

# A Self-reliant India needs self-reliant women

BY CHANDRA SHEKHAR GHOSH, MD AND CEO OF BANDHAN BANK

Over the course of my professional life, I have had the good fortune of traveling deep within the hinterlands of India. Through these travels, I have witnessed firsthand how families, very often economically weak, build a life of dignity and respect for themselves using the limited means at their disposal. Without exception, families that are successful in doing so are influenced by the strong women of the family. The income of a poor household is always less than its needs. And the mother figure of such a household ably plays the role of a chief financial officer without any formal training to do so. She optimally utilizes the family's limited resources to fulfill the needs of all family members.

The other virtue that binds Indians at the bottom of the pyramid is their entrepreneurial spirit and willingness to work hard. Imagine what can be achieved if millions of underprivileged, hardworking women in India are given access to capital to leverage their innate acumen and unleash their spirit of enterprise to create sustainable livelihoods.

There is ample proof now that collateral-free lending to poor women for income-generating purposes isn't charity, but a scalable and viable model that has meaningful social impact.

Bandhan started in 2001 as an NGO with the twin objective of women empowerment and poverty alleviation by offering micro loans to women in the lower economic strata across West Bengal. The size and scale we have been able to achieve



in these two decades bears testimony to what the poor, especially women, can achieve if they are brought into the financial mainstream and if someone believes in them. Two decades later, Bandhan has transformed into a pan-India, universal bank with a loan book in excess of ₹80,000 crore, and a base of around 15 million microcredit customers – all women.

According to the World Bank's Global Findex Report for 2017, India has the second largest unbanked population in the world. Women constitute a significant portion of such unbanked people in India due to historical socio-cultural reasons. They were earlier

dependent on informal moneylenders who'd charge exorbitant rates of interest. It is only after microcredit took roots in India that millions could be freed from the clutches of moneylenders and lead a life of financial independence. At the end of FY2019-20, the total outstanding microfinance loan portfolio in the country stood at ₹2.36 lakh crore, growing at a 10-year CAGR of 26%.

This substantial growth demonstrates the need for microcredit in a country like India. Women in rural and semi-urban areas have seen a marked improvement in their quality of life and are demanding different kinds of credit services to fulfil their aspirations – ranging from

buying a house to sending their children to schools.

I was recently at the inauguration of one of our branches on the outskirts of Kolkata, and during the function a lady from across the street came running to me and touched my feet. I was confounded and asked the lady if I knew her from somewhere. She responded that she had taken a microloan from Bandhan Bank to purchase one sewing machine and that had completely transformed her life. Today, she owns 15 sewing machines, has a monthly income of ₹60,000, and employs 13 other people. Consider that there are 50 million microcredit customers in India, and even if each of them created one additional job, we are talking of 50 million new jobs.

Empowering India's women is what will help India become truly self-reliant. But as a country, there is scope to do much more to bring the unbanked and underbanked masses, especially women, into the financial mainstream. While two-thirds of India's population lives in rural areas, only 11% of bank branches are situated here. Also, active microcredit borrowers represent just 4.3% of India's population, indicating the huge scope for growth in the future. In the second decade of the current millennium, many more financial services institutions should come forward and take up the challenge of bringing a progressively higher share of women into the fold of formal financial services. That is what would truly lead India towards inclusive economic prosperity. 