BHARTIYA MAHILA BANK (BMB): AN EMPOWERMENT TO INDIAN WOMEN

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ABSTRACT

In our country women are revered as Goddess. They are respected as mothers and sisters and are said to be better half of men. The government has taken many initiatives to empower women. Many schemes are already functioning, which give special privilege to the women. Bhartiya Mahila Bank is another step taken towards empowering women with banking sector eyeing a probable increase in the number of banks, there was something where our country lacked. It’s not infrastructure or financial support; it’s a separate bank for the women. This bank is set up as a public sector bank and will differentiate itself from other banks in terms of lending exclusively to women-run businesses and self help groups. To save the cost of hiring and recruitment at the initial stage the Finance Ministry will allow lateral movement of employees from other public sector banks. The plan is also to work in technological friendly mode so the expense on staff could be minimized.

Keywords: Goddess, Empower, Bhartiya Mahila Bank, Financial support, Public sector banks

INTRODUCTION

Bhartiya Mahila Bank (BMB) is an Indian financial services banking company based in New Delhi, India. India's Prime Minister Manmohan Singh inaugurated the system on 19 November 2013 on the occasion of the 94th birth anniversary of former Indian Prime Minister Indira Gandhi. Although initially reported as a bank exclusively for women, the bank allows deposits to flow from everyone, but lending will be predominantly for women. India is the third country in the world to have a bank especially for women, after Pakistan and Tanzania.

In India, only 26% of women have an account with a formal financial institution, compared with 46% of men. That means an account in either a bank, a credit union, a co-operative, post office or
a microfinance institution, according to a study by the World Bank. Also, for women, per capita credit is 80 per cent lower than males. Furthermore, the results of a study using a global dataset covering 350 Microfinance Institutions (MFIs) in 70 countries indicates that more women clients is associated with lower portfolio-at-risk, lower write-offs, and lower credit-loss provision.

The bank will also place emphasis on funding for skills developments to help in economic activity. Moreover, the products will be designed in a manner to give a slight concession on loan rates to women.

BMB

The bank shall also aim to inspire people with entrepreneurial skills and, in conjunction with NGOs, plans to locally mobilize women to train them in vocations like toy-making or driving tractors or mobile repairs, according to Usha Ananthasubramanian (CMD). One of the other objectives of the bank is to promote asset ownership amongst women customers. Studies have shown that asset ownership amongst women reduces their risk of suffering from domestic violence.

The Bank's initial capital consists of Rs 1,000 crores. The government plans to have 25 branches of the said bank by the end of March 2014 and 500 branches by 4th year of operation (2017). US-based FIS Global, in partnership with Wipro is leading the race for a Rs 1,000-crore contract to provide IT systems at the country’s first women-focused bank, it is reliably learnt.

The government has chosen the iconic Air India building at Nariman Point in Mumbai to open the first branch of Bank. A senior Air India official said the company has agreed in principle to give space to the bank. “The branch will come up in the 5,000 sq ft space on the sea-facing side of the building. With the Bharatiya Mahila Bank, we will have two bank branches on the ground floor of the building — the other is a Bank of India branch,” said a senior Air India official. The Bharatiya Mahila Bank, which started operations from November 2013, is planning to open a modest 33,400 accounts through 39 branches in its first year.

Initially the bank will have a board of directors consisting of eight women. The board consists of a business graduate sarpanch from Rajasthan, Chhavi Rajawat, Dalitentrepreneur Kalpana Saroj, who turned around a tubes business, retired public banker Nupur Mitra, academic Pakiza Samad, private equity professional Renuka Ramnath, Godrej Group executive Director Tanya Dubash and Priya Kumar, a government nominee.

One of the key objectives of the Bank is focus on the banking needs of women and promotes economic empowerment through women's growth and developments.

TARGET

The banking sector works on the targets; the first all-women bank has already set up its target. The bank is eyeing around 33,400 customer accounts through its 39 branches (including satellite and mobile branches).
in the first year of its operation. Apart from the first year target the bank has also set up its long term target which is to set up 778 branches with 55 lakh customer accounts over the next seven years. BMB has also plans to set up 127 ATMs in the country during the first year. It has pegged the number of financial transactions per day to a mere 3,300 though it is expected to rise to over 27 lakh over the next seven years. The projections are parts of the tender to appoint an IT vendor to implement core banking solutions for the bank. "We are gearing up to meet the deadline of November 1 for the launch. All systems are being put in place," said a senior government official. While the RBI has already approved setting up the bank, the finance ministry is also planning to approach the Cabinet for a go-ahead.

