

Women's Co-Operative Bank Promoting and Practicing Financial Inclusion of Rural Poor Women

S. Thyagarajan¹

In drought prone rural Maharashtra, there is the stirring of empowerment and economic mobility, triggered by microfinance by tapping the collective strength of poor women.

1 The Mann Deshi Mahila Sahakari Bank (MDMSB), is a licensed Urban Cooperative Bank (UCB) in Mhaswad, located about 175 kms. from Pune in Satara District in west central part of the country operating among the poorer sections of the population through micro finance projects. The bank is an ISO 9001-2000 certified financial institution, probably one of its kind amongst the UCBs. In Mhaswad, apart from the Mann Deshi, there exist branches of three public sector banks, one new private sector bank, one DCCB, and four urban cooperative banks besides around 20 credit cooperative societies, none of which serve the type of clients it serves and offers the range of small value products and services it offers now. This case study of Mann Deshi, based on my experiences during visits to the Head Office and branches of the bank and the interactions with the Founder President, Chief Executive Officer, Directors and officers of bank, women clients, and field agents, is an attempt to understand a small local micro finance bank who provides small and tiny financial and non financial products and services and the key issues, prospects, and the impact.

2. A Bank for and by Poor Rural Womenfolk: Promoting Empowerment

2.1. The MDMSB is, perhaps, unique in the fact that it is a "rural" Urban Cooperative Bank, regulated by the Central Bank of the Country, for and by poor women. MDMSB provides a wide range of services including savings, credit, insurance, pension and non-financial services in an integrated manner. Three distinct organizations, viz., Mann Deshi Mahila Sahakari Bank, Mann Deshi Mahila Bachat Gat Federation (Federation of SHGs), and Mann Deshi Foundation (NGO) operate to provide both financial and non financial services. The federation is a non profit association aimed at organizing rural women entrepreneurs and comprises of more than 2400 SHGs. Five offices have been set up by this federation of SHGs which help the bank in expanding its geographical coverage. The NGO-Foundation is providing a variety of non-financial services to clients like health, education, student scholarships, vocational skill training, etc. This tri-polar structure helps to serve the people holistically by offering both financial and non-financial services to thousands of rural poor women.

2.2. The Mahila bank with six fully computerized branches today has more than 13300 members with a share holding of Rs. 260.00 lakh, serves around 127,000 clients, half of them being daily wage labourers and the other half being micro

¹ Member of Faculty, College of Agricultural Banking, Reserve Bank of India, Pune 411016

entrepreneurs, with an average annual income of ranging Rs. 15000-20000 and a loan recovery rate of around 98 per cent. While 100per cent of the clients are women, 80 per cent are from the underprivileged classes, marginalized due to factors like gender, caste and class, drawn from the region's unorgained sector of women who are small producers, vegetable vendors, milk vendors, nomadic goat and sheep farmers, cottage industry entrepreneurs, casual labourers, daily wage earners, etc. Clients range in the age group of 20 and 60, majority being between 24 and 40. The absence of formal education had not deterred these women from managing a system of micro credit/finance that is suited to their needs. Several anecdoted experiences as that were studied, showed that the members have been able to change the quality of their life by empowering themselves economically, educationally and politically. The details of growth and financial parameters are annexed.

3. **Genesis**

3.1. The Mann Taluk in Satara district, Maharashtra is a typical drought prone dusty rural place with sweltering temperatures and monsoon that often fail and lack employment opportunities. The area suffered from repeated droughts and its local community was surviving mainly as goat farmers, shepherds and daily wage earners. In the agrarian and entirely rain-dependant economy of the district, most men and women work as daily wage labourers in agricultural fields and during drought when no farming takes place, workers are left with no employment avenues. With access to funds severely restricted, most women are forced to borrow from money lenders. Amidst this unhealthy financial dynamic stand the poor women folk of the area who traditionally take no role in finance outside the home. Many women became vulnerable to the vicious cycle of hunger and death. By the late 1970s, Mhaswad village was stricken by a very severe drought and the entire Mann division was reduced to utter poverty. The situation resulted in large scale migration of man to cities, leaving the women to their travails.

