

Bharatiya Mahila Bank: Economic and Political Viability

***Dr. Sunil S. Shete**

****Dr. Ritesh Kumar Singhal**

*Associate Professor in Department of Commerce, Sydenham College of Commerce of Economics, Mumbai-20

**Assistant Professor in Department of Economics, Sydenham College of Commerce of Economics, Mumbai-20

Abstract

The Government of India in 2013 established 'Bharatiya Mahila Bank' (BMB) with much fanfare and pomp. The idea was to have a specialised bank catering to the requirements of Indian women. This decision was welcome by the industry and gave a new enthusiasm for the proponents of women empowerment. Any empowerment has to go through economic empowerment. The bank launched specialised schemes for women. By the end of 2015, the new Government at Centre has decided to merge BMB with State bank of India, mentioning that the new government has financial schemes for everybody and having a specialised bank for women does not have much justification. This paper tries to study the relevant issues of women empowerment and the justification for continuation of this specialised bank by understanding the economic and political viability considering that the bank is in profit.

Keywords: Women Empowerment, Women Centric Policies, Net Profit.

Introduction

The Bharatiya Mahila Bank (BMB) was established on 5th August 2013 with a vision for empowerment of Indian women which was the first of its kind in the country. The bank is headquartered in New Delhi. The bank till May 2016 has established 100 branches throughout the country. The vision of the bank is 'Empowering Women Economically'.

Statement of the Problem

BMB was established to provide women centric economic policies to help women. More and more opportunities need to be developed for the economic independence of women. This is possible by having a specialised bank which will cater to the needs of women just on the lines of SIDBI for small scale and medium industries and NABARD for agricultural and rural development.

Objectives of the Study

1. To understand the need of BMB
2. To see how increase in literacy rate among females, justifies the need of having separate existence of BMB.
3. Increase in number female population of country in 2001 and 2011, justifying the need of having specialised women's bank.
3. To see how BMB is needed in the light of establishment of SIDBI and NABARD.
4. How specialised women educational institutions also justifies the need of having specialised women's bank.

Research Methodology

The researcher has used secondary data to arrive at conclusion.

Data Sources

The secondary data has been taken from the website of BMB, Census Office, and National Literacy Mission.

Limitations of the Study

Primary data has not been collected by the researcher from the stakeholders like bank customers, bank officials, officials from Reserve Bank of India as well as from Finance Ministry. But secondary data provided justifies the conclusion of the study.

Need of BMB

The researcher has identified four points which seek to justify the economic and political reasons for the existence of specialised women agencies, which in turn will justify the separate existence of BMB.

1. Literacy rate: The Indian economy has gradually transformed into a fastest growing economy in the world. The literacy rate has improved considerably in the country with focus on girl’s education. The literacy rate for females in India was 65.46% in 2011 compared to 53.67% in 2001.

LITERACY RATE 1951-2011

Table No. 1

Census Year	Persons in %	Male in %	Female in %
1951	18.33	27.16	8.86
1961	28.30	40.40	15.35
1971	34.45	45.96	21.97
1981	43.57	56.38	29.76
1991	52.21	64.13	39.29
2001	64.84	75.26	53.67
2011	74.04	82.14	65.46

Source: <http://www.nlm.nic.in/literacy01>

The table above has shown that the literacy rate among females is continually on the rise. It is natural that this will lead to more and more females looking for job and self employment opportunity. So taking this factor in account, a specialised bank like BMB is definitely needed as it can provide such opportunities to women.

2. Increase in Women Population (voters): According to the census of 2011, India’s population was 1,210,854,977 out of which females were 58, 64, 69,174 i.e 48.43% , and males were 62,37,24,248 while in 2001 India’s population was 1,028,737,436 out of which Males were 532,223,090 and Females were 496,514,346. Female % of total population in 2001 was 48.26 % while in 2011 it is 48.43. This shows that in the period of ten years, the percentage of female population has grown, though slightly. This number definitely tells us that women centric policies will help the government politically as well, as it means more number of female voters also.

3. Specialised institutions like Small Industries Development bank of India (SIDBI) and National Bank for Agriculture and Rural Development (NABARD).

SIDBI: SIDBI was established on 2nd April, 1990. The SIDBI Act, 1989 has envisaged SIDBI to be "the principal financial institution for the promotion, financing and development of industry in the small scale sector. It is also the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector in the country. SIDBI provides lending, refinance and risk capital. Its establishment has provided specialised financial help to the micro, small and medium enterprises.

NABARD: The Government of India decided to set up a committee to review the arrangements for institutional credit for agriculture and rural development (CRAFICARD) in 1979. The Committee, in its interim report, submitted on 28th November 1979, felt the need for a new organisation for providing complete focus on the credit problems arising out of integrated rural development and recommended the formation of National Bank for Agriculture and Rural Development (NABARD). The Parliament, in 1981, approved the setting up of NABARD. The bank came into existence on 12th July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC). NABARD is completely focussed on rural prosperity and agricultural development.