OPPORTUNITIES FOR WOMEN

The all-women bank will not only boost the financial access for the women but it would also be a career prospects for the women bankers. As clearly mentioned, that the BMB would only be lending to the women-run businesses or self help groups, the country might see increase in number of women entrepreneurs. There are many women aspirants who are not able to float their businesses due to financial challenge will now be able to go to the women bank and have access to funding to start their businesses. Although the bank would lend exclusively to women, but it would accept deposits from both men and women.

The bank will not to offer any concession on interest rates to women customers. Finance ministry officials have said that it will function purely as a commercial bank and follow the RBI’s guidelines. Apart from regular banking facilities, it is also likely to tie up with state owned financial institutions and offer pension and insurance products. The concept of an all women’s bank may be new to India but it is not unique concept per se. For instance, to give a boost to women entrepreneurship, Pakistan too had set up the First Women’s Bank way back in 1989. A scheduled commercial bank, it was set up with a similar goal of giving women economic independence. Tanzania too boasts of the Tanzania Women’s Bank, which was inaugurated in 2009 and aims to promote gender equality. In a developing country like India, women account for a meager 7.3 per cent of total credit in the financial sphere. Though Bharatiya Mahila Bank is aimed at making banking and its products more accessible to women, there has also been a fair amount of criticism that says this may be reduced to tokenism too, just as it has been happening in politics with men operating the whole show from behind the screens.

Though non-government organizations or NGOs that are operating through small groups extend hand loans on rotation basis (eg: microfinance) mostly for women from economically disadvantaged sections, professional institutions dealing with finances such as banks have remained non-participant in the process. Reason behind this could be many. Women are yet to get property rights and banks in rural areas give loans on immovable assets such as agricultural land is probably family-owned, and (or) owned by the male head of the family. Though not stating so in a candid manner, banks will not extend loans to poor people, and women since they are dependents with no possessions.
In urban areas the problem continues to exist for women from diverse walks of life, and especially to those who live in lower income category and may be carrying a few liabilities themselves such as home loan or education loan of their children. And, in case of women from economically marginalized category living in slums or ghettoed areas, the problem is ever manifesting into something larger which plays a crucial role in denying them their right to equality, education and empowerment.

The idea behind women's bank is to make banking a pro-women institution and create better access to availing loans and other products of the banking sector. It would also create more job opportunities for women, and make their participation in financial sector increasingly 'inclusive' than intimidating. Products such as education loans up to Rs 10 lakh for girls, can give splendid boost to more girls continuing education, than dropping out of schools for want of financial assistance. In an attempt to reduce the gender hierarchy and the hegemony it has created leaving women out of the progress radar, the bank will extend loans to women even when they do not possess the property. In such cases, the relative who possess the property/asset can be the co-borrower. Men and women can deposit money in the bank, but only women would be encouraged to avail the loan.

If the objectives are fulfilled, the concept of women's bank could go a long way in ensuring financial freedom for women. But, if this remains mere representation and a cocoon for women to wrap themselves around with, oblivious to the rest of the aspects, the exclusive space can turn into another form of soft-discrimination.

SUPPORT

Any new venture, be it government owned or privately owned needs a support of sectoral fraternity. Similarly the BMB would also require support from its counterparts. Keeping this in view, the Finance Ministry has asked the Public Sector Banks to provide 125 officers to be deputed to the first woman bank. Most of these officers would be taken at one level above in the women’s bank, but their experience here would not count for promotions.

The corporate office including treasury department of the bank would be based out of Delhi and many of these officers on deputation may join there. Except for general managers (GMs), who would be taken at the same level, all others would be taken at next higher level with salary and perks applicable to the higher scale. However, relaxation may be considered on a case to case basis. GMs may also be taken on deputation from the deputy general managers (DGMs). However, it may be made clear that the experience of GMs, executive directors (EDs) and Chairman & Managing Director (CMD) on deputation will not be taken into account for respective promotion and higher level promotions.