3.2. Sensing the urgent need for a sustained effort to help the local people and tackle the problems such as water shortage, lack of assets and livelihood, etc. Mann Vikas Samajik Sanstha (now renamed as Mann Deshi Foundation), an NGO was created to provide weekly savings schemes for women. The activists of the NGO soon realized that before they could uplift the women through improved health and education, they had to first tackle the migration from the drought prone area. The NGO worked to improve lives in the villages with activities at the grassroot level trying to understand the problems faced by the village women and find solutions tapping the collective strength of these women. From a small beginning, the movement grew with women organized as Self Help Groups (SHGs). Inspired by the example of the women's bank run by the Self Employed Women's Association (SEWA), generating assets for women living below poverty line became a priority. The women were encouraged to save and form SHGs with support from the Association of India's Development Programme. The SHGs expanded, allowing the women's collectives to go beyond generating capital and assets by forging linkages in the market and developed a bargaining clout that they could use to their advantage. As women assumed the role of managers of their finances, they began to realize their potential and the Federation of SHGs, the Mahila Bachat Gat Federation was formed. Today about 2400 SHGs benefiting almost 40000 families have spread around 165 villages in the Mann Subdivision, covering an area with a population of 250000.

3.3. By 1996, the federated women's cooperatives recognized that they needed financial services of a bank. Inspired by SEWA Bank, the President of the Sanstha, Ms. Chetna Sinha approached the Cooperative Department of the State Government

who advised her to take over an existing loss making Primary Agricultural Cooperative Society (PACS) and revive it. Armed with the perseverance and determination of these simple rural folk to break the conventional barriers, Ms. Sinha approached the Reserve Bank of India in 1993 for a licence to start a women's cooperative bank. After rejecting the application initially, RBI finally granted the licence to start an urban co-operative bank and MDMSB thus, became a reality in August 1997 with the area of operations in Satara, Sangli and Sholapur (now Raigarh, Ratnagiri, Pune and Kolhapur districts also). The RBI has, now, permitted the bank to operate in the seven districts of Maharashtra. The bank was started with 550 women promoter members who put in, on an average, Rs. 500 each and six individuals putting in Rs. 50,000 each and managed to raise an initial capital of Rs. 6.5 lakh. It took three years to make the bank totally sustainable and a profit making institution. Till date since inception, the bank had not paid out dividend to its members and ploughed back the profits. The bank has been graded Gr. 1 by the RBI and rated Gr. A by the statutory auditors. Mann Deshi's Board has 19 members including the Chairman and Vice Chairman. Elections to the Board are held every five years. Despite the lack of adequate education and professionalism (out of 19, three were graduates, ten studied upto 12th Std. and five upto 10th Std.), the interest and activism evinced by the Board is commendable. Making the bank profitable and ensuring that the women had money to save, required understanding, creating and developing the market as also the necessity of creating a discipline of saving and planning for the future within the community. The SHGs gave the bank the platform that was needed to campaign for and inculcate these habits. The bank has reinforced these efforts by continuously offering new products to its customers.

4. Distinctive and Imaginative Supply of Products and Services

4.1. Despite the benefits of a group based approach to microfinance, experience in Mann Deshi has shown that often the poorest of poor are so marginalized that they are excluded from the self selected SHGs or they lack the resources to be able to save even a nominal amount each month. In order to overcome these constraints as also to stress the fact that the individual initiative is the driving force behind businesses, the bank mainly focused on direct intervention to service the poorest of poor at affordable rates and at their doorstep. The bank understood that while the group lending gives confidence to women, credit facilities to individuals encourage entrepreneurship and upward economic mobility. It appears that the lessons from one of the world's biggest and most profitable microfinance operation, the village unit programme of the National Bank of Indonesia which does not use groups of any kind, but its clients to save and borrow as individuals, are the driving motive of the Mann Deshi.

