlike microfinance. The outreach is somewhat better in Asia and very limited in Central and Eastern Europe or the Middle East⁷⁴

Historically, banks needed political persuasion, governmental regulations, and public policy initiatives. Now, market dynamics are beginning to drive changes in some countries. A clear vision to reach women, staff sensitisation, women in governance and leadership positions, and appropriate customer services are a key to such initiatives.

6.2 Direct Barriers to Access

There are many barriers that women face across the world, including developed countries

like the US, the UK and Canada. For example, in Sub-Saharan Africa, barriers arise from the social and economic situation of women. These demand side constraints include the small scale of women's enterprises in petty trade or retailing and services. Women have an aversion to risk, and a fear of formal financial institutions. Inconvenience of approaching formal bank offices, and low income and education levels also play a part. The gaps in supply arise from rigid traditions on gender roles, prevailing gender neutral, and at times, gender negative approaches and high transaction costs. To reduce demand side barriers policy makers promote market intelligence, financial literacy, and capacity building for women. Affordable financial products, branchless banking and e-banking, easy business registration and better delivery channels offer supply-side solutions⁷⁵.

6.3 Structural and Legal barriers

A UN report indicates that nearly 75% of the world's women cannot get formal bank loans because they lack permanent employment and title deeds to land or housing, or because the laws of their country render them ineligible to make legal transactions. Women face challenges created by unfavourable legal provisions particularly in the Middle East, followed by South Asia (except Sri Lanka). This is tracked in an annual report from the World Bank and IFC on 'Women Business and the Law' highlighting gender-based legal differences. Women in India are seldom designated as head of a household, and personal laws at times run counter to constitutional guarantees of equality. There

is no legal presumption of joint ownership for property acquired after marriage; though joint titling is possible, it is not the norm. In the workplace, there are differences in working hours/night work/minimum wages and the type of work assigned. The WEO (Women's Economic Opportunity) global ranking index compares nations across six parameters of labour policy, labour practices and access to finance, education and training, women's social and legal status, and general business environment. Though India scores near the global average on the first three dimensions, it drops well below the average in the other three.

6.4 Barriers Arising in Formal Financial Services

6.4.1 Regulatory Issues

A strong enabling environment has been created by various government stakeholders and international donors. The State Bank of Pakistan (SBP) has gradually reduced KYC requirements for low-balance accounts and facilitated opening accounts for new beneficiaries. It has also waived the NADRA KYC verification fee for beneficiaries transitioning from a limited mandate account to a branchless banking Level o account.⁷⁶ Furthermore, the SBP, in partnership with the Pakistan Telecommunications Authority, is following a managed approach to interoperability. This is to create confidence within banks and mobile network operators who continue to invest in the growth of the branchless banking sector.⁷⁷

6.4.2 Lending to Women

There are many examples of initiatives to alter the status quo. For example, in Africa, Gender Entrepreneurship Markets (GEM) Programme of IFC promotes these efforts through its partnerships and credit lines with commercial banks in

Malawi, Nigeria and Uganda. Loans based on alternative collateral (for example, jewellery, account receivables, contracts with reputed firms), gender sensitisation training of staff, and a proactive outreach strategy are being undertaken. Starting with a low base many of these banks have increased their outreach to women entrepreneurs to nearly 30% of their total loans to small and medium enterprises (SMEs). The approach is being replicated widely⁷⁸.

6.4.3 Savings Mobilisation⁷⁹

Increased savings create access to low cost funds over a period. The Gami Pubuduwa lending programme for women by Hatton Bank, Sri Lanka's largest commercial bank, which started in 1989, has attracted hundreds of women who became successful entrepreneurs; so far they have deposited nearly USD 8 million (Narain, p.28). Similarly in Indonesia, state-owned commercial banks BRI and KUPEDES have attracted women through a decentralised approach focused on lending and savings mobilisation. Savings mobilisation was the most successful element of KUPEDES, supplying the bank's units with a stable source of fund. By the end of 1993, savings accounts made up almost 28% of the accounts and 11% of the rupiah value in the entire Indonesian banking system. BRI today accounts for 81% of the total deposits by MFIs in Asia. (Narain, p 29)

Grameen Bank, the only MFI allowed to raise voluntary deposits in Bangladesh, finances 100% of its loans from savings. Incidentally, 97% of the Grameen Bank's 7.94 million borrowers are women who provide over 50% of the total deposits.⁸⁰

The First Micro-Finance Bank Afghanistan (FMFBA), Kabul, designed a women's group

⁷³ Page Mailliard and Ken Anderson, Women's Banks and Women's Access to Credit: Competition between Marketplace and Regulatory Solutions to Gender Discrimination, 20 Loy. L.A. L. Rev. 771 (1987). Available at: <http://digitalcommons.lmu.edu/llr/vol20/iss3/5>

⁷⁴ El-Zoghbi (2007) Executive Summary; Banyan Global: Women's Access to Finance: Profiles of Best Practice Programs for women owned businesses along the growth continuum for IFC-GEM (Feb 2007), shared with us by Ms Mayada El-Zoghbi, now in C-GAP

⁷⁵ GIZ (2012) Gender Differences in the Usage of Formal Financial Services in Sub-Saharan Africa: A Synthesis of Six Country Case Studies; Study commissioned by GIZ/Making Finance Work for Africa (MFW4A) and carried out by A2F Consulting

⁷⁶ Bold (2011), Branchless Banking in Pakistan: A Laboratory for Innovation, <https://www.cgap.org/sites/default/files/CGAP-Brief-Branchless-Banking-in-Pakistan-A-Laboratory-for-Innovation-Oct-2011.pdf>

⁷⁷ Sarah Rotman Parker, Kabir Kumar, Marcia Parada (2013) An Overview of G2P payments system in Pakistan, CGAP, 2013 <http://www.cgap.org/publications/overview-g2p-payments-sector-pakistan>

⁷⁸ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Gender+Secretariat/Entrepreneurship/

⁷⁹ Most examples in sections 6.4.2, 6.4.3, and 6.4.4 are drawn from Sushma Narain's study. Narain, Sushma (2009) Gender and Access to Finance, World Bank, 2009 available at <http://siteresources.worldbank.org/EXTGENDERSTATS/Resources/SushmaNarain-AccessstoFinanceAnalyticalPaper.doc>.

⁸⁰ Grameen Bank at A Glance, 2009 <http://microfinanceneewz.blogspot.in/2009/01/grameen-bank-at-glance.html>

lending product through a participatory process adjusting interest rates and product terms to suit women's stated needs and demands. In the highly competitive microfinance market, FMFBA, a commercial bank, has since increased its outreach to women from 12% to 26% following a successful pilot of the product in 2007. FMFBA combined its product design with an institution-wide gender assessment and carried out changes in its HR strategies to ensure mainstreaming of its gender product including appointing a woman gender-product manager. (Narain, p.29)

6.4.4 MSME Loans

Looking to become the 'Bank of Choice' for women, Westpac Bank, Australia, conducted market research to identify women's product requirements. The research findings, however, showed that women did not want a special 'women's product' but wanted to be 'taken seriously' and 'treated with respect.' Westpac Bank accordingly set up Women in Business (WIB) Units to advise women on financial products, training, networking, etc. A Women's Investment Advisory Service (WIAS) was created with a team of financial advisors. It also increased women's presence among its managerial and executive positions. (Narain, p.29)

Banco Nacional de Costa Rica (BNCR), a state-owned commercial bank in Costa Rica, set up a special MSME unit to increase women's access and partnered with Costa Rica's National Institute for Women to create gender awareness within the bank and gender equity in policies. (Narain, p.29)

Women value information on how to apply for loan products to help them overcome their reluctance to access formal financial services. Carefully designed policies to avoid unnecessary consequences are needed. For example, interest rate ceilings on loans to women and the poor, introduced to protect them, often result

in their exclusion.⁸¹ Bangladesh Bank's recent refinance scheme aimed at increasing women's access to formal loans has not had the desired effect as it also put interest restrictions on such loans. (Narain, p.34)

6.4.5 More Women Bankers as Decision Makers

Recent research shows that financial institutions should have 'more female voices at the decision-making table.' A microfinance survey of 198 institutions in 65 countries found that, "while women made up to around 70 to 90 percent of their clients, the number of women in senior governance or management positions varied between 30 and 40 percent in most institutions". A study of 226 microfinance organisations in 57 countries found that those with women CEOs reported higher returns on assets. (Narain, p.37)

6.5.5 Measures to Ensure Availability of Gender Disaggregated Data

Finally, a lack of gender disaggregated data is a major constraint. Women's low access levels remain hidden within the cumulative country level data. The United Nations Conference on Trade and Development (UNCTAD) has made recommendations to governments for data disaggregation to be in line with the Strategic Objective A3 of the Beijing Declaration and Platform for Action and the United Nations Blue Book on Building an Inclusive Financial Sector, 2006⁸².

6.5 Advertising as a Means to Create Gender-Positive Perceptions

Women's World Banking (WWB) gender research in Jordan found that despite women's important financial contributions, Jordanian women and men rarely acknowledged women's roles as "businesswomen" with pride. Women were often derided for their work and

made to feel their work was unimportant or secondary to men. (Narain, p17)

Seeking to change these perceptions WWB network member, Microfund for Women, in Jordan embarked on a national social advertising campaign with the international advertising agency Saatchi and Saatchi. The campaign used the slogan "Empowering Every Ambitious Woman", which strongly resonated with women. "[I am] proud and happy that the woman is now working outside the home and that the woman has progressed," said a woman respondent. The campaign utilised television, billboards, bus wraps, posters, and brochures to communicate this powerful message and won Jordan's Media Award for Best Press Campaign in 2006. This shows how a deeper understanding of women's gender issues and aspirations can help women, and societies change perceptions.⁸³

6.6 Financial Literacy Campaigns

Literacy rates for women in Pakistan are amongst the lowest in the world. WWB's research on gender and savings in Pakistan identified gaps in literacy as a critical "pain point" for women customers when trying to understand official forms and documents. In response, WWB partnered with WWB network members Kashf Foundation and Kashf Microfinance Bank to develop easier-to-understand brochures utilising visual images to convey the product's benefits. For example, instead of a list of potential uses in words, the brochure used bright photographs portraying happy children going to school, a brand new rickshaw, and a daughter's wedding to symbolise the savings' goals. The brochure also provided a worksheet using simple calculations that women could use to determine how much they need to save to meet their goal. The Kashf sales forces were trained to explain the brochure to customers

to ensure that even those who were illiterate could understand the benefits.⁸⁴

6.7 Innovations In India

The study of SEWA and Mann Deshi reveals how the focus on gender has to be embedded throughout the organisation and how women clientele individually can also be viable business. These banks have effectively engaged with women on the edge of poverty and supported them to emerge as equal players in their chosen markets. Listening carefully to women's needs, tailoring and re-packaging products, incentivising or celebrating successful tools are some of the options that have worked well. The importance of deposit schemes and the cooperative model of women ownership have proved particularly valuable. Leadership provided by Elaben Bhatt, Jayshree Vyas and Chetna Gala Sinha has played a key role in demonstrating that women's banks are relevant and sustainable. The strong presence of committed women in the frontline, managerial and leadership roles, and the engagement of members in governance are also key factors. These banks have successfully filled the void in financial education among women by tying up Entrepreneurship Development Programmes (EDPs) and Financial Literacy Programmes (FLPs) with loan products. These banks have achieved this through their negotiation and networking skills and successfully finding 'soft funds' and resources to offer knowledge and skill building support. They have had to innovate across products, strategy, systems, delivery, training, and customer service.

6.7.1 Performance

Starting with a share capital of INR 25 lakh in 1997, Mann Deshi Bank today has a total business of INR 46 crore (2013) with 12,000 shareholders (all women) and 1.55 lakh customers (50% women). The average loan size is INR 12,000-15,000. The average age of clients is 36, and they mostly live in joint families with at

⁸¹ Helms, B, and Reille, X 2004, Interest Rate Ceilings And Microfinance: The Story So Far, Occasional Paper No 9, C-GAP

⁸² Available at <http://www.un.org/esa/ffd/msc/bluebook/>

⁸³ WWB, http://www.womensworldbanking.org/news/news-news/content_wwb-network-focus-microfound-women-jordan/

⁸⁴ WWB (2011) Solutions for Financial Inclusion: Serving Rural Women http://www.newfieldfound.org/pdfs/solutions_for_financial_inclusion_serving_rural_women_o.pdf p11

least two children and two elders. At the bank, their average monthly saving is around INR 75. More than 85% of clients come from the ‘priority or weaker sector’ segment. Around 70% of the clients are from backward castes and scheduled tribes. Mann Deshi is proud to have become the only bank in the country to have more than 12,000 shareholders from backward castes.

