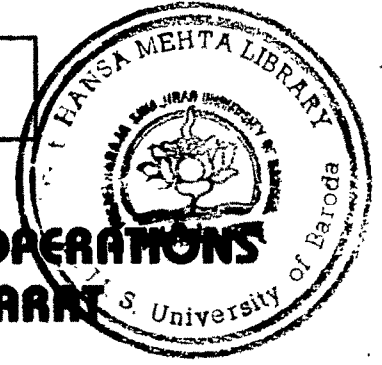


# SUMMARY

## A STUDY OF GENDER IN BANKING OPERATIONS - SOME EVIDENCE FROM GUJARAT



*A SUMMARY OF THESIS SUBMITTED TO  
THE M.S. UNIVERSITY OF BARODA  
FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY  
IN BANKING AND BUSINESS FINANCE*

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***SUMMARY OF THE Ph.D THESIS ON***  
**“THE STUDY OF GENDER IN BANKING OPERATIONS**  
**- SOME EVIDENCE FROM GUJARAT”**

**RATIONALE**

The United Nations decade for women (1976-85) played a crucial part in highlighting the important, but often previously invisible role of women in social and economic development of the third world countries and the particular plight of low income women. During the decade, there was considerable shift in approaches, both by academic researchers and policy makers. Researchers moved away from preoccupations with the role of women within the family and women's reproductive responsibilities and instead focussed on understanding the complexities of women's productive activities and their empowerment. Policy makers also shifted their attention from a universal concern with welfare oriented family centered programmes, which assumes motherhood as the most important role for women in the development process, to a diversity of approaches emphasising the productive role of women.

The first 'Women's World Conference' held in Mexico (1975), the mid-term evaluation conference organised at Copenhagen (1980), the second World Conference held at Nairobi (1985) and the Beijing Conference (1995) have all reinforced the concerns about the increasing marginalisation of women from the benefits of development and have sought active support from the government to rectify the imbalances caused by the Structural Adjustment Programmes (SAPs).

In the succeeding World Conferences on women, the economic agenda gained more and more importance. As compared to the 'World Plan of Action' adopted in Mexico

City in first World Conference and the 'Forward Looking Strategies' adopted at Nairobi, the 'Platform for Action' adopted at Beijing, focussed squarely on issues like gender gaps in economic power, property rights, globalisation, adverse impact of SAP on women, impact of new technology and environmental degradation on women's economic resources, feminisation of poverty, sustainable livelihood and alternative economic frameworks etc.

Another major effort in drawing attention of the world to the gross gender imbalances with respect to access and opportunities across the globe was the UNDP's Human Development Report (HDR) for the year 1995. The Human Development Index (HDI), presented by the HDRs released since 1990, reflects the levels and achievements of different countries in the three important dimensions of human development. viz., (1) health, as reflected by longevity, (2) literacy, and (3) access to resources needed for a decent standard of living, as reflected per an appropriately adjusted real GDP per capita. The HDI ranks accorded to the countries of the world reflect on the disparities among the nations in providing the three basic needs and choices to its people.

The Human Development Report for the year 1995 for the first time drew attention to the persistent gender inequalities in human development. The core premise of the Report was that '*human development, if not engendered would be endangered*'. Two of the most valuable and innovative contributions of HDR 1995 were the construction of (1) Gender-related Development Index (GDI), which reflects gender disparities in basic human capabilities and, (2) Gender Empowerment Measure (GEM), which measures the gender inequality in key areas of economic & political participation and decision making. Taking the same variable as the HDI, the measurement of GDI focuses on both the inequality between men and women as well as the average achievement of all people taken together.

As per the latest HDR for the year 1998, the computed HDI value for India was 0.451 and the country's rank was 139th among the 174 countries studied. The GDI value for India was computed at 0.424 and India ranked 128th among 163 countries for which GDI was computed. In respect to GEM, India had a low GEM value of 0.228 and ranked 95th among the 102 countries for which data was available.

With regard to the initiatives of the Government of India for women's development, the emphasis during the 50's in the Indian planning system was on welfare activities and tendency was to view women's issues primarily in terms of welfare and assistance. This, however, changed in the 70's in the aftermath of the declaration of the Women's Decade by the United Nations. In response to the international concerns, the Indian Government set up a committee to study the status of women. In late 1974, the Committee on the Status of Women in India (CSWI) submitted its report -"Towards Equality". The report pointed out the disadvantaged position of women in India as was glaringly apparent in the declining sex ratio, lower life expectancy, higher female infant mortality rates, maternal mortality and morbidity rates, high illiteracy etc. The Indian Council of Social Science Research (ICSSR), which had provided the essential research inputs to the CSWI, initiated research programmes focussing women in a big way. Likewise, in the 32nd round of National Sample Survey Organisation (NSSO) for the year 1977-78, instructions were issued by the Planning Commission to collect information on women's work. A new category of 'marginal workers' (i.e., persons working less than 183 days in a given activity) was introduced in the 1981 census in view of the seasonal nature of women's work. This was a great step forward, as the previously invisible work of women found statistical recognition and the economic contributions of women could now be accounted for.

