

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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***Field Report***  
**A Bank of Their Own**  
By Puja Changoiwala


Stanford Social Innovation Review  
Spring 2023

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*Stanford Social Innovation Review*  
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# FIELD REPORT

PROFILES OF INNOVATIVE WORK

 USHA staff assists a sex worker (center) as she opens a bank account with the cooperative.



## A Bank of Their Own

Shunned by traditional financial systems, sex workers in Asia's largest red-light district started their own bank. Now it is empowering other marginalized groups.

BY PUJA CHANGOIWALA

**B**ishakha Loskar was a teenager when she gave birth to her son in the early 1990s. A sex worker in east India's Sonagachi, Asia's largest red-light district, Loskar began menstruating abnormally a few months after giving birth and could not take on clients. Her illness prevented her from having enough money to buy milk for her baby or medicine for herself. She borrowed 5,000 Indian rupees (\$61) from a private moneylender, unaware that she would have to pay five times the amount as interest over the unsecured loan.

The moneylender was her only option, Loskar says. A few years before her son was born, Loskar had visited a bank to open an account, but she was turned away. "Because I did not have proof of address, they said they could not trust me, that I could be a thief, a bandit, or a beggar," Loskar explains.

Loskar's experience is not unique. Sex workers in India typically lead precarious

lives with no safety net, according to Meena Seshu, director of Sangram, a nonprofit working with sex workers and other marginalized populations in the western Indian state of Maharashtra. Caught in a vicious web of debt, exploitation, and criminalization—mainly owing to social stigma and ostracization—sex workers do not have savings, access to bank loans, or any other financial services.

In 1995, Loskar and 12 other sex workers established USHA Multipurpose Cooperative Society Limited, the largest sex-worker-led financial institution in South Asia. It is, in essence, a bank run by sex workers for sex workers.

Before USHA, most sex workers in Sonagachi were humiliated and denied services by formal banking institutions. They did not possess the requisite documents to open bank accounts. For instance, since sex workers lived in rented rooms without contracts or rent receipts, they could not furnish proof of address. Largely uneducated and with

little financial literacy, the women would lose their money to extortionist police, violent lovers, and deceitful madams. Some invested in Ponzi schemes that promised quick returns and lost their life's savings to fraudsters. In emergencies, most turned to private moneylenders, known as *kistiwalas*, who charged them a minimum interest of 300 percent and abused them if they missed payments. "So many sex workers fled Sonagachi because they could not afford to pay the *kistiwalas* back," Loskar says.

The plight was especially severe for girls who migrated into the red-light district from rural villages, says Satabdi Saha, the daughter of a sex worker and a deputy manager with the cooperative. "These girls couldn't count, and their madams and *kistiwalas* would take advantage of this," Saha says.

Financial discrimination against sex workers is a global phenomenon that exponentially increases their vulnerability to exploitation, poverty, and crime, according to the UK-based nonprofit Global Network of Sex Work Projects (NSWP). In their 2020 case study about the cooperative, NSWP observed that USHA "has demonstrated how financial inclusion and recognition of sex work as work empowers sex workers and allows them to access better health services and citizenship rights, as well as safer working conditions."

### The Economy of Sex

Launched with 30,000 Indian rupees (\$367) contributed by USHA's 13 founding members from their personal savings, the cooperative now manages transactions worth 16.75 crore Indian rupees (more than \$2 million) a year. It has a membership of more than 36,000 sex workers from across the eastern Indian state of West Bengal, whom it empowers through no-fee bank accounts, low-interest loans, savings plans, and self-employment schemes that offer vocational training as well as connect sex workers with markets relevant to their new skills. In 2014, the West Bengal state government named USHA the best cooperative in the state.

USHA's genesis lies in an HIV-prevention program established by public health

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scientist Smarajit Jana in 1992. Through it, Jana met several sex workers like Loskar who told him that the lack of economic stability also compromised their ability to negotiate safer sex. Decreased use of condoms meant an increased risk of HIV infections. Upon Jana's suggestion, the women decided to launch a cooperative in 1993 after considering options like engaging with life-insurance companies and initiating microcredit ventures.

Registering the cooperative, however, was a challenge, says Bharati Dey, a founding member of USHA. "The law that governed cooperative societies had a clause saying that the members of such societies must have moral characters," Dey explains. Since sex work was considered immoral, she adds, "officials told us that we could register a cooperative if we said we were housewives, but we did not want to do that." After two years of mobilizing sex workers and lobbying the state government to alter the morality clause, USHA was granted cooperative status.