4.2. The major challenge of the new born bank was to provide the client friendly products and services to the poor women with indifferent flow of income. Therefore, various savings and loan products to match their customers' typical cash flows and distinctive needs were developed. Some of the main considerations that were kept in view while working on the products and services innovations were the issue of gender, the clients being women and their position in society being poor and belonging to lower rungs of the society and economic ladder.

4.3. Understanding the market, identifying income generation niches and developing them was not so difficult for the bank as it had wisdom and support of the parent NGO, the Mann Deshi Foundation, which had been active for several decades in the area. The main economic activities of women in the area were raising animals and selling produce at the weekly markets. To understand the specific needs, the bank visited the weekly markets in the area and this exercise uncovered

some interesting information. It was found that women deal with the smaller goats and sheep, sometimes buffaloes in the animal markets while men work with the bullocks that are used to till the land. With men migrating out of the villages in droves, the bank decided to emphasize on animals that women can control as an asset and that generate income. The bank had invited an agricultural expert to train the villagers in fodder cultivation and one of the lessons learnt was that the goat eats a certain kind of cactus during the summer months and so this was adopted as one of the fodder crops. Growing and vending vegetables was identified as a second area of income generation for women. With the bank finance women have started producing a whole new repertoire of vegetables apart from the traditional ones.

4.4. The innovations in product design include daily, weekly and monthly savings products - mostly tiny amounts - as also credit facilities which have the repayment system of daily, weekly or monthly. Mann Deshi model revolves around the daily collection of small deposits through a network of agents who literally go door to door to clients. In each weekly market the bank has appointed women agents giving door-to-door services like savings and lending. This makes the distribution of services quicker, sustainable and viable. Since the rural poor often live with volatile and small cash flows, they cannot plan their savings and investments and hence the savings and loan products needed to be tailored accordingly. While street vendors, who earn in the weekly markets by selling their goods, require a daily savings facility, wage labourers, who receive wages on a weekly basis, require weekly products. A new savings product for women with school going children begins in the month of May through June of the succeeding year to meet her needs of school expenses.

Table 1: Deposit Products

Type of Savings Account	Description	Interest Rate
Regular Savings	Maximum two withdrawals per week	3.5%
Term Deposit	For 15 days to 3 years	3.5 % to 8.0 %
Daily, Weekly Deposits	For 6 months, 1 year or more	5.0%
Monthly Deposits	1 year to 5 years	8.0%

4.5. Mann Deshi is focused on individual borrowers through intensive door step banking by its field agents. Individual borrower has to begin by depositing a pre determined sum daily for at least a month. This pygmy deposit depends on the loan that the individual borrower intends to avail. For example, for a loan of Rs. 10,000, she will be advised to save Rs. 30 per day. There are loans for business, consumption, health care, education, social events, etc. While individuals are given loans upto Rs. 15000 without any collateral, loans above Rs. 15000 require physical collateral. The loan against gold or against savings is like the normal banking loan. Loans to SHGs are small and without any rigorous procedures. However, the group lending mechanism adopted by the Mann Deshi was unlike the typical SHG-Bank Linkage model. Groups of 10-20 members were formed and the bank lends the money to SHGs through the federation. Unlike the individual lending, members need not “pygmy save” daily before they get the loan. Loans are given to individuals who are part of the group. The federation oversees the accounts and operations of such individuals who cannot qualify for individual loans from the bank. Mann Deshi, after gaining enough experience with such a scheme, is planning to phase out the “on-lending through federation” and directly lend to the SHGs like the typical SHG-Bank Linkage model. Some SHGs have taken loans from the bank to buy cows and buffaloes and have formed 12 mahila cooperative dairies which sell around seven

thousand litres of milk every day. While 80 per cent of the borrowers are individuals, SHGs/JLGs account for the remaining.

