

# India's Tribe Of Women Borrowers Is Growing

Pallavi Nahata

For long, India has wanted to bring more women into the formal financial sector. From self-help groups and microfinance lending targeted towards women to a failed-attempt to open a women's only bank in the Bharatiya Mahila Bank.

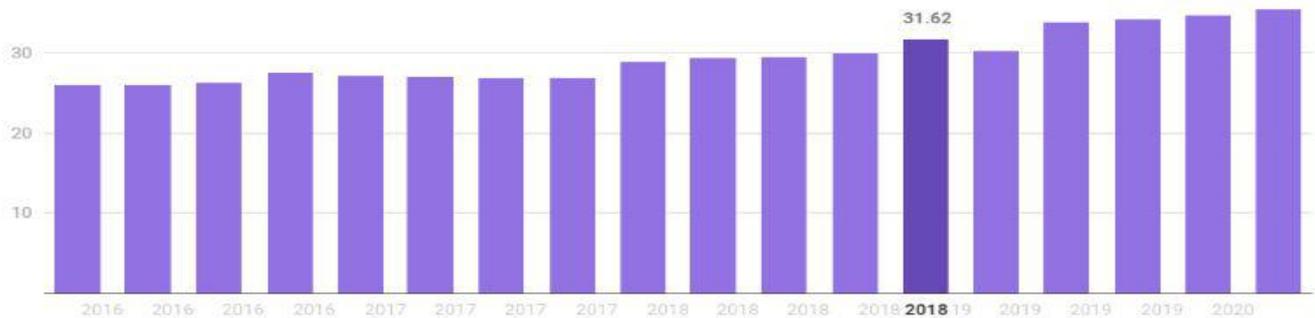
While some of these policies worked and others didn't, the share of women in India's borrower base has steadily been on the rise. Apart from rural areas, where lending to women is now a proven strategy, urban areas also seeing more women borrowing individually and collectively with family members.

Data from the Reserve Bank of India shows that the number of credit accounts held by women rose to 35.38% of all individual accounts as of March 2020, up from 30.16% in March 2019, according to the basic statistical returns by the RBI. Since March 2016, the share of women credit accounts has risen by nearly 10 percentage points. Data is available since December 2015.

Women are warming up to taking loans and managing their own money, said Mrin Agarwal, founder director at Finsafe & Co. and founder of *Wowantra*. "There is rising awareness and an increasing number of products for women who are out there and making it on their own. However, it is still possible that the rise in share continues to be led by the drive for financial inclusion and MFI loans in rural areas," Agarwal said.

## Women 'Credit Accounts' Rise To Over A Third

As A % Of Individual Borrowers



A combination of factors may have led to this increase, according to Adhil Shetty, chief executive officer of [bankbazaar.com](http://bankbazaar.com), a website which aggregates banking products and services.

For instance, for home loans, interest rates offered by lenders are often 5-10 basis points lower than the usual if the applicant or the co-applicant happens to be a woman. Similar benefits exist in other products such as in education loans, especially those offered by public banks. Women with strong credit scores can avail a further concession of 5- 10 basis points, Shetty said.

Some of the loans may also be on account of women signing-off as joint borrowers to avail benefits being offered by lenders. Again, taking an instance of a home loan, Shetty said that having a co-applicant can help get a higher loan amount, while enabling both applicants to avail tax benefits.

Lenders are heavily marketing and advertising offers for women borrowers to make inroads into a relatively lesser tapped segment. Considering the above, it may be safe to assume that the gradual pick-up in loans availed by women, is a pan-India phenomenon, said Shetty.

