The role of the Self Employed Women’s Association (SEWA) in providing financial services to rural women
Partnership Note

The Role of the Self Employed Women’s Association (SEWA) in Providing Financial Services to Rural Women

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Acknowledgements

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<td>CMC</td>
<td>Center for Microfinance</td>
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<td>CLC</td>
<td>Community Learning Centers</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FIs</td>
<td>Financial Institutions</td>
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<td>GTNfW</td>
<td>Grassroots Trading Network for Women</td>
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<td>RISE</td>
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1. Introduction

The present note aims to provide readers with an overview of the work carried out by the Self Employed Women’s Association (SEWA) – one of the largest organizations of informal workers in the world – in bolstering financial inclusion for poor women, both in India (where SEWA is based) and abroad. The four-decade experience that SEWA can boast in providing financial services to poor women - together with the unique financial innovations that the organization has developed through trial-and-error for its members - makes SEWA a strategic partner for development agencies (such as FAO) that work on poverty alleviation, financial inclusion, and women’s empowerment.

Following the signing of a Memorandum of Understanding in 2016, SEWA and the Food and Agriculture Organization of the United Nations (FAO) have initiated a series of collaborative efforts in a wide range of different development dimensions, from gender empowerment and environmental sustainability, to nutrition and financial access. One of the results of this collaboration was a comprehensive study that analyzed SEWA’s modus operandi in delivering financial services to rural women, outlining its strategy, innovations and results over the years. The present note represents a synthesized version of the study, enriched with field data gathered by the Social Policies and Rural Institutions Division (ESP) of FAO, which can provide a broad but comprehensive understanding of SEWA’s philosophy and approach in strengthening financial access for poor and marginalized women. Overall, the objective is to provide a solid foundation of valuable data that can be used to inform future collaborations between FAO and SEWA in the domains of rural and agricultural finance.

2. What is SEWA?

The Self Employed Women’s Association (SEWA) is a member-based organization of women workers, with 1.9 million members spread across fourteen Indian states, as well as seven other countries (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka). It began its operations as a registered trade union, in the Indian state of Gujarat in 1972. Over the years, it has grown to become one of the largest organizations of informal workers in the world, acting as a powerful agent of empowerment for poor women who are regularly marginalized in both rural and urban contexts. Nowadays, SEWA hosts a vast network of cooperative-based sister organizations encompassing a wide variety of different trades, services, areas and objectives.

The founder of SEWA is Ela Bhatt, originally the head of the women’s wing of the Textile Labor Association (TLA) of Gujarat, who began to assist self-employed and marginalized women in securing some of the benefits that originally belonged only to unionized laborers. With a developmental approach strongly rooted in Gandhian principles, over the years “SEWA has grown organically, slowly absorbing more and more trades, rooting itself in the reality of poor working women” (Skinner, 2012). Nowadays, two-thirds of all SEWA’s members are

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1 Please note that, unless mentioned and cited otherwise, the data and information presented in this note have been directly gathered by the authors.

2 The various sister organizations that are part of SEWA, active across a number of Indian states (such as, for example, SEWA Kerala, SEWA Delhi, and SEWA Madhya Pradesh), are represented at national level by SEWA Bharat, the all-India federation of SEWA member organizations. The main focus of analysis of this paper will be the initiatives and operations carried out by the original SEWA organization in Gujarat (by far the largest with almost 750,000 members, of which 64% are based in rural areas).
informal workers residing in rural areas, with their main occupation being agriculture and animal husbandry. These are mainly small and marginal farmers, landless tenants of sharecroppers, and casual laborers working in agriculture.

SEWA’s main goal is to foster the organization of women workers in its countries of operations, both at urban and rural level, with the aim of strengthening their livelihoods and enhancing their self-reliance. As a core aspect of its approach towards women’s organization, SEWA promotes the formation of democratic, membership-based and member-driven cooperatives, led and managed by poor women, which encompass a wide variety of trades and services. Just in its home state of Gujarat, SEWA has fostered to this day the creation of 106 workers’ cooperatives (belonging to various trades), which have organized 300,000 women with an annual turnover of INR 3 billion (USD 45 million) (ILO, 2018).

SEWA also promotes a wide range of initiatives and programmes focused on strengthening poor women, by adopting a multi-dimensional approach that intervenes on seven macro-areas linked to women’s livelihood and empowerment: employment, income, nutrition, childcare, health, housing, and asset growth. Within this context, strengthening access to financial services is viewed by SEWA as a cross-sectoral intervention that can generate direct and indirect effects on all of these macro-areas. To achieve this goal, SEWA has developed an integrated and comprehensive strategy for financial empowerment, described in the following sections.

The state of the women’s workforce in rural India

Women in India, especially in rural areas, face considerable levels of unemployment and professional marginalization, being mostly relegated to the informal (unorganized and unregulated) economy as self-employed or casual workers. As of 2011, 85 percent of casual workers in rural India were paid wages below the minimum rate of Rs. 279 (USD 5).

The gap is also quite notable when comparing men to women. As of 2012, the female work force participation rate (WFPR) for rural women (aged 15 years and above) in the country was 48.5 percent, compared to 84.6 percent for urban males. The unemployment rate in rural areas showed a notable gender gap between men (8 percent) and women (14 percent). Moreover, the literacy rate in 2011 amounted to 58 percent for rural women, compared to 77.1 for men (ILO, 2014).
3. SEWA’s approach to fostering financial inclusion

The vast majority of rural SEWA members are completely excluded from the formal financial sector. In other words, they are unable to access banks and other formal financial institutions (FIs)\(^3\) that provide essential financial services (e.g. credit, savings, insurance) required to accumulate assets over time, smooth their income flows, realize and consolidate their business ideas, as well as weather economic shocks (both at an individual and at household level). To overcome these constraints, SEWA members are forced to rely on informal sources of financial provision to see their needs satisfied, such as village moneylenders, other value chain actors (e.g. input suppliers), family and friends. These informal services are usually more expensive, less flexible in their terms (e.g. rigid repayment periods and interest rates), and less sophisticated compared to those offered by formal FIs. As a result, these financial services usually end up being incompatible with the specific needs that SEWA members face in their work and in their everyday life. A common example of this lack of compatibility is an informal loan whose repayment periods are not adapted to the agricultural cycle of the crop cultivated by a member.

