

Also Refer

RPCD.PLNFS.BC.No.40/06.02.79/2000-01

December 12, 2000

All public sector banks

Dear Sir,

**Strengthening of Credit Delivery  
to Women particularly in Tiny and SSI Sector**

The need for strengthening credit delivery to women particularly in the Tiny and SSI sector has been engaging the attention of the Government for quite some time. The matter was examined in detail by the Committee of Secretaries [COS]. Consequent to that, the Ministry of Finance, Banking Division has prepared a report in consultation with various Government and Non-Government agencies, Reserve Bank of India and public sector banks, National Bank for Agriculture and Rural Development, Small Industries Development Bank of India, Ministry of SSI & ARI and the Department of Women and Child Development on how to more fully meet the credit needs of women particularly in the tiny and SSI sectors within the existing institutional framework. The Report contained an Action Plan to be implemented by public sector banks. The meeting of the Committee of Secretaries held on 14 September 2000 has recommended the Action Plan to Government which has since accepted the same.

As desired by Government we forward herewith a copy of the Report containing the Action Plan to be implemented by public sector banks. You are requested to take appropriate action for implementation of Action points 1 to 13 of the Action Plan. Kindly advise the Banking Division, Government of India the steps taken/progress made in implementing every action point on a quarterly basis commencing from the quarter ended March 2001. The progress report to Banking Division may be sent within one month of the end of each quarter with copy to us.

Yours faithfully,

Sd/-

**A. V. Sardesai**

Chief General Manager

**Action Plan for Implementation by Banks**

The strategy for increasing women's access to the formal financial sector should be a long term goal with flexibility to adapt to local needs and situations. This will help build up an effective and efficient financial intervention. Besides, attitudinal change of society and removal of unequal inheritance laws and practices could enable women to exercise property rights and have a better standing in the society. The following action points are required to be taken up by banks in order to reach potential women entrepreneurs and encourage them to avail credit and credit plus services from banks:-

**(1) Redefining of Banks' policies/Long term plans**

- (i) Banks should redefine its policies by taking into account women's requirements in a focused and integrated manner.
- (ii) Banks should have a Charter for women which must be published. They should prepare long term plans and within that area plans with a view to outreach credit to women. To start with, banks should earmark at least 2 per cent of their net bank credit for women and raise it to 5 per cent in 5 years time. For this purpose, they may take into account credit extended to women directly for smaller projects; credit under different schemes of banks/Government sponsored schemes and credit to companies where majority of the promoters shares are held by women; partnership firms where majority partners are women and proprietary concerns where proprietors are women.
- (iii) Banks must ensure that the benefits under various poverty alleviation and employment promotion schemes go to the women in the prescribed ratio.

**(2) Setting up women cells**

- (i) Women's cells should be set up at the banks' head office as well as in their regional offices where information, counseling/guidance and other credit related services for women entrepreneurs are readily available. The cell at the head office should function under the Executive Director of the Bank. The cell should preferably be handled by women officers/staff and act as data collecting center for information about women entrepreneurs and for monitoring the status of applications received and extent of credit disbursed. The cell should also disseminate information to women entrepreneurs about various credit related schemes and facilities available with the bank particularly for self-employment.
- (ii) At the branch level, or clusters of branches in rural areas, the bank should have a desk visibly placed in order to provide women with relevant information and guide/assist them in making loan applications etc. As far as possible the desk should be handled by a well trained lady staff member particularly in rural areas.
- (iii) Special attention should be given to women in every branch. One officer in each branch should be designated exclusively for dealing with cases of flow of credit to women. Banks should have a target for covering at least 20 women per branch for lending and 20 for training.

(3) **Simplification of procedural formalities**

The application forms, appraisal standards and other procedural requirements for extending finance to women entrepreneurs should be simplified as far as possible. Banks should ensure that the managerial staff assist women entrepreneurs in understanding the banks' procedural formalities in a simple manner. They should also give assistance in the preparation of project reports and completion of other paper work.

(4) **Orientation of Bank officers/staff on gender concerns/credit requirements of women**

(i) Banks should take appropriate measures to ensure that the branch level functionaries do not have traditional bias of preferring men to women in financing. For this purpose the bank staff should be oriented through short term training programmes in which a special component on gender concerns can be incorporated.

(ii) Banks should also organize workshops of two-three days duration for its branch managers/staff on different aspects of handling credit requirements of women. Banks should also invite members of Non-Government Organisations (NGOs) or women social workers to these workshops for active interaction so that the problems being faced by the women entrepreneurs could be better understood by bank staff in an informal manner.

(5) **Publicity campaign for creating awareness about credit facilities**

(i) Banks should launch Awareness Programmes/Publicity Campaigns about schemes available for women. Attractive publicity material such as posters, charts, can be specially designed in a simple manner so that women are able to understand it easily. The publicity material should be available in different languages and should be widely distributed particularly in rural and semi-urban areas. Gender concerns should also be addressed through publicity material viz. slogans on hoardings/bus shelters etc.

