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**COMMITTEE ON EMPOWERMENT OF WOMEN  
(2009-2010)**

**(FIFTEENTH LOK SABHA)**

**‘CREDIT FACILITIES FOR WOMEN BY PUBLIC SECTOR BANKS AND  
NABARD’**

**MINISTRY OF FINANCE**

**(DEPARTMENT OF FINANCIAL SERVICES)**

*[Action Taken by the Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee on Empowerment of Women (2008-09) on ‘Credit Facilities for Women by Public Sector Banks and NABARD’]*

**FIRST REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**DECEMBER, 2009/AGRAHAYANA, 1931 (Saka)**

**FIRST REPORT**  
**COMMITTEE ON EMPOWERMENT OF WOMEN**  
**(2009-2010)**  
**(FIFTEENTH LOK SABHA)**

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*[Action Taken by the Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee on Empowerment of Women (2008-09) on ‘Credit Facilities for Women by Public Sector Banks and NABARD’]*

Presented to Lok Sabha on 15<sup>th</sup> December, 2009

*Laid in Rajya Sabha on 15<sup>th</sup> December, 2009*



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**DECEMBER, 2009/AGRAHAYANA, 1931 (Saka)**

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## CONTENTS

PAGE

Composition of the Committee on Empowerment of Women (2009-2010)

### INTRODUCTION

<b>CHAPTER I</b>	Report
<b>CHAPTER II</b>	Observations/Recommendations which have been accepted by the Government.....
<b>CHAPTER III</b>	Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government.....
<b>CHAPTER IV</b>	Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee .....
<b>CHAPTER V</b>	Observations/Recommendations in respect of which the Government have furnished interim replies.....
	Annexures I – V of replies

### APPENDICES

<b>I</b>	Minutes of the sitting of the Committee on Empowerment of Women (2009-2010) held on 08 <sup>th</sup> December, 2009.....
<b>II</b>	Analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Twentieth Report of the Committee (Fourteenth Lok Sabha) .....

**COMPOSITION OF THE COMMITTEE ON EMPOWERMENT OF WOMEN  
(2009-2010)**

\*\*\*\*\*

**Hon'ble Chairperson      -      Shrimati Chandresh Kumari**

**MEMBERS**

**LOK SABHA**

2. Shrimati Shruti Choudhry
3. Shrimati Ashwamedh Devi
4. Shrimati Rama Devi
5. Shrimati Jyoti Dhurve
6. Shrimati Priya Dutt
7. Shri T.K.S. Elangovan
8. Shrimati Sumitra Mahajan
9. Dr. Jyoti Mirdha
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11. Kumari Meenakshi Natrajan
12. Kumari Mausam Noor
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14. Shrimati Sushila Saroj
15. Shrimati Yashodhara Raje Scindia
16. Shrimati Rajesh Nandini Singh
17. Shri Umashankar Singh
18. Shrimati Supriya Sule
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20. Shrimati Seema Upadhyay

**RAJYA SABHA**

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22. Shri Jabir Husain
23. Shrimati Kanimozhi
24. Shrimati Brinda Karat
25. Shri Ambeth Rajan
26. Shrimati Maya Singh
27. Shrimati Vasanthi Stanley
28. Shrimati Syeda Anwara Taimur
29. Dr. C.P. Thakur
30. Dr. Prabha Thakur

**SECRETARIAT**

- |    |                           |                  |
|----|---------------------------|------------------|
| 1. | Shri S. Bal Shekar        | Joint Secretary  |
| 2. | Shri C.S. Joon            | Director         |
| 3. | Smt. Reena Gopalakrishnan | Under Secretatry |

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## **INTRODUCTION**

I, the Chairperson, Committee on Empowerment of Women having been authorized by the Committee to submit the Report on their behalf, present this First Report (Fifteenth Lok Sabha) on the Action Taken by the Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee on Empowerment of Women on 'Credit Facilities for Women by Public Sector Banks and NABARD'.

