



A. News from SETU Africa

Exposure visit of SEWA team to Tanzania

Ten SEWA team members visited Tanzania from November 9th to 24th, 2014. The objective of this exposure visit was to promote an integrated approach to poverty reduction and self-reliance for women and their families, through microfinance, microenterprise and livelihoods promotion, micro-insurance, health and child care and capacity-building for leadership and management by local people, especially women. The visit aimed to promote mutual learning, understanding and sharing about these issues, to promote further organizing, and to encourage Tanzanian colleagues to build their own membership-based organizations.

There was also an emphasis on developing future collaboration and support to countries of the African continent, based on the findings of studies, workshops and action plans developed in conjunction with our African partners. "In each country, we conduct a workshop to share our vision, dreams and strategy with you and simultaneously, get your ideas on how we can move forward. This workshop in Tanzania is just the beginning," said Shree Kant Kumar, Project Director, SETU-Africa.

The team that visited Tanzania included representatives from SEWA Bank, the Cooperative Federation, SEWA Bharat, Lok Swashtya, VimoSEWA and SEWA Academy. Mirai Chatterjee, Director of SEWA Social Security and Chairperson of the VimoSEWA Cooperative, was also part of the team. With the support of our Tanzanian partner organization, Conservation, Hotels, Domestic and Allied Workers Union, CHODAWU, the team went on field visits to various grassroots-level microfinance and microenterprise organizations, to understand the challenges faced by the women of these institutions. A workshop, attended by 40 participants from different provinces, including grass-root level producers and members of village community banks was organized. Government representatives such as Mr Nathaniel Daniel Kaaya,

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A women vendor selling mats in the
Kisarawe District of Tanzania

from the Ministry of Foreign Affairs and International Relations, were also present.

The Indian High Commissioner to Tanzania, Mr. Debnath Shaw, was also present at the workshop and presented his views on cooperation between Tanzania and India. “While the history of Tanzania and India’s solidarity has been mostly at the political level – including very



His Excellency, Mr Shaw, High Commissioner of India to Tanzania, and other participants at the workshop in Dar e Salaam

high-level interaction between our founding fathers Julius Nyerere and Pandit Jawaharlal Nehru – this workshop signifies that such interaction has now come down from those high pedestals of the yesteryears to the grassroots level,” he said, adding, “We want to pass on our experiences and the knowledge that we have acquired over the last 60 years or so since Indian independence, to our friends and partners – particularly in the developing countries.”

This workshop was a first step in what will be a continued collaboration between Tanzanian and Indian women to learn from each other and move towards economic empowerment under the umbrella of SETU- Africa.

Ethiopian delegates visit to SEWA Bharat Head Office

On the 11th of October 2014, SEWA Bharat hosted a delegation of 30 Ethiopian visitors, including officials from the Ministry of Women Children and Youth Affairs, the National Bank of Ethiopia, the Commercial Bank of Ethiopia, Enat Bank (Women's Bank), Business and Construction Bank, Federal Micro and Small Enterprises Development Agency, Association of Ethiopian Microfinance institutions and NGO partners. The delegates were welcomed traditionally and introduced to SEWA Bharat and its work with informal sector women workers across



India. SEWA Bharat team members discussed their experiences of organizing women workers and undertaking financial inclusion for SEWA members through self-help groups (SHGs), and its transition to different models of community microfinance like Business Correspondents and Cooperatives, as these were the interest areas of the delegates. The Ethiopian delegates also shared some of their experiences of cooperative formation processes.

SEWA Bharat had arranged for a display and sale of the products of Loom Mool, a brand promoted by SEWA cooperatives. The Ethiopian delegates thanked Ms Sanchita Mitra, National Coordinator, and presented a traditional Ethiopian shawl as a token of appreciation.

The delegates also visited Raghuvir Nagar, an area where SEWA Bharat is actively organizing workers in Delhi, and they interacted with vendor members. Members shared their experiences and personal struggles, and SEWA's role in empowering them to stand up for their rights and obtain work and social security.

B. News from SEWA

VimoSEWA's deposition before the select committee of Rajya Sabha on Insurance Bill, 2008

VimoSEWA's team comprising of Ms. Mirai Chatterjee, Chairperson, VimoSEWA, Mr. Arman Oza, CEO, VimoSEWA and Hameedaben, union leaders of SEWA Delhi, appeared before the Select Committee on Insurance of the Rajya Sabha which is working on amending the Insurance Bill (2008) to permit more Foreign Direct Investment. They were invited to present after they submitted a representation to the Committee. The proposed amendments include the proposal to reduce capital requirement for standalone health insurance companies from Rs 100 crores to Rs 50 crores. Based on this, VimoSEWA proposed a similar reduction in capital requirements for insurance cooperative societies.