In the plan document of the Sixth Plan (1980-85), for the first time in the history of planning in India, there was a chapter on 'Women and Development'. Along with access to health care and family planning, the document also stressed economic

independence for women. During the period 1978 to 1982 numerous programmes were launched with a thrust on generating self employment for women, to name a few of them - IRDP, DWCRA, TRYSEM etc. The nationalised banks had a great role in the implementation of these programmes. In recognition of the importance of availability of credit, fixed as also working capital, the banks were directed to extend credit to target group population with/ without an element of subsidy and/or at concessional rates with the ultimate aim of promoting self-employment and poverty alleviation.

Integrated Rural Development Programme (IRDP), started in 1978-79, was one such programme, which aimed at economic upliftment of rural households living below the poverty line through providing income generating assets at concessional rates along with government subsidy. The special characteristic feature of this programme is the decentralised process of planning emanating from a block as a unit of planning.

During the VI Five Year Plan (1980-85), a specific stipulation of 17% coverage for women was laid down under IRDP (later extended to 30% in VII Plan and 40% from April 1990). However, even after nearly two decades of the functioning of this programme, disbursement of credit to women have not touched the stipulated targets. Official statistics reveals that there were 9.8% women beneficiaries under IRDP as on 31st March 1986 against the stipulated target of 30.0% and as on 31st March 1993 the share of women had barely risen to 19.8%.

In recognition of the fact that rural development programmes were not reaching women, another programme viz., Development of Women & Children in Rural Areas (DWCRA) was initiated in 1982-83 as a sub-scheme (Pilot Project) under IRDP in 50 districts. The objective of the programme was "to organise women into socio-economic activity groups with the twin objectives of providing self-employment opportunities and social support" (VII Plan Document). The target group for DWCRA was the same as IRDP (i.e., families with annual income less than Rs.4800)

but the approach was reaching women as a 'group' rather than as individuals. This methodology was based on the immensely successful experimental model of the Grameen Bank of Bangladesh. Besides credit inputs, DWCRA also aims at increasing women's access to other government programmes and welfare services. The scheme postulates the formation of a group of 15 to 20 women. DWCRA shares and builds upon the administrative structure used by IRDP.

On the lines of DWCRA, another scheme viz., 'Development of Women and Children in the Urban Areas' (DWCUA) was formulated as a sub-scheme under the 'Swarna Jayanti Shahari Rozgar Yojana' (SJSRY) launched to coincide with the 50th year of India's independence. The objective of DWCUA is to provide assistance to groups of urban poor women (numbering at least 10 women per group) for setting up gainful self-employment ventures along with inputs of training/ upgradation of skills, technical as also entrepreneurial. Instead of the traditional top down implementation method, SJSRY and its sub-set DWCUA rely on establishing and promoting community organisations and structures. Towards this end Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs) and Community Development Societies (CDSs) are set up, with CDSs playing the focal point for identification of beneficiaries, preparation of applications, monitoring of recovery and other support services. It is also envisaged that the CDSs may set themselves as 'Thrift and Credit Societies' to encourage community savings as also other group activities.

Apart from the women focussed schemes like DWCRA/ DWCUA and schemes like IRDP under which there is a stipulation for directing at least 40% credit to women beneficiaries, there are several other employment generation credit programmes in which preference is sought to be given to women beneficiaries. To name a few of these schemes, they are (1) Differential Rate of Interest (DRI) under which credit is given to people below poverty line at subsidised interest rates (merely 4%), (2) Scheme for Urban Micro Enterprises (SUME) which was earlier known as Self Employment Programme for Urban Poor (SEPUP), (3) Prime Minister's Rozgar

Yojana (PMRY) in operation since 2nd October 1993 (which replaced the earlier scheme of Self Employment for Educated Unemployed Youth (SEEUY) in operation since 1983-84).

Apart from the implementation of the state directed programmes, individual Banks have on their own, tailored schemes focussing on women. Notwithstanding these efforts, the overall picture that emerges about banks' performance in developing banking habits among women and giving credit to them is not a rosy one.

Evidence is overwhelming that women as a group are more vulnerable to poverty and its consequences. In poor households, her labour and skills are integral to the survival strategies of the families. Numerous studies have shown that lower the economic status of the family, higher is the woman's participation in the labour force and her contributions to the total family income. There is also compelling evidence that improvement in women's productivity has important bearing on the reduction in poverty levels and more importantly on family's malnutrition. Further, women as 'economic actors' can also secure improvement in their status as well as welfare benefits, ultimately leading to a *social reconstruction of gender*.

Measures to improve women's access to productive resources, therefore, are critical to enable them to move themselves and their families out of the poverty trap. Moreover, the rising incidence of female headed households (current estimates indicate that 30 to 35% of the rural Indian households are headed by women), mean that women are not only providers but the sole providers for their families. The direct economic benefits of increasing female productivity are that it would result in increased aggregate labour productivity and enhanced household incomes, particularly in families below poverty line.

