

CASE STUDY

ECONOMIC EMPOWERMENT OF RURAL WOMEN MANN DESHI MAHILA SAHAKARI BANK

India's first cooperative bank set up in 1996 for and by rural women in Maharashtra, Mann Deshi Sahakari bank has served more than 100,000 rural women micro-entrepreneurs with doorstep banking services through frugal innovation.



Weekly cash credit loan facility provided in weekly markets by women to vegetable vendors



Mann Deshi
Bank

Comprehensive financial inclusion by the mainstream financial system has, and continues to, overlook large parts of rural India, while over 80% of adults in India have a bank account, barely a fifth actually use their accounts. The repercussions have ranged from stunted economic growth to people being rendered vulnerable to exploitative money lenders. In this context, several indigenous and rural organisations in India have demonstrated innovative solutions to economic and social empowerment in a "bottom-up" manner, which are customised to meet local demands and needs, and are easily accessible for the last mile.

Mann Deshi is one such organisation. Operating primarily in Maharashtra since 1996, it is the country's first cooperative bank set up for and by rural women, with the vision to empower women to make their own choices and to be celebrated as equal and valuable members of their families and communities.

Mann Deshi Sahakari bank has impacted about half a million women and by 2022, aims to reach one million women. Mann Deshi's model is simple - they run

- a) A bank that provides women with customised savings products as well as affordable and easy access to credit to support women build their assets and wealth
- b) A Foundation that provides women with the knowledge, skills and support necessary to become successful entrepreneurs with more control over their lives and
- c) A Chamber of Commerce for providing legal, compliance, financial and marketing advisory support.

The following are some of the key innovations and differentiators that enabled organisations to grow organically and provide access to affordable formal finance to the first generation of rural entrepreneurs who were completely excluded from the formal financial sector. For instance, Mann Deshi bank has a 100,000+ client-base including daily wage labourers, small and marginal farmers, vegetable and street vendors, shopkeepers, and numerous micro-entrepreneurs. Given their workload for household and livelihood activities, these women find it difficult to come to a bank, so Mann Deshi provides doorstep-banking services and has developed several customised loan products for micro-entrepreneurs. An early insight that came out of this work was that access to finance was not enough in itself, as several non-financial services were also required to create a much-needed ecosystem for entrepreneurs from the informal economy to flourish.

to create a digital history of users' cash flows. To enable women to control finances, biometric-based solutions were designed which could exclusively be accessed by them. For instance, Mann Deshi studied the daily cash flows of women at weekly markets to design a first of its kind doorstep cash credit facility that gave women more control over their loans, repayment schedules and interest rates. The number of women who took loans from moneylenders fell and all of them adopted borrowing – at cheaper rates – from the Bank.

2. Enabling services leading to effective utilisation of credit schemes

Organisations have learnt that technology with human handholding is key for the digital India dream to come true. Mann Deshi Foundation has designed a financial and digital literacy programme to train women to benefit from cashless and mobile transactions such as ATMs, online payments and transfers and sales of their materials, at weekly markets and also at women's doorsteps.

3. Influencing public policy

The interventions by rural microfinance organisations have also influenced government policies. For instance, Mann Deshi Bank's experience laid the foundation for RBI to design the BSBD (Basic Saving's Bank Deposit) scheme. Mann Deshi Bank was the first bank to partner with UTI Pension Fund and launch a pension scheme for customers from the informal economy. Later, its construct was also adopted under the Pradhan Mantri Jan Dhan Yojana scheme.

Access to finance and non-financial services are equally important to create a much-needed ecosystem for entrepreneurs from the informal economy to flourish

1. Frugal technological and financial innovation

The focus has been on developing innovative financial products, processes and systems which enable rural entrepreneurs to focus on daily, weekly and monthly savings and loan products based on their needs and requirements. To enable credit assessment of users with no prior history of credit, products were designed



Mann Deshi Bank's agents using 'simputers' a decade ago, for collection of deposits and repayments. Now everything is done through mobile banking.

However, these initiatives have seen their fair share of challenges. Some of the key challenges in enabling access to finance in rural areas have been:

1. Overflow of credit without product optimisation

One of the biggest challenges of going to the last mile is understanding customer needs and innovating products to meet those needs. Even though a significant amount of funds are available for lending from several banks and micro-finance institutions, rural communities are unable to utilise those funds as the products are not optimised for their use.

2. Credit assessment for small borrowers

To enable smaller amounts to be disbursed to individuals or farmer producer companies, innovation in assessing credit is needed, where little or no history is available.

3. Operational challenges

Availability and training of staff to service the last mile can be operationally expensive, thus making it difficult to offer economically viable and profitable services. Further, getting reliable and customised technology solutions from vendors at affordable prices to match the requirements of local communities can also be a challenge.

The successes of organisations like Mann Deshi have shown that provision of finance tailored to needs of the rural customers, that have been neglected through the one-size-fits-all approach of traditional financial services, can systematically enable opportunities for economic development.

This case study has been put together with significant inputs and insights from Ms. Chetna Gala Sinha, Founder and Ms. Rekha Kulkarni, CEO, Mann Deshi Mahila Sahakari Bank and we thank them for their contributions.

[Click here](#) to know more about Mann Deshi Mahila Sahakari Bank. The case study is published as part of the Rural Collaboration project – The Stages of Development Framework

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