



Stanford eCorner

Empower Women Through Microfinance

P. N. Vasudevan , *Equitas*

March 11, 2008

Video URL: <http://ecorner.stanford.edu/videos/1990/Empower-Women-Through-Microfinance>

P. N. Vasudevan immersed himself into the study of microfinance and found that because women don't bring food to the table, they are placed into the background of Indian and Bangladeshi social structure. Vasudevan sees this as both a business challenge and a social challenge. With his company Equitas he wants to empower women through microfinance. With the goal of creating trust, training staff, and setting reasonable prices for customers, Equitas seeks to open the lines of communication and efficiency to customers and those who are navigating the informal economy.



Transcript

Global X interviews social entrepreneurs who tackle some of the world's biggest problems. They are pioneers of innovation that benefit humanity. I'm Vasudevan. I'm in a company called UPDB Microfinance Private Limited. We are from Chennai. It is south of India. We've just started this company. It's a renewed company. We are looking at launching the business operations from November 2007. For a variety of reasons, I'm one of those changed.

I wanted to change my line. And microfinance is one area which there are a lot of talk in India, in terms of microfinance and it's potential. I really want to study that sector and take a call whether this is calling for me or I should go back into another employment. So I quit the job. I spend over a month's time. I did a lot of study on the industry. And what I saw is really fascinating. Traditionally the ladies, and the poorer also are always regarded as part of the background. They don't have a place in the family because they don't bring anything to the table except raising children and cooking food. They don't probably bring anything else to the table.

So they are always regarded as part of the background and can be treated as the man wants to treat her. But micro financing is changing that profile. The ladies position is definitely going up because she is starting to become an economically empowered member of the family, and there are perceptible shift between the man and woman in terms of that position in the family. I think that's an amazing change that microfinance industry is bringing about. And when I saw that it was something that is very thrilling. I'm not so closely experienced this kind of stuff. I thought that here is a business where commercially you can lever a large market. There's a lot of professional challenge and socially it's something that has a great impact and it's something that I thought it will be very interesting to get into. And that's what really brought me into this industry. To create an organization, which is held as trustworthy in the mind of the customer.

We want to tell the customer that here is an organization which you can trust. Deal with us from a position of trust. And that's what we want to create and that sort of second biggest challenge and how do we plan to do that. We plan to basically achieve that through three factors. One is a lot of training to our staff. You know, imbibe this soft quality in the staff that at every customer touch point it should reflect as a matter of trust to the customer. Second is our pricing. We are very clear that we don't price to the market because we can actually grow very high in or pricing if we price to the market. We will not price to the market. We'll price on the other hand to a reasonable return on our equity.

This can be substantially lower than what the current market rates are. Third is there is a process called ombudsman. The banking channels have them. They reserve and go in India has appointed ombudsman in each city where even independent person to whom any customer having a grievance against any bank can go to and he has the right to select a call to conduct a hearing with the bank and pass an order. So in my group it's not mandatory. This doesn't exist. But we plan to appoint our own ombudsman and voluntarily submit to his jurisdiction. And we will popularize this to the customers and say that, besides your normal channel, so grievance like our branches or head office, you also have an independent mechanism. You can go to the ombudsman and we have subjected our source to his jurisdiction. So here whatever he says.

So we are going to tell the customer that we are giving an alternate grievance withdrawal mechanism. So if you have any issues with any for the activities, you are welcome to approach him. The one thing with all of this lacks uniformly either with experience in microfinance. None of it have frankly speaking any experience in microfinance except what they have learned for the last couple of months. Unitus has partner to us in this process of progress. Through Unitus we are really beginning to get a lot of ideas, a lot of networking on the microfinance industry. We already had one day workshop with some representatives of Unitus which helped those to freeze our products and prosper. Now, we'll have some more intrusions with them. It's going to help us to fast forward our entire learning curve. You know, minus Unitus, we would still learn but is going to take us a much a longer time.

With the help of Unitus, we are really going to a much faster learning goal. They're able to give us a lot of experience of how it's done in India as well how it's done in other parts of the world. And that process as we believe is going to help us substantially to scale up and more on learning goal much faster. After having coming to microfinance, I'm beginning to see things that I've never seen in my life. They are just sitting right in front of me, and I've never seen them in all my life. So now when I pass through the road once, I'm just standing there and I was observing the pavement, and I say, "What are they doing there?" There's sometime in the evening around 4 o'clock or 5 o'clock in the evening on one of those days. What I saw is typical normal things that happened which is at some man taking a bath on the road, some even are doing some cooking on the pavement with some kind of stove. But more than that, there's this one small kid. She must be just about a year. She's just still not learning to walk.

She's still doing like crawling. She crawled off the pavement, on to the road and she just shut. Sorry to say that, she just shut on the road. She didn't clean. No one came to clean her. She just crawled back to the pavement. There were two other kids sitting there and eating something. She just crawled back, joined the two other kids and put her hand and started eating something from there. No one bothered to do anything. No one cleaned the baby.

Nothing. That's it. And it was amazing, this must have been happening for years probably. I've never seen it in the past. But when I saw it, it was just too horrible. What I thought is that, besides just doing microfinance, which kind of still not reached all the layers of the people. It can reach up to a certain level. So what I thought is we should create a trust. And the trust will then start focusing on people who are below microfinance potential. So we are really putting a trust in place, which will be focusing on, principally we wanted to start off with pavement dwellers and beggars.

And maybe once we are able to do something, will that be like expand our activities. But our first focus is one with the pavement dwellers and beggars. And as move microfinance from city to city, the trust will move behind the microfinance organization to start support there, lower and off the population. I think we should just go back to our old roots. Go back to your old friends, go back to your godfather. Everyone also do have godfather. Go back to them. Be open with them. Tell them what you have in mind. I'm sure there'll be no more support coming from them.

And at the start of stage, you need everyone of those support. I think you can grab those support then probably we can start up fast. The way we are looking at our operations is, we are wanting to build eight land highway from outside to the customers. It's an eight land highway, very smooth, very fast, very efficient. And we will take a truck, put our microcredit, and deliver it to our own customers. Also, we'll allow every other service product to come in their trucks, put their product and services, use our highway, reach the customers, deliver it to them. They pay a toll to us, the customer also benefits. So that's ultimately how we would like to measure our success. Global X is also on Social Edge, at socialedge.org.