However, improvement in productivity perforce requires several inputs like credit, marketing linkages, training etc. Credit is acknowledged to be a necessary though not



a sufficient condition for successful self-employment strategies. Access of women to financial services, both for safeguarding their surpluses and savings as also for meeting the requirements of working capital and term loan facilities, therefore, becomes a crucial indicator of their access to resources which increase productivity levels.

### **PROBLEM STATED**

Researchers have by means of collecting primary data through laborious individual efforts, attempted studies on access to credit and impact thereof on the household by using various socio-economic development indices. However, very few studies have been conducted which have attempted to comprehensively measure the extent of female participation in banking with regard to their saving habits, preferred schemes/instruments of financial assets, access to credit for productive purposes, repayment ethics etc.

Banking statistics, which is otherwise a veritable minehouse of information, had hitherto, pathetic little to offer by way of gender segregated data base. This anomaly was, however, removed when the Reserve Bank of India modified the BSR (Basic Statistical Return) formats, which have been in force for over two decades, to include gender segregated data. For the first time, the BSR formats sought gender segregated data in respect of deposits and advances for the year ended March 1996. This has facilitated the assessment of the inequality in the access to financial institutions through the gender-lens.

For introducing gender as a vital element in the evaluation of the financial system, we need to answer several important questions. What has been the extent and growth rate of gender participation in banking ? What are the gender differentials in banking parameters? What are the salient factors which influence the gender status in banking ? How best can the banks be gender sensitised ? What could be the policy

tools for reaching out to women in larger numbers and as fast as possible ? The aim of this study was to answer all these questions, by generating evidence, providing conceptual framework and conducting an in-depth inquiry into gender analysis of banking operation.

### **OBJECTIVES OF THE STUDY**

The endeavour of this comprehensive study on gender in banking is to generate evidence which could serve as benchmark data for future research. It also provides a conceptual framework for conducting an in-depth inquiry into gender analysis of banking operations. In view of the problem as stated above, the specific objectives of the study were :

- To measure women's participation in banking operations and assess it's growth rate.
- To examine the gender differentials in respect of bank deposits and advances.
- To examine the impact of female workforce participation and female literacy on women's participation in banking operations.
- To generate gender relevant information and knowledge for sensitising banks towards the specific and special banking needs of women.
- To suggest policy measures and strategies for enhancing women's participation in banking.

### **RESEARCH METHODOLOGY**

For analysing gender in banking operations and to examine the problem in the specific context of the objectives of this study, we selected the state of Gujarat in the Indian federation. Gujarat has a vibrant economy, a well developed base of banking infrastructure, a wide spread base of small & micro enterprises as also trading activities. Further, the state also has a strong co-operative movement with good

measure of participation from females (their participation in the milk producers' and marketing federation in Kheda district is exemplary). Further, with literacy levels higher than the national average, both in case of persons as also females and greater female autonomy, the state of Gujarat was found to be ideal for studying gender in Banking operations as also assessing the factors that influence gender participation in banking business.

Owing to the limitations of the availability of secondary data as also being a single handed study, this study has been limited to only one nationalised commercial bank. Selection of the commercial bank 'X' from out of all the nationalised banks, was done on the basis of balance sheet size, branch network, volume of business and profit position. Among the nationalised banks, the sample bank topped the list in terms of volume of business, average working funds and gross profit for the year ended March 1994. In respect of branch network and net profit, the bank ranked third.

The data of Bank 'X' in respect of Gujarat state was obtained for all districts and within districts, further disaggregated for M/U and SU/R areas. Further, macro level aggregate data was also obtained for all the states where Bank 'X' has branches. For the purpose of assessing the change in gender participation over a time span and capturing its various complexities, a survey was conducted and data collected through an interview cum questionnaire method from sample branches covering a span of -5- years for the financial years ending March 1993 to March 1997.

For the selection of branches in Gujarat, two stage sampling technique was used. In the first stage, selection of districts was done, taking two districts each from the three administrative blocks of the bank. Of the two districts, one ranked highest in terms of volume of business (deposits + advances of All Scheduled Commercial Banks) and the other had the lowest volume of business. In the second stage, branches (10% of the population, i.e., total branches of the bank in Gujarat state), were identified from

the sample districts through the stratified random sampling method. Accordingly, data was obtained from -65- branches spread over in the six districts of Ahmedabad, Surendranagar, Baroda, Panchmahals, Surat and Dangs. However, two more branches from Bulsar district were added to the sample list on account of their being identified at the national level for the implementation of a specially designed female focussed scheme (other than the Government sponsored programmes) launched by the bank in its efforts to reach out to women, taking the number of sample branches to -67- spread over in the seven districts of Gujarat.

The study is based on both primary and secondary data. The secondary data was taken from the Census Report 1991 and Basic Statistical Returns (BSR 1-A & 1-B and BSR 2) of Bank 'X'. Data in respect of literacy and female workforce participation in the various states of India and within the state of Gujarat, for various districts was obtained from the Census Report 1991. The data in Basic Statistical Returns (BSR 1-A & 1-B and BSR 2) of Bank 'X' was obtained for two financial years 1995-96 and 1996-97. For the purpose of the study, the average of the two years was taken for all the parameters so as to even out the fluctuations in any one given year. The statewide/ districtwise data on advances accounts and outstanding amount, both for total as also non-performing advances, was obtained from the Return BSR-1A ( for credit limit of over Rs.25000/-) and BSR-1B (credit limit of Rs.25000/- and less). The data in respect of deposits was obtained from the Return BSR-2 Part I of the Bank.

