

# **Bhagini Nivedita Cooperative Bank : Run by Women—a Success Story**

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## **The Bank run by women only. For 'women and men' as well**

Madam Bhagini Nivedita an Irish women, who came to India, as an ardent follower of Swami Vivekananda devoted her life in the service of Indians. Based on her preachings the Bhagini Nivedita Cooperative Bank Ltd. (BNCB) was founded on 24th March 1974 at Pune, Maharashtra. The Chief Promoter of BNCB was late Shri Vivek Ganesh Dadhe, a Chartered Accountant by profession, who had earlier, successfully promoted the Ahamadnagar Cooperative Bank. One section of ACB was run exclusively by women. Based on the good experience gained from the women's wing of ABC, BNCB was started at Pune by him. Right from the inception of the bank, his wife Mrs. Meenakshi Dadhe is associated with this bank, in the capacity of the Director/Chairman of the bank. The area of operation of the Bank is Maharashtra State.

It is mandatory to hold election after every five years. But in the life span of the bank, election was held only once. Board of Directors of the bank comprise all women Directors. Elected directors are 13 in number of which four are from reserve categories. The Board has co-opted two women directors. There are two staff directors. Most of the directors are graduate or double graduate and fulfill the norms of the Reserve Bank of India.

## **Initial Stage**

In the initial stages BNCB had to face a lot of challenges in respect of mobilising share capital and deposits. Devotion of directors like Mrs. Sheela Kale and some others in the bank development is noteworthy. People could not believe that women could run a bank successfully. It required sustainable efforts to gain their confidence. Normally, it is assumed that, when a group of women come together, they are interested in finding out the shortcomings of other women, with less possibilities of good dialogue among them. But in the case of BNCB, these allegations have been proved to be totally wrong. In those days, we used to organise meetings here and there and every where at the nook and corner of the Pune city i.e. at various offices, hospitals, schools, colleges, temples and clubs etc. Hundreds of women and men used to attend the meetings. The directors explained to them the fruitfulness of a women's bank, where they can put there savings and the advantages that such a habit brings to them. They were explained the savings and loan schemes of the bank. This brought the necessary awakening among them. The tendency to save is higher among women than men.

## **Objectives**

To develop the banking habit among the masses in general and women in particular was the prime objective of starting women's bank. Women could generate money out of their own undertakings, or own savings and thus could gain economic empowerment. Normally women are particular in repayment of debts. In male dominated society like ours, women have to shoulder all household responsibilities, but they often find it difficult to save, or to retain their savings. Normally women like to hide, their well saved money from their husbands or other persons in the family. Surprisingly enough, we have many women account holders who plainly request us not to disclose their savings to their family members. They wish to spend their savings only when they themselves think it proper to spend it. From our experience, illiteracy of women does not come in the way of operating a bank account.

Once, twice, thrice you teach her to operate the account and she would do so properly. The bank provides an informal atmosphere, where women interact freely with bank officials.

With the changing, social and economic conditions, women's productive role has assumed significance. Women generally have, no real estate in their names, which often imposes a limitation, on development of entrepreneurship among them. But with suitable backup and support services, a healthy condition for women's productive and reproductive roles can be sustained. It is in this direction that women's banks like BNCB could contribute to make a women self-dependent and self-reliant economically in a major way. Today thousands of women and men are depositors, share holders and loanees of the BNCB. The percentage of women shareholders is about 68%.

### **Highlights of the Bank**

The bank provides loans at reasonable rates, for a variety of purposes. After proper scrutiny and documentation of the proposal. Bank gives loan for starting new or expansion of existing income generating enterprises, purchase and repair of house, purchase of truck, three wheeler/computer/other electronic appliances, repayment of old debt, medical treatment, educational purposes, marriage ceremony, purchase of various types of machines, used for various purpose etc.

TABLE  
**Financial Position of the Bank as on 31.03.2010**  
**—A (Audit Class)**

| Sl. No. | Particulars                    | Position as on<br>31 <sup>st</sup> March, 2010 |
|---------|--------------------------------|--|
| 1.      | Branches including head office | 10   |
| 2.      | Paid up share capital          | Rs. 488.61 lakhs                               |
| 3.      | Share holders                  | 30088  |
| 4.      | Deposits                       | Rs. 39159.11 lakhs                             |
| 5.      | Advances                       | Rs. 23040.56 lakhs                             |
| 6.      | Net NPA                        | 0%   |
| 7.      | Gross profit                   | Rs. 1004.28 lakhs                              |
| 8.      | Net profit                     | Rs. 631.70 lakhs                               |
| 9.      | Working capital                | Rs. 47816.10 lakhs                             |
| 10.     | CRAR                           | 21.06%   |

### **Staff Recruitment**

The bank considers its human resources as its most valuable assets. To achieve success, cooperation and dedication of employees are highly essential. The bank has a work-force of 230 women including the managing director, twelve male security guards and 12 male recovery assistants who are working with the bank. Staff members are either graduates or post graduates, and can work on computer. Recruitment is done strictly on merit, due consideration being given to candidates from reserved categories. Written examinations are conducted through third party agencies. The directors take oral examination. Our present Chairman, Mrs. Jayashree Kale is a gold Medalist and works effectively.

