Financial Inclusion of Tribal Women: Role of Upcoming Women's Banks

Payal Tiwari

Observer Research Foundation, Mumbai, NKM International House, Backbay Reclamation, Mumbai- 4000 20, India

Abstract: ***A section of India's population, women from the de-notified tribes remain excluded from the financial system partly because of social exclusion of their community and partly because of the rigid infrastructure of the banking system. While several women in the urban cities hold bank accounts at various banks in India, a section of women particularly those belonging to lower economic strata of society were interviewed. The women belonged to Pardhi Community, a de-notified tribe found in Maharashtra and parts of Madhya Pradesh to understand the problems women faced while accessing formal financial institutions. The paper presents a case of women from marginalized communities and gives recommendations to the upcoming women's banks to adopt various ways through which women living in the fringes can also be included in the financial circulation.***

Keywords: Financial Inclusion, Women's Bank, Tribal Women, Nomadic Tribes, Pardhi Community

1. Introduction

The problem of financial exclusion is a symptomatic of deep rooted structural inequalities which not only curtail access to formal financial provision but also the capacity to participate in other aspects of social life. Large segments of the world's populations are excluded from formal payment system and financial markets while financial markets are developing and globalizing rapidly. Women's access to financial services is further curtailed if they belong to minority groups as their secondary status in society often intersects with their caste, class, ethnic identity, religion, community and further hinders their accessibility to financial resources.

Nomadic tribes of India were branded as the 'criminal tribes' by the British in 1871. Under this act more than 120 communities were notified as communities who were 'criminal by birth and practiced crime as a profession'. Even though the Criminal Tribes Act was later replaced by Habitual Offences Act, some of these tribes are still viewed with suspicion. Such tribes are socially ostracized and live in the fringes of society with little access to employment opportunities; financial institutions and also any affirmative actions have not been able to reach these groups. Stigmatized and virtually isolated in their villages, cities have embraced these tribes by giving them an anonymous identity devoid of their ethnicity. The distributive patterns have resulted in an economic and political context that has systematically denied them resources to combat their subordination that can be traced historically. Lack of permanent address, proof of identity, sustained income does not allow these women to open a bank account. Being uneducated and lack of know-how prevents them from even considering accessing formal banking services as a means for saving. Even when they are willing to open a bank account, the structure of the bank combined with social exclusion of their community does not make banking services very friendly for them. In the absence of which, saving for these women is merely tucking away some money in different parts of the house which otherwise gets spent easily on other pursuits such as alcohol, theft, unnecessary expenses etc.

2. Pro-Poor?

Even when various Self Help Groups and Micro Finance Institutions target rural and urban poor, these migrant women stay excluded from financial circulation. The no-frills accounts have also not been able to help women from the marginalized communities. Money lenders charge an enormous rate of interest that sometimes results in paying double the amount borrowed. Various NGO's have been working with communities and helping them with financial literacy and save money using traditional practices. However the diverse nature of the country prevents these small scale initiatives to be replicated at a national level. Access to banking cannot be provided without giving skill development training or the central issues remain unanswered and marginalized sections remain stuck in the vicious cycle of poverty. Speaking on financial inclusion (FI), Smt Usha Thorat, former deputy governor of RBI said, "*Access to affordable financial services - especially credit and insurance - enlarges livelihood opportunities and empowers the poor to take charge of their lives. Such empowerment aids social and political stability. Apart from these benefits, FI imparts formal identity, provides access to the payments system and to savings safety net like deposit insurance. Hence FI is considered to be critical for achieving inclusive growth; which itself is required for ensuring overall sustainable growth in the country.*"

In order to facilitate and lend speed to the process of financial inclusion of women, the Finance Minister, Shri P. Chidambaram, announced the setting up of India's first public sector women's bank, during the presentation of the Union Budget 2013-2014. The bank will be served by women bankers and address the financial needs of women citizens. The women's bank got commissioned in November 2013 and is set to roll out its operations with an initial capital of Rs 1,000 crores. The bank is to initially set up a few branches in a couple of metros and then spread to semi-urban areas.

3. Recommendations for Women's Banks

Proposed women's bank can quickly upscale solutions to the issue of physical access to the poor and the underserved by strengthening the structure that is already present in the rural areas rather than creating new structures. It is important that the branches of the proposed bank are set up in semi-urban areas than just in the metros. Some traditional practices can be utilized in reaching out to the women whose movements are otherwise restricted in the community; Cooperative banks and regional rural banks that are already present at the local level and are well suited for achieving financial inclusion of women. These banks can have counters of the women's bank which can ensure that it is reaching out to its target beneficiary. From its very inception, National Bank for Agriculture and Rural Development (NABARD) has been playing a role in linking the Self Help Groups with banks. There are nearly 25 lakh women SHGs in the country, with nearly three crore members and over the next five years, the number is expected to increase to seven crore. The women's bank must have institutional linkages with SHGs if the synergy from this linkage must happen. Another means of linking a common rural woman to the proposed bank is through post offices. Post offices have a wide geographic coverage and can act as extension arms of the counters of the women's banks. A proper legislation can ensure creation of intermediaries for doing branchless banking so that the bank can reach out to these women instead of the women accessing the banks.

4. Conclusion

Women have difficulty in accessing banks because of the triplicate and red tape, and sometimes also because of being illiterate which does not make this structure user-friendly. More often, even when women are literate, they are unable to access banking services because of lack of financial literacy. Women's bank has to overcome these basic hurdles in its first few years of inception. Provision of credit facilities alone will not eradicate poverty; instead create a vicious cycle of lending and repaying the loans which does not ensure empowerment of women who live in the fringes of society and belong to marginalized communities. Vocational training-programs and skill development along with classes on financial literacy should be adopted.

Even when many of these issues are looked after, a common overarching structure cannot be used across all branches. The proposed bank needs to be extremely contextual in order to reach out to all those women who otherwise resort to money lenders and pay enormous interest rates. The women's bank should not create more bureaucratic hassles for women or it will end up as another public sector undertaking.

It is not just about access; how relevant is the women's bank going to be for the very women it seeks to serve? We have seen how the sheer ease of dealing with the informal financial agencies, such as the village money lender, – even if more costly— account for their popularity and ineradicable nature. Therefore, in designing products for the women's banks, the needs (of women sought to be served by the bank) assessment must be thorough. Such assessment must lead to demand-driven, innovative and flexible products. This alone can impart depth of coverage to the project.

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Author Profile

Payal Tiwari holds a post graduate degree in Women's Studies from Tata Institute of Social Sciences, Mumbai (2012) and a graduate degree in Sociology (Hons) from Delhi University (2010) . Currently she holds the position of an Associate Fellow at Observer Research Foundation, Mumbai, India