From the anecdotal evidence and a-priory assumptions, the following set of hypothesis was generated - (1) female participation in the banking sector is growing; (2) there is significant gender differential in bank deposits; (3) gender differential in case of credit is more than that of deposits; (4) when women are focussed through special schemes & programmes, female participation rate in banking is higher; (5) female borrowers have lower default rates than male borrowers and hence are better

credit risk; and (6) female literacy and female workforce participation are factors having positive influence on female participation in banking.

In any research endeavour, for the scientific analysis of data as also for testing the various hypothesis, a set of statistical tools / methods is employed. Average and percentage method was used to quantify gender differentials in deposits and advances as also assess temporal trends in gender participation. Gender differentials were also measured by the  $X^2$  test method. The technique of Rank Correlation Coefficient (R) was used to test the hypothesis No.6, i.e., female literacy and female workforce participation are factors having positive influence on female participation in banking. 'R' has been used to establish the relationship of deposits/ advances accounts & outstanding amount with workforce participation and literacy levels. To further reinforce the results of rank correlation coefficient, multiple regression was used and 't' test was applied to know the significance of difference between means of the variables, i.e., female/ male accounts & amount with female/ male workforce participation & literacy levels. Measurement of gender differentials in deposits/ advances was largely done in terms of every 100 account canvassed and/or every Rs.100/- amount canvassed. The gender ratios as also differentials were studied at all India level, at Gujarat state level and at district level in the state of Gujarat.

## **CHAPTER SCHEME**

- I. Introduction
- II. Literature Review
- III. Research Methodology
- IV. An Analysis of Gender Participation in Bank Deposits and Factors Influencing it.
- V. An Analysis of Gender Participation in Bank Credit and Factors Influencing it.
- VI. Gender Differentials in Non-Performing Advances
- VII. Summary, Conclusions and Policy Implications

## **FINDINGS**

The data on deposits aggregated at the all India level as also Gujarat state revealed that substantial portion of the deposits were in the individual category. As much as 97% of the accounts aggregating to 87% of the outstanding amount in Gujarat state were in the individual category, the remaining being Inter-bank, Institutional or Trust deposits and hence deemed gender neutral.

The substantial gender differentials in deposits in the state of Gujarat are clearly reflected in the share of 24.67% in the deposit accounts and 21.95% in the outstanding amount held by females in the total individual deposits. The gender ratios of Gujarat state were observed to be very close to the national averages (women comprised 24.85% of the number of accounts and 21.18% of the outstanding individual deposits at the all India level). However, our sample data showed marginally higher ratios for women (26.27% of the accounts and 22.17% of the outstanding amount from individuals).

An analysis of the gender composition of current, savings and term deposits accounts reveals that the male/ female ratio in respect of current deposits accounts was 93 : 7, savings bank accounts the same was 76 : 24 and under term deposits accounts the ratio was 73 : 27. With regard to the outstanding amount, the relative ratios were 95 : 5 in current deposits and 77 : 33 in both savings as also term deposits. The sample branches also showed nearly similar male/ female ratios in respect of both deposit accounts as also outstanding amount under savings and term deposits. In case of current deposits at sample branches, however, while the ratio of female to male was moderately higher in the number of accounts (91 : 9), it was observed to be lower in the outstanding amount (97 : 3).

The stronger preference of women for savings and term deposits is also reflected in their choice of deposit mix. In case of every Rs.100/- canvassed from men in Gujarat state, Rs.8/- was under current deposits, Rs.23/- under S.B. deposits and Rs.69/- under term deposits, while in case of women the corresponding amounts were Re.1/-, Rs.25/- and Rs.74/- under current, savings and term deposits, respectively.

The areawise analysis of deposits in Gujarat state revealed that the participation of females in deposits was moderately higher at metro/urban centres as compared to semi-urban/ rural areas. While female deposits as percentage to individual deposits in metro/ urban areas was 25.22% in case of accounts and 22.65% in case of amount, the ratio at semi-urban/ rural areas was 24.34% and 21.37% respectively. In case of the sample branches, the differential in female participation in deposits at metro/ urban vis-à-vis semi-urban/ rural areas was even more pronounced. Females had a share of 28.70% in the number of accounts and 25.36% in the outstanding amount at metro/urban centres (higher than Gujarat average) as against a share of 22.83% in the number of accounts and 17.09% in the outstanding amount at semi-urban/ rural centres (lower than Gujarat average).