Several variables contribute towards this formal financial gap, which affect both the supply side of financial provision (the FIs), as well as the demand side (the SEWA members). Constraints from the supply side include:

- **A lack of insightful and updated data**, on the part of formal FIs, on rural and agricultural value chains, which decreases their inclination towards engaging the agricultural sector. This is compounded by a general lack of experience on the part of formal FIs towards extending their services to rural actors;
- **Strict requirements for delivering financial services** that SEWA members are wholly unable to meet (e.g. land or fixed collateral; minimum levels of financial education; fixed repayments, unsuitable loan amounts);
- **Weak banking infrastructure** in rural areas (i.e. few and fragmented branches);
- **Lack of an enabling policy environment** that could allow and encourage FIs to accept alternative forms of guarantees (e.g. moveable assets, alternative assets such as livestock, jewelry);
- **Ingrained social/cultural prejudices** against lending to poor women;

From the demand side, restrictions faced by SEWA members include:

- **Geographical fragmentation of members** along vast rural areas, compounded by the considerable distances that separate members from the nearest banking branch;
- **Irregular and uncertain income levels** deriving from self-employed or casual labor, which increases members’ risk profile as potential borrowers;
- **Low levels of education and financial literacy** (and low self-esteem, self-confidence), which result in SEWA members having a hard time complying with FIs’ procedures and requirements to apply for a loan or to open a savings account. Furthermore, this issue also strengthens the bias on the part of formal FIs against providing financial services to SEWA members.
- **Lack of business management skills** and other related capacities required to design, propose, consolidate and expand a business idea;

\(^3\) The term “formal” financial institution indicates an organization that has been legally authorized -and regulated- by a State to provide financial services to the public. This includes commercial and agricultural banks, as well as authorized microfinance institutions (MFIs), among others.
• *Land titling and asset ownership policies* that marginalize women, which makes it harder for them to own adequate loan collateral.

As a result, this scarcity of basic, formal financial services represents a fundamental constraint to the empowerment, resilience, autonomy and entrepreneurship of SEWA’s women, especially for the considerable majority that resides in rural areas and operate in the informal sector. Hence, SEWA considers the promotion of access to finance for its members as a core element of its approach towards women’s empowerment. To achieve this, SEWA has developed a strategy that encompasses four main aspects:

1. **Organizing women members into self-help groups** (SHGs), and educating them on the importance of collective saving and mutual support;

2. **Strengthening women’s skills and capacities** (e.g. financial literacy, business management, market assessment, agricultural techniques and technologies) to encourage their growth into educated and appealing clients for FIs;

3. **Encouraging capital formation** at the household, group and community levels;

4. **Offering complementary support services** to poor women to increase their social security and resilience, as well as to mitigate the impact that external shocks can have on fragile household economies. These services can vary, ranging from healthcare-related services (e.g. related to nutrition, sanitation, clean water) to imparting skills for alternative livelihood generation and micro-enterprise development, to establishing new market linkages for rural workers, and so forth. These services are financed in part by membership fees, in part by donors, as well as through enabling partnerships with relevant public and private entities.

Over the years, to overcome the financial access gap, the organization has been developing and implementing a wide range of innovative financial products specifically tailored to the different needs faced by its women members. These products have proved to be able to overcome – or skirt around – the majority of the supply and demand constraints indicated above. Section 6 of this document provides more detailed information on SEWA’s model for financial provision in rural areas, as well as a few examples of the most successful initiatives implemented by the organization to empower poor and marginalized women workers through financial inclusion.

In terms of results achieved, since the 1990s SEWA has facilitated the creation of over 13 000 self-help (savings) groups at village level and helped over 100 000 households access credit products for productive purposes, such as starting microenterprises, investing in new equipment, financing working capital, or freeing themselves of an exploitative loan from a local moneylender.

SEWA’s efforts towards providing sustainable finance to rural women rely extensively on the operations of an affiliated financial institution that is part of the SEWA family, called SEWA Bank. The lessons learned by SEWA Bank on strengthening financial access for poor women, spanning across four decades of operations, have contributed to shaping and refining SEWA’s overall approach towards the financial inclusion domain. The following Section provides a brief description of SEWA Bank’s history and operations.
4. The experience of SEWA Bank

SEWA’s first steps towards promoting financial access for its members began in 1974 with the foundation of a cooperative bank, named Shri Mahila SEWA Sahakari Bank (SEWA Bank in short). SEWA Bank’s philosophy, since its inception, has been to analyze the financial needs of poor women through their entire life cycle, and to try and develop specific financial services that can meet their short, medium, and long-term necessities. The bank’s core approach is to intervene with a tailored and comprehensive offer of financial services that can break the debt cycle usually faced by poor women (as illustrated in the figure in the next page). Overall, the Bank has a strong focus on consolidating asset savings for its clients, as well as enhancing their entrepreneurship through tailored loans and capacity building (mainly business management skills and financial literacy).

Nowadays SEWA Bank has more than 370 000 customers, mostly in urban areas, which can benefit from an array of tailored financial services provided by the institution such as credit, savings, pension funds, and insurance. As of 2015, the Bank held USD 23 million in deposits and had provided USD 13 million in credit to more than 200 000 women; its credit portfolio had a 96% recovery rate, linked to loans with fairly low interest rates (2%, compared to the 10% normally demanded by informal moneylenders). Among its staff of 183 people, 95% is composed of women. The shareholders of the Bank are entirely SEWA members (i.e. self-employed women), while the managing board is entirely composed of elected members as well (SEWA, 2016).