VimoSEWA's arguments centred on the following:

1. VimoSEWA's long and extensive experience with the low income segment and creation of an insurance cooperative in 2009.
2. The fact that cooperative and mutual insurance sector commands a market share of 27% in the global insurance market.
3. Countries like the Philippines have successfully implemented the concept of Mutual Benefit Associations (MBAs) or micro-insurers.
4. The fact that a cooperative structure can overcome the antagonism between the insured wanting maximum benefits (claims) and the insurer wanting to minimize claims.
5. The fact that a cooperative, by virtue of its democratic governance structure has better acceptability among consumers and is therefore an ideal vehicle for promoting social business.
6. A cooperative typically is born small but can grow big. It cannot be expected to be 'born big' which is precisely why no cooperative has been able to comply with the high entry level capital requirement so far.

At the Select Committee hearing, Dr. Chandan Mitra, Chairman, in his opening remarks itself, indicated the Committee's eagerness to receive ideas on spreading the penetration of insurance among the low income segments. After the oral deposition from VimoSEWA, Shri Anand Sharma, MP, said that they had carefully gone through VimoSEWA's representation and fully

appreciated the logic put forward. They assured VimoSEWA that the Committee will give due consideration to its proposal.

SEWA's Role in Empowering Low Income Women – Promoting women-owned and managed financial institution

Informal economy women workers are major contributors to India's financial growth, yet the women remained trapped in the vicious cycle of poverty. Despite their hard work, they remain poor, vulnerable, asset-less, indebted and trapped in the continuous process of de-capitalization. Lack of capital is a very major constraint for the poor and lack of access to suitable formal financial services compel them to depend on informal financial sources, which are exploitative.

Experience and research have shown that commercial financial institutions (FIs) in India pose the following problems for poor female clients:

- Credit is not easily available: Poor women cannot provide traditional forms of collateral, and are thus excluded from many loan programs. Moreover, illiterate women often find that they cannot cope with complicated loan procedures designed for middle-class clients.
- Transaction costs of borrowing are high; standard loan applications take time to process, and poor women lose precious daily wages trying to obtain loans.
- Transaction costs of using savings facilities are high; transportation to the bank, in addition to wages lost while going to the bank, also pose a cost. Assuming that poor women use their savings account once a month, an estimated 15 percent of their monthly savings will be spent accessing the account in the first place, according to studies conducted on poor women's use of commercial financial institutions.
- Formal features of the banking system clash with women's needs: The rigidity of loan terms and the lack of timeliness of formal credit, in particular, further negate the effects of low interest rates.

As a result, poor women are debarred from savings and credit facilities from formal financial institutions, and hence are forced to use exploitative informal sources, like moneylenders who charge them very high interest rates.

Inspired by SEWA Bank, SEWA Bharat's community led microfinance programs has enabled poor women workers to obtain necessary financial services, and thus become independent. It has provided them an avenue for access to credit and need-based financial services.

SEWA's microfinance activities have the following objectives:

1. Provide integrated financial services at their doorstep, to members – micro loans, micro insurance and micro pension;
2. Build a cadre of local Customer Service Agents (CSA) within the community to provide basic financial services at the doorstep, to its members;
3. Promote and facilitate a strong savings habit;

4. Develop and build the capacity of community grassroots women to set-up, use, own and manage their own microfinance institutions;
5. Provide livelihood skills training and support; and
6. Create a permanent and sustainable MFI model for communities on a national scale.

SEWA Bharat has promoted two thrift and credit cooperative society which has a total of 12986 members with savings of 0.8 million USD and Loan Outstanding Amount of 0.6 million USD.

Initiating Thrift and Credit Model for urban poor women of informal sector in Capital city of India

In Delhi, SEWA ran the Self Help Group, SHG, model from 1999 to early 2007. This was helpful as women joined in small groups and opened bank accounts in the name of the SHG and the members took small loans. By 2007, 207 members were linked through Self Help Groups. However the advantages remained limited in this model as women had only one scheme or option to save, and the quantum of loans did not satisfy their needs. This led to the demand of forming a Thrift and Credit Co-operative Society by the poor women and hence SEWA registered a “Mahila SEWA Urban Co-operative Thrift and Credit Society” in February 2007 with a share capital of Rs.1, 08,000.

Till date, the Co-operative has managed to enroll nearly 7000 women members in Delhi, each of whom is a shareholder in the Co-operative. These women receive services from Bank Sathis (Agents) who go door-to-door or to the work areas to collect savings, loans and interest dues. Each member has deposit accounts in the form of daily, weekly or monthly schemes as per the choice of the members. Members are happy as they have various savings and loan products and can lift larger loans, which was not possible under SHGs. The maximum loan amount is Rs 1 lakh.