Another dimension of the gender differential was revealed in the average amount per account. The per account amount under total deposits in Gujarat state was observed to be Rs.13950/- in case of men and Rs.11980/- in case of women. The per account amount in current deposits was Rs.29950/- for men and Rs.22670/- for women. The differential was even higher in term deposits and the per account amount thereunder was observed to be Rs.38340/- for men and Rs.30900/- for women. The differential was the least in S.B. deposits with the per account amount at Rs.4560/- and Rs.4180/- in case of males and females, respectively.

Temporal growth in deposits of the sample branches covering a period of five years revealed that participation of women is on the rise. The share of female accounts in the total individual accounts at the sample branches was 17.74% at end March 1993,

19.75% at end March 1994, 22.44% at end March 1995, 24.74% at end March 1996 and 26.27% at end March 1997, reflecting a steady rise over the years. Likewise the share of females in the outstanding deposits at the sample branches increased from 18.10% at end March 1993 to 18.95% at end March 1994, 20.31% at end March 1995, 20.91% at end March 1996 and 22.17% at end March 1997. The rising share of females was also reflected in the distinctly higher annualised growth in case of females vis-à-vis males in both accounts as also outstanding amount. The annualised growth recorded during the five year span in case of females was 38.40% in current deposits, 22.56% in S.B. deposits, 25.99% in term deposits and 25.05% in total deposits. In case of male accounts, however, the annualised growth over the five year period was 13.11%, 15.97%, 14.67% and 14.94% in current, savings, term and total deposits, respectively.

In the area of advances, unlike in case of deposits, the share of advances granted to individual category was observed to be quite low in terms of outstanding amount, though it was substantial in terms of number of accounts. Out of the total advances accounts, as much as 92% accounts were granted to individuals and the remaining 8% accounts were granted to units under the categories - Public sector/ co-operative units/ Private/ Joint sector or to foreign Governments and foreign banks. As regards the outstanding amount, however, the share of individuals in the total credit in Gujarat state was merely 24% (at all India level the share was even lower at 19%).

Total advances have two components, (1) 'accounts with credit limit of Rs.25,000/- and less' ('L25') and (2) 'accounts with credit limit of over Rs.25000/-' ('M25'). It was observed that in Gujarat advances in the category 'M25' comprised 18% of the total accounts and 91% of the outstanding amount, those under 'L25' category constituted 82% of the total number of accounts and 9% of the total outstanding amount.



Almost the entire part of the accounts as also amount in 'L25' category was given to individuals. As much as 97% of the accounts with outstanding credit aggregating to 98% of the total outstanding amount in the 'L25' category were given to individuals. However, in case of 'M25' category, though a sizable portion of the accounts was granted to individuals (73%), the outstanding amount to individuals constituted merely 17% of the credit under the 'M25' category. While the share of credit to individuals under 'L25' in Gujarat state corresponded to the all India figures, under 'M25' the share of individuals at the all India level was lower at 69% in number of accounts and 12% under outstanding amount.

The gender differential in credit is revealed both in the low share of females in the accounts and amount outstanding under individual credit as also in the average amount per account. Males had a share of 82% in the accounts and 90% in the outstanding amount granted to individuals in Gujarat state. Corresponding to that the share of females was 18% and 10% in the number of accounts and amount, respectively. At the all India level, though the share of women in the number of accounts was the same as that for Gujarat state (i.e., 18%), their share in the outstanding amount was found to be higher at 13%. Sample branches also reflected a slightly higher share of women in the outstanding amount. Data of the sample branches revealed that for the year ending March 1997, women constituted 16% of the number of accounts and 13% of the outstanding amount.

The gender differential was found to be higher under 'M25' than under 'L25'. The data for Gujarat state revealed that males had a share of 92% in both accounts and amount under 'M25', while the share of females was at around 8%. Under 'L25', however, the share of females was at a higher 19% under accounts and 15% under outstanding amount. The concentration of women in the 'L25' category is also reflected in the relative share of 'L25' and 'M25' category loans in the total credit granted to men and women. For every 100 loan account granted to men, 84 was under 'L25' and 16 under 'M25', while in case of women, 94 was under 'L25' and 6 under 'M25'.

Likewise, for every Rs.100/- credit granted to men, Rs.33/- was under 'L25' and Rs.67/- under 'M25', in case of women, the corresponding figures were Rs.53/- under 'L25' and Rs.47/- under 'M25'. The figures at the all India level as also the sample branches reflect similar situation regarding the gender shares in 'M25' and 'L25', with only minor variations in the percentages.

The concentration of women in the 'L25' category is explained by the fact that many of the Government sponsored programmes have either certain targets specified for females (IRDPA and SJSRY), or there are directives to accord preference to women (DRI, PMRY, SUME etc.) There are also female centred schemes like DWCPA and DWCUA. Most of these schemes, however, accord loans of small size.

Areawise analysis of credit in Gujarat state revealed that unlike in case of deposits, where the bias was towards M/U areas, in credit the bias was towards S/U rural areas in case of both men and women. For every 100 loan accounts granted to men, 16 were in M/U areas and 84 in SU/R areas and in case of women the corresponding ratios were 12 and 88 accounts, respectively. Similarly, for every Rs.100/- credit granted to men, Rs.25/- was at M/U centres and Rs.75/- at SU/R centres, while in case of women, the corresponding figures were Rs.29/- and Rs.71/- respectively. The distinct bias towards SU/R areas is even more pronounced in case of credit under 'L25' in case of both the genders. However, under 'M25' as against the ratio of 30 : 70 for M/U and SU/R respectively for men, in case of females the corresponding ratios were 42 : 58 under outstanding amount.