In 2010, SEWA Bank counted 82,227 members with 361,630 bank accounts and generated an INR 8.3 million profit; and although the banking model is sustainable, profitable and scalable, expansion plans are limited by the regulations on branch licensing. The bank has opened 50,000 micro pension accounts in the state and aims to provide old-age security to workers too. The micro pension programme, in partnership with the Unit Trust of India (UTI) Mutual Fund, helps women under 55 to save as little as INR 50 a month in a pension account. At the age of 58, the account holders receive their savings along with interest to finance their retirement.

In 2009-10, SEWA Bank’s performance indicators have been as follows:

- PAR > 30 days: 17.5
- Capital to Assets ratio: 17.2
- Operating expense/loan portfolio: 15.6
- Borrower per staff member: 150
- Operational Self-sufficiency: 107

6.7.2 Products

Mann Deshi bank has created savings and loan products to equip women with liquid assets. All borrowers must open daily, weekly, or monthly savings accounts and save regularly. It is one of the few banks that go door to door to collect savings every day. There are three types of saving accounts:

- Regular Savings: maximum of two withdrawals per week
- Term Deposits: held for 15 days to three years
- Weekly and Monthly deposits: held for six months, one year, or longer

Box 6.1: Introducing Mann Deshi Bank

Mann Deshi Mahila Sahakari Bank (Mann Deshi Bank) was set up in 1997 as a regulated cooperative bank run by and for women. The mission was to provide women in impoverished areas with an innovative combination of financial and non-financial services to improve their standard of living. Mann Deshi offers individual and group loans, savings, insurance and pension plans, and through its Foundation a mix of training, capacity-building and welfare activities. Headquartered in a village in Satara district, it covers parts of Satara, Solapur, Sangli, Raigarh, Ratnagiri, Pune and Kolhapur districts in Maharashtra through six branches. Roughly one-half of Mann Deshi’s clients are poor rural women who earn a living as street vendors, vegetable vendors, milk vendors, weavers, wage labourers etc.

Box 6.2: Shri Mahila Sewa Sahkari (SEWA) Bank

Established in 1972 in Ahmedabad city, the Self Employed Women’s Association (SEWA) was registered as a trade union in Gujarat. Based on its ideology and long experience, SEWA Bank considers the life-cycle needs of women and tries to meet them.

It offers services with the following objectives:

- Savings and fixed deposit accounts, for inculcating the habit of thrift
- Credit for productive, economic and income-generating activities of women
- Integrated insurance services to face risks
- Technical and management assistance in enterprise management
- Debt relief from money lenders

It has been adapting procedures and designing schemes suitable for poor self-employed women.

Mann Deshi’s micro-credit programmes encourage women to build assets and establish enterprises. It sees the importance of consumption loans to finance healthcare costs, marriages, children’s education, and housing. Depending on each woman’s needs, Mann Deshi Bank offers different types of loans:

- Short term loan (one year)
- Long term loan (two-five years)
- Loans against deposit (one year)
- Loans against gold (one year)

The bank now has more than 140,360 women depositors. A crucial precondition for a loan is that women must be made co-owners of the family’s property. Today 32,115 women have used SHGs and bank loans to gain access to their family assets. It is possible for anyone to avail small loans, e.g. a loan below INR 15,000 needs two co-signatories. For larger loans some form of collateral is needed -- a house, farmland, livestock, gold or their bank accounts. The bank gives a loan against 70% of the gold’s value and 80% of an individual’s deposit. To encourage women to own their houses, a 1% rebate on interest on house loans is provided if the asset is registered in the woman’s name.

SEWA Bank offers four savings products - Current accounts, Savings accounts, Fixed

Box 6.3: SEWA Bank’s Slum Housing Product

The Parivartan housing programme is designed to upgrade the slums. Slums on municipal land are first identified and then women slum dwellers are mobilised to form a residents’ association. Every household deposits 2,100 rupees with the municipal corporation, for a toilet, sewage system, water supply, and electricity. The women may borrow the amount from SEWA Bank if they are unable to pay with their savings. The title to the house is in the SEWA member’s name, and it is entered into the official municipal record.

term deposit accounts, and recurring deposit accounts.

SEWA Bank provides credit to women members on the following conditions:

- Loan Term: three to five years
- Interest Rate: 14.5% - 17%
- Interest Method: Diminishing Balance Method
- Maximum Loan Amount: INR 50,000 (unsecured loans)

Each loan is sanctioned following a visit to the home for a pre-loan check. The amount

Box 6.4: Beyond Credit-Non Banking products

Micro Pension Scheme

In April 2006, SEWA members were permitted to join a SEBI-approved pension plan that offers no assured returns but allows up to 40% to be invested in the stock market. SEWA Bank collects individual contributions similar to a Systematic Investment Plan (SIP) of a mutual fund. UTI-AMC maintains individual retirement accounts and invests in debt and equity. This is a first for the self employed in India, and SEWA Bank gets 3% as commission.

Mann Deshi Bank also tied-up with UTI and developed the software which integrates with their CBS for end-to-end processing and generates MIS reports.

Non Financial Services

SEWA Bank’s *Amrut Zarnu* is a van with multimedia facilities, designed for illiterate women. This goes into slums or chawls, shows videos, and encourages dialogue and discussion. The objective of ‘Zarnu’ is to increase outreach and take financial literacy and business education to the doorsteps of poor women. Initiated in October 2005 it has reached 204 areas and covered 5707 women in 2013.

Mann Deshi Bank finances warehouses for *Jowar* and *Bajra* crops. Foodgrain containers are also supplied. It plans to scale this up in 68 villages.

sanctioned depends mainly on the field-worker's recommendation and a customised client credit risk rating instrument. This instrument developed by SEWA Bank with professional inputs is tailored to suit SEWA Bank customers.

6.7.3 Systems Product Design

The design of products that stems from women's needs is a hallmark of these institutions. The needs are identified using several ways, such as "listening" to customer voices and focused research, including the study of defaulter behaviour.

SEWA Bank identifies the simple act of listening as one of its main sources of product ideas. As their Managing Director explains, "When women get together they talk about their needs. At SEWA, the [client] is in the centre. She is the source of product ideas." In fact, SEWA actively consults group leaders, and ideas for new products are generated mainly from discussions in group meetings. "We have many forums in which women can talk -- trade unions, executive committees, and cooperative bank meetings; just by listening we get ideas for new products."

SEWA Bank also offers insurance products to cover post-natal and pre-natal maternity needs, and disaster relief during cyclones and floods. Social and financial goals are well aligned. Services are given on an individual basis with a flexi repayment plan. It pioneered "doorstep banking" way back in 1978. Though mobile vans tried, the opening of eight bank branches in Gujarat and the network of Bank Sathis in the communities allowed adequate decentralisation and was less costly than sending out vans.

Mann Deshi has an agent-serviced savings product 'Sathi' to enable poor women to save as little as INR 3 per day at their doorstep. The bank came to be known as the "Bank that goes to the People". Scalability of this model was an issue and Mann Deshi brought technology to resolve it. Another innovation is the Mann

Box 6.5: Mann Deshi: Life Cycle Related Products

Saraswathi: A special savings product for annual school opening expenses (June)

Gold Investing Product: Booking gold during the lean price season and taking possession during the peak price

Freedom Ride: An Interest free loan for bicycles for girl students

Cash Credit Product for Vegetable Vendors: Mimicking the "doorstep service delivery" of the local money lender.

Box 6.6: Customised Savings Products for Women in SEWA Bank

Ridhi Siddhi Recurring Scheme: A five-year savings scheme with increasing monthly payments every year for planning children's marriages, education and house repairs/extension. A recurring account starting with INR 50 will become INR 10,169 at the end of five years, 15,110 at the end of 10 years and 22,452 at the end of 15 years.

Ghar Fund Yojana: Deposits of INR 250, 500 or 750 per month, for five years or more, with a lucky draw.

Mangal Prasang Yojana: Deposit installments of INR 200/- for five years and a lucky draw for a gift or cash.

Chinta Nivaran Yojana: Deposit INR 40/- every month for five years with an emergency loan option.

Bhavi Suraksha Yojna: A long term secure saving as an old age benefit. On maturity a monthly income on the lump sum saved in fixed deposit in the name of the woman. Used for pension or for housing.

Desi Umbrella Product, which was referred to earlier in the report. Though the RBI objected to the interest-free feature, Mann Deshi went ahead with the scheme and to this day one can find Mann Deshi inscribed (logo and contact information) umbrellas in local markets, doubling up as marketing collateral. Women today buy these umbrellas on their own (They don't require a loan!). The Mann Deshi Bank undertakes impact assessment studies and mapping of cash inflows and outflows of members to introduce new product features.

6.7.4 Planning and Review Systems

In the Mann Deshi Bank, the overall business is planned at the head office level and targets are given to individual branches. Supervision and clear guidelines have helped retain the focus on poor clients. For example, 32% of deposits should be from savings/current accounts and institutional deposits (which enjoy 1% higher interest) are to be brought down. Not more than 15% of the loans can be unsecured.

The key benefits that the bank wants to pass on to women are:

- A 1% interest rebate when the documents are in the women's name
- Loan sanction is done in 8 to 10 days (compared to two-three months in PSBs)
- Agent benefit from the daily pigmy deposit collection

6.7.5 Staffing and Training

In March 2010, SEWA Bank employed 150, including 20 field staff and 4 managers. The bank sathis, or field workers are in charge of collecting savings and loan repayments. Hand-holders are based in the head office and are responsible for supervision and support of sathis. The management offers incentives both on a short-term basis (directly linked to the monthly performance of staff on a quantitative, objectively measurable basis) as well as on a long-term basis, focusing on qualitative performance aspects, related to work quality, and ethics. Annual appraisals evaluate performance on pre-determined KRAs/KPIs. Non-monetary in-

Box 6.7: Advocacy by Mann Deshi for Women's Ownership of Household Property

In 2004, The Mann Deshi Bank convinced the Revenue Department of Maharashtra to include women's names on stamp papers purchased for making property transactions. By including the names of women, the papers recognise a woman's right to household property, implying that husbands can neither sell the property without her consent nor claim the property as their own, in the event of a divorce. To date, nearly 5000 women have been made equal 'shareholders' in household property.

Box 6.8: Impact Assessment of Mann Deshi's Financial Literacy Programme

An impact assessment in 2009 offered feedback on the quantitative impact and qualitative aspects. It covered 150 clients and found that clients who take the Financial Literacy course improve their weekly savings, take out bigger loans for more productive purposes, and repay more consistently. They are 50 percent more likely to be active loan clients and less likely to default. Finally, clients who took the Financial Literacy course started saving nearly three times as much, rising from an average of INR 63 a week before taking the class to an average of INR 185 thereafter. The results were shared with the branch managers, who have since understood that it has a direct positive bearing on loan repayment.

centives (training, exposure trips, gifts like saris, flowers, election of the employee of the month, etc.) are highly appreciated. It is said that no SEWA staff member has ever been fired though they might have moved to a different kind of work, better suited to their talents. Because the value structure is so well understood, staff and organisers have great freedom in deciding

how to carry out their responsibilities. SEWA has a well-established training programme for their employees.

6.7.6 Internalization of Learning

Learning from its surveys of defaulters SEWA designed various insurance products to support its customers in adverse times. All meetings are highly participatory and the management supports risk taking and learns from mistakes, to try new approaches and find the ones that works. Successes are quickly shared and replicated. The results of

the assessment of the financial literacy training, which showed a marked improvement in repayment rates post training, were shared with the BMs, who having internalised the connect between the two, became active champions of financial literacy.

6.7.7 Infrastructure

The Mann Deshi Bank has invested in handheld devices and smart cards and customised MIS to offer quality service. With this platform new emerging products such as the micro pension are easily launched. The bank uses computers,

e-passbooks, and handheld Personal Digital Assistants (PDAs) are integrated with their software. The HO and six branches are under a LAN with broadband Internet connectivity. Since May 2009, the bank has been using an off-the-shelf Core Banking software “Custodian” compliant with RBI’s guidelines. It has a comprehensive Role and Authority Management System, and CCTVs have been installed in all the branches.

SEWA Bank uses the state-of-the-art core banking system to manage its financial, customer relations, accounting, and personnel management functions. The bank has an ATM in its main building and plans to add more to its seven branches. Joining hands with nine other organisations, it is spearheading financial literacy as a movement under the National Alliance for Financial Literacy.

6.7.8 Customer Care and Grievance Redressal

There is a complaint box in all the branches of the Mann Desh iBank. However, the customers prefer to meet the manager to vent their grievances. During our visit, we observed that the branch manager handled an issue with one of the agents in a calm and composed way, and tactfully admonished the cashier to be more careful in the future. SEWA Bank has established a customer care helpline to register complaints with a toll free number.