(ii) For the large numbers of illiterate and semi-literate women, particularly in the rural and semi-urban areas, the banks should make efforts to inform them through audio-visual methods/slides and charts about the different schemes under which finance is available. Banks should establish contact with the village panchayats to seek their assistance in dissemination/distribution of information material to women in the village and for delivery of credit to identified women.

(iii) Banks can also explore the possibility of using the local radio and the television network for disseminating information to women in the farthest corners of the country.

(iv) Banks should interact with schools/colleges/universities for publicizing schemes and programmes for women.

(v) In the present computer age, banks should make use of creating web-sites through which wider publicity could be given about various schemes/credit facilities available with the bank for women entrepreneurs. This would help all sections of the society to have easy access to such information particularly the young, educated urban women who are using computers.

(6) **Entrepreneurship Development Programmes/Training facilities for Women**

(i) Banks should organize entrepreneurship development programmes exclusively for women entrepreneurs. For this purpose the banks can contact various Entrepreneurship Development Institutes in the country and develop appropriate programmes for women in the urban and rural areas.

(ii) Banks should finance training courses for women, particularly in the area of information technology.

(iii) There is a need for more training institutes particularly in the rural areas to cater to the training requirements/skill upgradation of rural women.

(iv) During school/college vacations banks should involve teachers/students in training programmes for women.

(v) Government organizations should give preference to purchase of goods made by women entrepreneurs.

(7) **Specialised branches for women**

(i) Banks should make concerted efforts to open specialized branches in identified areas for financing women entrepreneurs on the lines of 881 branches or Agricultural Finance branches. The specialized branches should cater exclusively and at least predominantly to the requirements of women entrepreneurs in an integrated manner. Apart from the other banking functions, these branches could act as a Centre for women which offers inter alia, facilities like a small library, credit related counseling and guidance services and information about various schemes. The branch should be fully computerized and may also collect information about schemes/programmes available for women in other banks and organizations so that women coming to one branch can have access to information about schemes in other banks as well.

(ii) Over the next one year, at least one specialized branch for women would "be opened in every district of the country. RBI will proportionally allocate the numbers of such branches to be opened by each bank.

(8) **Motivational strategies to enthuse bank officials/staff**

Banks should use motivational strategies to enthuse their managers/staff to achieve targets for women. Their work in this area should be given appropriate recognition. Banks can give annual awards to the 3 best performing branches in achieving targets plus providing credit related services to women.

(9) **Monitoring system**

A monitoring system should be in place for submitting regular reports on the credit flow to women. It should be an item on the calendar for Review being submitted to the Board of Directors of the bank. RBI should also monitor and give suitable directions to banks from time to time.

(10) **Data collection**

Separate data about credit flow to women is not presently available. Data should be generated by banks and quarterly reports submitted to RBI who should process the information and create a separate data base for women. Data for women should be collected separately for amounts advanced through micro-credit, credit to small scale industries and credit to medium/large industries. RBI should also assess the extent of financial assistance given to women in the last 2-3 years, latest by September, 2000.

(11) **Strengthening of existing schemes**

(i) There should be greater interaction between NABARD/ SIDBI and banks. Existing schemes and programmes being implemented by them should be further strengthened both in terms of coverage as well as volume of credit. Other facilities offered under these schemes e.g. Training/orientation should also get more attention.

(ii) There is no direct alliance between SIDBI and banks. SIDBI should explore the possibility of having a tie-up with banks for women's schemes.

(12) **Increasing the limit for non-obtention of collateral security**

(i) Banks insistence on collateral/securities is a major impediment in borrowing by women. Banks should, therefore, implement the recent measures taken by Government / RBI for increasing the limit for non- obtention of collateral security from Rs.1 lakh to Rs.5 lakh. Banks may also consider whether loans beyond Rs.5 lakhs i.e. at least upto Rs.10 lakhs could be offered without collateral.

(ii) Banks should encourage women entrepreneurs to avail loans on liberal terms like minimum margin money. The promoters' contribution could be lowered from 25 per cent to 10-15 per cent.

(13) **Involving NGOs/SHGs/Women's Co-operatives**

(i) Non-government organizations (NGOs) are playing a crucial role in reaching out to women even in the remotest regions. A large number of well known NGOs are operating throughout the country. In many areas smaller NGOs are also working at the grass roots level. Banks can establish contacts with the local NGOs and liaise with them to identify the needs of women and give credit related information and guidance services.

(ii) Financial institutions viz. NABARD and SIDBI are already involving the Women's self-help groups for reaching out to women entrepreneurs. Banks can also take initiative in working out viable strategies to work with more Self-Help Groups (SHGs) and women's co-operatives and fix a yearly target for lending to SHGs.

(14) **Mahila Rural Co-operative Banks**

Mahila Rural Co-operative Banks on the lines of Mahila Urban Co-operative banks should be set up for assisting women in the semi-urban and rural areas. RBI may issue licenses for such banks liberally.

Refer

NB.DPD.NFS.WED/1174/661/03-04 dt. 15-10-03  
RPCD/PLNFS/BC.No.11/06-02.79/2001-02 dt 26-07-01  
RPCD/PLNFS/BC.No.95/06.02.79/2000-01 dt 07-06-01