The existence of SIDBI and NABARD which has brought benefit to their respective sectors, justifies the need for having a specialised bank for women.

4. Specialised Women Educational Institutes: The government has encouraged specialised women universities and colleges in India. These temples of learning have played a big role in educating the girls. There are specialised colleges even in the area of medical and engineering. Some of the prominent women universities/colleges are:

1. SNDT Women's University, Mumbai, the first women's university in the country established in 1916.
2. Indraprastha College for Women, Delhi, is the oldest women's college in Delhi. It was established in 1924. It is affiliated to University of Delhi.
3. Lady Hardinge Medical College, New Delhi is a Medical College for women. It was established in 1916. It is among the top medical institutions in the country.
4. Bhagat Phool Singh Mahila Vishwavidyalaya, Sonapat, also known as Bhagat Phool Singh Women's University, is the first exclusively women's only State university established by the Government of Haryana in August 2006 at Village Khanpur Kalan, District Sonapat. The University is mandated to provide affordable quality higher education to women especially belonging to rural areas.
5. Sophia College For Women, Mumbai is a women's college established in 1941. It is affiliated to the University of Mumbai.
6. Nirmala College for Women, Coimbatore is an autonomous institution for women in Tamil Nadu. It was established in 1948.
7. University College for Women, Hyderabad is a constituent women's College of Osmania University, located in Koti, Hyderabad. It was established in 1924.
8. Government Mahila Engineering College, Ajmer is an engineering college for women in Ajmer city in Rajasthan state. The college is affiliated with University of Rajasthan. It was established in 2007.

9. St. Mary's College, Shillong, Meghalaya, is one of the oldest women's college, serving in the north east region of India. 99% of the teaching takes place on the self-contained campus. It was established in 1937.

The successes of specialised women universities and colleges have helped to increase the female literacy in India, which further justifies the need of having an independent existence of BMB.

Justification for Independent Existence of BMB

These four points mentioned above, show how specialised women agencies are successful in nurturing the growth of women empowerment in the country. Considering these four points, the Bharatiya Mahila bank should remain as an individual entity of a women's bank and it should not be merged with State Bank of India.

BMB Achievements

1 BMB gives special attention to economically neglected, discriminated, under banked, unbanked, rural and urban women to ensure inclusive and sustainable growth.

2. The rate of interest on Savings Bank rate for Rs. One lakh and above is 5% and for amount less than Rs. One lakh, the interest rate is 4.5%. This rate is higher than any other public sector bank in India, including SBI.

3. It provides internet banking facilities to all its customers.

4. The Bank also conducts various programmes on financial literacy, skill development, training for women of all segments of the society so as to make them self dependent and fit for various economic activities.

5. BMB has tied up with various NGOs. Self Help Groups trained by the NGOs, are financed by the Bank. Many women-centric products are launched by the bank viz; Beauty Parlour loan, catering loan, day-care centre loan, jewellery making, embroidery, sewing machines etc.

6. According to the Annual Report of 2014-15, BMB has posted a net profit of Rs. 19.79 crores for the year ended March 2015 as against the Net profit of Rs. 12. 26 crores for year ended March 2014.

7. The bank has an equity capital of Rs. 1000 crores which is entirely held by Government of India.

The above points very strongly indicate that BMB is capable of surviving on its own. It has launched women centric policies in the country. It was established around three years ago, and three years is a very small time period to judge the bank's performance. The bank has made good profits, which indicates that it can continue in future also. Apart from traditional banking, BMB also provides business banking with current account as well. It caters to the needs of NRI and NRE banking as well. These achievements totally justify its independent existence in future, and hence do not support its merger with State Bank of India.

Conclusion

The Bharatiya Mahila Bank will complete three years in banking in August 2016. In this span of three years, the achievements are reasonably good. Three years is very short time to judge a bank's performance. Considering the profitability of the bank and women centric policies which it is following, the Government of India should continue it as an independent bank rather than merging it with State bank of India. SBI is the biggest bank in the country and the government is considering

the merger of its associate banks with it which are already its own associates. But BMB is an independent bank, and it should be continued.

References:

1. http://www.nlm.nic.in/literacy01_nlm.htm
2. http://censusindia.gov.in/2011-prov-results/data_files/india/Final_PPT_2011_chapter6.pdf
3. http://www.censusindia.gov.in/Census_Data_2001/India_at_glance/popul.aspx
4. https://en.wikipedia.org/wiki/2011_Census_of_India
5. <http://www.bmb.co.in>
6. <http://www.sidbi.com>
7. <https://www.nabard.org/english/Home.aspx>
8. <https://www.rbi.org.in>