6.7.9 Financial Literacy Programmes

SEWA Bank introduced Project Tomorrow in 2002 to build skills in personal financial plan-

ning. More than 5000 women have participated in it. Mann Deshi has published a number of attractive books and booklets on financial concepts specifically for women. Concepts are presented in the form of short conversations supported adequately by concept maps, illustrations from daily life, and dialogue bubbles in the local dialect.

SEWA Bank uses the development communication wing of the Indian Space Research Organisation (ISRO) to reach remote villages. Discussions on topics like local self-governance, women in development, agronomy, forestry management, savings, and credit are beamed to different villages through satellite. Viewers phone in their enquiries that are answered promptly by a panel of experts. SEWA Bank also uses radio to disseminate information. A research wing in SEWA Academy offers practice-based knowledge free on the internet.

6.8 Product Analysis for Improving Gender Sensitivity

This study of innovative practices highlights the need for gender sensitivity at every stage of service design and delivery. We present a few tools for product analysis that will help improve the design of financial products and make them more women friendly.

6.8.1 Need-Features-Benefit Analysis:

A tool based on the need-features-benefit analysis of product design (Annexure III) can be used to catch implicit gender differences.

Box 6.9: Entrepreneurship Development and Training through Mann Deshi Foundation (MDF)

‘Mann Deshi Udyogini’ business development school has reached out to 39,000 women through short courses in financial literacy, computer literacy, and personality development, agriculture, including goat and poultry rearing, vermicomposting, sericulture, fashion designing, beauty parlour skills, cooking, embroidery, and photo lamination.

- Every woman borrower of the Mann Deshi Bank is provided free training in financial literacy, financial management and business development. More than 16,000 women have availed of this so far.
- Training in enterprise development is provided by experienced facilitators. 595 women have participated in the programme to date to learn about accounting, budgeting, planning and management skills, compliance aspects and markets. They begin to understand options available to raise capital. The intangible benefits are links to technical advisors and those running larger enterprises as well as publicity to their business efforts.
- The Foundation’s wall calendar doubles up as a simple daily account keeping tool to record purchases, sales and credit sales and that month’s account including recovered amounts, inventory and cash on hand.
- Marketing fairs for women help sell their produce and products such as the local variety of

bajra, jowar and other cereals, sheep wool, handloom woven blankets, iron made non-mechanical grain pounders and hand mills. Such fairs have created great networking opportunities for rural women entrepreneurs.

- In 2012, MDF in collaboration with ‘The Clinton Global Initiative’ inaugurated the Mann Deshi Chamber of Commerce to provide the necessary information and guidance on policy and innovation. The Chamber presently operates a toll free helpline and an employment exchange for women.
- In order to encourage and inspire women to take on entrepreneurial activities the MDF has instituted the Mann Deshi Udyojika awards with HSBC.
- A community FM radio station and an audio studio have been established in cooperation with the Commonwealth Media Centre for Asia (CE-MCA). The station broadcasts enterprise, literacy and financial education related programmes three times a day.
- The Foundation operates three training buses in the area to provided financial literacy and skill-based training to men, women and school children. Each bus provides training in two pre-determined villages every month.
- Mann Deshi internship program has benefited 100 students and scholars from across the globe.

Table 6.1: Need Features Benefit Analysis with differentiation for gender

Common Needs		Features		Common Benefits	
Easy access and operations in account		Direct bank transfers of benefits		Avoids petty corruption/harassment	
Payments in small amounts to ensure prudent spending		No-frills account with Aadhaar biometric card		Can draw only as per need	
Safety of money		100% safety of amount		Opportunity to save	
Differentiated Needs		Features		Differentiated Benefits	
Women	Men	Pro women	Pro men	Women	Men
Savings and consumption needs	Investment in agriculture or business	Card to use for frequent small withdrawals	Opportunity to save	Food and consumption security	Safeguarding money for the intended purpose

When a financial benefit is transferred to a no-frills account of a household it confers different advantages to men and to women. Direct Benefit Transfer (DBT) Scheme is analysed using the Needs-Features-Benefits Analysis to demonstrate how it can be used to improve the relevance for women.

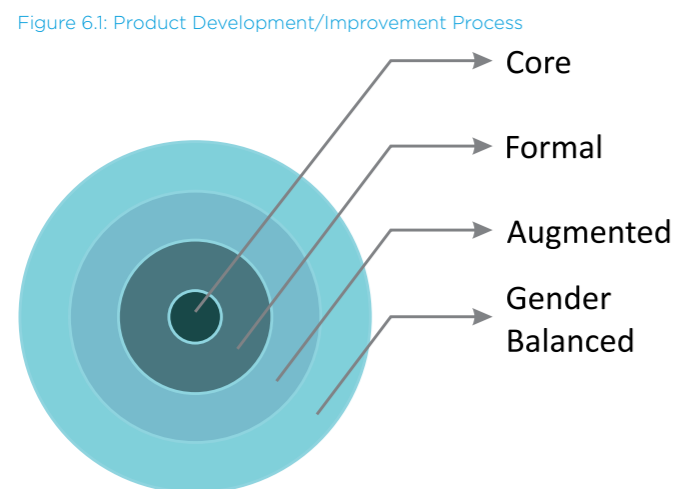
This tool reveals that the DBT will benefit men and women equally in a household if the bank account is held jointly, and can be operated by both male and female heads of the household and has a fixed limit for withdrawals. Banking products can be analysed using this tool to uncover inherent gender biases and stereotypes.

6.8.2 Kotlers' Rings for Product Development:

Product improvement or development occurs in a few stages that can be described in the following manner:

Stage I – Core Product

Banks offer a basic product to serve specific needs. For example, security for the future or self-reliance is at the core of a product like a savings bank account.



Stage II- Formal Product

When one player improves a product it is soon copied across the industry and added features are expected by the customer. For example,

when some banks introduced a cheque book for savings accounts it soon became the industry norm.

Stage III- Augmented Product

Most banks today offer savings bank accounts with a multi-city cheque book, a debit or ATM card and internet banking.

Stage IV – Potential Product

We may anticipate that savings accounts in the future can be used to build credit ratings and therefore provide access to personal loans. Similarly a bank account can be used as address proof for ration cards or government schemes.

In developing a potential product, we can think of gender responsive products. For example, SHG-Bank Linkage may be seen as a gender-balanced potential product derived from the savings bank account. Based on the regularity of the savings bank operations as a group, it offers poor women access to credit from the banking system. It has taken two decades for the product to take shape and it is being refined further to keep up with the needs of women. The following table shows how this design process can be applied to some of the other basic products now available at banks.

6.9 Conclusion

It is evident that innovation is born of necessity, and it also serves to inspire others and thus spurs growth in a new field/domain. Innovations for women in banking were pioneered by organisations like SEWA in India and WWB and the World Bank, which have not only demonstrated their commitment through action on the ground but also by building discourse and challenging gender stereotypes. The International Centre for Research on Women (ICRW) and the Indian School of Microfinance for Women (ISMW) has also sponsored research on the subject. The experiments and ideas of these two institutions, and experiences around the world, point the way for the proposed women's public sector bank in India. To

Table 6.2: Gender Balancing for Banking Products

	Savings bank	Kisan Credit Card	Educational loan	Housing loan
Core	SB a/c	Cash credit limit	Term loan	Term loan / mortgage
Formal	SB + cheque book	Cash credit limit -- with multiple withdrawals and flexible repayment	Term loan with repayment holiday till student starts earning	Term loan with mortgage
Augmented	SB + cheque book + internet banking services	Cash credit limit -- with multiple withdrawals and flexible repayment and low or no collateral for small loans	Term loan with long repayment holiday and no collateral	Term loan with mortgage and fixed interest rates
Gender balanced	SHG-Bank linkage	Add-on KCCs for spouses and insurance for both	Special interest concessions to girl students	Joint-Mortgage loan with fixed interest rates for co-owners

lift it beyond tokenism, Banks need to deliver new and innovative products. The study of innovation reveals that the key to improving gender balance in financial services lie in prod-

uct design and the methods available to better understand and cater to women's needs. The tools offered here can be used to analyse any product or service.

Chapter 7: Suggestions and Recommendations

7.1 Women's Market Presence

Liberian President Ellen Johnson Sirleaf holds that innovation, bold action and risk-taking for women's economic participation are set to increase and in her view, 'women economy' is 'the new emerging market'. Ms. Johnson is ideally placed to speak about women's entrepreneurship, from both a business and development perspective,⁷³ as she is her country's first elected female head as well as a Nobel Peace Prize Laureate (2011). She has also served on the advisory boards of the Modern Africa Growth and Investment Company (MAGIC), the Hong Kong and Shanghai Banking Corporation Group and the Shanghai Financial Holdings.

Box 7.1: Women and Business

According to a World Bank survey on women business and law that looked at barriers to gender equality, 102 out of 141 economies had at least one 'legal difference' that hindered women's economic opportunities. According to the International Labour Organisation, nearly half or 48.4 percent of the available productive potential of women is unutilised compared to 22.3 percent for men.

Box 7.2: 'Women Want More'

According to a global study of women in 21 countries by the Boston Consulting Group, women across continents have identified the financial services industry as the one they are most dissatisfied with on both the service and product level. The claims that financial needs of both men and women are the same are strongly refuted by these startling survey results. Pointers are that banks must provide services and products tailored to women's lifestyles, wipe out patronising sales efforts, and offer more information and guidance. Women want agents of leverage—ways to find time, save time, free up time and align with banks that act as enablers, enhancers, and protectors.

Market analysts echo her sentiment as they are discovering that the economic empowerment of women is not only politically right, but also makes good market sense. The largest growing economic force in the world isn't China or India — it is women. The earning power of women globally is expected to reach USD 18 trillion by 2014, a USD 5 trillion rise from current level, according to World Bank estimates. With in China and India, women's economic power is set to soar. China's female economy will grow from USD 1.3 trillion in 2010 to USD 4 trillion in 2020. India's female economy is more fragile, but expanding and will reach USD 900 billion by 2020.⁷⁴

The recommended package of practices to engage with women customers can be summed up in four R's.

7.2 Interventions and Initiatives to Promote Access

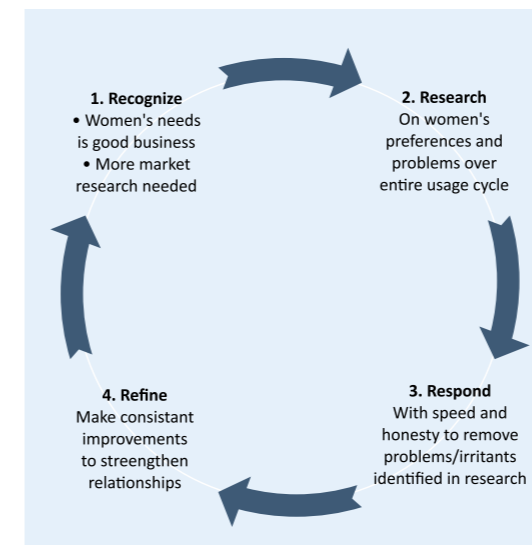
Interventions in the financial sector can be classified in three categories (Figure 7.2)

- Rules and regulations in the financial sector
- Reforms within organisations
- Innovative product design and delivery

⁷³ Inter Press Service, October 11, 2012, available at <http://www.ips.org/TV/2012/MF-WBAnnualMeetings/gender-equality-business-sense>, as retrieved on March 8, 2013

⁷⁴ Silverstien, M et al (2012) Driving Growth: The Female Economy in China and India, available at and retrieved on March 8, 2013 https://www.bcgperspectives.com/content/articles/consumer_products_globalization_driving_growth_the_female_economy_in_china_and_india/

Figure 7.1: The 'Rs' of recommended practices of engaging women



Some well-tested ways to promote credit for women include the following:

- Improving product features like margins and collateral
- Including social and physical assets women are more likely to own or control as collateral
- Offering incremental loans based on individual repayment behaviour
- Ensuring that women can apply for loans without their husband's or other male approval
- Offering a menu of loans to meet the diversity of women's needs and constraints
- Designing loan packages to support women's engagement in more profitable, but non-traditional economic activities
- Bundling credit with additional services, and linkages with support agencies⁷⁵

Similar measures to improve savings include:

- Review of details such as charges and fees, minimum initial deposit requirements
- Offer a menu of savings programmes for the diversity of women's life cycle needs
- Provide confidentiality as needed

⁷⁵ Quisumbing, A.R. and L. Pandolfelli (2009) Promising Approaches to Address the Needs of Poor Female Farmers. IFPRI Note 13, Washington, IFPRI.

