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In Conversation with Rohan Kochar

BHARAT BANKS ON BANDHAN BANK

Rohan Kochar

The journey from sweeping his father's sweet shop to the banking high table is arduous if not impossible. Private sector bankers are supposed to be well-heeled, with a facility with the Queen's language, go on an annual pilgrimage to Davos, spend weekends playing golf and be a part of the Mumbai high society.

Chandra Shekhar Ghosh, Managing Director & Chief Executive Officer of Bandhan Bank is the odd one out and a harbinger of change. He understands and speaks the language of the poor. He has learned by working tirelessly in the microfinance and development spaces for the last 30 years.

While granting bank licences in 2014, the regulator was looking at the inclusive growth of India and the policy clarion call was "Sabka Saath, Sabka Vikas" his skill set was invaluable. A combination of that and the blessings of the poor of India put him in the banking high chair and he has performed the role remarkably well.

He has been instrumental in establishing a bank catering to India's vast landscape, with emphasis on women and livelihood-linked lending. Bandhan Bank has grown organically since receiving the universal banking licence from the RBI and starting operations on 23 August 2015.

It became the first-ever MFI to become a universal bank in India. Ghosh made sure that as an MFI, Bandhan furnished the necessary operational information, facts and figures to the RBI on a periodical basis, though they were not required to do so statutorily — good corporate governance and transparency are at the core of his ethics and he has built an institution that has imbued just that.

Bandhan Bank getting the banking licence is an excellent example of development banking by the RBI and government's commitment to bridge the lending gap. Bandhan has the expertise of working with the poor, and, therefore, the inherent ability to make rural banking a success story. This has been appreciated by the establishment and giving Bandhan a banking licence was a significant step forward towards financial inclusion and deepening. It's indicative of the government's renewed focus on the rural economy by ensuring greater outreach of the banking sector to Bharat's vast hinterland.

Bandhan extends its services not only to the affluent top 10% but also to the economically underserved population, encompassing both the rich and the poor. This shift doesn't just hold a symbolic significance but ensures greater infusion and deepening of financial services. The government is willing to take bold and unprecedented steps to meet the ideals of the inclusive philosophy of Prime Minister Narendra Modi—Sabka Saath, Sabka Vikas, and Sabka Vishwas.

Bandhan has done well under the leadership of Ghosh and has proved

scenarios wrong. During the quarter ending 30 September 2023, the bank added nearly 10 lakh customers with the total number of customers standing at ₹3.17 crore. Banking outlets stand at more than 6,200 and the network consists of 1,621 branches and 4,598 banking units. Most of its customers are women. Bandhan employs 74,000 persons.

The bank has mobilised deposits of ₹1.12 lakh crore and its total advances stand at ₹1.08 lakh crore as of 30 September 2023. It is fast growing in its reach and changing the lives of the poorest of the poor by helping them tap their entrepreneurial potential.

There are many success stories to bank's credit. Gita Pal in Duttapukur, North 24 Parganas acquired pottery making skills that inspired her to start her own venture. Bandhan supported her with ₹20,000 about six years ago. This enabled her to procure the raw

material and the necessary wherewithal to set up her pottery unit. Within a few years, her revenue multiplied to ₹20 lakh per annum and she also employed twelve skilled workers. She annually makes a profit of about ₹5 lakhs and is aspiring to expand her business.



A HUNDRED STORIES A BILLION DREAMS

Since 2014, the focus on inclusive growth has been intense. Direct Benefit Transfers to sharply focused beneficiaries on the one hand and job generative, spatially dispersed, equitable and sustainable growth on the other have been the cornerstone of policy. How exactly is this panning out at the last mile? SKOCH Group is visiting the hinterland and documenting case studies of people at the margins and what has changed for them and how? One such research is a deep dive into the impact of Bandhan Bank, the first bank in India to create an institution catering to livelihoods and credit, bottom up.



Ramdev Pandit

Ramdev Pandit lives in Kolkata and used to run a small grocery shop, which shut down because of financial constraints. He had a bit of knowledge of leather chemicals and he and his wife took their first loan of ₹30,000 and started trading leather chemicals. It turned out to be quite remunerative and he soon set up a shop with a storing facility. He chose to pay the bank on a weekly basis. Soon his exposure with bank increased to one lakh and then to two lakh rupees. He employs two workers and pays about ₹15,000 as monthly wages each and also takes care of their medical expenses. "I am soon going to pay back the current loan and looking to raise ₹300,000 to help expand my business," says Ramdev.