Nevertheless, the Bank’s low outreach in rural areas (as well as SEWA’s increasing expansion in India and abroad), has led SEWA towards supporting in a more direct manner the Bank’s financial provision operations in rural contexts. SEWA has learned several critical lessons from the Bank’s experience in financial provision, including the effectiveness of the savings-first approach and its strong complementary focus on capacity building aimed at turning poor women into empowered financial actors, as will be further detailed in the next section.
5. SEWA’s core approach towards fostering financial inclusion

SEWA’s approach towards fostering financial provision for marginalized women carries several qualities that elevate it to the status of a best practice within the domains of rural and agricultural finance. This is due to a number of strategic components it has developed and assimilated into its operational model across the years, described as follow:

1) **A bottom-up, demand-driven, community approach** to financial inclusion that encourages the formation of self-help groups (SHGs) among its members. This is a direct derivation of SEWA’s core philosophy of “empowering through organizing”, that finds its ultimate expression at ground-level in the promotion of the SHGs. Fostering these groupings is viewed as particularly important in rural areas, where women are often more isolated and less cognizant of their economic, social, and political potential, as well as their fundamental rights (ILO, 2014).

   It has to be underlined how SEWA, thanks to its four-decade experience in establishing ground-level linkages with its members, has become able to leverage on a very detailed, granular view of the different features, needs, strengths and weaknesses of its members at community level, both in urban and rural areas. From a financial standpoint, this includes in particular their expenditures patterns, savings habits, credit needs and insurance requirements.

   This intimate knowledge of its members allows SEWA to carry out extremely accurate needs-based analyses that stand at the core of its initiatives and programmes, which bolster the degree and precision of the results the organization tries to achieve in terms of various aspects of women’s empowerment. From the perspective of financial inclusion, this strong informational advantage allows the organization to overcome several of the conventional barriers that limit rural financial provision (e.g. lack of collateral, weak banking infrastructure), by designing products and services that can leverage on the unique strengths and opportunities that are inherent to specific value chain relations or groups’ dynamics at the ground level. Furthermore, SEWA’s knowledge of its clients leads the organization towards making extensive use of alternative delivery channels to reach its member women in their place of work and living, especially in rural areas, usually by providing doorstep services to houses and businesses (such as loan collection, deposits, assistance on loan applications, and financial literacy trainings).

2) **A savings-first philosophy** that favors consolidating personal assets as the first step towards a woman’s financial empowerment. By providing tailored products and facilities for regular savings, SEWA ensures that it gains a comprehensive overview of the client’s condition and financial behavior before providing credit, while avoiding having the member become over-indebted without adequate assets to back up her financial situation. This type of approach is particularly effective when it comes to poor women in rural and agricultural areas, as the traditional lack of viable savings on their part makes them particularly exposed to the economic and non-economic consequences of extreme natural events (such as floods and droughts).

   Apart from the direct offer of savings services, SEWA also fosters asset management skills and savings-prone behaviors among its members, through trainings and lessons.

3) **A focus on ownership, sustainability and customer-centricity** for all financial initiatives developed by SEWA for its members. This is a component that draws strongly from SEWA’s institutional principles - firmly steeped in Gandhian beliefs and practices- of inclusion and democratic participation. In particular, SEWA employs a “Lifecycle Needs Approach” that leverages on the organization’s granular knowledge of the
different financial needs faced by its member women at various stages of their lives, both from a personal as well as a professional point of view, in order to design and deliver a range of tailored financial services targeted to each phase. An example of this is the “Kishori Gold Yojana Scheme”, which has been offered by SEWA Bank since 2004, that provides SEWA members with a layaway account that allows them to save small amounts of money over the years, with the explicit purpose of using the money to buy gold or gold ornaments for a marriage.

4) **A strong accent on complementary capacity building** to ensure proper uptake of financial innovations introduced by SEWA, as well as to foster entrepreneurship. SEWA places a strong emphasis on fostering the adaptability of its members to changing circumstances and external shocks, while strengthening their professional and personal skills, as well as their integration in the SEWA movement.

Apart from the members themselves, strengthening the capacity and motivation of SEWA’s corporate management is also viewed by the organization as a fundamental component of its institutional approach. It has to be underlined that only 20% of SEWA employees come from a professional background and have a formal education, which often results in a substantial capacity gap among SEWA’s ground-level management for what concerns a variety of essential skills. SEWA overcomes these weaknesses by providing extensive and regular training to its managers (at all echelons) on aspects such as governance, vision, leadership, self-confidence, advocacy, and others (see Section 7 for more details). Overall, as part of its core approach, SEWA places a great deal of importance on identifying and fostering the growth of promising grassroots leaders among its members at ground level, in order to: 1) ensure it always remains connected to -and cognizant of- its members’ needs on the ground; 2) properly valorize the talent hidden within its midst; and 3) guarantee that the organization’s vision and principles are properly assimilated and shared by all its members.

5) **The design of cross-sectoral interventions** that considers from a holistic viewpoint a range of development dimensions, together with that of financial access (e.g. social protection, environmental sustainability, nutrition). This component leverages strongly on SEWA’s ground-level, granular knowledge of its members and communities, which allows it to develop initiatives that can strengthen women’s livelihoods from a range of different, complementary angles. The Hariyali Campaign, described in Section 8, is a good example of a SEWA initiative that encompasses, at the same time, the financial and environmental dimensions, as well as that of social protection. As part of this comprehensive approach, SEWA also places a strong focus on bundling together a range of different financial and non-financial services, with the triple objective of mitigating risk, bolstering uptake among poor women, and ensuring the sustainability of the services it introduces at ground level.
6. The steps towards financial empowerment and the role of Self-Help Groups

SEWA’s approach towards financial empowerment for poor women is a highly integrated strategy that follows a series of defined steps, presented in the figure below. The fundamental, primary barrier that SEWA recognizes among its women members is the lack of assets under their name, which often forces them into a debt trap that leaves them poor and marginalized. Hence, SEWA views asset creation at individual level – through a tailored offer of savings products - as the first, essential step to strengthen its members’ livelihood and creditworthiness, as it allows them to repay their debts, smooth their income flows, and gain a degree of resilience against external economic shocks. To foster this process, SEWA encourages its members to get together into the SEWA-sponsored Self-Help Groups (SHGs), where members support each other, save money collectively, receive group training, and gradually become more financially secure and independent. Financial literacy and overall capacity building is an essential complementary intervention delivered by SEWA to its members during this phase, focused mostly on strengthening skills such as business management, resource management, account keeping and financial needs’ evaluation.