7.3 Monitoring and Evaluation Framework

A policy gets translated into practice when the progress in implementation is carefully tracked and assessed against the original objectives. The 14-Point Policy for improving women's access to credit in public sector banks is being monitored by the MoF and a Parliamentary Standing Committee, which can initiate gender aware and responsive policies. Individual banks can continue monitoring their own progress and sending in the information to the ministry.

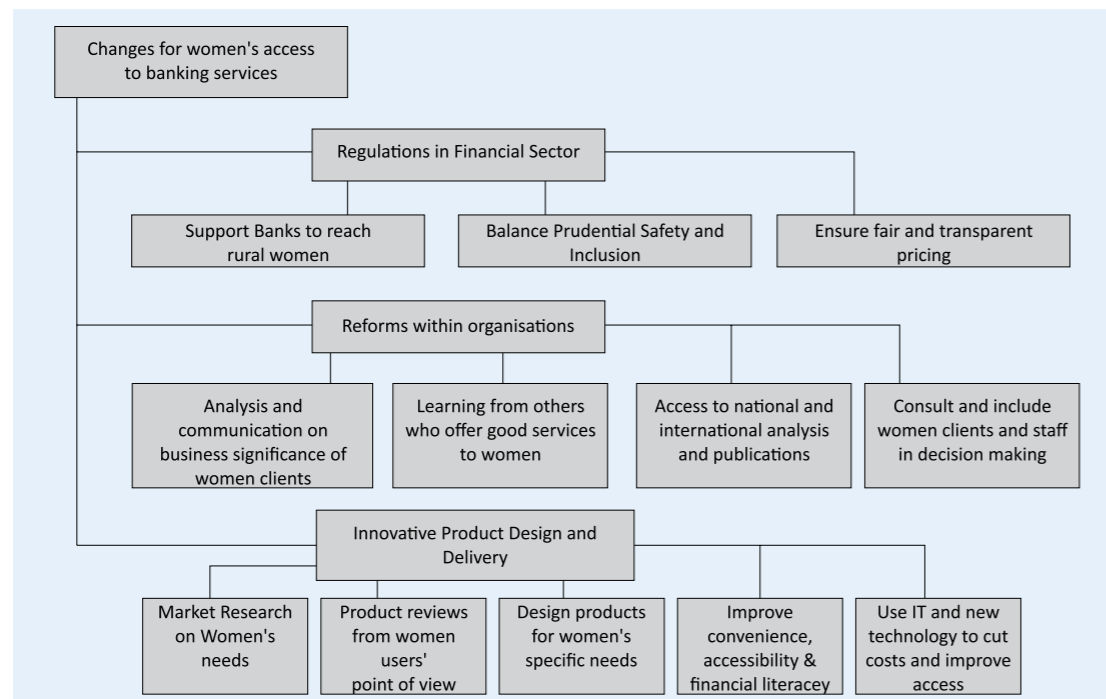
It is important to set up more effective and qualitative monitoring systems within the regulatory and apex bodies and banks, for periodic reviews of what is working well and what needs more attention. This is in fact envisaged in the policy itself. However, we did not find a clear-cut monitoring trail within the RBI/NABARD, or the commercial banks visited. Monitoring and evaluation frameworks have to be designed to track the three major objectives and the sub-objectives identified in Figure 7.2.

To illustrate this we provide a framework for monitoring, learning and evaluation (MLE) that can be used within the banking sector without any major changes in the current IT infrastructure. We have used the Logical Framework Approach (LFA) to document the objectives underlying the Action Plan and developed indicators that can be systematically tracked and achieved. The set of objectives (Goal, Purpose and Outputs), processes and activities are used to build a monitoring framework using the Logical Framework Approach as the methodology (Annexure VI). The Plan also includes Critical Assumptions or Risk Factors for the policy to succeed.

7.3.1 Goal

The Goal can be summed up as "provision of affordable gender responsive financial services for poor women in India." Alternatively, the

Figure 7.2: Improving Rural Women's Access to Finance



(Adapted from Diana Fletschner and Lisa Kenney)

Goal could be “promotion of inclusive financial sector growth with special emphasis on women’. This goal can be set for each participating institution and go right down to the smallest unit.

7.3.2 Objectively Verifiable Indicators (OVI)

The OVIs for this goal can be stated as follows:

- Increase in proportion of poor women holding accounts as a proportion of all women eligible to hold accounts in each bank branch
- Increase in loans sanctioned to poor women as a proportion of women who applied for loans
- Increase in the portfolio of products and services reengineered to meet women’s specific needs and actual delivery of these products at each branch
- Increase in EDP/Skill Development/Financial literacy opportunities for women
- Profitability/quality of the portfolio of women’s accounts shows planned increase

- Economic empowerment of women account holders, measured by changes in the asset profile and income profile of such women customers

These indicators have to be made operational and agreed upon by each bank or sub-unit of a bank (e.g. the rural branch network of a major public sector bank).

7.3.3 Means of Verification (MoV)

These indicators, except the last one (f), can be tracked with the existing Core Banking Platform in use in the banking system. To measure the changes in women’s lives, carefully planned surveys can be carried out.

- Bank Database: Before, During and After Survey. Carefully planned, randomised, stratified samples can give precise results. Universities, academic bodies and professional assessment teams, or social audits can be some of the options used in these surveys.
- Improved Status of Women: This cannot easily be captured from quantitative data. Some qualitative instruments, including

Group Interviews and In-depth Interviews will need to be used.

7.3.4 Important Assumptions and External Factors

- From the perspective of banks, it is assumed that they are able and willing to ‘Redefine their Policies’
- It is also assumed that there will be no negative reaction from patriarchal power centres, as an improved status of women will require major changes in beliefs, attitudes, and practice.

7.3.5 Purpose

The “Purpose” is to ensure that women’s credit needs are met by banks that are aware of the transformative power of financial services. This goes beyond the theme articulated by the RBI in 2000. Acknowledging the need for deeper change, in the 2013-14 budget speech, the finance minister talked of gender responsive banking through the establishment of a women’s bank:

“Women are at the head 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?...” Former Finance Minister Mr P Chidambaram, in his Union Budget Speech 2013-14

7.3.6 Objectively Verifiable Indicators

The progress can be monitored at each level starting with the branch at monthly or quarterly intervals. Some of the indicators that can be derived for this purpose are as follows.

- Proportion of women using banking services (vis-à-vis men and all women) and Average Amount per Account at each branch and at aggregate level

- Increase in loans sanctioned to poor Women in relation to the Proportion of Women who applied for loans: Growth of Women’s Businesses (Number of accounts and amount) at the branch level and monitored by DLBC/SLBC regularly
- Listing of new products and services for women introduced in each district by the Lead Bank
- Proportion of women borrowers attending EDP/Skill Development opportunities from FLCC/RSETI and NGOs
- NPA level for women’s accounts

These are all quantitative indicators that are already available in the data flow generated by the banking sector.

7.3.7 Means of Verification

In addition to information flows within the bank, periodic surveys to assess changes in households and in the economic activities, production and output of women will be needed:

- Before During and After Survey--Bank Database
- Before During and After Survey--FGDs
- MIS maintained by the Women Entrepreneur Cell of Bank

It is important that banks take up, and rigorously implement, the steps envisaged in the policy to ensure that the desired results are achieved.

7.3.8 Outputs

For example, the 14-Point Action Plan had Five Outputs (Annexure VII). These are:

- Gender concerns and women’s financial needs ascertained through market research
- Bank officers and staff sensitised to gender concerns and women’s financial needs
- Assistance provided for women to tackle procedural formalities
- Women equipped to take up entrepreneurship

- (e) Prescribed ratio of credit going to schemes to benefit women in poverty

All five items require initiative from the banks and can be planned for, measured and tracked.

7.3.9 Processes/Activities

Processes/Activities are those steps, which need to be taken to produce Outputs. These can be derived directly from the Action Plan of the RBI. For example, all banks should publish Charters for Women and display them prominently at branches and on their websites. The role of women-development cells should be clarified and they should be entrusted with some main tasks, namely:

- Anticipating the needs of women and influencing product design and delivery through product analysis and gender equality analysis
- Collecting and analysing relevant data
- Relating with gender specialists and using their feedback to move towards gender responsive and transformational services
- Organise gender sensitisation workshops, e-learning packages, certifications within their bank or in the banking system
- Organise adequate opportunities for EDPs and skill building programmes for women clients
- Track gender mainstreaming and women's issues within the organisation

This department should be adequately staffed and supported by specialists, and should report to the Board.

It would be best if the banks are allowed to determine for themselves the actions required to be taken to produce the required Outputs, which in turn can help to achieve the purpose and consequently contribute considerably to the achievement of the Goal. It would be ideal if the banks determine the best structure for ensuring that these objectives (Goal, Purpose and Outputs) are achieved.

7.4 Market Research Capability

In order to implement this policy, banks have to carry out market research, which involves data collection, entering data into databases, analysing data, and data interpretation and reporting. Over time, banks have conducted a few surveys, but this is not done regularly. They do not have adequate in-house staff for conducting such surveys, therefore they are outsourced. The RBI recognises the shortage of trained and skilled manpower for IT functions.

There is an urgent need to train people across several levels to bridge the gap between the technological skill-sets required and skilled manpower available. There is also an urgent need to invest in a dedicated pool of trained IT professionals with a suitable aptitude. The process recommended by the RBI for IT in banking is:

- Uniform data reporting standards are developed
- Data flow is automated from the source systems of banks to their MIS server
- Data is submitted to the RBI in an automated manner without any manual intervention.

The RBI has set up a Data Warehouse that has the potential to meet the MIS and DSS requirements.

- The process of collection of data from the source systems to be totally automated with the help of appropriate Extract, Transform and Load (ETL) tools. Over a period of time, it should be possible to have real-time aggregate information.
- By using Business Intelligence (BI) tools, the internal users at various levels to be provided interfaces for extracting key information and undertaking further analysis on the information.
- For tracking trends and identifying outliers, appropriate dashboards should be built and made available on desktops.

With these measures it is possible to generate the required data for more effective monitoring.

7.5 Recommended Actions

Based on our primary research with regulatory institutions and financial institutions (at the HO and branch office levels), we would like to recommend the following using the three-pronged approach of Policy, Process/Products and Practice levels.

Policies

- An updated version of a gender inclusion policy like the 14-Point Framework to be brought under direct supervision of RBI-DBS and to be included as part of annual inspections to financial institutions.
- PMJDY should focus specifically on the inclusion of women and men and positively enable women to avail of subsidies and benefits.
- Regulators must monitor product-wise gender disaggregated data at all levels.
- Meeting of minimum norms of percent of women covered, amounts saved, and disbursed to be ensured, and mechanisms like the RIDF introduced to fund women's access to banking.
- The MoF and RBI to henceforth certify a 'gender positive' grade on all existing and new programmes from government to be introduced in the banking system.
- Introduce/Increase women's sub-targets for individual credit and credit in non-PSL
- All non-collateral schemes to have minimum share for women.
- Indicators for tracking to be specified.

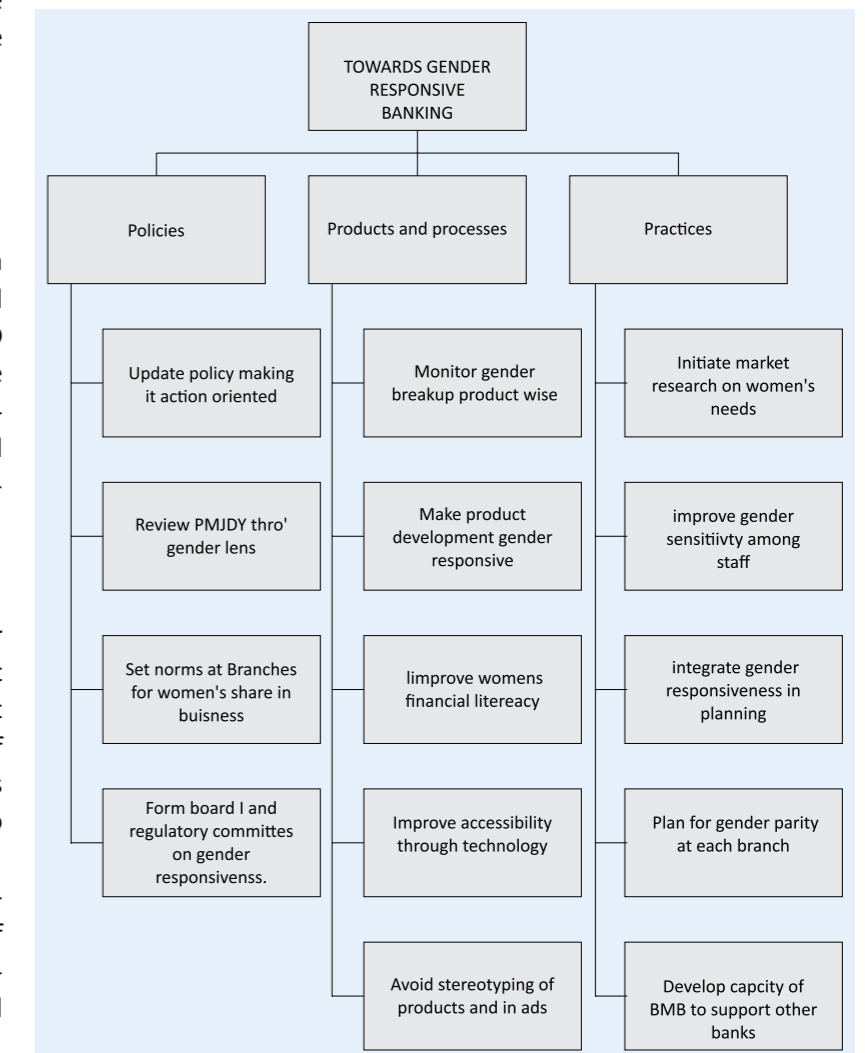
- Tracking changes in awareness among women through independent surveys.