4.6. Loans are provided for sewing machines because they are portable and women can even sit in the market place with their machines and get ready customers. The poor rural women of the district are discovering new possibilities for income generation with the provision of small loans for making packaged powdered spices, potato and lentil wafers, buying chutney making machines, etc. The bank has a bicycle scheme for girl students who travel a good distance to attend school and cannot afford public transport. Many a village does not have bus facility. Mann Deshi Bank with its sister organization have been donated more than 2400 bicycles. Mann Deshi also offers some innovative support programs like Garden Umbrellas. The Umbrella Program is a simple but effective way of protecting one of women's most important assets-their health. This helps to boost income generating capacity of women.

Mann Deshi is also considering financing a Mahila Bazaar that would be run exclusively by women. It's a great surprise for any visitor to Mhaswad to find four computer institutes run by the local women who have started them with loans from the bank. Loans for purchase and installation of solar lamps are now been granted in collaboration with a manufacturer. As an ISO certified financial institution, the bank has prepared system, procedure and manual for managing its credit portfolio.

Table 2: Loan Products

Type	Clientele	Maximum Amount (Rs.)	Terms
Short Term 1 year	Street vendors, small shop owners	5000-25000	12%; Fee:Rs. 25; Repayment monthly
Medium Term 2-5 years	Working capital, machinery, agriculture	25000 - 100000	14%;Fee: 1 % Repayment monthly
Long Term 7-10 years	Home repairs, construction, animal husbandry	100000 and above	14%;Fee: 1 % Repayment monthly
Gold loan 1 year	Emergency purpose	70% of gold value	11%; Fee: Rs. 25 Repayment monthly

4.7. New Product Offerings: Some of the new products at the planning stage include credit-in-kind scheme where instead of giving a loan to buy a product, the product being bought by the bank and then lent to the account holder. To help the numerous marginal and small farmers, the bank proposes to introduce a warehouse financing product to enable the farmers to access finance against their stock of commodities at competitive rates using a process that is simple to execute. The NGO-Federation will build and own the warehouse with the financial support of SIDBI and the bank will provide finance to farmers against the pledge of warehouse receipt. A novel rural micro-housing loan product is also in the offing in collaboration with Micro Housing Finance Corporation, Ashoka Foundation and a local building firm. The NGO-Foundation will provide technical assistance to build houses as also help in procurement of quality raw materials at cheaper cost to the customers. The bank's future plan include financing a mobile veterinary service, developing a federation of

the Mahila diaries, distributing lacto-meters to milk vendors, issuing identify cards to members and clients to make them socially and economically visible.

4.8. The bank with partnership with insurance companies has also designed micro insurance products for the shareholders. Accident insurance policy and old age social security schemes are some of the novelties.

4.9. Mann Deshi was, probably, one of the first institutions in Maharashtra to introduce a micro pension scheme which makes investing for retirement an option for micro entrepreneurs for the first time in rural India. In partnership with the UTI Mutual Fund, the bank provides a pension scheme designed to ensure continued financial security of its clients. Clients, in the age group of 18 and 15, can contribute Rs. 100-200 to their pension on a weekly, monthly, basis. When they reach the age of 59, they will receive a monthly pension based on their accumulated savings and compounded interest. The pension scheme has the flexibility to transfer the benefit payment. In the event of the death before the full benefit has been paid out, she can transfer the pension benefit to whomever she chooses. However, the clients found it difficult to understand the concept of variable returns and the very long term nature of the product.

5. Use of Information and Communications Technology (ICT)

5.1. *Use of Simputers:* The bank had developed a network of around 108 women agents who literally go door to door to provide saving and credit services (repayment collections) to the clients who are mostly day labourers, street vendors and farmers. The field agent system – each one of them now collect around Rs. 4500-5000 per day – for savings and collection of repayment of loans has proved sustainable and viable because it both fills the needs of the client as well as remunerative to the agents. Now, agents use hand held wireless simputers which help them to compile the data even from the remote areas and store and transfer the data to the bank's computers, thus, making the system cost effective while mitigating risks. Soon, these agents will start using a new system of hand-held devices (PDAs) in compatibility with the **e-cards** being issued by the bank to its customers.

