

Evolving banking system through cooperatives for women in India

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Genesis of the cooperative movement of India

Co-operation plays an important role in the Indian economy. Perhaps no other country in the world has a co-operative movement that is as large and diverse as is the Indian one. The co-operative movement in India has evolved from the co-operation experience world over. Co-operatives today are committed to securing an improvement in the quality of life of a vast majority of Indian people. In fact, the founding fathers saw the co-operative movement as an important tool in carrying forward the policy of rapid and equitable economic development.

In 1892, the Government of Madras Presidency (now Chennai, Tamil Nadu) deputed one of their senior officers, Sir Fredrick Nicholson, to study the theory and practice of co-operative structure in England and Germany and particularly to examine the feasibility and modalities of their introduction in the Indian situation as the condition of the rural masses there was “quite deplorable”. Nicholson in his report observed that we must find “Raiffeisen in India”.

In 1901, the Government of India appointed a committee under the Chairmanship of Sir Edward Law, to study the prevailing economic conditions of the country. The committee recommended the introduction of cooperatives on the Raiffeisen model and the government accepted the recommendations. Accordingly, the first Co-operative Credit Societies Act, 1904, came into force. The passing of this Act was the first milestone in the co-operative movement of India - a turning point in economic and social history. This Act aimed at encouraging thrift habits among the poor peasants and artisans by setting up co-operative societies.

Today, the co-operative movement in India is the largest in the world with more than **600,000 individual cooperatives catering to over 240 million members**. The movement has permeated all walks and sectors of life, i.e. agriculture, horticulture, credit and banking, housing, agro-industries, rural electrification, irrigation, water harvesting, labor, weaker sections, dairy, consumers, public

distribution system, tribals, international trade, exports, agri-business, human resource development, information technology, etc.. The movement now covers 100 percent of villages in India along with 65 percent of households.

In fact India is the first country in “the South” which adopted and adapted Raiffeisen-type co-operatives and then managed spreading them on a large scale. During the first decade of the 20th century the Indian credit cooperative system had an unparalleled great start based on principles of self-management and self-financing, protected by a credit cooperative legal framework and effective supervision. In 1912 the original act was replaced by the Co-operative Societies Act. India was aiming at societies dealing not only with credit, but also with insurance and various specialized functions. Cooperative banks were established at several levels to provide liquidity exchange and refinancing services. Self-financing and self-governance supported the movement growing.

The emergence of the women’s co-operative movement and women’s co-operative banks

Since the emergence of Worldwide Women’s Movement in 1975, unleashing a significant social change process, several grassroot women’s initiatives/co-operatives were initiated. Women, too, were able to actively participate in co-operatives, a concept that was almost rare until the 1970s in India. In 1975, as a result of the UN International Women’s Year, world attention focused on women, their problems and obstacles to their progress. This brought about a change in attitude towards women on the part of governments. It became obvious for and well noted by international organizations and other agencies, including co-operatives, that unless women, who constitute half the world’s population, were drawn into the developmental programs progress could not be fully achieved and national development targets would not be fully met.

During the last two decades the movements for empowerment of women, socially and eco-

nominally, have been on the forefront all over the world, including India. The New Economic Policy initiated in 1991 and the Fourth World Conference of Women in Beijing (China) which is termed as an event of the decade, have given it a sharp focus and new urgency. The conference held in Beijing in 1995 put women's access to credit on the international agenda. This is due to the fact that women's access to credit is much more important as it uplifts women out of poverty and enables them to gain economic and political empowerment at all levels.

Women's empowerment occurs at four different stages. The first is economic empowerment in the sense that, if women are given access to financial resources, they will be in a position to start up new and invest in more profitable businesses, gain assets and hence have power to control household income. Second is the increase in household well-being which is partly the result of female economic empowerment as their income is normally spent on members of the family, including the husband and children. This occurs when income is directed more towards improving the wellbeing of the family. The third is a combination of economic empowerment and increased power of women's decision making. This leads to a wider social and political empowerment, simply because providing for the families and making decisions give them confidence and a sense of self-confidence. The last stage of economic activities that women engage in contributes to the national economy.

Furthermore, cooperatives offer additional services including business training and raising gender awareness among others, which form a base for more efficient use of loans. Cooperatives are also more easily accessible to women residing in rural areas because they are locally based, culture-sensitive, and less intimidating compared to commercial banks which are often not available in rural areas and have stringent conditions. Cooperatives can provide a functional tool for empowerment and economic independence in addition to providing a long-term sustainable socio-economic recovery by combining the power of rural women. This enables women to access saving and loan services for the benefit of their business, ed-

ucation, health or social development purposes.