2. The Twentieth Report (Fourteenth Lok Sabha) of the Committee on Empowerment of Women (2008-2009) was presented to Lok Sabha on 17<sup>th</sup> February, 2009 and laid in Rajya Sabha on 16<sup>th</sup> February, 2009. The Ministry of Finance (Department of Financial Services) has furnished the Action Taken Replies on all the Observations/Recommendations contained in the Report.

3. The Committee on Empowerment of Women (2009-2010) considered and adopted the Action Taken Report at their sitting held on 8<sup>th</sup> December, 2009.

4. An Analysis of the Action Taken by the Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee is given in Appendix II.

5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in bold letters in the body of the Report.

**NEW DELHI**

**10<sup>th</sup> DECEMBER, 2009**

**19 Agrahayana, 1931 (Saka)**

**SMT. CHANDRESH KUMARI**

**CHAIRPERSON**

**COMMITTEE ON EMPOWERMENT OF WOMEN**

## **CHAPTER I**

### **REPORT**

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Twentieth Report (Fourteenth Lok Sabha) of the Committee on Empowerment of Women on the subject 'Credit Facilities for Women by Public Sector Banks and NABARD'. The Report was presented to Lok Sabha on 17<sup>th</sup> February, 2009 and laid in Rajya Sabha on 16<sup>th</sup> February, 2009.

2. The Ministry of Finance (Department of Financial Services) were thereafter requested to furnish action taken replies on the recommendations contained in the Twentieth Report. Replies of the Government in respect of all the 14 recommendations/observations have since been received and are categorized as under:-

- i) Observations/Recommendations which have been accepted by the Government:-  
Para Nos. 3, 4, 5, 6, 7, 8, 10 and 11 (Total 8)
- ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:-  
Para Nos. 1, 9, 12 and 14 (Total 4)
- iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:-  
Para Nos. 2 and 13 (Total 2)
- iv) Observations/Recommendations in respect of which the Government have furnished interim replies:-  
Nil.

3. The Committee trust that utmost importance would be given by the Government to the implementation of their recommendations. In cases where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that the Action Taken Notes on the recommendations/observations contained in Chapter- I of this Report should be furnished by the Government expeditiously.

4. The Committee will now deal with those action taken replies of the Government which need reiteration or merit comments.

#### **Recommendation (Para No. 2)**

##### **Need for special study of credit requirement in the North East and in Bihar**

5. The Committee had been informed that as on 03.03.2008, 6.12% of net bank credit has been extended to women borrowers. The Committee had further noted that the Bank of India had reached the 11.39% mark, while the Indian Bank had achieved the figure of 10.52% of credit to women. The Committee had appreciated the steps taken by these banks. The Committee, however, felt that an overall figure of 6.12% of the targets achieved by individual banks did not reflect the real picture of credit disbursement across the country. The Committee, therefore, had desired that a study should be conducted for each State individually to ascertain the real plight of women entrepreneurs as regards credit opportunities available to them. The Committee had also desired that special initiatives should be taken in the North-Eastern States and in the State of Bihar to figure out the status of credit opportunities for women.

6. The Ministry of Finance (Department of Financial Services) has submitted the following reply in this regard :-

“The Committee on Financial Sector Plan for North Eastern region constituted by RBI under the chairpersonship of Deputy Governor,



Smt. Usha Thorat, recommended in its report submitted in July, 2006, a wide range of measures for greater financial inclusion and provision of financial services in the North-Eastern Region. A High level Monitoring Group has been constituted to oversee the implementation of these recommendations. As regards Bihar, a Working Group under the Chairmanship of Shri V.S. Das, Executive Director, and RBI was constituted to look into the problems faced by bankers and borrowers in Bihar and its recommendations are under implementation by RBI. However, no specific studies were undertaken in regard to credit opportunities available to women entrepreneurs in the various states, including those mentioned above. RBI has proposed to get the above studies done in due course.”