5.2.1. *Electronic Card (e-Passbook):* Women traditionally record savings and loan account information in a paper passbook. But unfortunately, this written information is also subject to unwanted inquiries and alterations by unscrupulous persons. These poor women customers of Mann Deshi make a conscious and continual effort to keep the passbooks hidden from relatives and spouses for risk of losing hard earned money, often to finance social evils like alcoholism. Women often counter this threat by keeping the passbooks in the bank but this practice is fraud prone. The bank took the initiative to put cutting edge technology into the hands of these rural women clients and has launched the smart card technology in May 2010. HSBC is the knowledge partner and providing the bank with the state of the art hardware which will scan the fingers, scan and store the KYC documents, take the photograph of the customers, etc. for issue of e-cards. SIDBI provides financial support in procuring and issuing e-cards to all the Mann Deshi clients. A plastic card equipped with microchip to store personal and financial information and displaying the women's name and photograph, to provide an automated, instantaneous and secure medium for clients to maintain their records discreetly and complete transactions with the bank, , will soon replace all the paper passbooks. The card will allow both field agent and client to instantaneously view savings account balance, loan account status and repayment history. The bank hopes to simplify the transactions for clients, increase transaction volume for agents, and improve the management of its accounts. The bank is in the process of enrolling all the existing clients for the issue of e-cards by this year end. Around 1500 clients have been enrolled as on date.

5.2.2. Handheld PDA devices manufactured by Intel with software designed by Bangalore based Atyati will now be used by the field agents for their daily collections using the e-card. This device is a complete solution which would enable biometric authentication, e-card reading, printing of receipts and basic form filling and collections.

5.2.3. The field agents can now transmit the data to the branch office via the mobile phone or bluetooth technology using these PDAs. There is palpable excitement among the poor rural women who are highly enthused about this new facility. The e-cards will not only just enable the security of the account information but also provide with a sort of status symbol for these rural women. The e-card is a giant leap towards automated banking enabling enhanced reach and faster expansion. The device and the e-cards, together as a system, hold the potential to make door to door banking more comprehensive so as to include not just collection but also account creation, withdrawals, etc. The bank is arranging for hand-on training for the agents and clients to use the devices in an efficient manner.

5.2.4. Under the new regulatory prescription, the bank has sought approval from the Reserve Bank of India for appointing these field agents as Business Correspondents using these new ICT tools. All concerned in the Mann Deshi fraternity are now waiting with bated breath for the sanction of the RBI for this innovation to move into implementation stage.

5.3.. The head office of the bank and all the six branches have been fully computerized and are under a local area network and provided with broadband internet connectivity. The bank is using, since May 2009, 'sort of' Core Banking Solution software "Custodian", a product by List Software, Sangli which has been adopted by over 50 small banks. Custodian is an off-the-shelf software developed using standard accounting rules and the RBI's guidelines and has a comprehensive Role and Authority Management System and supports many products including small deposit collections. Compilation and consolidation of all branch reports at any point of time at HO level is now possible. The six branches are now well and truly connected through a software "Team Viewer" via the internet. CCTVs have been installed in all the branches (four each) and the HO (three). The CEO of the bank, sitting in the HO, can view pictures from all the CCTV cameras installed in branches and HO instantaneously.

Technical Assistance for Housing Microfinance Product

Mann Deshi is helping rural women to build assets, save, borrows and plan for their future generations. Today major challenge for the population is housing. As the families are multiplying space is becoming challenge. Home is just not resident but place of workshop and place of rest. Mann Deshi aims to provide affordable housing to rural and semi-urban low income communities by catering housing product for debt.