Products and services

The Central management of Banks should ensure the following

- Create women friendly branches and technology infrastructure -- mobile banking, smart cards, biometric access; and training
- Create procedures that will allow women in agriculture to access financial services
- Remove stereotyping of products like KCC (for male farmers in effect) and SHG (for women's groups in effect)

Figure 7.3: Towards Gender Responsive Banking in India: Summary of Recommendations



- (4) Recognise formally, women's right to her personal property and her right to family owned assets (as it is now possible for men)
- (5) Promote the setting up of special centres to promote women's access and financial literacy
- (6) Monitor and improve functioning of FLCCs
- (7) Anticipate needs of women in the MSME as they emerge as micro entrepreneurs
- (5) All new recruits should be provided with gender sensitisation training as part of their orientation/induction
- (6) The ratio of those not trained should be tracked to reduce it to zero.
- (7) Women's needs should be discussed and reviewed in the customer service committees and women made members of customer committees at branches.
- (8) Complaints from women should be analysed and recurring complaints addressed systemically.

Practices, systems and procedures

- (1) Recognise and design for innovations to include women.
- (2) Commission research and product innovation to reach more women.
- (3) Introduce specific steps to plan for women share in business planning, product design, service delivery and advertising.
- (4) Guide women to choose products suited to lifecycle needs.
- (5) Adopt good practices from innovators like SEWA bank and Mann Deshi
- (6) Improve empathy and responsiveness to women customers through skill training.
- (7) Set goals in terms of changing the ratio of women to men customers across product categories.

Improving Gender Responsiveness within Existing Frameworks

- (1) A 'gender responsiveness in banking' subgroup should be set up in each district (DLBC) and state (SLBC). This group should set goals for improving credit flow to women and track the progress. It should also monitor the progress of government schemes.
- (2) The RBI/NABARD should set up a joint standing review committee for gender responsive banking and all existing products should be reviewed using GRB tools suggested in this report from time to time. Goals and targets set in the system along with all policy changes should also be reviewed with GRB tools.
- (3) A Board subcommittee should be set up within the bank.
- (4) Goals should be set to increase recruitment of women.

7.6 Significant Attitudinal Shifts to Reduce Barriers.

To conclude our report, we bring together all the attitudinal issues that have to be addressed to go beyond numbers and bring about deeper transformation.

Gender responsiveness in policy formulation

The attitude implicit in policy making continues in the framework of 'women deserve a helping hand'. This is indeed necessary as the first step towards equality. Across the country these policies have been in place for a few decades and more women are now poised to claim their rightful place as autonomous economic actors. It is important that policy making is now informed of this reality so that the momentum for economic equality built by earlier efforts can be a springboard for the next leap. We recommend greater attention to two aspects:

- Explicit recognition of the differential impact of proposals on men and women
- The diversity and wide variations of the situation of women along regional, social, educational, and political dimensions.

Such attention in the preparatory stage will generate policies more sensitive to gender and other differences that at present inhibit women.

Improving Policy Monitoring Systems

The policies will have impact only when there is a motivated and engaged monitoring of progress. The monitoring system should capture

the changes envisaged in key processes, such as gender perspectives used for decision-making; funds and budget allocations; providing required infrastructure, IT support, human resource and public acknowledgement and celebration of progress. The use of the GRB policy review tools will be helpful in this regard.

Choice of Indicators for Tracking

Indicators that are easily tracked will spur action at the branch level and within banks. Currently branches do not use such gender-disaggregated information. One indicator which can be used at all levels is "ratio of credit flow to men and credit flow to women". Currently men avail five to six times the level availed by women in nearly all categories of business across the banking system. The ideal will be a ratio of 1:1 and a realistic goal will be two to three. A thumb rule such as "for two or three loans to men, make at least one similar loan to a woman" can be introduced. This number can easily be explained to field staff and will reveal the inherent gender inequality.

Transforming Mindsets within Regulatory Bodies

Key decision makers within regulatory bodies are under pressure generated by conflicting claims on their attention from a wide range of stakeholder groups. They have to be sensitised to issues like gender disparity at regular intervals. A gender responsive subcommittee within the regulatory body can be constituted with external experts and individuals, women and men, from rural and marginalised communities.

Civil Society and Advocacy

Emergence of advocacy groups grounded in the actual operations of the formal financial sector has to be supported and encouraged.

Governance in Banking Institutions

The Board of a bank should constitute a gender responsive committee to review its own policies, portfolio of products and services, and actual service delivery at quarterly intervals.

This committee should have access to external advisory support and have the resources to commission independent assessments and reviews from time to time. This was, in fact, part of the earlier policy but remained unaddressed. Similarly, banks can be nudged to publish a charter for women customers.

Gender Lens Review of Key Managerial Processes in Banks

Key decision making processes within banks significantly influence women's access to services. Thus setting business goals/sub goals, distribution and delivery channels, product development, customer support and staff sensitisation has to be reviewed regularly. The benefit incidence tools, gender review, and analytic tools developed and tested in this report can be used. More recruitment, deployment, and promotion of women in banks will be a positive move.

Box 7.3 Quick Action

Some quick steps that can be initiated immediately:

- Recurring deposit rates of interest can be offered for savings under SHG-BLP, in view of the long-term nature of these savings and their availability to the banks for deployment.
- All gold loans, particularly agricultural loans where women's ornaments are pledged, should be sanctioned to women jointly with the spouse or family members.
- Gender equality campaigns in the bank branches should be organised.
- Gender sensitivity and awareness sessions to be part of all training programmes for bankers.

Understanding and Anticipating Women's Needs

Surveys and outreach methods will help banks to accurately assess women's needs and design an appropriate response. This could include constant reviews of existing products to improve their features according to women's needs such as convenience, confidentiality,

guidance, and advice in optimal use of the product's features.

Service Delivery and Customer Service

Location and accessibility of branches, ambience, clean toilets and waiting facilities, guidance, attitudes, responsiveness and problem solving by the front line are the critical factors. Internal training and operating procedures have to be reviewed to develop women-friendly practices. The staff should be well informed about the business potential of the women's segment. Managers should be sensitised to gender questions and perspectives.

Women's Bank for Gender Responsive Banking

The new women's bank holds the potential to become the lever to usher in a gender responsive financial system. It is very important to build in gender awareness at the initial stage of the institution so that it can live up to its promise. It has started on a good note with the following:

- Gender balance in the board with representation from poor women
- Top executive team deeply committed to the goal of gender responsive banking
- A vision statement that aspires to transform the prevailing gender norms in banking and the financial sector

To further its mandate it should consider the following:

- Consultancy and advisory services to banks on gender responsive services through RSE-TIs and FLCCs
 - Public Relations/consistent media campaigns to spread awareness about the potential of women as customers
 - Clear brand development strategy and plan for branch location and facilities that are women friendly
 - Continued preference for women customers and specific targeting
 - Emphasis on enterprise and individual loans rather than SHG-Bank linkage and MFI loans
 - Loan products to be delivered bundled with financial literacy, EDP, and market linkages
 - Door-step delivery, ATMs, mobiles and smart cards and technology to ensure safe and easy access
 - Rural savings festivals or melas to be part of the culture to increase awareness and access
 - Use of FM/community radio for financial education
 - Product innovation and frequent surveys to gather feedback have to be institutionalised
 - Developing pictorial/info graphic oriented material to inform women of product features and services
 - Sensitisation and special training for all staff — men and women
- The ideal bank is one that is gender-responsive, and this can be the model for gender mainstreaming across all public sector and private banks.

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Annexure I: Consulting and Advisory Team

Consulting Team

Dr. Lalitha Iyer: Team Leader and Lead Researcher--Policy and Programmes, is a Ph.D in Economics, Member of ISABS (India) and Associate Member of the Indian Institute of Bankers (CAIIB). She worked in senior management positions with the State Bank of India for 22 years, with experience in banking operations, planning, strategy and human resources management, and anchored and facilitated organisation development (OD) processes for two regional rural banks in very backward regions. She was responsible for work on the policy and programmes chapter and for information on the State Bank of India.

Ms. Rama Kandarpa: Lead Researcher, Barriers to Banking (Supply Side Study), is an engineer by education and has worked extensively with many development institutions, including BASIX, Jagruti MACS and Sri Vidya Trust. In BASIX, her work involved organisational and leadership development, learning, corporate communication, social performance management, institutional development and fund management. With Jagruti MACS, she set up the first women's co-operative society in Visakhapatnam district. She has authored and co authored many articles and books on microfinance and its impact. She has researched and presented 'supply side' and 'Innovations' for this study.

Dr. Radhika Desai: Lead Researcher, Appropriateness of Financial Products (Demand Side Study), is a Ph.D and has worked on social and economic development as scholar and activist for over two decades. A Social Performance Expert, she has done evaluations, and headed the Social Indicators Project (SIP), Triple Bottom Line reporting in BASIX. Dr. Desai writes on livelihoods, microfinance, gender, watersheds, enterprise development, institutional development, and globalisation. Dr. Desai was the main researcher

for the 'Women's Needs' section of this report. She also visited RBI, NABARD and Chandrapur District Central Cooperative Bank.

Mr. Ajit Mani: Lead Researcher, Monitoring and Evaluation of Financial Services, is an MBA with specialisation in agriculture and rural development sector management, as well as a project performance management and benefit evaluation expert. Ajit Mani works as monitoring and evaluation/strategic planning expert for ADB, World Bank, UNDP, NORAD, SIDA and DFID in India, Sri Lanka, Nepal, Bangladesh, Thailand and Cambodia. He teaches research Methodology and Project Management for MBA students. He reviewed the monitoring and evaluation aspects of banking, particularly with a focus on women, and helped in the analysis of data from various sources.

Mr. B.V. Raghuram: Lead Researcher, Innovations and Vice President, BASIX, holds an M.Tech Degree in Chemical Engineering. He has professional experience of more than 20 years, in mainstream banking. He started off as a Software Engineer, and joined Allahabad Bank in a senior management position responsible for Risk, Information Technology and Regulatory Compliance. Also, he made significant contributions to various committees on policy and operational changes in the Bank. In BASIX for the last three years he is responsible for the Technology Assisted Financial Inclusion Program all over India and is adviser to PNG Microfinance Ltd. (PML), Papua New Guinea. Mr. Raghuram was the Project Manager for this research.

Ms. Reno Ann Cherian: Researcher, a post graduate from the Indian Institute of Forest Management, has previously worked with funding agencies and NGOs. She had the opportunity of working extensively with microcredit-promoting organisations in north and south India and with those working on

watershed (water/land related issues). She has hands-on experience with microcredit programme implementation, including community mobilisation, linking SHGs with banks and federating the SHGs into formal institutions. In BASIX, she works on project development and management and also contributes to onsite project implementation related to social performance management and impact evaluation.

Mr. Suman Laskar: Researcher, a development practitioner with nine years grassroots experience in consulting and training. He has closely worked with women-owned-community-based-organisations in microfinance and livelihood promotion with PRADAN and BASIX. Suman then worked with JNLI for two years in youth leadership development. In BASIX Consulting as Senior Manager he handles research and implementation of projects..

Ms. P Vinuthana, Researcher: MBA in marketing and HRM, with over five years of experience in the microfinance and ten years in the development sectors. She has worked in NGOs/government agencies/consulting services/community based institutions/cooperatives with focus on sustainable livelihood promotion and capacity

building. She was involved with BASIX's pilot project 'Gender mainstreaming of Information and Technology'.