Even after the cooperative was registered, people were slow to join, says Santanu Chatterjee, who has worked as a USHA bank manager for more than two decades. At the end of the first three years, the cooperative had only 214 members. USHA's cofounders conducted door-to-door surveys in Sonagachi and discovered that madams and *kistiwalas* had threatened sex workers against banking with USHA, because they feared losing their clientele to the new cooperative. They had convinced the women that the bank was just another Ponzi scheme that would steal their money. In 1998, USHA devised a solution: hire sex workers' daughters as collection agents, which propelled a substantial increase in its membership.

"Sex workers could trust these girls, as they had grown up in the same area, before their eyes," Chatterjee says. Gradually, as they witnessed their colleagues freeing themselves of debt, more sex workers sought the economic security offered by USHA. They could deposit as little as five rupees a day with collection agents who traveled through the red-light district to collect money from their doorsteps.

Some of these collection agents, too, have faced harassment. Smita Saha, a 45-year-old collection agent with USHA, says that madams hurled abuses at her when she visited brothels to collect money from sex workers. Then there were the sex workers' clients—the men who would sexually harass her. "Once, a sex worker had to chase such a client away with a broom," Saha recollects.

### Holistic Empowerment

Rita Ray has been a sex worker in Sonagachi since 2008. She soon opened an account with USHA, started making daily deposits, and borrowed money at 11 percent interest to help her family with expenses. "I built a sturdy home for my family, and also bought agricultural land for them," Ray says. "Now, I have a voter ID, a life-insurance policy, as well as medical insurance, all through USHA."

Ray illustrates USHA's impact on sex workers' political rights. In 2004, and with the cooperative's increasingly notable work emancipating sex workers, the West Bengal government legally recognized the passbook issued by USHA as a valid identity document. Sex workers subsequently acquired their voter IDs through this passbook, and in 2006 they exercised their right to vote for the very first time. Today, membership and banking documents issued by USHA are accepted as proof of identity in West Bengal. This has enabled sex workers to obtain documents like ration cards, which, in turn, secure them access to other government-run programs and benefits.

USHA also organizes several vocational training programs for sex workers that teach them skills such as farming, carpentry, and manufacturing sanitary products. Sex workers in Sonagachi are also employed in USHA's social-marketing program, which provides condoms at subsidized rates to organizations that run HIV and STD intervention initiatives. Additionally, USHA runs business ventures like organic farming and pisciculture—its primary sources of profit, which also act as supplementary sources of income for sex workers employed in these programs.

Chatterjee says that USHA established a dormitory and a sports training facility for

sex workers' children. The cooperative offers education loans at a reduced interest rate of 10 percent per year—a rate that is recalculated after each payment—to help sex workers' children pursue higher education.

USHA also challenges police extortion and fines. Residents of the red-light district often witness police officers detaining sex workers, threatening to arrest them by accusing them of being underage, Dey says. The officers' intention, she explains, is to extort money from them. "Since we have every woman's record, we go to the police station, show them her documents, and secure her release," Dey says.

USHA's model holds several lessons for nations across the world. While the cooperative's membership totals an impressive 36,000 members, India is home to more than 800,000 sex workers, a majority of whom still remain excluded from financial and social services. Seshu of Sangram, a mentor at the National Network of Sex Workers (NNSW) in India, says that, according to a 2020 NNSW survey of 21,000 sex workers across 6 Indian states, nearly 60 percent of sex workers did not have ration cards—a document necessary to access subsidized food grains under government programs.

For sex workers like Ray, USHA has been transformative. She says that sex workers in Sonagachi have always had to work even during their menstrual cycles, but now, with money secured in their own bank accounts, "we can say no to clients who behave badly, and we can say no to madams who abuse us."

In 2016, USHA edited its bylaws to extend membership to other marginalized groups of women, including trans women, fisherfolk, and domestic workers. However, while these groups have been able to take advantage of USHA's banking services and financial benefits, their social status has remained unchanged. They still do not possess basic identity documents and are unable to exercise their right to vote. USHA is now fighting, Chatterjee says, "to ensure that these marginalized women, too, have all the rights that USHA's sex workers have." ■