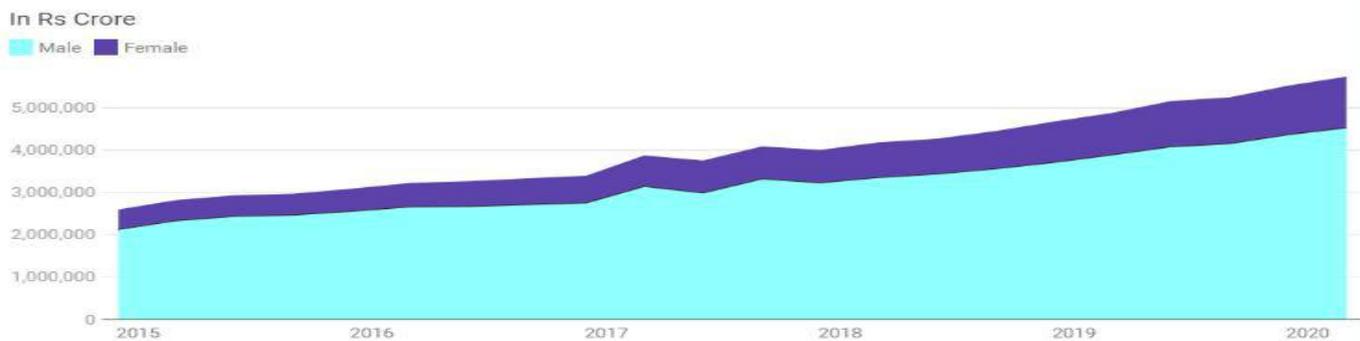
Gaurav Chopra, founder and chief executive officer at IndiaLends and president of Digital Lending Association of India, said women loan applicants from Tier-2 cities has been nearly doubling year on year since 2018. The shift, he said, is likely driven by larger companies setting up offices in Tier-2 cities, leading to increased job opportunities. This, along with rising digital literacy, internet and smart phone penetration, and lowering of data costs may have helped bring more women borrowers into the fold, he said.

### Higher Limits; Increased outstanding Amounts

The data from the RBI also shows that the credit limits sanctioned across accounts held by women have been rising. The outstanding loans, too, have risen.

Credit limits of women accounts rose by 22.2% as on March 2020 on an annual basis, compared to a growth of 16.9% in case of men. As a share of the total, credit limits for women inched up to 21.1% as on March 2020, one percentage point higher than the previous year.

### Credit Limits: Share Of Women Inches Up

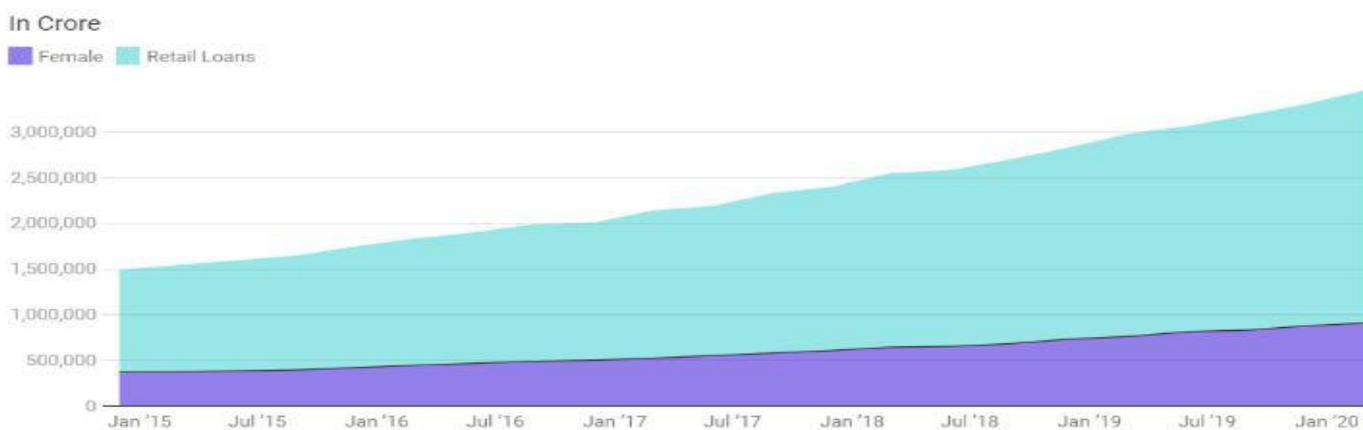


Loans to women constituted 35.5% of all retail loans as on March 2020, compared to 34.2% an year ago.

"There are women who have started to step out for their careers and are now eligible for loans. There is a rise in double-income families and a change in their aspirations. This is also accompanied with rising expenses in urban areas. It's a combination of factors such as easier availability of leverage, need for it and changing social structures," said Shalini Dhawan, financial planner and cofounder of Plan Ahead Wealth Advisors.

Dhawan, however, said there is a long way to go. We still see women prefer to leave finances to spouses or male members even though women naturally play an active role in managing household finances, she said.

### Loans To Women vs Retail Loans



Source: DBIE

The trend of greater financial inclusion is increasingly necessary to drive growth, said Shetty. Increased sensitivity to gender equality and calls for greater diversity, while helping more women take a loan, are the way for the economy to grow, he said.

While women continue to garner a rising share of loan accounts, the pandemic may only accentuate the trend further with a greater need to pool resources, said Shetty.