6. Other Customer Friendly Innovations

6.1.1. *Mann Deshi Udyogini - B-School for Rural Women:* In December 2006, Mann Deshi Foundation, in partnership with HSBC Bank, launched the Mann Deshi Udyogini, the business school for rural women. The school provides free business and financial training to poor rural women. These trainings bring confidence and access to financial services which are necessary for them to become financially independent. The business school runs flagship entrepreneurs programme (management of working capital, inventory, marketing, etc.), vocational training

(personality development, computer literacy, fashion designing, and other income generating crafts), financial literacy and some customized programmes for sector specific business requirements. Twenty seven courses are now being provided. As on date, the business school is running from five different locations enrolling around 30000 women and plan to expand to eight locations in a year or two. The business school is the first of its kind for rural women creating role models by uplifting individuals and reforming communities. The Economist, in its report of March 2007, prominently mentioned Mann Deshi Udyogini alongside top rankers like Duke University's Fuqua School of Business, Harvard Business School and University of Chicago's Graduate School of Business.

6.1.2. To improve further, the Udyogini, in association with The Bonita Trust, have launched a custom-built Mobile Business School for rural women in July 2009 which serves some of the remote parts of Maharashtra. This business school on wheels provides the same courses which are offered in the on-location schools and is able to reach clients who live in remotest areas who are generally left behind because of their financial, cultural, etc. constraints. The mobile school, with enough training space and all necessary equipment like, sewing machines, laptops, generators, etc., is travelling to three to four villages every month. It had so far reached more than 11000 rural women. The bank is providing with the start up micro loans to the trainees for starting and expanding their enterprises.

6.2. *Financial Literacy Classes:* The bank, in association with the Foundation, is conducting financial literacy courses in nine locations. These courses, which are compulsory for the first time borrowers and members of SHG/JLG, intend to give useful knowledge to rural women with the goal to empower them and make the future safer. Currently, these literacy courses impart knowledge on loans, savings, insurance and pension as also budgeting, debt management and financial negotiation. Successful micro business women entrepreneurs who want to expand their business require loan from the bank. Through an entrepreneur programme, the bank provides all the help they require to scale up their businesses including business management training and a mentor. An impact assessment of the literacy programme has been carried out in June-August 2009 to determine the quantitative impact of the programmes on the bank in terms of savings, loans and repayment rates and to gather qualitative feedback from clients and trainers. The impact assessment found that the clients who have taken financial literacy courses improve their weekly savings, take out more and bigger loans for more productive purposes, and repay more consistently.

6.3. *Implied property transfer:* A feature of the bank's asset building approach is the implied property transfer in its loan contracts. A persistent problem in the area, like elsewhere in the country, is that women live their lives without ever becoming asset holders and if and when women outlive their spouses they often become displaced and socially vulnerable. To take care of such eventualities, the Foundation and the bank are working to secure women's property rights and awareness is created among the village folk about the benefits of transferring property in the name of women or to register the same jointly. The bank incentivises the process by offering one per cent rebate on interest in cases where the transfer is made. However, such transfer had been attracting heavy incidence of stamp duty. The bank worked with leading legal teams and decided to request the department for exemption for urban cooperative banks from this taxation based on interpretation of a provision in the Bombay Stamps Act 1958. In 2004, the bank was successful in convincing the Revenue Department to include women names in the property papers for joint registration of immovable property. As on date, nearly six thousand women have been able to get the share in the household property. The bank has also

created a contract with all the women borrowers so that they will receive the right to family assets once they have repaid their loans. Bank also gives awards to men who invest in their daughters' education and go for joint registration.

6.4. *Mobile Hat (Market Centre)*: Due to the location, many products available in the city are either not available or are exorbitantly expensive when it reaches rural areas of Mann. Therefore, the bank is taking initiative to offer its clients additional services and products through a mobile "super shoppe". The Mobile Hat will sell both enterprise related products and personal consumption items and additionally functions to link the clients and their products with a larger market. By utilizing the e-card, the representative of the Hat will instantly access a client's bank account and the bank can reflect the transaction in the account. The innovation is aimed at reducing the need for a large cash transactions removing barriers or fear of the woman, decreasing transaction time and increasing business, and improving livelihood of the women.