The most recent data provided by SEWA shows that the organization currently works with more than 6900 SHGs in Gujarat alone, of which 81% (or 5630) are based in rural areas. Each SHG is composed of an average of 10 women, for a total membership of 69 000 individuals. As of 2018, the total amount of savings generated was Rs. 148.8 million (USD 2.1 million) for rural SHGs, and Rs. 55.5 million (USD 787 000) for urban ones.

In the second step of the strategy, SEWA encourages capital formation within the SHGs - through a combination of savings and credit services - first at household level (i.e. capital to meet health/education/consumption expenditures, as well as to gain autonomy within the household), and then at enterprise level (i.e. capital to initiate a new business or expand an existing one). Finally, the last step involves turning the women of the SHGs into autonomous owners and managers of a business activity, with a solid and creditworthy business profile that can be appealing for banks and other formal financial institutions.

The steps towards financial empowerment according to SEWA. Source: the Authors
7. The District Federation model

In SEWA’s model, the SHGs are represented at district level by a “SEWA Federation”, whose board is composed of members of the groups themselves. Each Federation provides several services to the SHGs: it facilitates linkages to local markets; it assists them in applying to governmental schemes and subsidies; it strikes deals with input suppliers to obtain lower prices for their products; and it provides a range of trainings to the groups, for example on asset management.

More importantly, the District Federation is the reference point for SHGs that want to apply for tailored loans disbursed by SEWA. Each SHG democratically elects its own leader among its members, who is responsible for applying for the loan on behalf of the group. At Federation level, a loan approval committee decides whether to approve the loan disbursement, according to the performance and needs of the SHG requesting it. It usually takes an average of one week for the loan approval committee to make a decision on a loan request, with the vast majority of applications (90%) being approved.

The repayment cycle of the loan is tailored on the income flow of the specific activity, for example the production cycle of a crop. The repayment period for each loan is usually 12 months, with interest rates ranging from 12 to 18 percent, depending on the type of activity being financed, and loan amounts usually ranging from Rs. 5 000 to 30 000 (USD 70 to 420). When the loan amount requested falls within this specific range, it is disbursed directly by the District Federation through its own funds. For amounts larger than Rs. 30 000, the Federation can borrow the money from SEWA Bank and subsequently loan it to the SHG. In this wholesale arrangement, SEWA increases the interest rate for the loan to the SHG by an average of 3% to recover its costs. Overall, the default rate for the SHG loan portfolio has been quite low, less than 3% as of 2018.

Within each Federation, a District Coordinator is responsible for managing all of SEWA’s activities in the area. The Coordinator is assisted by a cadre of trained members called “district spearhead team leaders” or “barefoot managers”, each of which follows a selected number of SHGs within the district. As of 2018, SEWA employed 7500 of these agents in Gujarat. Barefoot managers play an essential role in the implementation of SEWA’s financial provision activities in rural areas, by performing a variety of tasks such as:

- Supervising SEWA’s initiative and SHGs’ activities at village level;
- Collecting reimbursements and depositing cash for the SHGs;
- Identifying specific needs and necessities of SEWA members;
- Managing existing and new memberships.

The barefoot managers undergo intensive and regular training in both administrative and financial management (e.g. record keeping, resource management, presentation skills), as well as in the technical aspects of their activity or trade, under the supervision of SEWA. SEWA also encourages the growth and training of grassroots community leaders among the most promising barefoot managers, for example by having them attend tailored education at its SEWA Managers’ School (detailed at the end of this section).

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4 A district (zilā) is a second-level administrative division of an Indian state. As of 2018, there are 718 districts in the whole country. There are 33 districts in SEWA’s home state of Gujarat. The average population of a rural district in Gujarat ranges from 1 to 2 million people. As of 2018, SEWA has nine Federations in Gujarat, covering various districts.
Each district also has several audit teams, comprised of different district team leaders, who have the role of auditing the activities, performance and financial conditions of every SHG. SEWA Bank also provides assistance to every Federation in setting up systems and processes that can facilitate the effective management of every team and activity. The Figure below recaps the main roles held by the three main groups within the system.

**SEWA’s financial provision system at district level. Source: the Authors**

**Building technical capacities.** Through its district federations, SEWA regularly provides training to its members on improved practices for agriculture and animal husbandry. In this sense, the organization has also established a partnership with the State Agriculture University of Gujarat to develop training modules that are relevant and tailored on the needs of its members. SEWA also regularly sends groups of selected members to the university to attend training programs. The main types of training offered by SEWA include: use of new agricultural technologies; improved animal husbandry practices; organic farming; pest control; agricultural planning; access to markets; use of certified seeds. Apart from agriculture, SEWA provides capacity building programs to teach women valuable skills to diversify their livelihoods, such as handicraft, pottery, kite-making, bidi rolling, among others.

Over the years, SEWA has also created 40 Community Learning Centres (CLC) in rural areas to provide computer and IT education to its members, in partnership with the Microsoft Corporation. In 1991, SEWA launched the SEWA Academy to train self-employed women in a range of skills such as literacy, communication, research and documentation. In 2005, it established the SEWA Managers’ School to provide managerial and leadership skills to grassroots leaders among SEWA women (e.g. the heads of the SHGs), and overall foster their entrepreneurship. The SEWA Manager School is, to this day, the only institution in India that provides management training to grassroots leaders among rural women.
Selected examples of SEWA’s initiatives for rural development with a financial provision component

The following sections illustrates four initiatives, designed and implemented by SEWA in recent years, that were developed to overcome major constraints faced by its rural members in their personal and professional lives. They were selected for this note because they all share a strong financial provision component that plays an essential role in ensuring the success (and sustainability) of each innovation. Within these examples, in line with SEWA’s approach, the strengthening of the financial access component is viewed as a fundamental intervention that fits within the frame of larger programs and initiatives, which aim to holistically address a range of specific constraints faced by the organization’s members.

8. An example of SEWA’s initiatives (I): the Green Energy (Hariyali) Model

A study conducted by SEWA in 2008 showed that informal workers in the rural areas where SEWA is active had to spend up to 40 percent of their income to procure energy sources for domestic and work-related consumption (e.g. wood, charcoal, diesel, kerosene). These energy-related constraints had a number of negative consequences on a wide range of livelihood dimensions for SEWA members, ranging from health to work quality, to financial stability. For example, the lack of proper lighting in households made it impossible for SEWA women artisans to carry out a number of professional activities at night for which they had been trained by SEWA (e.g. handicraft, bidi rolling, kite making, sewing, pottery). Providing adequate lighting after sunset would have guaranteed them three to four hours of supplementary work, which could have brought at least an additional Rs.50 to their daily income.

