

Rural co-op bank plans Rs. 100-crore fund to help women start business

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Mann Deshi Mahila bank's initiative will provide access to knowledge, capital: Chairperson



Chetna Gala Sinha, Chairperson Kamal Narang

Mumbai, January 5:

A rural co-operative bank run by and for women from Maharashtra's Satara district plans to launch a Rs. 100-crore alternative investment fund to help those at the bottom of the pyramid to start their own businesses.

The proceeds of the debt fund, which will be launched for subscription later this month, will be used by the Mann Deshi Mahila Sahakari Bank to help women across the country set up their own enterprises.

The bank's aim is to provide 10 lakh women access to knowledge and capital to start their own businesses by 2020, said Chetna Gala Sinha, Chairperson of the bank. She had started the bank (in Mhaswad) along with a group of rural women in 1997.

Sinha expects impact investors, international philanthropic organisations, and industry bodies such as CII to participate in the fund, which will have a tenure of five years and could give returns of up to 8 per cent.

Emphasising that the proposed fund is not a venture capital fund, she said investors' return on investment will be such that women will get loans at affordable interest rates.

"If we have to make a difference to the lives of women across the country then we will either have to get a multi-state co-operative bank licence or enter into partnerships. However, we prefer the latter to achieve this goal. We will enter into partnerships with organisations working in the field of women's empowerment in various states," explained Sinha.

Since inception, Mann Deshi Mahila Sahakari Bank, which has seven branches, has financed almost four lakh women entrepreneurs. These women are into dairy farming, goat and sheep rearing, selling fruits and vegetables, tea and snacks, pickles and papad, bicycle and mobile repair, etc.

Referring to the high rejection rate of loan applications made by women to commercial banks, Sinha explained: "We should understand where the flaw is. The flaw is in the credit product.

"The banking criteria for giving loans, which is based on collateral, past two years balance sheet, and income tax returns, is outdated. We should give loans based on cash-flows and financial transactions in their accounts."

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