7. **Community Development Activities**

7.1. The bank with active coordination with the NGO deals with the health insurance for women and their families. Pension scheme for old women has started as also an adopt-a-grandmother and adopt-a-girl child programme. The Mann Deshi Foundation works with DRDA on poverty alleviation programmes. Employment opportunities are provided through subsidized programmes in collaboration with Other Backward Communities (OBC) and Backward Communities (BC) Corporations. Harvard Business School's Gyaana Group which specializes in linkages between micro finance and education has helped them in developing vocational training programmes. Hundreds of families are provided books, clothes, stipend for vocation training and then loans to start self-employment activities. They had also launched a massive anti-alcohol campaign in the region. The group also began veterinary clinics to fill the need left by the lack of veterinary clinics in the region. Local women are also trained in veterinary practices and around 3500 members of panchayats in Satara district were trained so far.

7.2. There is a conscious attempt to involve governmental agencies to ensure synergy in development activities. The bank is also having a marketing center within its premises to help farmers and producers. Partnership with some of the corporates has also been developed for marketing products of the local producers. In collaboration with charitable hospitals, reliable health services are provided. Regular monthly meetings with the SHG leaders and quarterly meeting with the coordinators help to get feedback and new ideas about products and services.

7.4. *Community Radio*: In November 2008, the Foundation launched a Community Radio Station to broadcast programmes relevant to educational, developmental and cultural needs of the community. The educational programmes are divided into five topics, viz., children, youth, agriculture, health and women. Programmes are being broadcast three times a day for two hours in the morning, one hour in the afternoon and two hours in the evening. The broadcast coverage range is around 40 kms. around Mhaswad. An impact assessment on the community radio undertaken in 2010 received a good feedback.

8. Issues and Challenges:

- (i) Even though the financial growth is impressive, the physical growth is relatively slow. The bank commenced its operation in 1997 and as of now, has six branches. Being a regulated urban cooperative bank, meeting with the stringent requirements of both the Reserve Bank of India and the Registrar of Cooperative Societies is a tough task. Getting licences for opening new branches is not easy. There is a limit of one new branch per year and requirement for a substantial net worth for such new branches. Being a small rural and local financial institution with very large disadvantaged women clients, these restrictions do pose problem in scaling up operations. The first four branches have reached saturating point.
- (ii) Considering the sort of clientele it has now, and given its intensive banking model, creating innovative and flexible products and services tailored to customers' needs is always a priority. The rural and severe drought prone nature of the area of operations - there are near total absence of any significant commercial, industrial or financial activity - is a big challenge. The bank is facing all the problems normally being faced by a pioneer. The credit absorption capacity of the women clients may also pose a problem for the bank.
- (iii) Recruiting qualified staff to run the bank is also a big challenge. Despite its best efforts, the bank could not get any outsider in its ranks. One person cited family problems of staying in a backward area like Mhaswad and another felt that she could not deal with the kind of rural women customers of the bank. The bank is now relying on internal staff moving up the ladder.
- (iv) One critical area is the training and capacity building of the staff who are all locally recruited. Currently they have utilized retired RBI officials and CAB resource persons to train the staff on banking procedures. The bank is yet to find a suitable Marathi medium programmes that addresses the training needs of the bank. Their experience in deputing their staff to other institutions and programmes, the bank feels that the contents have suited other big banks and not suited to bank like theirs who are engaged in micro finance and serving rural poor women. Branch managers are trained mainly on the job, through experience sharing and have technical training in respect of computers, land records, etc. They feel that knowledge of English might perhaps help them more.
- (v) The bank has an army of dedicated and reliable field agents many of whom have a long standing relationship with the bank. They are now the face of the bank. Each agent is serving around 140 clients and meeting around 75 clients in a day either at home or in the business premises. Out of which, 25 were savers and the rest were borrowers. Regular face-to-face interaction with most clients increases their visibility which helps them to enroll new credit worthy clients. People are more likely to trust the agents who belong to their own village/area. While the agents were quite confident in their abilities to increase the customer base, they also have a problem when a customer enrolled by them was not sanctioned a loan or not getting any guarantors.
- (vi) The bank is relying completely on technology for its day to day operations and for the MIS. But, the technology comes with a cost, even though the bank, as of now, is having financial and technical support from HSBC, SIDBI, Dell, etc.
- (vii) While the bank could design and deliver some innovative and customised deposit and loan products to suit the needs of the clients, introduction of new products like micro pension is not a smooth process. Rural clients are not able to appreciate and understand the modalities of the pension returns and the concept of variable returns and long run nature of the product.