Cooperatives significantly increase women's ability and capacity to work independently by providing them with access to finance for entrepreneurial activities, thus reducing their vulnerability to poverty. The participation of women makes the co-operative movement in India strong and progressive. Co-operatives provide varied opportunities for women. No doubt, their standard of living has been raised by the income they earn and their quality of life would be improved due to social awareness, entrepreneurship development of skills. Increased participation in the affairs of the society will lead to better understanding and unity in a sense.

Significance of women's co-operative banks

Women's co-operative banks have been formed with a social purpose. Therefore, it deserves special encouragement from the government and the society. The constitution of Women's Co-operative Banks provides that all managing committee members of the women's Cooperative Banks should be women. The president/chairperson is invariably a woman. The objectives of women's Co-operative Banks focus on women's welfare, emancipation of women and encouragement to women. All borrowers, as well as members, should be women.

The Women's Co-operative Banks help and guide to establish their entrepreneurial activity by providing financial assistance to women in urban and rural areas. The United Nations Commission on the Status of Women observed that women, who contribute half of the world population, perform two thirds of the world's work, receive one tenth of its income and own less than one hundredth of its property. In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the income and own 10 percent of the property or wealth of the country. Women have been deprived of their economic status, especially in rural areas. Thus, the empowerment of women and improvement of their status

and economic role need to be integrated into economic development programs.

The objective of Women's Banks is to promote the idea of women doing something creative for themselves. After nationalization of banks in India in 1969, some attempts were made to target women customers to meet their credit needs and also to open all women branches in various places. But this met with limited success. The Women's Banks have earned a reputation for themselves as sound financial institutions and to some extent overcame the initial skepticism and prejudice against them.

Cooperatives contribute to gender equality and women's economic empowerment

Many NGOs have now tailored their programs around women's empowerment in the changing economic scenario. The cooperative model of empowerment for women is very relevant due to its democratic and participatory nature, providing a platform to exhibit their skills. The increasing participation of women in cooperatives is evident. However, a recent study on the Status of Women in cooperatives in the Asia Pacific ('Gender is more than statistic'), assessing the gender quotient in co-operatives in the region, proves among other facts that the way for women to obtain their fair share of positions and relevance in the movement is still a long one. Its salient finding is that women's representation in co-operatives at higher echelons is not significant at decision-making levels. Yet, new trends, decisions, issues indicate new threshold of change for women. Nineteen out of 26 countries in the Asia Pacific region represented in the study revealed that while the ratio of women chairpersons increased from 7 percent in 2005 to 10 percent in 2016, the number of leaders at the top remained abysmally low. However, the ratio of women vice chairpersons increased from 18 percent to 23 percent in 2005 and 2016 respectively. Lack of women representation at the top could be attributed to patriarchal values and lack of education and skills that restrict access to leadership positions.

The report's recommendations were well received at the 10th Asia Pacific Cooperative Ministers' Conference (APCMC) held in Vietnam in April 2017 (ICA-AP). It was a milestone since the APCMC accepted 30-50% ratio in women's participation at all levels of cooperatives in the Asia and Pacific region for the first time.

Co-operatives being driven by women are the best model and most suitable to be practiced. Development has to achieve what women themselves perceive to be of their interest. In the process of people's empowerment and enrichment, co-operatives enable women to realize their potential, build self-confidence and lead lives of dignity and fulfillment are attained. It has been clearly proven for India that co-operatives are the effective tools to attain collective goals. Women come together for a common cause to raise and manage resources for the benefit of the lives both economically, socially and for the welfare of their family.

Overview: Forms of women empowerment through co-operatives

Economic empowerment

Co-operatives facilitate economic empowerment through access to economic resources and opportunities including jobs, financial services such as credit, productive assets, development skills and market information. Due to economic empowerment, women participate, contribute and benefit from development processes which recognize their contribution, respect their dignity and make it possible to negotiate a fair distribution of the benefits of development.

Increased well-being

Economically empowered women contribute to the well-being of their families and their husband and are in a position to raise income through entrepreneurship. An increase in income is utilized towards improving the family well-being.

Social and political empowerment

As a consequence of economic empowerment, women increase confidence and are in a position

to raise their voices, make choices and be able to contribute in social and political matters that affect their daily lives.

Overview: Progressive levels of equality through co-operatives

Participation

Women have equal participation in decision making in all programs and policies

Conscientization

Women believe the gender roles can be changed and gender equality is possible

Control

Women and men have equal control over factors of production and distribution of benefits, without dominance or subordination

Access

Women gain access to resources such as land, labor, credit, training, marketing facilities, public services and benefit on an equal basis with men. Reforms of law and practice may be prerequisites for such access

Welfare

Women's material needs such as food, income and medical care are met