Moreover, the frequent power outages during daytime in rural areas were forcing SEWA farmers to irrigate their fields at night, which implied a safety risk and a harder time carrying out the activity. Other energy-related issues were affecting SEWA salt producers, who work in salt pans in desert areas (such as in the Kutch district of Gujarat). As further illustrated below in this section, these workers were heavily dependent on diesel to power the pumps they used for salt production, which strongly affected their economic stability and their livelihoods.

To overcome these constraints, in 2009 SEWA designed and implemented the Hariyali (Green Energy) Campaign, directly managed by a SEWA-created non-profit entity called the Grassroots Trading Network for Women (GTNfW). The Hariyali model aims at building communities that are self-sufficient in terms of energy production and consumption, by providing them with sustainable and clean energy technologies that allow families to considerably cut energy-related costs (both domestic and work-related), as well as with tailored loan products that allows families to become owners of such technologies in a few years’ time.

Following SEWA’s philosophy, the model was designed to be sustainable, replicable, scalable, and member-owned. To implement the model, the following approach was undertaken by the GTNfW:

- The GTNfW (through SEWA’s local teams) assessed and identified the specific energy-related needs of SEWA families at village level, viewed as a compound unit with multiple energy requirements associated to each family member (such as lighting, cooking, water pumping, as well as running domestic and work...
appliances). On a broader level, it evaluated how a specific energy solution could impact the whole community, with regards to sustainability, income increase, environmental impact, gender empowerment, and other factors.

- The GTNFW struck partnerships with different tech companies engaged in clean energy technology, in order to find suitable solutions for each energy-related need identified in the previous phase. The table below shows which innovations were selected - through trial-and-error - as the most effective for SEWA families. The GTNFW then intermediated between the companies and the SEWA District Federations that wished to purchase specific items, based on the needs’ assessments they had carried out at village and family level.

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<th>Specific energy-related need</th>
<th>Hariyali campaign’ innovation</th>
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<tr>
<td>Lightning</td>
<td>Solar lamps</td>
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<td>Cooking</td>
<td>Energy-efficient LPG stoves</td>
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<td>Water pumping</td>
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<td>Operation of domestic and work appliances</td>
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</tbody>
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*Innovations Introduced by the Hariyali campaign. Source: the Authors*

- The GTNFW intermediated with local banks to raise the capital required to provide Hariyali loans to the target families, so that they could lease the individual pieces of energy technology, and eventually grow to become the sole owners of said technology in the span of 1 to 2 years. The International Finance Corporation assisted the Hariyali Campaign by setting up a guarantee scheme with a loss guarantee of 50% to encourage banks to provide capital to the initiative. It also provided complementary technical advice to the GTNFW on how to build a loan product line, set up information systems and processes for managing loans, as well as train staff to serve the low-income customers better. At the end of this section the specific loan products developed for two of the Hariyali innovations, the solar lamps and the solar water pumps, are analysed more in detail.

- Together with the Hariyali loan, SEWA provided trainings to target families on how to: properly map their energy needs and expenditures at households level; employ the new technologies in the correct manner; and collectively prepare a village-level “energy plan and budget” that could be used to plan for future needs and expenditures. These trainings were usually delivered through group meetings and community visits, as well as live demonstrations on the use of the new technologies.

SEWA’s cluster model of field operations’ management (i.e. State Level Cluster → District Cluster→ Self Help Groups → individual members) acted as an effective support to the GFTNFW’s intervention, as it allowed to effectively implement technology purchases, capacity building, awareness raising, as well as the loan disbursement and reimbursement procedures, at all levels and in a comprehensive manner. As of 2016, 21 000 solar lamps, 3 040 LPG stoves, and 232 solar pumps had been purchased by SEWA members through Hariyali loans, with more than 135 000 people having benefitted from the activities of the campaign.

**Solar Lamps.** Stand-alone solar lamps for household use are one of the most successful products introduced by the Hariyali Campaign. A solar lamp requires an initial investment on the part of a SEWA family of Rs. 3 500
(around USD 52), but has minimal maintenance costs. To assist in its purchase, the GFTNfW offered a tailored loan whose instalments matched the monthly costs that SEWA members were previously incurring for using standard kerosene lamps. In essence, by paying the same amount as before, a family could become the owner of the solar lamp within a year, saving an estimated Rs. 5 000 (USD 74) every year.

At the beginning of the Hariyali campaign, to encourage early adoption and word-of-mouth among its members, SEWA had good results with bundling the provision of a solar lamp within a larger loan aimed at developing a new business. In essence, those members who borrowed sums of Rs. 50 000 and above from SEWA (around USD 740) would also gain a solar lamp for free, thus becoming early adopters of the new technology and spreading the word of its advantages among the community.

Solar Pumps: For the past 25 years, SEWA has been working with 15 000 salt producers of the Little Rann (Desert) of Kutch in Gujarat. These women produce salt by extracting and filtering brine logged belowground, traditionally by relying on diesel-fuelled water pumps. Before the introduction of the Hariyali campaign, up to 60% of the overall costs for salt production related to the purchase of fuel for the pumps. Given their lack of access to formal credit, salt producers had to accept loans offered by salt traders – at extremely disadvantageous terms – to procure diesel, which left them with a very low profit (and savings) at the end of the production cycle.

Ample sunlight throughout the year in the area provided a good opportunity to switch the energy source for extraction from diesel to solar energy. Each solar pump unit introduced by the Hariyali campaign costs around Rs. 125 000/150 000 (USD 1 800/2 200), which a family could fully purchase in 4-5 year time through a tailored Hariyali loan, whose instalments matched the monthly savings derived from not using diesel anymore.

Of the average Rs. 35 000 (USD 520) saved yearly by every family thanks to the solar pump, Rs. 30 000 would go into repaying the loan, while Rs. 5 000 would be kept by the family as savings. Given that each solar pump has a warranted performance life of 25 years, it is easy to see how - after repaying the loan - salt-producing families can benefit from a notable and long-term increase of profits and savings associated to their trade.