“However, RBI has, vide its circular dated 18<sup>th</sup> March, 2009 (given below), advised the PSBs to undertake special drive in North Eastern States for achieving the stipulated target of 5% of ANBC.

“RPCD.SME&NFS.No. 9540(A)/06.02.79/2008-09

March 18, 2009

Chairman/Managing Director  
Public Sector Banks (concerned)

Dear Sir,

Credit Delivery to Women with special focus to North East

We invite your kind attention to our circular RPCD.PLNFS.BC.No.11/06.02.79 2001-02 dated July 26, 2001 on strengthening of credit delivery to women. It has been observed that your bank has failed to achieve the lending target of 5% of ANBC to women as at the end of December, 2008.

2. You are requested to ensure that the target of lending to women is fulfilled on an ongoing basis and undertake special drive in the North Eastern states for achieving the stipulated target of 5% of ANBC.

3. You may issue necessary instructions to your Regional/Controlling Offices/branches in this regard.

4. Please acknowledge receipt.

Yours faithfully,

-sd-  
(Lily Vadera)  
General Manager”

**7. Though 6.12% of net bank credit was found to have been extended to women borrowers, the Committee did not feel that the figure reflects the real picture of credit disbursement in the different States in the country. They, therefore, had recommended that a study**

should be conducted for each state and also special initiatives should be taken in North Eastern States and Bihar to figure out the status of credit opportunities for women. The Ministry, in their reply, has mentioned about the efforts made towards extending credit benefits in North-Eastern States and Bihar. However, the Committee feel that the Ministry has not taken any concrete steps towards ascertaining credit opportunities available to women entrepreneurs, States-wise. The Committee, therefore, reiterate their earlier recommendation and desire that a study should be conducted immediately for each state to ascertain the real plight of women entrepreneurs as regards credit opportunities available to them.

#### **Recommendation (Para No. 6)**

##### **Performance Evaluation Criteria of officers to include efforts in extending credit to women**

8. The Committee had observed that all public sector banks had initiated necessary steps to undertake the orientation of bank officers/staff on gender concerns/credit requirements of women. Further, meetings for motivating branch managers on recognizing the importance of credit delivery to women were being conducted. The Committee had appreciated the efforts made by the banks. However, the Committee felt that apart from motivating the branch managers to extend credit to women borrowers, there was a need for specialized training programmes in this regard. The Committee, therefore, had recommended that specific gender sensitive training modules should be conceptualized for the branch managers and the performance evaluation criteria for officers should necessarily include their efforts in providing credit to women entrepreneurs.

9. In its Action Taken Reply, the Ministry of Finance (Department of Financial Services) has submitted as under :-

“RBI has, vide its letter No. RPCD. CO. MFFI. No. 2245/12.01.001/2009-10 dated 28<sup>th</sup> August, 2009 (given below),

advised Indian Banks' Association to advise all Public Sector Banks to initiate steps to implement the recommendation of the Committee.

RPCD.CO.MFFI.No.2245/12.01.001/2009-10

August 28, 2009

The Chief Executive  
Indian Banks' Association  
World Trade Centre Complex  
Centre 1, 6<sup>th</sup> Floor  
Cuffe Parade  
Mumbai -400005.

Dear Sir,

20<sup>th</sup> Report of the Committee on Empowerment of Women on Credit facilities for Women by Public Sector Banks and NABARD.

The above Committee, in their 20<sup>th</sup> Report has, inter-alia, made the following recommendations for improving credit delivery to women.

Recommendation No. 6

Specific gender sensitive training modules should be conceptualised for the branch managers and the performance evaluation criteria for officers should necessarily include their efforts in providing credit to women entrepreneurs.

Recommendation No. 7

A separate desk for SC-ST-Self Help Groups should be established in all the banks to extend credit to women in the region with high concentration of SC/ST population.

The full text of the recommendations is enclosed.

We request you to kindly advise all public sector banks to initiate steps to implement the above recommendations.