With regard to the average amount per account in Gujarat state, it was observed that in male accounts the average was Rs.20760/-, while in case of female accounts the same was Rs.11180/-. The average amount per account under 'M25' was found to be Rs.88060/- in case of men and Rs.82130/- in case of women, and that under 'L25' the same was Rs.8170/- for men and Rs.6280/- in case of women.

Notwithstanding the persistence of low share of females in the advances granted to individuals, the five year trend at the sample branches reveals a rising trend. The combined position of the -67- sample branches shows that the share of females in the outstanding individual advances under 'M25' category increased from 7.66% at end March 1993 to 11.10% at end March 1997, under 'L25' the share increased from 10.70% to 16.30% and under total credit from 8.95% to 13.07%.

$X^2$  test was administered to assess the magnitude of discrepancy between theory and observation (i.e., observed and expected levels) in respect of female outstanding deposit as well as advances amount at the all India level as also at the Gujarat state level. The results revealed high value of  $X^2$  at 0.05 level of significance.

With the objective of establishing the relationship of workforce participation and literacy with gender participation in bank deposits as also credit, rank correlation coefficient was worked out both at all India level as also for Gujarat state. The results revealed high correlation values. These results were also corroborated by the regression analysis and the 't' test administered to measure the level of significance. The statistical analysis of relationship between female accounts/ amount with female workforce participation and female literacy levels as also male accounts/ amount with male workforce participation / male literacy levels for both all India and Gujarat state for deposits and advances yielded significant  $R^2$  with P values < 0.05.

With a view to examining the repayment performance of males vis-à-vis females and assessing the 'credit risk' of the genders, the outstanding data on non-performing advances was taken as a proxy, since overdue data even where available, is not very reliable. Further, since the gender segregated data was available only for accounts with credit limit of over Rs.25000/-, the gender wise analysis of NPAs was done only for the 'M25' category advances.

Genderwise classification of NPAs revealed that NPAs as percentage to male accounts stood at 14.87% and the amount as percentage to the outstanding advances granted to males was 13.96% (all India figures were 16.29% and 15.88% in accounts and amount respectively). Female NPA accounts as percentage to female accounts on the other hand was at a much lower 9.17% and the corresponding NPA amount was 8.77% (all India figures were 9.87% and 9.73% respectively). It is clear that incidence of NPAs is much higher in case of men than that of women.

### **HYPOTHESES TESTING :**

Data from the sample branches covering the period 1993 to 1997 reveals that the share of females in the individual deposits increased from 18.10% at end March 1993 to 22.17% at end March 1997 and in individual advances the same increased from 8.95% to 13.07%. Further, higher annualised growth in case of females in both deposits and advances was noticed at the sample branches during the five year period. Thus, our analysis has upheld the hypothesis No. 1, i.e., female participation in the banking sector is growing.

The data of Bank 'X' reveals that women had a share of 24.85% in accounts and 21.18% in the outstanding amount of individuals at the all India level and 24.67% in accounts and 21.95% in amount at Gujarat state level.  $X^2$  test to assess the magnitude of discrepancy between theory and observation (i.e., observed and expected levels) in respect of female outstanding deposit amount at the all India level as also at the Gujarat state level yielded high value of  $X^2$  significant at 0.05% level. The low share as also considerably lower average deposits per female account under all categories, Current, Savings, Term as also Total, validate hypothesis No. 2, i.e., there is significant gender differential in bank deposits.

Though women constitute 25% of the deposits accounts and 22% of the outstanding individual amount, their share in the advances accounts granted to individuals was

merely 18% and in the outstanding amount the same was 10%. In case of advances under 'M25' category, the share of females in Gujarat was even lower at 8% in accounts as also amount.  $X^2$  test to assess the magnitude of discrepancy between the observed and the expected levels in respect of female outstanding advances amount, both at all India and Gujarat state level yielded high  $X^2$  value significant at 0.05% level. Similarly, it was also observed that the average amount per female account was much lesser than that of the male account. Thus, hypothesis No.3, i.e., gender differential in case of credit is more than that of deposits is also upheld.

The much higher concentration of women in the 'L25' category advances, under which Government sponsored programmes like IRPD, DRI, DWCR, SJSRY etc. are included, compared to other category of advances, i.e., accounts with credit limit more than Rs.25000/- (M25), is indicative of the fact that when women are focussed through special schemes & programmes, female participation is better. Survey of Small Borrowal Accounts, March 1993 conducted by Reserve Bank of India estimates the share of women in the total outstanding credit amount under IRDP at 17.5%, DRI at 23% and SUME at 19.2%. Even though, the share of women under these schemes was nowhere near the targetted levels (40% under IRDP), their participation rate was better in these schemes than in the general banking stream. Hence, our analysis confirms hypothesis No.4, i.e., when women are focussed through special schemes & programmes, female participation rate in banking is higher.

