

## **Our Very Own Bank - SEWA Bank**

Swashrayi Mahila SEWA Sahakari Bank is SEWA members' largest cooperative, the first of its kind in India. The bank is owned by the self-employed women who are shareholders, and policies are made by their own elected board of women workers. The Bank is run by qualified managers, accountable to the board.

SEWA Bank was established in 1974 with 4000 depositors who each contributed Rs. 10 from their daily earnings as share capital. Today 2,76,684 poor women are depositors. The Bank's total working capital is Rs. 94 crores. Since 1996 SEWA Bank has attained equal status with nationalized banks.

Our Bank's headquarters are in a modern building on the banks of the Sabarmati river. But we have extension counters in the working class areas of Ahmedabad.

The demands for banking services in 11 rural districts of Gujarat has grown considerably. As a result SEWA Bank extended its services to rural savings groups with 38,691 women and Rs 2.5 crore worth of savings. SEWA Bank not only helped to promote these groups but also continues to provide training in accounting and management to them. Thus, our Bank brings financial services to our members' doorsteps.

Non-banking financial activities like insurance and housing finance were also expanded by SEWA Bank this year (see sections on insurance and housing).

## **Our Approach to Banking with Poor Women**

Banking with poor women requires an approach which meets their particular needs and draws on their capabilities. In it's 33 years of experience, SEWA Bank has formulated the approach outlined below:

- Encouraging Savings by Women
  - It is method of ensuring financial discipline, and also results in improved repayment of loans.
  - It is a fall-back, a form of social security, in time of crises. Whenever she urgently needs cash in times of sickness or death, she has her savings to fall back on.
  
- Integrated Approach

SEWA Bank's integrated approach distinguishes it from other micro-credit efforts. Access to markets, information, technical know-how, and social support services is as important as money if the poor are to share in economic growth. SEWA Bank works closely with SEWA, the trade union and with other economic organisations of

the SEWA movement such as the Women's Cooperative Federation and the Rural District Associations.

- **Appropriate Mechanisms**

Banking with the poor and illiterate requires special procedures and mechanisms suited to their culture, their needs and their economy. This requires adopting procedures and designing schemes suitable to them, like collecting daily savings from their places of business or houses or providing saving boxes. It requires special loan procedures which take into account their economy. It requires saving and credit schemes which allow for small amounts of savings, and adapts to their crises situations.

- **Asset Creation**

A major factor which leads the self employed into the cycle of poverty, is the lack of assets in their name. For women the situation is even worse; when a family does acquire an asset, it is rarely in the name of the woman. Asset creation with the ownership of women has been the priority of SEWA Bank. This includes transfers of agricultural land and houses in the woman's name, and acquiring implements, tools, shops, handicrafts, livestock in their own name. In addition, SEWA Bank promotes women's own capital, bank accounts, shares and savings certificates.

In the urban areas, Bank Sathis promote financial services in their own neighbourhoods. They are themselves workers from the very areas which they serve. They ensure that all information reaches women's doorsteps. They also collect loan installments from our members. In the rural areas, local union leaders or aagewans perform these roles.

In addition, SEWA Bank has a team of "hard-holders" who are staff persons.

### **SEWA Bank in 2005-2006**

	2005-2006	2006-2007	Increase/Decrease
Audit Grade	A	A	
Shareholders (No. of women)	49,909	55,311	5,402
Share Capital (Rs.)	2,57,83,000	3,20,96,000	63,13,000
Depositors (No. of women)	2,91,535	3,04,933	13,398
Total Deposits (Rs.)	66,57,94,000	65,85,78,000	72,16,000
Working Capital (in Rs.)	94,12,07,000	94,60,43,000	48,36,000
Loan Accounts (No. of women)	76,857	91,096	14,239

Loans (Rs.)	24,37,47,000	30,29,74,000	5,92,27,000
Surplus (Rs.)	61,38,000	53,99,000	(7,39,000)*

\* N.B. Gross profit before income tax was Rs. 75,24,500 But from this year, cooperative banks have to pay income tax. Our tax amounted to Rs. 21,25,000, hence the decrease in profit.

### **Special programmes of SEWA Bank**

#### 1. Pension

SEWA Bank launched a pension programme for unorganised sector workers in partnership with the Unit Trust of India (UTI) on April 12<sup>th</sup>, 2006. This is the first such pension programme of its kind in India and was inaugurated by the Finance Minister of India, Mr.P.Chidambaram. The Town Hall in Ahmedabad was packed to capacity, and thousands of women were still waiting to enter the hall!

SEWA Bank's members spoke eloquently about their need for pension to support them in their old age. Several members had already opened their pension accounts at SEWA Bank. Our youngest pension account holder was eighteen years old!