These two examples of products provided by SEWA through the Hariyali campaign underline several important aspects of the organization’s philosophy in strengthening livelihoods and financial inclusions: the customer-centricity of its initiatives; the focus on sustainability and ownership for its members; the adaptable design of its financial products, informed by an intimate knowledge of the financial needs (both life and work-related) of its members; and the use of alternative delivery methods (such as bundling) to encourage uptake.
9. An example of SEWA’s initiatives (II): the Tools and Equipment Library

The majority of SEWA members are still dependent on traditional tools and equipment to carry out their farming activities. As a result, they face higher inefficiencies, increased costs of production, and lower yields compared to larger agribusinesses that have better access to – and knowledge of – farming technologies. That is why SEWA sets out to design specific leasing products capable of granting access to modern agricultural tools and equipment for its members, with the objective of enhancing their competitiveness in agricultural markets.

This process led to the creation of the “Tools and Equipment Libraries” (Krishi Sadhanalay) in 2014. These are cooperative-managed warehouses that stock a wide range of equipment and machinery required for agriculture, such as ploughs, hoes, sprayers, ox-carts, tractors and harvesters, among others. Furthermore, each Library can – upon request - purchase a wide variety of different tools that can indirectly assist agricultural activities such as solar lanterns, solar panels and biogas generators, first-aid kits, water quality tests, and even ropes and stakes that can be used for emergency rescues in case of a flood.

As of 2018, seven of these facilities have been created by SEWA in Gujarat.

The process of creating a Library begins with SEWA farmers from several districts convening together to identify and agree on the kinds of tools and equipment they need the most for their specific activities. Afterwards the members - with SEWA’s financial assistance - pool their resources to purchase the required tools, which are then leased among the members who need it, at a nominal rate and in a rotating manner.

When the tools are not being used by SEWA members, they can be rented to other villagers at market price. The money collected is then used to purchase new equipment and repair the existing items. Overall the libraries are self-sustaining, with SEWA members only having to pay a minimal fee to make use of them. Together with the leased equipment, SEWA also provides capacity building to the Library users, mainly on good management practices and yield-enhancing farming techniques.

In terms of impact, the Libraries have proven to be a successful leasing product that has strengthened the economic and food security situation of SEWA’s farmers, as well as their overall livelihoods. It has also assisted them in developing their business and agricultural skills, while deepening their acquaintance with modern farming technologies.
An example of SEWA’s initiatives (III): the RUDI Model

RUDI (the word in Gujarati for “pure and beautiful”) is an innovative business model developed in 2004 by SEWA for members that are engaged in agricultural value chains, and it is nowadays mostly active in SEWA’s home state of Gujarat. At the heart of the RUDI model, there is a network of more than 4 000 women processors and traders commonly known as the “RUDIbens”, who collect, process and package the raw products supplied by the farmers that are part of the RUDI system. Afterwards, the RUDIbens sell these products under the RUDI brand, either door-to-door or to retail stores. A for-profit company created in 2006, SEWA RUDI, is responsible for marketing and branding the products. Total sales turnover for RUDI products in 2018 was Rs. 40 million (USD 566 000). Both the RUDIbens and the processing groups receive regular training from SEWA on a range of skills such as marketing, processing, weighing and packaging (ILO 2014).

Thus, through the RUDI model, SEWA farmers can benefit from increased market linkages, as well as overall better prices for their products. Moreover, RUDI also provides farmers with regular and updated information on market trends and prices, to help them make informed decisions for their businesses, while also striving to create awareness on modern technologies, new hybrid seed varieties, proper use of fertilizers and pesticides, as well as available governmental schemes and facilities that could assist farmers’ enterprises. Finally, to increase available market linkages, RUDI establishes partnerships with entities such hospitals, community kitchens and retail stores –through the intermediation of the RUDIben network - to supply them with RUDI products.

The RUDI Loan. SEWA offers tailored loan products to the women in the RUDI network (the RUDIbens), that can be used to helping them moving into alternative businesses once they have saved enough through their processing and trading activities. At village level, the RUDIbens organize themselves in savings and credit groups, with each member depositing Rs. 100 every month in a shared account. In case that one of the group members asks for a loan to start a new business, if the amount requested is less then Rs 100 000 (around US$ 1 450) the loan is usually provided directly by the savings account of the group. If the requested loan amount is above this sum, it is disbursed by one of SEWA’s district federations. Repayments are flexible, based on when the RUDIbens manage to sell their products, with a maximum repayment period of 12 months. The amounts of individual installments are decided collectively by the RUDIbens, depending on the income they make every month through the sales of RUDI products.

The RUDI Information Service. In 2013, thanks to an innovation grant provided by the GSMA through its Connect Women program, SEWA developed (in partnership with the Cherie Blair Foundation) the Rudi Information Service, a customized mobile application that allows RUDIbens to order RUDI products using their mobile phones (for subsequent retail selling), as well as receive real-time updates from SEWA on new products, price changes, and marketing campaigns. More than 3 500 RUDIbens so far have been trained in using the app with considerable resulting benefits, especially in terms of the vastly increased efficiency in managing orders compared to when the traditional ledger system was in place (GSMA 2016).

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5 The GSM Association (commonly referred to as ‘the GSMA’ or Global System for Mobile Communications, originally Groupe Spécial Mobile) is an international trade body that represents the interests of mobile network operators worldwide.
**Impact.** The impact of the RUDI Model has been substantial, being one of SEWA’s most successful innovations. As of 2012, the RUDI system had a turnover of Rs. 25 million (USD 464 000). The Table below recaps a few of the most significant benefits for SEWA members that have adhered to the RUDI system.