Advisory Team

Subhalakshmi Nandi: Ms. Nandi is the Women's Economic Empowerment Specialist at the UN Women Office for India, Bhutan, Maldives, and Sri Lanka. She has over a decade of experience with women's organisations at the grassroots level, with ANANDI in tribal Gujarat, and with Nirantar in the Bundelkhand region of Uttar Pradesh. Her research and policy work has been on wide-ranging issues related to women's rights and empowerment, particularly in the context of rural livelihoods, FI and social security.

Lakshmi Raman: A banker by profession, Ms. Raman specialises on women issues in India. The combination of formal banking and gender made her an apt choice for the Advisory Team. Her past work includes evaluations of the Development Education International Society (DEIS), Pune, enterprise education in three states for CORDAID, NGOs in Tamil Nadu for the Irish League of Credit Unions (ILCU), Nepal Federation of Savings & Credit Unions, Nepal for ILCU, and Rural Women's Development Society (RWDS), for HIVOS.

Annexure II: Key Informants Interviewed

1. Dr. Anjali Kulkarni, National Institute of Bank Management
2. Dr. B G Mukhopadhyay, General Manager, Corporate Planning Department, NABARD
3. Dr. Brinda Jagirdar, General Manager, Economic Research Department, State Bank of India
4. Dr. Prabhatai Wasade, Vice President, Chandrapur District Central Cooperative Bank
5. Dr. Rajaram Dasgupta, National Institute of Bank Management
6. Dr. Tara Nair, Associate Professor, Gujarat Institute of Development Research
7. Mr. A Adhikari, Chief Manager, Credit Department, Assam Gramin Vikas Bank
8. Mr. Anand Kumar Solanki, Head - IT, Krishna Bhima Samruddhi Local Area Bank, Mehaboobnagar
9. Mr. Babasaheb Wasade, former Chairman Chandrapur District Central Cooperative Bank
10. Mr. Bhatnagar, DM, Priority Credit and Financial Inclusion (PCFI), Canara Bank
11. Mr. C D Srinivasan, Chief General Manager, Rural Planning and Credit Department, Reserve Bank of India
12. Mr. D Baruah, Chief Manager, IT & MIS Department, Assam Gramin Vikas Bank
13. Mr. D Ranjit, Assistant General Manager, Development Policy Department, Farm Sector, NABARD
14. Mr. D T Dekatey, Chandrapur District Officer, NABARD
15. Mr. Deepak Singhal, Chief CGM-in-Charge, Department of Banking Operations and Development, RBI
16. Mr. G Das, Chief Manager, Personnel Department, Assam Gramin Vikas Bank
17. Mr. Gore, Manager, Loan Section, Chandrapur District Central Cooperative Bank
18. Mr. K C Nath, Branch Manager, Sipajhar Branch, Assam Gramin Vikas Bank
19. Mr. K N Janardhana, Chief Project Coordinator, Monitoring Cell for RSETIs
20. Mr. K V Parameshwar Rao, Head - Risk and Compliance, Krishna Bhima Samruddhi Local Area Bank, Mehaboobnagar
21. Mr. K Venkateshwar Rao, Chief General Manager, Department of Supervision, NABARD
22. Mr. Madhurwar, Head of Microcredit Division, Chandrapur District Central Cooperative Bank
23. Mr. Manoj Kumar Verma, General Manager, Department of Banking Supervision, RBI
24. Mr. Mohan, Assistant General Manager, Micro Small and Medium Enterprises, Canara Bank
25. Mr. N D Ghonmode, Inspector, Shindewahi Branch, Chandrapur District Central Cooperative Bank
26. Mr. Narendra P. Rao, General Manager, Development Policy Department, Farm Sector, NABARD
27. Mr. Patil, Second Officer, Lead Bank District Office, Bank of India, Chandrapur
28. Mr. Pawar, Clerk, Microcredit Division, Chandrapur District Central Cooperative Bank
29. Mr. Prabhakar, Manager, Agriculture Credit Section, Priority Credit and Financial Inclusion, Canara Bank
30. Mr. Pramod Bagde, Acting Manager-in-Charge, Shindewahi Branch, Chandrapur District Central Cooperative Bank
31. Mr. R K Sarma, Chief Manager, Planning and Development, Credit Services and Recovery Department, Assam Gramin Vikas Bank
32. Mr. Raju Kori, Manager, Agriculture Credit Section, Priority Credit and Financial Inclusion, Canara Bank
33. Mr. Ramanjaneya Reddy, Head - Credit, Krishna Bhima Samruddhi Local Area Bank, Mehaboobnagar
34. Mr. Ravi, Assistant Manager, Deposits and Marketing, Krishna Bhima Samruddhi Local Area Bank, Mehaboobnagar

35. Mr. S Mohapatra, Assistant General Manager, Agriculture Credit Section, Priority Credit and Financial Inclusion, Agro-Business Marketing Management, Canara Bank
36. Mr. S N Dubey, Chief Administrative Officer, Chandrapur District Central Cooperative Bank
37. Mr. S S Bhat, General Manager, Priority Credit and Financial Inclusion, Canara Bank
38. Mr. Sahoo, Assistant General Manager, Business Planning and Customer Care, Canara Bank
39. Mr. Sanjay Khanke, Accounts Department, Chandrapur District Central Cooperative Bank
40. Mr. Shaji Kurup, General Manager, Development Policy Department, Farm Sector, NABARD
41. Mr. Shekharrao Dhote, President, Chandrapur District Central Cooperative Bank
42. Mr. Shiv Shankar Singh, Chairman, Assam Gramin Vikas Bank, Guwahati
43. Mr. Sridhar Keppurengan, Vice-President, Business Development, High Mark
44. Mr. Sunil Kurtkoti, Deputy General Manager, Priority Credit and Financial Inclusion, Canara Bank
45. Mr. Tulsiram, Manager, Agro-Business Marketing Management, Canara Bank
46. Mr. V K S Kannival, Manager, Agriculture Credit Section, Priority Credit and Financial Inclusion, Canara Bank
47. Mr. V N Khedikar, CEO, Chandrapur District Central Cooperative Bank
48. Ms. Cauvery Kumar, Chief Financial Officer, State Bank of India, Bangalore
49. Ms. Chetana Gala Sinha, Founder and Chairperson, Mann Deshi Bank, Satara
50. Ms. Gayathri, Branch Manager, Vishwanadhapura Branch, Canara Bank
51. Ms. Joy Deshmukh, Global Head, Corporate Social Responsibility, Tata Consultancy Services
52. Ms. Kavita Gangwal, Manager, Department of Banking Supervision, RBI
53. Ms. Kiran Moghe, National Secretary, All India Democratic Women's Association, Pune
54. Ms. Leena Jagadeesh, Officer-in-Charge, Centre for Entrepreneurship Development, Canara Bank
55. Ms. Mayada El-Zoghbi, Senior Microfinance Specialist, CGAP
56. Ms. Pallavi Chavan, Department of Economic Analysis and Policy, Reserve Bank of India
57. Ms. Rekha Kulkarni, Chief Executive Officer, Mann Deshi Bank, Satara
58. Ms. S Bhattacharjee Ojah, General Manager, Assam Gramin Vikas Bank, Guwahati
59. Ms. Suseela K, Assistant General Manager, Centre for Rural Development Trust, Canara Bank
60. Ms. Sushma Shendge, Chief Financial Officer, Mann Deshi Bank, Satara
61. Ms. Ujjwala Nagapure, Assistant Manager, Department of Planning and Development, Chandrapur District Central Cooperative Bank
62. Ms. Usha R. Nair, General Manager, Shares and Bond Department, State Bank of India
63. Ms. Usha Srinath, Branch Manager, Palanjogihalli Branch, Canara Bank
64. Ms. Vandana, Assistant Manager, Credit Supervisor, Krishna Bhima Samruddhi Local Area Bank, Mehaboobnagar
65. Ms. Vanita Shinde, Chief Administrative Officer, Mann Deshi Bank, Satara
66. Ms. Vanitha Jadhav, Branch Manager, Satara Branch, Mann Deshi Bank
67. Ms. Vijayalakshmi, Assistant General Manager, Customer Care and Business Planning, Canara Bank

Annexure III: Need Benefit Analysis

In order to determine the value of goods or services to a chosen target market and to assess customer satisfaction levels, a Needs-Feature-Benefits Analysis is one of the most often used methods of analysis.

A Need is a customer requirement. The customers can have positive need (that he/she wants) and negative need (that he/she does not want) from a product.

A Feature is defined as an attribute that exists in the product so it can perform its function. Unique Selling Proposition (USP) of a product is also a feature.

A Benefit is defined as an outcome customers look for to meet their needs; a feature that satisfies a need.

Therefore, features and benefits exist when one identifies the needs of the chosen target market segment, and meet those needs with the product or service both from the customer's perspective (by the value it provides to the customer) and the producer's perspective (by how it meets the company's financial and marketing objectives).

While features of a product can be easily accessed and understood, needs and benefits are more complex in nature and so are their assessments. It is usually done through direct interaction with customers either through interviews or surveys.

Annexure IV: SERVQUAL Gap Model

SERVQUAL was originally measured on 10 aspects of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles. It measures the gap between customer expectations and experience. By the early nineties the authors had refined the model to the useful acronym RATER: (a) Reliability; (b) Assurance; (c) Tangibles; (d) Empathy, and (e) Responsiveness

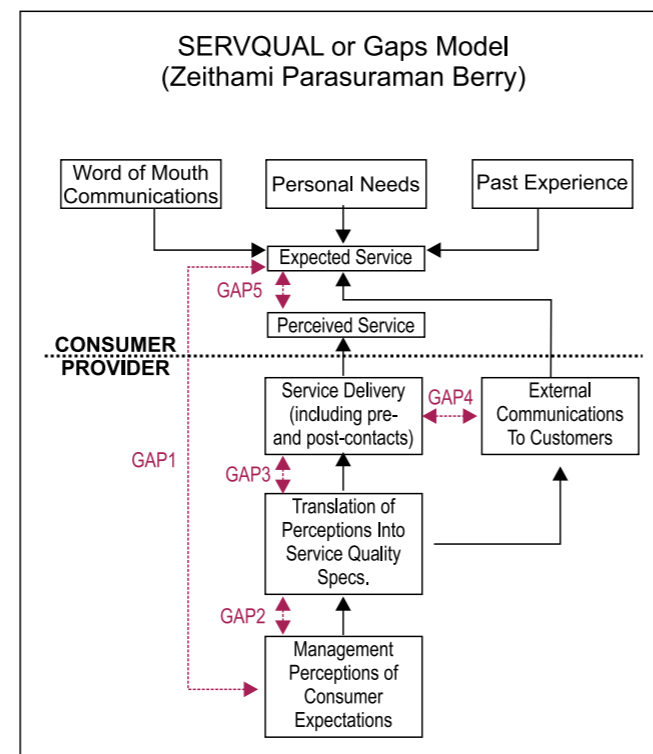
The simplified RATER model is useful for qualitatively exploring and assessing customers' service experiences and has been used widely by service delivery organisations. It is an efficient model in helping an organisation to improve their efforts in bridging the gap between perceived and expected service. The five gaps that organisations should measure and minimise are:

Gap 1 is the distance between what customers expect and what managers think they expect. Clearly, survey research is a key way to narrow this gap.

Gap 2 is the space between management perception and the actual specification of the customer experience. Managers need to make sure that the organisation is defining the level of service they believe is needed.

Gap 3 is the stretch from the experience specification to the delivery of the experience. Managers need to audit the customer experience that their organisation currently delivers in order to make sure it lives up to the specification identified.

Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers. All too often, organisations exaggerate what will be provided to customers, or discuss the best case rather than the likely case, raising customer expectations and harming customer perceptions.



Gap 5 is the gap between a customer's perception of the experience and the customer's expectation of the service. Customers' expectations have been shaped by word of mouth, their personal needs and their own past experiences. Routine transactional surveys after delivering the customer experience are important for an organisation to measure customer perceptions of service.

The SERVQUAL measuring tool 'remains the most complete attempt to conceptualise and measure service quality'. The main benefit to the SERVQUAL measuring tool is the ability of researchers to examine numerous service industries such as healthcare, banking, financial services, and education. The fact that SERVQUAL has critics does not render the measuring tool debatable. Rather, the criticism received concerning the SERVQUAL measuring tool may have more to do with how researchers use the tool.

Annexure V: Analytic Hierarchy Process

The Analytic Hierarchy Process (AHP) is a systematic procedure for representing the elements of any problem that breaks down the problem into its smaller constituents and then calls for only simple pair-wise comparison judgments to develop priorities at each level. Based on mathematics and psychology, it was developed by Thomas L. Saaty in the 1970s and has been extensively studied and refined since then.