The Cooperative has also become a platform to provide other services like provision of water and sewage services to its members by giving loans for installation of individual toilets and water taps, livelihood through SEWA’s Ruaab SEWA Artisan’s Producer Company and skill up-gradation through the Polytechnic Institute run by SEWA Delhi

This is the present product portfolio in operation in the Delhi Co-operative. More products can be suitably added in future depending on the need of the members in Delhi.

1. Savings: Members can choose from a range of savings schemes depending on their requirements that include daily, weekly and monthly savings (Recurring deposit). Savings need to be fixed deposit with the co-operative for a minimum of 3 years on which they earn an interest rate of 8% per annum. Savings fixed for a period of 4 and 5 years would fetch an interest of 8.5 % and 9% per annum respectively.
2. Credit: The co-operative offers regular loans to the members at a declining interest rate of 1.5% per month to be repaid in 40 installments (maximum). Gold loan is a secured loan that has been added to the portfolio of the co-operative following member demand. A gold loan up to Rs 10,000 is to be repaid in 10 months, Rs. 15000-Rs 30000 in 15 months, Rs 30000- Rs 50000 in 24 months and Rs. 50,000-1,00,000 in 36- 40 months at a declining rate of 1.5%. Another product known as the emergency loan, where up to Rs 10,000 is

offered to members within 24 hours is to be repaid in 8-10 months at a declining rate of 2%.

3. Loan insurance: This is an initiative undertaken by cooperative in collaboration with VIMO SEWA where they even get accidental benefits.

Story of Roshni Ben: Case Study

Roshni ben is a 58 year-old widow who lives in a two-room rented accommodation in Raghubirnagar along with her two sons, one daughter- in- law and four grandchildren. She pays a monthly rent of Rs 4000.

Background: Before marriage Roshnini ben used to live in the slums near New Delhi railway station. Her father sold clothes. She was the eldest among three boys and three girls. Her mother, a housewife, took care of the children and did the household chores. Her father along with the entire family used to go to other state (Alwar) for 10 days every month to sell clothes.

Roshniben got married at the age of 21 in Bhiwani, Rohtak. After marriage she continued to live in slums across Delhi and never had a permanent house. A mother of eight children – one girl and seven boys – Roshniben stays with two sons, one of whom is single. All other children are married. Her other five sons live separately along with their families in other parts of Delhi.

Roshniben does feri or vending. Her business is of exchanging utensils for old clothes from various households. She has been in this business for the last 35 years. Earlier she used to go to a market near the Red Fort to sell the old clothes but that market moved elsewhere. Now she goes to Karol Bagh every Monday to sell the clothes. She stays there from 3pm to 7pm and is able to earn on an average Rs 200 per day. She starts from her home every day at 12 noon and returns by 6 in the evening.

Her married son is in the business of selling clothes purchased at cheap rates from the nearby local market. Both of them are able to earn between Rs 5-6,000 every month.

Roshniben came to know about Mahila SEWA (U) Cooperative T & C Society Ltd. from a colleague and opened her account with a small amount of Rs 110 in 2008. She started with a monthly contribution of Rs 550 in her account. After 6 months, she took her first loan from SEWA of Rs 15000 in 2009 to purchase utensils for her business. Her landlord stood as a guarantor for this loan. She returned this money in 15 months by paying a monthly installment of Rs 1,000.

Subsequently, she has taken a loan of Rs 30,000 and Rs 60,000 to enhance her earnings. The last loan of Rs 1, 00,000 was taken by her for the clothes business but was used to meet medical expenses. Immediately after taking the loan she had an accident and was injured badly. She was admitted to a private hospital where expenses came close to Rs 1, 00,000. However, with her daily business she returned this loan amount too.

SEWA Impact: According to Roshniben, the rate of interest on loan offered by SEWA is very low in comparison to the loan taken from friends and relatives. She believes the scheme is beneficial for poor people as the interest and the principal gets deducted every month and it does not burden them excessively.

Being a widow and the head of the family, Roshniben is the main decision-maker for all the financial matters of her family. After taking loan from SEWA, her quality of life has improved and she could purchase a washing machine and LED television for her family. Now, she is even in a position to put her grand-daughter in a private school and her grandson in a play school where the fee is approximately Rs 2,000 and Rs 500 per month respectively. She plans to opt for SEWA for her future loans as the terms and conditions are favorable for the borrower. She dreams of having a house of her own and happiness and peace for her children.



Contact Us At:

National Insurance Vimo SEWA Cooperative Ltd.

**“ChandaNiwas” Opp. Karnawati Hospital, Near Town Hall,
Ellisbridge, Ahmedabad-380006**

Telephone- 079-26580530/26587263/26574460; Fax: 26580508

Email- social@sewass.org