<table>
<thead>
<tr>
<th>Before RUDI</th>
<th>After RUDI</th>
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<tbody>
<tr>
<td>SEWA women were mostly working in the fields as casual laborers, for Rs. 700-750 (USD 10-11) per month</td>
<td>Rudibens earn on average Rs. 4 000-5 000 (USD 60 – 75) per month</td>
</tr>
<tr>
<td>No alternative employment opportunities were available for illiterate rural women, who were forced to work as casual laborers</td>
<td>RUDI provides Rudibens with a livelihood alternative, as well as dedicated credit to move into a business of their choice once they have saved enough</td>
</tr>
<tr>
<td>SEWA farmers had few market channels, and were exploited by monopolistic traders who imposed low prices for their products</td>
<td>The RUDI system guarantees market prices for farmers’ products, while increasing their availability of market channels through different outlets</td>
</tr>
<tr>
<td>Retail clients in rural areas only had access to low quality products, and were often targets of scams</td>
<td>The RUDI brand guarantees above average quality standards, delivered through a transparent process</td>
</tr>
</tbody>
</table>

*Benefits of the RUDI system on SEWA members. Source: the Authors*
11. An example of SEWA’s initiatives (IV): Post-disaster Livelihood Financing

SEWA’s approach towards disaster mitigation is focused on rehabilitating and rebuilding the livelihoods of its members, rather than only providing short-term relief in the aftermath an extreme natural event (such as a flood or drought). In fact, SEWA has had very successful experiences in adopting a blended package of micro-savings, credit, and insurance as a tool to implement social safety nets for its members, ensuring the resilience of their livelihoods following the aftermath of a natural disaster and hence reducing their overall vulnerability. This has proven extremely effective for the large numbers of SEWA members residing in disaster-prone areas, especially in SEWA’s home state of Gujarat that is highly exposed to various kinds of natural disasters (such as droughts, floods, cyclones and earthquakes) due to its geoclimatic, geological and physical features.

A clear example of this approach was the Jeevika Livelihood Security Project that SEWA launched in 2002 -with funding from IFAD and WFP and in collaboration with the Government- to contribute towards the re-establishing the livelihoods of rural households in the aftermath of a severe earthquake that had caused more than 13,000 victims in Gujarat. The Jeevika Project focused on providing a blend of microfinance products, together with capacity building focused on financial management and regular savings, that could not only assist households and individuals in the post-disaster recuperation process, but also strengthen their ex-ante mitigation strategies in view of future catastrophic events. The project, furthermore, provided micro-enterprise development services to poor rural households, in order to expand their income base (strengthening their economic buffer during a crisis) as well as diversify their income sources away from purely agricultural activities (particularly susceptible to droughts and other extreme events). Overall, the project contributed towards the economic rehabilitation of 40,000 rural households (spread over three districts of Gujarat) during its seven years of implementation. (Patel and Nanavaty, 2005)

Following the experience with Jeevika, SEWA strengthened its post-disaster livelihood financing approach through the creation of a Livelihood Security Fund, whose purpose is to finance livelihood resilience in disaster-prone areas where SEWA members reside, mainly by promoting economic empowerment programs tailored on the specific needs and strengths of each rural community. The Fund aims to foster alternative livelihood opportunities by focusing on rediscovering and reviving local skills and crafts, thereby reducing households’ dependence on agricultural activities while assisting in opening up business opportunities within the secondary and tertiary sectors. As a complement to disaster mitigation, the Fund also places a strong emphasis on reducing rural-to-urban emigration, as well as in moving women and youth away from drudgery and menial labor, towards more empowering opportunities to sustain their livelihoods. A few examples of the interventions financed by the Fund include the establishment of fodder banks at village level, to ensure that livestock can survive months of drought; proofing the shelters of salt farmers against the monsoon season; as well as fostering artisanship and crafting among women farmers to generate complementary income streams during periods of droughts and floods.
12. Potential synergies between FAO and SEWA in the domains of rural and agricultural finance

Given the extent, the experience and the diversity of SEWA’s initiatives in the domains of rural and agricultural financial provision, it is evident that there are multiple areas of collaboration in these fields that could benefit from the joint expertise of both FAO and SEWA. The following areas, in particular, show considerable potential for collaboration:

**Digital financial applications.** When it comes to digital financial services (such as mobile credit, savings and insurance), SEWA Bank has a history of successfully introducing such technologies in its operations, albeit mostly in urban areas. Focusing on rural contexts, it has to be underlined that in recent years SEWA has invested extensively in strengthening the IT and digital literacy of its members, recognizing the strong impact in terms of women’s empowerment derived from gaining full IT literacy. Going beyond literacy, SEWA has also launched several initiatives to increase rural farmers’ access to real time market and weather information through ad hoc software (for example in the Indian State of Uttarakhand, in partnership with Reuters). Together with Gram Vaani (an Indian social tech company), SEWA has also developed a mobile application that aims at expanding and complementing the traditional financial literacy programs offered by the organization to its members; this could be considered as a good example of using digital technologies as alternative delivery channels for women’s empowerment. SEWA is also trying to slowly integrate proprietary software in several initiatives developed in recent years, to overcome some of the main constraints encountered in their implementation. The RUDI Information Service, described in the previous section, is a good example of this approach. (SEWA 2013).

**Focus on m-Bachat**

In 2016, SEWA formed a partnership with a digital transformation service company based in Bangalore called Sasken Technologies, to develop a digital platform that could allow to digitize the thousands of micro-savings transactions that SEWA’s SHGs would send to their own savings account at SEWA Bank each month. This was done to reduce the notable challenges SEWA staff were facing when trying to properly collect and record all transactions made by thousands of SHGs fragmented along vast rural areas. The resulting platform, called m-Bachat, is now active in eight districts of Gujarat, covering the transactions of nearly 15 000 women in SHGs. M-Bachat has proven to be a boon for SEWA staff at ground level, as it strongly reduces transaction costs while increasing the precision of the data collection procedures.

Currently, the m-Bachat platform has three functional components – an android device that records the transaction on the field, a backend server that holds the business logistic, and a web portal for configuration, tracking and reporting. The application supports an intuitive bilingual user interface that can readily be used by semi-literate women. The app also has carries a voice notification function, which informs SEWA staff of any mistake they might have made, and when a transaction is complete.
Given these premises, FAO could provide a major support role in assisting SEWA in the design and implementation of tailored digital financial services for rural dwellers, by building on the extensive work that SEWA is currently carrying out in training its members on the use of digital technologies, turning them into educated clients for relevant financial services delivered through such channels.