Proper training is given to all the staff, as per requirement of their position. If the employee's work is satisfactory, then after the probation period, she becomes bank's regular

employee. Strict discipline is observed in the office. The salary of the staff is satisfying. The Chief Executive officer of the bank, Mrs. Smita Deshpande, has the freedom to manage the day-to-day administration. She holds regular meetings with the staff and takes their suggestions. The directives of the Reserve Bank of India, the rules and regulations of State Government and the bye-laws of the bank are strictly followed by the bank. The directives of Reserve Bank of India and policies of the board are explained to staff by C.E.O. in such meetings. The Chief Executive Officer sees that assignments are completed by the staff within the stipulated period. At the same time, the genuine needs and problems of the workers and the staff are given due consideration. Staff policies made by the Board, have raised the employee's respect for and their faith in the management. Every year a shield is given to the branch which gives the best performance.

### **Challenges**

There is tremendous competition in the banking sector i.e. from other various types of banks, foreign banks, and financial institutions. Following Narsinhan Committee's recommendations, there is deregulation of interest rates. Prudential norms have been made applicable to cooperative banks since 1993. Capital adequacy norms, N.P.A. provisioning, increased cost of goods and services, and thinner profit margins, are becoming causes of concern, for the banks, as these affect their net profits. For the last three years, an additional burden has fallen on the urban banks in the form of income tax. All these have brought greater responsibilities for the bank's management. Building up of expertise particularly, in respect like analysing balance sheets, tracking of latest trends in government securities, money markets, and the economy, has become absolutely essential.

Progress and development in information technology, and financial reforms, have given both challenges and opportunities for the banking sector. The need is to move with the time, and become professional. Changing economic scenario, demands change in our mental setup. Our bank has successfully effected a change-over, from orthodox practices to new managerial techniques. All branches are computerised. We are providing E.C.S., N.E.F.T, R.T.G.S. and S.M.S. Alert Services to our customers. In the near future we are starting new branch in Kharadi area, A.T.M. Centre at Hinge Warje branch will be started soon. So also any branch banking services will be provided from coming June.

We always plan in respect of various issues, such as staff recruitment, interest rates fixation, deposit mobilisation, loans disbursement, income and expenditure for the year, starting of new branches, computerization of the new branches, to arrange training programme for the staff and directors, purchase of new premises or renovation of the branch, celebrations and event organisation etc. Marketing and recovery cell are working effectively. The bank's loan recovery is about 98%. Proper information and documentation, related to every aspect of the loan proposal, is taken before it gets sanctioned. Bank has to take lots of efforts, particularly during recessionary periods, when the likelihood of defaults can be more due consideration is given to genuine cases. The bank generally starts, the recovery process, when the default becomes, a month old. To resort to court matters is the last resort. Directors or officials never interfere in the recovery process.

### **Social Aspect in Banking**

This is an area to which, the bank, gives due importance. Hundreds of families have been freed from the clutches of money-lenders, by the bank, by giving them loans. Mrs. Meenakshi Dadhe has done a commendable work in this respect. Every year some funds are earmarked for the welfare of members and the staff. The share holders and the staff are given financial assistance for medical and educational purposes. Loans for schools and college buildings are given on liberal terms and conditions. Financial assistance is provided to institutions which work for the welfare of the handicapped, mentally retarded and the needy poor. Financial assistance to organisations working for widows, divorcees and

neglected women is also given on priority. In times such as war, storms, flood, earthquake etc. BNCB comes forward readily, to extend a helping hand. The Bank has given lakhs of rupees, without making any delay. Exhibitions are held, by the bank for our women entrepreneurs, many times directors give them the required guidance to promote entrepreneurship among them. Rate of interest for loans given to women entrepreneurs is less than other loanees. On the 7th of march every year the bank gives awards to three bank's women entrepreneurs and two awards to the institutions working for social cause.

### **Corporate Governance**

Openness (transparency and disclosure) integrity and accountability are the cardinal principles of corporate governance. Corporate governance implies that the Board of Directors and CEO assume, the role of trustees with attendant checks and balances, that pave way for emergence of a good organisation, which give greater customer satisfaction has a high degree of employee commitment, enhances share holders value and is sensitive to social concerns. It would be relevant to mention here that ever since its inception, no Director of BNCB has availed loan facility from the bank. To run banking business more effectively the bank has formed specific functional committees for share capital, loan recovery, executive employee, audit and so on. The audit committee consists of Chartered Accountant Mrs. Rewati Paithankar and co-professional women. Board meetings and committee meetings are held regularly. Free discussions are held in the meetings and decisions are taken in the best interest of the bank. There is concurrent audit of the branches and annual government audit. There is an inspection too by RBI after every two years. The bank has been securing 'A' category audit classification every year. Through the bank's annual report, the shareholders get the disclosure of information, which is another aspect of corporate governance. Owing to high ethics of the board and the staff, the bank's customers have high regards, for the management and the staff. It's a source of great pleasure to all of us, to fulfill the financial requirements of the needy customers.

### **Summing up**

All the branch premises are owned by the bank. Every year shield is given to the branch which gives best performance. A number of delegates and visitors from all over India and abroad visit the bank to understand and study its working. The bank has secured many awards on district and national levels. Many informative articles have been published in national and international journals. A few years ago a Bombay based publication Bris Indiglo had examined 464 urban banks in Maharashtra state and Bhagini Nivedita Sahakari Bank was ranked the first among all urban banks in the state. Professional approach, absence of vested interests, well trained staff and directors, transparency, discipline in the work, efficient customer service, capacity to visualise future and to take right decision and no politics in the board itself and customer's faith are the hallmarks of the bank. Bhagini Nivedita Sahakari Bank believes that women have inherent and latent capacities in them, which have to be channelized properly and effectively to attain the desired goal. ■