It is particularly applied in group decision making, and is used around the world in a wide variety of decision situations, in fields such as government, business, industry, healthcare, and education.

Rather than prescribing a 'correct' decision, the AHP helps decision makers find one that best suits their goal and their understanding of the problem. It provides a comprehensive and rational framework for structuring a decision problem, for representing and quantifying its elements, relating those elements to overall goals, and evaluating alternative solutions.

Users of the AHP first break down their decision problem into a hierarchy of more easily comprehended sub-problems, each of which can be analysed independently. The elements of the hierarchy can relate to any aspect of the decision problem—tangible or intangible, carefully measured or roughly estimated, well- or

poorly-understood—anything at all that applies to the decision at hand.

Once the hierarchy is built, the decision makers systematically evaluate its various elements by drawing comparisons in pairs, with respect to their impact on an element above them in the hierarchy. In making the comparisons, the decision makers can use concrete data about the elements, but they typically use their judgments about the elements' relative meaning and importance. It is the essence of the AHP that human judgments, and not just the underlying information, can be used in performing the evaluations.

The AHP converts these evaluations to numerical values that can be processed and compared over the entire range of the problem. A numerical weight or priority is derived for each element of the hierarchy, allowing diverse and often incommensurable elements to be compared to one another in a rational and consistent way. This capability distinguishes the AHP from other decision making techniques.

In the final step of the process, numerical priorities are calculated for each of the decision alternatives. These numbers represent the alternatives' relative ability to achieve the decision goal, so they allow a straightforward consideration of the various courses of action.

Annexure VI: Logical Framework Approach

The Logical Framework Approach (LFA) is an analytical tool for objectives-oriented project planning and management. The present 4x4 matrix format of what is also known as a "Results Framework" was developed for USAID at the end of the 1960's in response to poor planning and monitoring of a development project. LFA highlights the relationship of project inputs, planned activities and three levels of results (Outputs, Purpose, and Goal).

In 1986, the ODA (Overseas Development Agency of the UK, now known as DFID or Department for International Development) adopted the LFA that began to be used widely in the field of development.

LFA can be summarised in two steps. These are:

- Situation Analysis: Stakeholder Analysis, Team Visioning, Problem Analysis, Objectives Analysis and Alternatives Analysis; and
- Project Design: Identification of Project Elements, agreeing on indicators and identifying External Factors (Risk), all in participative mode.

Problem Analysis using a 'Cause-Effect' diagram known as a 'Problem Tree' is the system-

atic method of identifying the root cause of a problem and differentiating it from symptomatic problems. This approach is widely used in 'quality control' and was first published in 1990 in the book, *Introduction to Quality Control* by Professor Kaoru Ishikawa.

Once the Problem Analysis has been completed, problems identified are converted to objectives and the 'Problem Tree' is transformed in to an 'Objectives Tree'.

In the next step, the hierarchy of objectives (Goal, Purpose, and Outputs) is arranged in a 'Project Planning Matrix' which shows the 'Objectively Verifiable Indicators' for each objective, the 'Means of Verification' and the 'Important Assumptions and External Factors'.

The Logical Framework has been called a 'Quality Document' that shows how an organisation proposes to accomplish a Goal, by achieving a Project Purpose, which in turn requires that various Project Outputs (or Results) are produced. Each Project Output is driven by Project Processes that are groups of Activities that are expected to lead to positive, desired results.

Annexure VII- RBI's Circular on the 14-point Policy

Telegrams : *RUPLACARD* **RESERVE BANK OF INDIA** Telephone - 266 16 02
Rural Planning And Credit Department Post Box No. 10014
 E-Mail : rbi-rpcd@bom3.vsnl.net.in **CENTRAL OFFICE BUILDING, 13th Floor** FAX : 91 022 262 10 11
Shadin Bhaagat Singh Road

Fort, Mumbai - 400 001.

Strengthening of credit delivery to women particularly in Tiny and SSI sector

RPCD.PLNFS.BC.No.40/06.02.79/2000-01

December 12, 2000

All public sector banks

Dear Sir
 Strengthening of credit delivery to women particularly in Tiny and SSI sector

The need for strengthening credit delivery to women particularly in the Tiny and SSI sector has been engaging the attention of the Government for quite some time. The matter was examined in detail by the Committee of Secretaries [COS]. Consequent to that, the Ministry of Finance, Banking Division has prepared a report in consultation with various Government and Non-Government agencies, Reserve Bank of India and public sector banks, National Bank for Agriculture and Rural Development, Small Industries Development Bank of India, Ministry of SSI & ARI and the Department of Women and Child Development on how to more fully meet the credit needs of women particularly in the tiny and SSI sectors within the existing institutional framework. The Report contained an Action Plan to be implemented by public sector banks. The meeting of the Committee of Secretaries held on 14 September 2000 has recommended the Action Plan to Government which has since accepted the same.

As desired by Government we forward herewith a copy of the Report containing the Action Plan to be implemented by public sector banks. You are requested to take appropriate action for implementation of Action points 1 to 13 of the Action Plan. Kindly advise the Banking Division, Government of India the steps taken/progress made in implementing every action point on a quarterly basis commencing from the quarter ended March 2001. The progress report to Banking Division may be sent within one month of the end of each quarter with copy to us.

Yours faithfully
 Sd/-
 [A.V.Sardesai]
 Chief General Manager
 Encls :Copy of the Report [Action Plan only]

ACTION PLAN FOR IMPLEMENTATION BY BANKS

The strategy for increasing women's access to the formal financial sector should be a long term goal with flexibility to adapt to local needs and situations. This will help build up an effective and efficient financial intervention. Besides, attitudinal change of society and removal of unequal inheritance laws and practices could enable women to exercise property rights and have a better standing in the society. The following action points are required to be taken up by banks in order to reach potential women entrepreneurs and encourage them to avail credit and credit plus services from banks:-

(1) Redefining of Banks' policies / Long term plans

(i) Banks should redefine its policies by taking into account women's requirements in a focused and integrated manner.

(ii) Banks should have a Charter for women which must be published. They should prepare long term plans and within that area plans with a view to outreach credit to women. To start with, banks should earmark at least 2 per cent of their net bank credit for women and raise it to 5 per cent in 5 years time. For this purpose, they may take into account credit extended to women directly for smaller projects; credit under different schemes of banks/Government sponsored schemes and credit to companies where majority of the promoters shares are held by women; partnership firms where majority partners are women and proprietary concerns where proprietors are women.

(iii) Banks must ensure that the benefits under various poverty alleviation and employment promotion schemes go to the women in the prescribed ratio.

(2) Setting up women cells

(i) Women's cells should be set up at the banks' head office as well as in their regional offices where information, counseling/guidance and other credit related services for women entrepreneurs are readily available. The cell at the head office should function under the Executive Director of the Bank. The cell should preferably be handled by women officers/staff and act as data collecting center for information about women entrepreneurs and for monitoring the status of applications received and extent of credit disbursed. The cell should also disseminate information to women entrepreneurs about various credit related schemes and facilities available with the bank particularly for self employment.

(ii) At the branch level, or clusters of branches in rural areas, the bank should have a desk visibly placed in order to provide women with relevant information and guide/assist them in making loan applications etc. As far as possible the desk should be handled by a well trained lady staff member particularly in rural areas.

(iii) Special attention should be given to women in every branch. One officer in each branch should be designated exclusively for dealing with cases of flow of credit to women. Banks should have a target for covering at least 20 women per branch for lending and 20 for training.

(3) Simplification of procedural formalities

The application forms, appraisal standards and other procedural requirements for extending finance to women entrepreneurs should be simplified as far as possible. Banks should ensure that the managerial staff assist women entrepreneurs in understanding the banks' procedural formalities in a simple manner. They should also give assistance in the preparation of project reports and completion of other paper work.

(4) Orientation of Bank officers/staff on gender concerns/credit requirements of women

(i) Banks should take appropriate measures to ensure that the branch level functionaries do not have traditional bias of preferring men to women in financing. For this

purpose the bank staff should be oriented through short term training programmes in which a special component on gender concerns can be incorporated.

(ii) Banks should also organize workshops of two-three days duration for its branch managers/staff on different aspects of handling credit requirements of women. Banks should also invite members of Non- Government Organisations (NGOs) or women social workers to these workshops for active interaction so that the problems being faced by the women entrepreneurs could be better understood by bank staff in an informal manner.

(5) Publicity campaign for creatina awareness about credit facilities

(i) Banks should launch Awareness Programmes/Publicity Campaigns about schemes available for women. Attractive publicity material such as posters, charts, can be specially designed in a simple manner so that women are able to understand it easily. The publicity material should be available in different languages and should be widely distributed particularly in rural and semi-urban areas. Gender concerns should also be addressed through publicity material viz. slogans on hoardings/bus shelters etc.

(ii) For the large numbers of illiterate and semi-literate women, particularly in the rural and semi-urban areas, the banks should make efforts to inform them through audio-visual methods/slides and charts about the different schemes under which finance is available. Banks should establish contact with the village panchayats to seek their assistance in dissemination/distribution of information material to women in the village and for delivery of credit to identified women.

(iii) Banks can also explore the possibility of using the local radio and the television network for disseminating information to women in the farthest corners of the country.

(iv) Banks should interact with schools/colleges/universities for publicizing schemes and programmes for women.

(v) In the present computer age, banks should make use of creating web- sites through which wider publicity could be given about various schemes/credit facilities available with the bank for women entrepreneurs. This would help all sections of the society to have easy access to such information particularly the young, educated urban women who are using computers.

(6) Entrepreneurship Development Programmes/Training facilities for Women

(i) Banks should organize entrepreneurship development programmes exclusively for women entrepreneurs. For this purpose the banks can contact various Entrepreneurship Development Institutes in the country and develop appropriate programmes for women in the urban and rural areas.

(ii) Banks should finance training courses for women, particularly in the area of information technology.

(iii) There is a need for more training institutes particularly in the rural areas to cater to the training requirements/skill upgradation of rural women

(iv) During school/college vacations banks should involve teachers/students in training programmes for women

(v) Government organizations should give preference to purchase of goods made by women entrepreneurs

(7) Specialised branches for women

(i) Banks should make concerted efforts to open specialized branches in identified areas for financing women entrepreneurs on the lines of 881 branches or Agricultural Finance branches. The specialized branches should cater exclusively and at least predominantly to the requirements of women entrepreneurs in an integrated manner. Apart from the other banking functions, these branches could act as a Centre for women which offers inter alia, facilities like a small library, credit related counseling and guidance services and information about various schemes. The branch should be fully computerized and may also collect information about schemes/programmes available for women in other banks and organizations so that women coming to one branch can have access to information about schemes in other banks as well.

(ii) Over the next one year, at least one specialized branch for women would " be opened in every district of the country. RBI will proportionally allocate the numbers of such branches to be opened by each bank.

(8) Motivational strategies to enthuse bank officials/staff

Banks should use motivational strategies to enthuse their managers/staff to achieve targets for women. Their work in this area should be given appropriate recognition. Banks can give annual awards to the 3 best performing branches in achieving targets plus providing credit related services to women.

(9) Monitoring system

A monitoring system should be in place for submitting regular reports on the credit flow to women. It should be an item on the calendar for Review being submitted to the Board of Directors of the bank. RBI should also monitor and give suitable directions to banks from time to time.

(10) Data collection

Separate data about credit flow to women is not presently available. Data should be generated by banks and quarterly reports submitted to RBI who should process the information and create a separate data base for women. Data for women should be collected separately for amounts advanced through micro-credit, credit to small scale industries and credit to medium/large industries. RBI should also assess the extent of financial assistance given to women in the last 2-3 years, latest by September, 2000.

(11) Strengthening of existing schemes

(i) There should be greater interaction between NABARD/SIDBI and banks. Existing schemes and programmes being implemented by them should be further strengthened both in terms of coverage as well as volume of credit. Other facilities offered under these schemes eg. Training/orientation should also get more attention.

(ii) There is no direct alliance between SIDBI and banks. SIDBI should explore the possibility of having a tie-up with banks for women's schemes.

(12) Increasing the limit for non-obtention of collateral security

(i) Banks insistence on collateral/securities is a major impediment in borrowing by women. Banks should therefore implement the recent measures taken by Government / RBI for increasing the limit for non- obtention of collateral security from Rs.1 lakh to Rs.5 lakh. Banks may also consider whether loans beyond Rs.5 lakhs i.e. at least upto Rs.10 lakhs could be offered without collateral.

(ii) Banks should encourage women entrepreneurs to avail loans on liberal terms like minimum margin money. The promoters' contribution could be lowered from 25 per cent to 10-15 per cent.