In this sense, the Social Policies and Rural Institutions Division (ESP) of FAO has already initiated a collaboration with SEWA to introduce the “Agri-Loan Analyzer” software in SEWA’s agricultural credit operations. The Agri-Loan Analyzer is a freeware software developed by FAO to assist in training newly recruited agricultural credit officers on how to properly assess and vet loan applications made by farmers, for what concerns for example loan amounts, repayment periods, breakdown of installments, and delinquency risk. The software allows to automatize to a notable degree the credit scoring procedures carried out by rural credit agents, strongly increasing the precision, appropriateness and client-centricity of the credit decisions made. Nevertheless, the software as it stands requires a substantial remodeling in order to be effective in SEWA’s credit environment, as it is necessary to tailor its functions on the specific features of SEWA’s model for agricultural credit provision (which strongly focuses, for example, on group lending as opposed to individual lending). To enable this transformative process, SEWA and FAO have initiated a collaboration with Sasken Technologies, a digital engineering and transformation company based in Bangalore, to develop a new iteration of the Agri-Loan Analyzer that has the potential to be adopted, disseminated, and brought to scale in SEWA’s agricultural credit operations.

Agricultural insurance to manage weather risk. Although SEWA has been extremely successful in offering health micro-insurance to its members (see the description of VimoSEWA in the box below), its forays in the field of agricultural insurance (such as index-based weather insurance) have been notably more limited. A pilot project carried out by SEWA with the support of the Center for Micro Finance (CMC) in the 2006-2013 period, which aimed at introducing and evaluating the impact of rainfall insurance in Gujarat, faced considerably low uptake rates on the part of smallholder farmers. Almost 65% of Indian agriculture is dependent on the erratic and unpredictable patterns of monsoons, which makes index-based weather insurance a valid product for farmers – in theory - to hedge against these variables. Despite these advantages, studies have shown that low financial literacy and pricing issues have proven to be critical impeding factors in the uptake of agri-insurance products on the part of SEWA members (Cole et al., 2013; Tobacman et al., 2017).

Given these premises, there is scope for FAO to provide its support in terms of capacity building and technical assistance for the accurate set-up of agricultural insurance schemes (e.g. based on weather-based index or NDVI satellite technology) in SEWA’s areas of operation, building on the diversified and multifaceted expertise that FAO can access through its divisions currently engaged in agricultural risk management. As an example, the FAO ESP Division has done considerable work on researching and designing insurance schemes against weather hazards in different contexts, which could inform a collaboration with SEWA in this sense. FAO could also assist by carrying out a State-wide evaluation (in Gujarat or other State identified with SEWA) to underline which specific policy, capacity and infrastructural gaps would impede the proper functioning of a scheme of this kind. Overall, there is scope for FAO to accompany SEWA throughout the entirety of this time - and resource - consuming process of design and implementation, by intervening at different levels (macro, meso and micro) to unlock existing constraints.
Graduation Schemes. The Graduation Model is a structured approach to poverty reduction that targets ultra-poor households. First developed by the Bangladeshi NGO BRAC in 2002, the Graduation approach comprises a range of interventions on social protection, livelihood strengthening and microfinance provision, complemented with various support services such as business mentorship, financial education, and skills training. Over the years, it has been extensively replicated with good results in various and diverse countries, such as Ethiopia, Ghana, Honduras, Pakistan, among others.

SEWA’s approach to financial inclusion already shares several elements in common with typical graduation strategies, such as the multi-dimensional aspects of its interventions and the focus on complementary capacity building and tutorship for women entrepreneurs. Nevertheless, Graduation Schemes focus specifically on turning low-income people that are excluded from the formal financial system into financially educated and creditworthy individuals, holding the necessary assets and collateral required to attract credit from commercial banks and other formal FIs. In essence, SEWA’s existing approach to financial empowerment lends itself well towards becoming the operational foundation for a Graduation Scheme, as the main supporting elements (e.g. the focus on financial literacy, asset consolidation, alternative livelihoods generation, and flexible financial provision) are already set in place.

The structured phased approach followed by Graduation Schemes is a complementary strategy for the empowerment of SEWA members that holds the benefit of setting extremely specific targets, thresholds and timings (the “steps of the ladder”) to elevate individuals above the poverty trap they are mired in. Given the multi-dimensional character of the interventions required within the frame of a Graduation Scheme (e.g. financial inclusion, social protection, nutrition) FAO would represent a valuable supporting actor for SEWA in the design and implementation of these interventions, given the variety and the quality of the expertise it could provide to such an endeavor through its different Divisions.

The experience of Vimo SEWA (SEWA Health Insurance)

Although SEWA has not yet managed to implement a large-scale insurance program for agriculture, it does have considerable experience in providing health insurance to its members. SEWA Bank was the first to offer SEWA members insurance products in 1992, until Vimo SEWA Cooperative Ltd. was established as separated entity in 1999 to offer to SEWA members and their families (both urban and rural) a composite micro-insurance product that covers work and domestic accidents, hospitalization, permanent disability, and life. As of 2018, almost 120 000 individuals (62 000 SEWA women, 36 000 husbands and 21 000 children) were covered by Vimo across 6 states of India, by paying an annual individual premium of about Rs. 60 (USD 0.9). Over 90 percent of Vimo SEWA’s claims have been related to illnesses, of which one third resulting from preventable acute illnesses such as malaria, gastroenteritis and water-borne diseases.
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Partnership Note

The role of the Self Employed Women’s Association (SEWA) in providing financial services to rural women

The present note aims to provide readers with an overview of the work carried out by the Self Employed Women’s Association (SEWA) – one of the largest organizations of informal workers in the world – in bolstering financial inclusion for poor women, both in India (where SEWA is based) and abroad. The four-decade experience that SEWA can boast in providing financial services to poor women - together with the unique financial innovations that the organization has developed through trial-and-error for its members - makes SEWA a strategic partner for development agencies, such as FAO, that work on poverty alleviation, financial inclusion, and women's empowerment.

Social Policies and Rural Institutions Division
Rural Institutions, Services and Empowerment (RISE) Team

Food and Agriculture Organization of the United Nations

http://www.fao.org/policy-support/policy-themes/access-to-finance