

# FINDING A BALANCE BETWEEN BANKING AND INCLUSION

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**T**HINGS are looking up for Sajna Devi and her three children in Malikpur village of Rajasthan. A widow, she is the 20th lakh beneficiary of HDFC Bank's sustainable livelihood initiative (SLI).

SLI isn't just about loans for rural women to set up a small business, it's also about improving their lot. Women are trained and imparted skills whether for jewellery designing, setting up grocery shops or tailoring. Once the revenue stream stabilises, they're taught to start saving and the benefits of steady returns.

Through SLI, women like Sajna Devi can access HDFC Bank's micro-savings products, recurring deposits, microfinance and micro-insurance facilities. Beneficiaries tend to deposit approximately Rs 100-400 a month through the microsavings product.

Given an average family has four or five members, 20 lakh women beneficiaries would mean that nearly one crore people have benefitted. The target: one crore households or five crore Indians. "If there were 30 organisations like us, we could eliminate poverty in India," Aditya Puri, MD&CEO proudly proclaims.

Already, around 28,000 women, across 250 villages in and around Nagpur and adjoining areas like Butibori, Wardha and Yavatmal district have benefited from SLI. In Tuticorin district in Tamil Nadu, the bank's SLI activities have touched



Illustration: SHYAM

close to 54,000 households while in UP more than 11,000 households across Barabanki, Bulandshahr and Sitapur have been covered. Now in its fifth year, SLI has a pan-India presence and is available to people in 496 locations; 98% of the beneficiaries are from rural locations. The initiative employs 4,500 people, which includes the bank's regular employees as well as contract workers.

HDFC Bank lends the women up to ₹50,000 and once the business is established, they can approach the bank for more. One group of women in Pondicherry bought ovens and machines for their cashew business and were given a second tranche. These women now earn between ₹20,000-25,000 a month and moreover, their children do not need to work at the units. Where banks are usually despondent when it comes to rural banking and financial

inclusion related activities, HDFC Bank seems to have struck the right balance between the two.

The bank has a thriving rural and semi-urban banking business for those that have the wherewithal to deposit money and can repay loans in time but have not dealt with banks. Customers constitute rich farmers, small and medium business owners and the middle-class. Between April-December 2013, the bank added 274 branches, 179 in unbanked areas. In FY12, 65% of new branches were set up in these areas while in FY13 the share was 80% of the new branches. A rural branch costs a third of an urban branch. In locations where it can't open full fledged branches, HDFC Bank reaches out to prospective customers through various models of distribution, which include two or three member branches and the Grameen banking officer model.

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