(13) Involving NGOs/SHGs/Women's Cooperatives

(i) Non-government organizations (NGOs) are playing a crucial role in reaching out to women even in the remotest regions. A large number of well known NGOs are operating throughout the country. In many areas smaller NGOs are also working at the grass roots level. Banks can establish contacts with the local NGOs and liaise with them to identify the needs of women and give credit related information and guidance services.

(ii) Financial institutions viz. NABARD and SIDBI are already involving the Women's self help groups for reaching out to women entrepreneurs. Banks can also take initiative in working out viable strategies to work with more Self Help Groups (SHGs) and women's cooperatives and fix a yearly target for lending to SHGs.

(14) Mahila Rural Co-operative Banks

Mahila Rural Cooperative Banks on the lines of Mahila Urban Cooperative banks should be set up for assisting women in the semi-urban and rural areas. RBI may issue licenses for such banks liberally.

Annexure VIII: Glossary of Gender-related Terms

Developed by the United Nations International Research and Training Institute for the Advancement of Women (INSTRAW)

Sex: Sex refers to the biological characteristics which define humans as female or male. These sets of biological characteristics are not mutually exclusive as there are individuals who possess both, but these characteristics tend to differentiate humans as males and females. (WHO)

Gender: Gender refers to the array of socially constructed roles and relationships, personality traits, attitude, behaviour, values, relative power and influence that society ascribes to the two sexes on a differential basis. Whereas biological sex is determined by genetic and anatomical characteristics, gender is an acquired identity that is learned, changes over time, and varies widely within and across cultures. Gender is relational and refers not simply to women or men but to the relationship between them.

Gender Equality: Gender equality entails the concept that all human beings, both men and women, are free to develop their personal abilities and make choices without the limitations set by stereotypes, rigid gender roles, or prejudices. Gender equality means that the different behaviour, aspirations, and needs of women and men are considered, valued and favoured equally. It does not mean that women and men have to become the same, but that their rights, responsibilities and opportunities will not depend on whether they are born male or female.

Gender Equity: Gender equity means fairness of treatment for women and men, according to their respective needs. This may include equal treatment or treatment that is different but considered equivalent in terms of rights,

benefits, obligations, and opportunities. In the development context, a gender equity goal often requires built-in measures to compensate for the historical and social disadvantages of women.

Practical Gender Needs: Practical Gender Needs (PGNs) are identified by women within their socially defined roles, as a response to an immediate perceived necessity. PGNs usually relate to inadequacies in living conditions such as provision for water, health care and employment, and they do not challenge gender divisions of labour and women's subordinate position in society.

Strategic Gender Interests: Strategic Gender Interests (SGIs) are identified by women as a result of their subordinate social status, and tend to challenge gender divisions of labour power and control, and traditionally defined norms and roles. SGIs vary according to particular contexts and may include such issues as legal rights, domestic violence, equal wages, and women's control over their bodies.

Gender Analysis: Gender analysis is a systematic way of looking at the different impacts of development, policies, programmes and legislation on women and men that entails, first and foremost, collecting sex-disaggregated data and gender-sensitive information about the population concerned. Gender analysis can also include the examination of the multiple ways in which women and men, as social actors, engage in strategies to transform existing roles, relationships, and processes in their own interest and in the interest of others.

Gender analysis examines the differences in women's and men's lives, including those which lead to social and economic inequity for

either gender. This analysis is then applied to policy development and service delivery. Gender analysis is concerned with the underlying causes of these inequities, and aims to achieve positive change for the disadvantaged gender. It provides a basis for analysis of the evidence-based differences between women's and men's lives, and this removes the possibility of it being based on incorrect assumptions and stereotypes.

Gender analysis aims to achieve equity, rather than equality. Gender equality is based on the premise that women and men should be treated the same way. This approach has been criticised in failing to recognise that equal treatment will not produce equitable results, because women and men have different life experiences. Meanwhile, a gender equity approach takes into consideration the differences in women's and men's lives and recognises that different approaches may be needed to produce outcomes that are equitable.

Gender analysis recognises that:

- Women's and men's lives--and therefore experiences, needs, issues, and priorities--are different
- Women's lives are not all the same; the interests that women have in common may be determined as much by their social position or their ethnic identity as by the fact they are women
- Women's and men's life experiences, needs, issues and priorities are different for different ethnic groups

- The life experiences, needs, issues, and priorities vary for different groups of women and men (dependent on age, ethnicity, disability, income levels, employment status, marital status, sexual orientation, and whether they have dependants)
- Different strategies may be necessary to achieve equitable outcomes for women and men and different groups of women and men.

Gender Lens

"Think of a gender lens as putting on spectacles. Out of one lens of the spectacles, you see the participation, needs and realities of women. Out of the other lens, you see the participation, needs and realities of men. Your sight or vision is the combination of what each eye sees.

Gender is about relationships between men and women. Gender equality is about equal valuing of women and men--of their similarities and their differences. We need equal, respectful partnerships between men and women to have happy, healthy families and communities in the same way that we need both eyes to see clearly.

A gender lens can be many things. One form of the gender lens that is gaining popularity is a tool that governments and NGOs can use in their regular operations. (For example, a gender lens for training programmes would be used every time you develop training; a gender lens for planning could be used for developing each annual work plan; and a gender lens for research and surveying can be routinely used in data collection.)

The degree of integration of a gender perspective in any project can be seen as a continuum:

Gender Negative	Gender Neutral	Gender Sensitive	Gender Positive	Gender Transformative
Gender inequalities are reinforced to achieve desired development outcomes	Gender is not considered relevant to development outcome	Gender is a means to reach set development goals	Gender is central to achieving positive development outcomes	Gender is central to promoting gender equality and achieving positive development outcomes
Uses gender norms, roles and stereotypes that reinforce gender inequalities	Gender norms, roles and relations are not affected (worsened or improved)	Addressing gender norms, roles and access to resources in so far as needed to reach project goals	Changing gender norms, roles and access to resources a key component of project outcomes	Transforming unequal gender relations to promote shared power, control of resources, decision-making, and support for women's empowerment

This operational gender lens often has these characteristics:

- It is a list of questions, a checklist or a list of criteria.
- It is routinely used (see above examples).
- It is created in a participatory manner by those who will use it.
- It is recorded in words or in pictures where literacy is low.
- At least two copies are always kept in the same place in your organisation's files so people can find the gender lens when they need it.
- The key people who do planning and programme development are provided copies of the gender lens and orientation that explains why and how to use it. (E.g. senior management staff and planners, pertinent stakeholders).
- A gender lens usually contains less than 10 points.
- Each point focuses on the distinct realities of men and women.
- Where appropriate, the distinct realities of girls and boys are included.
- Many gender lenses include: planning, implementing, monitoring and evaluating. Other gender lenses focus strictly on one of these functions. (E.g. A gender lens can be used for monitoring the gender sensitivity of communication tools like posters, brochures, street theatre, etc. Another gender lens can be created to guide project evaluators, etc.)

Gender Mainstreaming: Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in any area and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and social spheres, such that inequality between men and women is not perpetuated.

Gender Mainstreaming Principles: Gender mainstreaming means:

- forging and strengthening the political will to achieve gender equality and equity, at the local, national, regional and global levels;
- incorporating a gender perspective into the planning processes of all ministries and departments of government, particularly those concerned with macroeconomic and development planning, personnel policies and management, and legal affairs;
- integrating a gender perspective into all phases of sectoral planning cycles, including the analysis development, appraisal, implementation, monitoring and evaluation policies, programmes and projects;
- using sex-disaggregated data in statistical analysis to reveal how policies impact differently on women and men;
- increasing the number of women in decision-making positions in government and the private and public sectors;
- providing tools and training in gender awareness, gender analysis and gender planning to decision-makers, senior managers and other key personnel;
- creating linkages between governments, the private sector, civil society, and other stakeholders to ensure a better use of resources.

Gender-Neutral, Gender-Sensitive, and Gender Transformative: The primary objective behind gender mainstreaming is to design and implement development projects, programmes and policies that:

- do not reinforce existing gender inequalities (Gender Neutral)
- attempt to redress existing gender inequalities (Gender Sensitive)
- attempt to re-define women and men's gender roles and relations (Gender Positive / Transformative)

Gender-blind (or unisex): Gender-blind is a term describing activities undertaken and services provided without regard to the gender of those who participate. Those who identify as pan-sexual may also refer to themselves as 'gender-blind'. In sociology it means not dis-

criminating on the basis of gender, or not making a distinction between the sexes.

Women in Development: Women in Development (WID) projects were an outcome of the realisation that women's contributions were being ignored and that this was leading to the failure of many development efforts. WID projects were developed to involve women as participants and beneficiaries of development aid and initiatives.

Gender and Development: The Gender and Development (GAD) approach was developed as a response to the failure of WID projects to effect qualitative and long-lasting changes in women's social status. GAD focuses on social, economic, political, and cultural forces that determine how men and women participate in, benefit from, and control project resources and activities differently. This approach shifts the focus from women as a group to the socially determined relations between women and men.

Participatory Development: Participatory development implies a partnership that is built on a dialogue among the various actors (stakeholders), during which the 'agenda' is set jointly and a variety of local views and indigenous knowledge are deliberately sought and respected. Participatory development implies negotiation rather than the dominance of an externally set project agenda.

Resources: Resources are means and goods, including those that are economic (household income) or productive (land, equipment, tools, work, credit); political (capability for leadership, information and organisation); and time.

Access & Control: Access to resources implies that women are able to use and benefit from specific resources (material, financial, human, social, political, etc). Control over resources implies that women can obtain access to a resource and can also make decisions about the use of that resource. For example, control over land means that women can use it, can own it

(can be the legal title-holders), and take decisions about selling or renting it.

Benefits: Economic, social, political and psychological retributions derived from the utilisation of resources, including the satisfaction of both practical needs (food, housing) and strategic interests (education, training, and political power)

Empowerment: Empowerment implies people, both women and men, taking control of their lives: setting their own agendas, gaining skills (or having their own skills and knowledge recognised), increasing self-confidence, solving problems, and developing self-reliance. It is both a process and an outcome. Empowerment implies an expansion in a women's ability to make strategic life choices in a context where this ability was previously denied to her.

Reproductive Rights: Reproductive rights rest on the recognition of the basic right of all couples and individuals to decide freely and responsibly the number, spacing, and timing of their children and to have the information and means to do so, and the right to attain the highest standard of sexual and reproductive health. They also include the right to take decisions concerning reproduction that are free of discrimination, coercion, and violence.

Sexual Rights: Sexual rights embrace human rights that are already recognised in national laws, international human rights documents, and other consensus documents. These include the right of all persons, free of coercion, discrimination, and violence, to the highest attainable standard of health in relation to sexuality, including access to sexual and reproductive health care services; seek, receive and impart information in relation to sexuality; sexuality education; respect for bodily integrity; choice of partner; decide to be sexually active or not; consensual sexual relations; consensual marriage; decide whether or not, and when to have children; and pursue a satisfying, safe, and pleasurable sexual life.

Annexure IX: Products Offered in Priority Sector and Financial Inclusion by Canara Bank

1. Kisan Credit Card Scheme	20. Loan Scheme for Financing Food and Agro-Processing Units
2. Development Loan for Plantation/Horticulture	21. Scheme for Redemption of Debts of Farmers from Non-Institutional Sources
3. Pump-set Loans	22. Piggery Loan
4. Bullock Cart Loans	23. Beekeeping (Apiculture)
5. Agriculture DRI Loan	24. Microfinance Scheme for Agarbathi Manufacturers Groups (JLGs)
6. Estate Purchase Loan	25. General Credit Card Scheme
7. Scheme for Financing Farmers for Purchase of Land for Agriculture Purpose	26. Farm Development Loan
8. Scheme for setting up of Agriclincs and Agribusiness Centres	27. Development Loan for Farm-level Storage Structures
9. Dairy Loans	28. Farm Forestry Loans
10. Poultry and Duck Rearing	29. Kisan Suvidha
11. Fisheries Loan	30. Indirect Finance to Agriculture
12. Gold Loans	31. Kisan Tatkal
13. Bio-Gas Plant	32. Scheme for Providing Credit to Tenant Farmers and Oral Lessees for Raising Crops through JLGs
14. Produce Loans	33. Agriculture Loans to Employees of our Bank and NNND Agents
15. Scheme for Financing Agriculturalists for Purchase of Vehicles (ALLHV)	34. Sheep and Goat Rearing Loans
16. Drip/Sprinkler Irrigation Loans	35. Sericulture Loan
17. Krishi Mitra Card Scheme	36. Microfinance Scheme for Handloom Weaver Groups (JLGs)
18. Hi-Tech Agriculture	37. Scheme for Financing Self-Help Groups
19. Canara Kisan OD	

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