Kajol Patra

Kajol Patra in Kalyani, Nadia is in the business of making and selling Puchkas (Pani Puri). Earlier, her family was involved in the business of selling fish, which hardly provided sustenance

leaving no room for savings. Bandhan encouraged her to start her own enterprise of making and selling Puchka. What started as a small loan of ₹10,000 has grown to ₹110,000 today. Puchka business has given her sound financial standing and she leads a life of dignity. She operates a number of outlets in her village that has inspired many other women to follow suit.



Alpana Das

At the time of her marriage, her husband used to drive a cab. His earnings were not sufficient to run the household as it was a joint family. Since she knew tailoring, Bandhan encouraged her to start a tailoring shop and offered a loan. This worked as a seed capital for Alpana's small venture. It grew over a period of time. Her husband also joined her to support her business. She employed fourteen tailors to meet the increasing demand. While each worker earns about ₹17,000 per month; Alpana's personal monthly income has reached ₹1.5 lakh. She is a repeat customer for Bandhan. With enhanced income, she has bought the tailoring shop and also purchased her own house just opposite the shop. It is a testament of successful business, which she owes to Bandhan bank and its continued support.



Babita Mahanty

Babita Mahanty, Topsis, Kolkata ran a thatched tea stall for years till one day when she learnt about Bandhan's loan facility. This was a turning point in her life. With the help received from the bank, she started a small restaurant and invested in buying utensils, gas, furniture etc. Her monthly earnings are upwards of ₹50,000 and also she is supporting her son who is studying CA. Recently, Babita opened one more restaurant and manages these with support of her husband. It's a story of transformation from a tea stall to a thriving food business and growing.



Gayatri Rajbanshi

Soon after her marriage, Gayatri Rajbanshi's husband lost his job and was doing menial work. Gayatri lives in Nadia and has always been enterprising, so she approached Bandhan Bank for loan and got an approval of ₹3,000 to start with. She along with her husband set up steel furniture making unit.

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Bandhan continues to lend her. Dolly Biswas from Hooghly was working in a factory but was not earning enough. Finally, she started a rakhhi-making unit of her own with some women, a project financed by Bandhan Bank. She did phenomenally well and,

in the process, employed many women in distress. Her factory now makes 3 million rakhis a year that are sold all over the country. "Loan from Bandhan feels like seeking financial help from the family," says Biswas. Ghosh calls his mother the "CEO" of the family for managing the household adroitly despite all the odds pitched against the family. Women inherently are good managers. He addresses women as Maa or Didi—that's mother and sister in Bengali. Women should partner in the development effort of the nation. The entrepreneurial women are happy. "They don't have to ask for money from the husband. They can meet the children's demands from their income. They are energised. They are successful entrepreneurs. It gives me immense satisfaction and joy," says an emotional Ghosh.

In the early days, working for an NGO, Ghosh, gained insights into working in the rural economy and that many farmers practise subsistence agriculture. In the lean months between crops, there's little to do and hardly any income but many mouths to feed the family. In desperation, the farmers and tillers sold their labour in the lean months for a pittance to work during the busy season to ensure the cash flow. Money lenders would charge exorbitant interest rates. Farmers were trapped in an insurmountable debt.

Many seemed to have reconciled with the grim reality as given. Not Ghosh. He saw an opportunity in the adversity. He founded Bandhan microfinance in 2001, a not-for-profit enterprise to create sustainable livelihood by way of financial inclusion and women empowerment. Bandhan has saved lakhs of farmers from the clutches of exploitative moneylenders and improved their material well-being. Ghosh is a competent banker, operating with a high degree of emotional quotient. His life experiences, witnessing the plight of the poor and their constant struggle to make ends meet, motivated him to be a change agent. After all, unreasonable, unrealistic and impractical are all words used to marginalise a person or an idea that doesn't conform to conventionally expected standards. Ghosh has done well, and so has Bandhan Bank.

Rohan Kochar is an Advocate, an Economist and a Public Policy Expert. He passionately works on socio-economic development issues.