SBI Capital Market Ltd, which has been appointed as consultant for setting up the bank, has laid down detailed terms of deputation. The eligible and willing officers have been asked to respond with their CV. While men can also apply preference would be given to women. The period of deputation would be three years and it might be extended, if required. It will also get fresh recruits.
The bank has reconstituted its board with nine-directors. They include: Chhavi Rajawat, a sarpanch from Rajasthan; Kalpana Saroj-Mumbai-based entrepreneur who turned around Kamani Limited; Renuka Ramnath, founder of private equity firm Multiples; Tanya Dubash, a Mumbai-based industrialist and daughter of Adi Godrej; and Nupur Mitra, ex-CMD of Dena Bank.

**CHALLENGES**

Bharatiya Mahila Bank, the country’s first all-women commercial bank, commenced its operations with seven branches. However, doubts remain if the bank will succeed in achieving its objective of economic empowerment of women in remote villages. Analysts believe the bank will find it tough to differentiate itself from rivals and will face stiff competition from state-run and private-sector lenders and microfinance companies, which already have an established presence in rural India. For a successful business model, the balance between profitability and responsibility is important. While providing access to banking services is the responsible objective, improving customer experience or value for the discerning woman will be key to profitability. However, this segment is also being targeted by other banks and, therefore, driving the balance may take some effort.

Bharatiya Mahila Bank has been set up with an initial paid-up capital of Rs 1,000 crore. Led by Usha Ananthasubramanian, all the eight on the board of directors of the bank are women. The bank aims to increase its branch count to 25 by March 2014. Currently, all the seven branches of the bank are in urban centres — Kolkata, Mumbai, Lucknow, Guwahati, Chennai, Bangalore and Ahmedabad. This could also prove to be a hindrance, at least in the short-term, in reaching out to rural women. According to industry analysts, the bank might need to appoint external consultants to understand the actual needs of rural women and women entrepreneurs. The moot point is ‘how on earth does an ‘all women bank’ help ameliorate the financial status of a women? There is already priority sector lending in banks, microfinance institutions, cooperative banks, SHGs which offer subsidised credit line for the underprivileged segment of society. Moreover, the tagline of the Mahila Bank is while it is gender neutral in garnering deposits it will be only ‘lending to women’. Indian banks already are the worlds worst performers in terms of the assets SBI India’s largest PSU bank has the highest NPA of 5 per cent and the other banks have an average of 3-5 per cent of the gross advances. The Rs 80 trillion Indian banking sector is already in a mess with the economic downturn and is pitted hard against recovering its advances to the industry or entrepreneurs in the wake of the downturn and repeated interventions by RBI following the diktat from the North Block, particularly to tackle the unruly inflation. Hence PNB saw its NPA climb to Rs 151 billion in June from Rs 135 billion in just three months time. And Central Bank has the highest NPA at 6 per cent of its gross advances.

The primary aim of any business or commercial entity is to generate profit. The profit motive is the singular driving force for any business activity. And particularly at a time when government faces a debilitating fiscal deficit feared to touch 4.8 percent by the end of the current fiscal and the CAD crisis by the very admission of the Finance Minister P Chidambaram as well as North Black experts including Rajan
Raghunath. hence floating Mahila bank which would only add another NPA to the already heavily debt ridden banking system and subsequently add to the government expenditure thus further tipping India’s financial crisis and too at the tax payers money.

CONCLUSION

In a country where crimes against women are witnessing a sharp rise, here's a ray of hope, creating 'exclusive' spaces for women can actually ruin their prospects of achieving social equality. In any case, let's fill you in on this 'only for women' venture, which is a bank that's exclusively for women. Named the Bharatiya Mahila Bank (Indian Women Bank), branches of the bank across the seven locations in the country were inaugurated on November 19. On the very first day of its operations, the bank branches doled out generous amounts of 'kitchen loans' for their exclusive set of women customers who wanted to redo their kitchen space. Hailed as a pioneering initiative ever since its announcement in the Union budget, first branch of the bank saw a rather vibrant launch with a corpus of Rs 1000 crore ($160 million). Headquartered in Indian capital New Delhi, opened seven branches in major cities of India, including one in the financial capital of India, Mumbai, the bank hopes to have 25 additional branches and 100 ATMs by end of the financial year, i.e by March 2014.

Apart from being an 'all-women' bank, this effort has many other firsts too, such as an all women board with eight members. The board members are drawn from different disciplines and fields of expertise with finance, administration, politics and entrepreneurs making up for their background.

REFERENCES