As against 15% of the accounts and 14% of the outstanding amount under 'M25' granted to men becoming NPA, the incidence of NPA was much lower in case of women (corresponding ratios were around 9%). Thus, the hypothesis No.5, i.e., female borrowers have lower default rates than male borrowers and hence, are better credit risk, is validated.

The rank correlation coefficients between account and amount in both deposits and advances with workforce participation and literacy levels of the males and females turned out to be high and positive. These results were also corroborated by the regression analysis and the 't' test administered to measure the level of significance ( $P < 0.05$ ). The hypotheses No.6, i.e., female literacy and female workforce participation are factors having positive influence on female participation in banking, has also been confirmed.

### **SUGGESTIONS :**

Women's economic role has been recognised to have a transformative effect on the goals of both economic as also social development and their participation in economic activities has been recognised as being essential to the overall development of the economy. Improved statistical methods developed by United Nations show that 59 per cent of women in East Asia, 60 per cent in the former Soviet Union, and between 45 to 50 per cent of women in Southeast Asia and Sub-Sahara Africa are economically active. Nonetheless, women still continue to be trapped in the 'inside-outside' syndrome and a variety of socio-cultural factors results in the denial of their legitimate share in critical inputs for enhancing their productivity. The analysis in this study clearly indicates that nationalised commercial banks, seem to have overlooked the female segment, as is evident from the low level of female participation in the banking business. Thus, women are deprived of a 'critical input' - credit for pursuing productive activities.

Notwithstanding the impressive growth in the Indian economy during the second half of the 20th century, vast majority of the world's poor and dispossessed continue to live here. Poverty alleviation of the teeming millions below the poverty line through greater income generation and self employment programmes remains as urgent today as it was when India had embarked on the path of planned development. In as much as there is a gender dimension to the poverty problem, as also access to capital/

financial resources, there is a need for specific gender focus in policies and programmes at all levels. The notion that women are merely housewives and that their earnings are only supplementary in the family's total earnings, has also been falsified by the world-wide trends indicating movement away from traditional extended family structure to more female dependent households. It is also quite apparent that due to lack of access to waged employment, women take to small enterprises in the informal sector as part of the 'survival strategies', for themselves as also their families.

It is widely acknowledged that enhancing women's productivity will result in (1) higher aggregate income levels in poor households, (2) speed up economic growth through higher aggregate labour productivity, (3) better intake of food and improved health of the children as women contribute a much larger share of their earnings to basic family maintenance and increases in women's income translates more directly into better childcare and nutrition. The other indirect benefits would be reduction in fertility leading to slowing down of the population growth, lower women's dependency and improve their overall status. In fact, the micro credit programmes in Bangladesh pioneered by NGOs like Grameen Bank, the Bangladesh Rural Advancement Committee (BRAC), Proshika and the Association for Social Advancement, directed largely at poor women, are credited for the fall in poverty in Bangladesh from 59% in 1991-92 to 53% in 1995-96 and reduction in fertility rates from 6.1 births during 1980 to 3.4 births presently. Hence, enhancing women's productivity through income generation schemes is a critical and a strategic necessity for improving the living standards of the estimated 60 million Indian households.

While some NGOs in India like, Annapurna Mahila Mandal, Mumbai, Working Women's Forum, Chennai and Bangalore, Self-Employed Women's Association, Ahmedabad (with branches at Delhi and Lucknow) have rendered yeoman service in devising successful programmes incorporating the basic savings cum credit needs of women, they are hampered by their limited reach. Banks on the other hand, have

phenomenal reach and with the right orientation can make a difference to the lives of poor women on a much wider scale.

In view of the findings of this study that (1) there is gender differential in banking operations and women are side tracked by banks, and (2) more importantly that women are better at savings and loan repayment than men and thus, they are better credit risk than men, a few suggestions are given for mainstreaming women in banking. The corrective measures as mentioned hereunder should be taken both at the supply and the demand side of banking operations :

1. The state sponsored programmes for banks to reach out to women such as IRDP, DWCRA etc., have achieved limited results, mainly due to lack of coordination between banks and state agencies. Their achievements could be improved by establishing suitable coordination facilities in bank itself or through NGOs.
2. In view of the promising results obtained from women focussed schemes of the sample bank at the two identified branches in terms of increase in the flow of credit to women, it is recommended that such women focussed schemes should be replicated on a larger scale at other centres also.
3. There is an urgent need to create greater awareness among the banking officialdom about the special and specific banking needs of women through various sensitisation programmes. One way of increasing gender 'sensitisation' among the bank officials/ staff could be through specially designed training programmes. Such programmes can begin by first 'defreezing' deeply entrenched attitudes and stereotypes about gender roles and then focussing on increasing the awareness to gender-linked issues in general, leading ultimately to enhancing their understanding of women's economic roles and their specific banking needs. Gender sensitisation cannot, however, be a one-shot event. To be successful, it has necessarily to be a long drawn-out process, involving both horizontal as also



vertical spread. Most banks have adequately developed training infrastructure, with colleges at the apex level and training centres at regional/ zonal level. The issue of gender sensitisation can be integrated with all the basic Branch Management as also special training programmes conducted on credit. At the initial stage, help of outside experts would be desirable. Later on, however, in-house faculty will have to be trained to ensure continued inputs of training. Likewise, to begin with, such multi-level training programmes can be directed first to the Branch Managers, then followed up with training/ orientation programmes for credit officers and finally reach the line functionaries to be effective. Women's research centres in various universities can be of great help in designing gender orientation training programmes.