The Finance Minister was visibly moved by what he heard and welcomed this collaboration between SEWA Bank and UTI. He expressed his full support to this venture.

Currently, 28,000 women have opened their own pension accounts in SEWA Bank, thus saving for their old age.

One of our members, a garment worker called Champaben Ratnkar, composed a little rhyme to promote pension among the women workers:

“ Whoever thinks of pension will not be helpless in her old age,  
Join the pension programme and make your dreams come true!  
For working women like us, pension is our true support !”

Our pension programme runs as follows:

- Any woman between the ages of 18 and 55 years may join the programme.
- A minimum monthly instalment of Rs.50 or multiples thereof like Rs.100, Rs.150 etc must be deposited in a woman's pension account.
- The lump sum accumulated as pension can only be withdrawn when a woman reaches 58 years of age.

- Monthly pension instalments will be deducted directly from a woman's savings account, hence she must have a savings account.
- One cannot take a loan from the accumulated pension fund.

## **2. Financial Literacy**

Our members are engaged in a number of economic activities. They earn through sheer hard work but find it difficult initially to calculate how much profit they actually make after deducting their expenses. Thus, SEWA Bank organizes financial literacy for workers. The goal is to help them maximize their profits so that they become self-reliant, their assets increase and their businesses expand and grow.

Financial literacy is achieved through training which includes the following topics:

- What is business? It is not just to make a living but also to make profit and prosper;
- How to expand and develop current and new businesses; characteristics of successful businesswomen.

Women learn of the different types of businesses: production, trading, crafts etc. They also learn what inputs are required for business: working capital, equipment, space, labour and raw materials. They learned that a third of their profits should be ploughed back into their business, so as to expand it. They also learn how to use their resources carefully, to calculate all costs, how and when to invest and increase their earnings. And they also learn how to keep accounts and develop their assets. Finally, they learn to calculate their own profit margins.

In the past year, more than 400 women have participated in these financial literacy trainings.

## **3. Amrut Jharna – mobile financial literacy programme**

Many women cannot enroll in the financial literacy training for various reasons, including lack of time. Also, there are still several localities where women are not linked to SEWA Bank. Thus, SEWA Bank takes financial literacy training to the women through a mobile van fitted with audiovisual equipment and teaching aids. The topics covered by Amrut Jharna this year were:

1. How to save
2. How to obtain a loan
3. How to insure oneself
4. Financial and business planning

## **4. Use of the Automatic Teller Machine (ATM)**

Our members not only learn about budgeting and business planning, but also are encouraged to save daily. They use “piggy banks” from SEWA Bank to save. Many workers learn of our Bank for the first time through this programme which was started in October 2005. In 2006, 686 women were involved in Amrut Jharna and 120 of them bought piggy banks to save regularly.

## 5 .Sanjivani Scheme:

Ahmedabad was known as the Manchester of India. But with the establishment of small powerloom factories in 1980, the cotton textile mills started closing down. Closure of mills created unemployment among mill workers and their economic conditions deteriorated. A whole generation of workers’ families have been driven into poverty. In fact, more than one lakh erstwhile mill workers have been affected, not to mention the ancilliary industries with workers dependent on the textile industry. Textile mill workers who once had legal protection and work security, have now been forced to make a living in the unorganized sector, for the first time in their lives. Their incomes have fallen and their work has become very insecure.

In 1997 SEWA Bank started a scheme by which the women family members of mill workers began revitalizing and strengthening their families by taking loans for new ventures. SEWA Bank also offered trainings for increasing their capacities and insurance to protect them against risk. A list of affected mill workers and their families was prepared, and the Bank resolved to help one member from each family obtain a loan for self-employment. The Bank is also providing technical and other services – linkages, assistance to access raw materials, and market information to loanees. Further, social security services are being provided to loanees and their families. In this way, SEWA Bank hopes to assist families of unemployed mill workers obtain stable work and enhanced incomes. The achievements of Sanjivani in 2005 are given below:

### Loans through SEWA Bank

Reason for loan	Total women	Total Amount (Rs.)
To purchase equipment required for work	130	8,241,200
To purchase stock of raw material for the goods	2851	58,690,400
To purchase sheds	3146	73,102,850
<b>Total</b>	<b>6127</b>	<b>1,40,034,450</b>

## 6 .Urja Loans

Urja means energy. The goal of this loan is to provide cost-saving, environmentally sound technology thereby helping them achieve self-reliance. Through this loan, SEWA Bank encourages women's employment, strengthens their businesses, through energy-saving (including human energy) equipment and renewable energy equipment like solar cookers and lights.

In 2006 members were given Urja loans worth Rs 31,09,000 for 105 women.