- (viii) Bank is also facing infrastructure problem, 12 hrs. Of load shedding. Problems instead of which Mann Deshi is working efficiently.

9. Conclusion

The bank envisions a future where financial services are available to all the women who aspire to make life better for themselves and future generations. The hallmark of the operations of the organizational structure is that the bank has been able to invest in businesses built around local women's traditional skills, giving them an ownership stake in activities in which they had previously been labourers. One outstanding feature in the business model of the Mann Deshi is that it uses microfinance and financial literacy as safety nets to increase disaster resilience among the rural poor women. An outcome of this holistic approach is that around 127000 women in the rural Maharashtra have been benefited from the services of Mann Deshi and started controlling the finances, conducting businesses, acquire property rights, and break caste barriers. The entire family of each of these women now began to reap the full benefits as more money is spent on children, education and household necessities.

Financial Performance of the Bank

	1999-2000	2004-05	2007-08	2008-09	2009-10	2010-11
Branches	one branch	4	5	5	6	6
Members	1626	3058	7630	9392	11366	13354
Clients	3800	11020	81214	96120	127025	140360

(Rupees in lakh)

Share Capital	13.69	42.86	148.20	183.54	223.42	256.51
Net Owned Funds	14.05	51.92	159.10	200.76	245.05	290.29
Deposits	106.67	630.74	1326.46	1782.30	2721.56	3342.86
Advances	81.92	433.53	859.35	990.58	1442.14	2239.68
Net NPAs	0.00%	2.99%	2.63%	2.97%	3.26%	3.41%
Net Profit	0.27	1.48	3.06	4.61	15.74	18.97
CRAR	15.66%	13.04%	17.76%	20.15%	18.95%	17.27%

Discussion Notes:

This case deals with a women's urban cooperative bank, a small local financial institution and having an objective to work towards the holistic development of women entrepreneurs into women business owners and bank's customers. The case can be discussed from two angles, viz., the basic business model and its upscaling and adoption and replication by other cooperative banks and smaller financial institutions.

Basic Business Model and its Upscaling:

1. Discussion of the basic business model; advantages and disadvantages of the business model; uniqueness or otherwise of the model;
2. Whether the business model is by design or default? What could be the reasons for choosing such a business model?
3. Is there any comparative advantage in choosing this business model? If so, what are they? If not, what could be the alternative model?
4. Nature, quality, and usefulness of products and services and whether changes could be suggested in designing the products and services? Whether the products and services are different from mainstream banks? And if so, how?
5. Role, responsibility and management of the field agents (business correspondents) in providing financial services at door step of the women clients.
6. Whether the business model fills the gap that exists between financial inclusion and poverty alleviation?
7. Role of ICT in providing financial services to rural poor women at their door step. What improvements could be suggested?
8. Whether the business growth is adequate? If not, what could be done to improve? Whether the bank could sustain higher growth and achieve higher profitability?
9. From being a small local financial institution, whether the bank can enlarge operations both geographically and financially and become a medium or large institution? Merits and demerits in such enlarged growth.

Replication by other cooperative banks

1. Cooperative banks are primarily perceived as "micro finance institutions" to serve the poor and marginalized and reduce poverty and high indebtedness among the farmers, small entrepreneurs, artisans, etc. Whether the business model of the other cooperative banks is different from that of Mann Deshi? If not, how they compare with that of Mann Deshi?
2. Whether other urban cooperative banks and/or regional rural banks can adopt and replicate the business model of Mann Deshi? What are the issues involved?
3. Whether the other smaller banks have similar or better products and services?
4. Engaging field agents/business correspondents for financial outreach and growth of business
- 5.