4. Gender being a strategic issue, gender based interventions in institutions need to be carefully planned. Fruitful results would be forthcoming only if the planning process for such interventions are addressed simultaneously at the managerial as also organisational level. Since gender sensitisation involves change in attitude, work culture, organisational priorities and resource allocation, merely training alone would not adequately capture the range of issues that need to be tackled.
5. Successful credit programmes directed at women have clearly shown that 'credit plus' approach, involving technical training, inculcation of managerial skills, marketing linkages, provision of health care as also child care facilities in addition to credit, is a must if the problem of low participation of women has to be overcome. Since banks are ill-equipped to incorporate all these ingredients in their delivery system, involvement of NGOs, VAs and extension services is a must. Efforts must, therefore, be directed to identify viable and effective NGOs, seek out their involvement and streamline the interface between the NGOs and the banks, for a long term sustained partnership.

6. There is enough evidence to show that in extending credit to women, the group approach has to be favoured, particularly in case of small loans. Here again, NGOs can help in formulation of Self Help Groups. Since the group size of 15 to 20 prescribed under DWCRA has been found to be rather unwieldy, the formation of SHGs with membership of 5 to 10 persons is recommended. Lending to small groups of women by Grameen Bank in Bangladesh is a proven example of this measure. Further, savings linked credit schemes must be encouraged for financing the SHGs.
7. Since no system can work effectively without an effective monitoring system, it is suggested that multi-level 'Gender Cells' be created in the banks right from the apex level to district/ block level. These cells should not merely be units undertaking the function of compiling data for onward transmission but should work as link between branches, NGOs and the Government Departments and also be able to guide and direct the projects/schemes. Further, at the banking system level, national institutions like RBI and NABARD must also monitor gender development.
8. This study has thrown up some broad patterns about gender participation in banking at the macro level. The study also gives directions for future study. However, since each bank functions in a particular milieu and with certain operational ethos, it is necessary that bankwise enquiries are conducted for assessing the state of gender participation and devising corrective measures. Similarly, statewide studies could be useful in identifying the inter-regional variations and causative factors for the same, whether economic or non-economic. Banks would be well advised to undertake in-depth studies on various gender issues. One such issue, for example, could be the repayment rate of male/female, which ought to be investigated at greater lengths to ascertain the reasons for higher default of the genders in particular schemes/ in specific regions. The factors which lead to higher default, whether lack of income generation capacity

of certain schemes, inadequacy of the loan amount, siphoning of funds, willful default etc. need to be investigated.

9. NABARD has been playing an active role in generation of evidence and conceptualising women focussed schemes. They should also initiate research enquiries through Universities and independent Research Institutions to give insights into not only the type and extent of 'differential female access' but also the multi-dimensional aspects of reasons and sources of such differential female access. Ultimately, it is such research based enquiries that would help in shaping the nature of policy interventions at the macro as also micro levels.
10. Besides the measures for improving women's access to formal credit sector mentioned above, there is a need to address the issues and problems on the demand side of banking operations as well. Our study has shown that lower educational attainments and lower labour participation rates of females are important factors constraining female outreach of the banking system. Thus, state policy and programmes should focus on female literacy and mainstreaming them in the economic activity. According to a recent study of the World Bank, micro-credit programmes, with special focus on women, backed by complementary efforts such as literacy promotion and training for those who lack skills to make credit work for them, are envisaged as one of the important measures for poverty elimination in the third world.
11. At the bank level, deposits and more particularly, the loan application forms and procedures should be simplified and banking information should be popularised among females through NGOs, Mahila Mandals, village panchayats etc. Special delivery system should be built for providing supply and marketing support to women entrepreneurs for improving credit absorption.

12. NGOs and banks should organise road shows for gender sensitisation of the community and economic organisations. Seminars and workshops should be organised within institutions for focussing attention on gender issues.
13. Gender issues should also be made a part of the curriculum at the graduate level, both in social sciences as also physical sciences, so that awareness on such critical issues can be generated amongst youth, who will be part of future policy making and implementing machinery.
14. Last but not the least, gender issues should not be treated as mere add-ons nor relegated to a component in our planning system but made integral in the five year plans. Mainstreaming of gender can be achieved only if each of the programmes/ policies devised in our planning system undergo the test of 'gender audit' in terms of the impact they may have on the status of women in India. It would indeed be an important dimension of change, when the planning system would move away from a system of separate women's programmes, to the systematic incorporation of 'gender perspective' into the entire portfolio of development.