Yours faithfully,

-sd-

(A.K. Pandey)  
General Manager"

**10. Regarding sensitization of bank officials towards gender concerns and credit requirements of women, the Committee had recommended that specific gender sensitive training modules should be conceptualized for them. They had further desired that the efforts taken by the bank officials in providing credit to women should be included in their performance assessment. The Committee are happy to note that the Reserve Bank of India has advised the Indian Banks' Association to implement the recommendation of the Committee. At the**

same time, the Committee feel that the action taken on the advisories issued by RBI should be pursued further without fail. The Committee also desire that the Ministry may apprise them in 3 months time about the gender sensitive training programmes conducted by various Banks and also about the gender component included in the performance evaluation reports of Bank officials.

### **Recommendation (Para No. 7)**

#### **Need for a database on credit flow to Women**

11. The Committee had also found that efforts made by the banks did not succeed in extending credit opportunities in regions like North-Eastern States and Bihar due to less out-reach of banks. The Committee felt that unless the banks have the relevant information/database, it would not be possible to implement the promotional schemes of the Government for women in the right spirit. The Committee, therefore, had recommended that concerted efforts should be made by the Government to have a suitable mechanism in place for data collection so that they could have a proper database on the credit flow to women in different regions of the country. The Committee also desired that the data should be collected category-wise i.e. information pertaining to credit benefits extended to SCs/STs/OBCs and Women as it would further help in the streamlining of the schemes of the Government for better disbursement of credit. The Committee further desired that a separate desk for SC/ST- Self Help Groups should be established in all the banks to extend credit to women in regions with high concentration of SC/ST population.

12. The Ministry of Finance (Department of Financial Services) has submitted the following reply in this regard :-

“Data on credit flow to women in respect of public sector banks, as per format prescribed is already being maintained by RBI. The RBI is also maintaining data on credit flow under Government sponsored schemes such as SGSY and SJSRY as per format prescribed by the respective nodal Ministries of these schemes.

As regards separate desk for SHGs, RBI has, vide its letter No. RPCD.CO. MFFI. No. 2245/12.01.001/2009-10 dated 28<sup>th</sup> August, 2009 (given below), advised Indian Banks' Association to advise all Public Sector Banks to initiate steps to implement the recommendation of the Committee."

RPCD.CO.MFFI.No.2245/12.01.001/2009-10

August 28, 2009

The Chief Executive  
Indian Banks' Association  
World Trade Centre Complex  
Centre 1, 6<sup>th</sup> Floor  
Cuffe Parade  
Mumbai -400005.

Dear Sir,

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Recommendation No. 6

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Recommendation No. 7

A separate desk for SC-ST-Self Help Groups should be established in all the banks to extend credit to women in the region with high concentration of SC/ST population.

The full text of the recommendations is enclosed.

We request you to kindly advise all public sector banks to initiate steps to implement the above recommendations.

Yours faithfully,

-sd-

(A.K. Pandey)  
General Manager"

**13. The Committee in their Original Report had recommended that a separate desk for SC/ST and Self Help Groups should be set up in all the banks functioning in areas which have higher concentration of SC/ST population, especially for the purpose of extending credit to women from these groups. The Ministry, in its reply, has stated that RBI**

**has directed Indian Banks' Association to advise all Public Sector Banks to initiate steps in this regard. The Committee desire that their recommendation is reflected not only in the advisories but also in the task of translating them into action. They, therefore, desire that the status of the ground level implementation of their recommendations may be communicated to the Committee within three months time.**

### **Recommendation (Para No. 8)**

#### **Need to enhance credit limits for seeking hypothecation**

14. The Committee had noted that under the Swarnajayanti Gram Swarozgar Yojana (SGSY), for individual loans upto Rs. 50,000 and for group loans up to Rs. 5 lakh, the assets created out of the bank loan was hypothecated as primary security. Further, the Committee were given to understand that for all individual loans exceeding Rs. 50,000 and group loan exceeding Rs. 5 lakh, in addition to primary security, other collateral security was obtained at the discretion of the bank. However, the Committee, had felt that in today's scenario the loan limit of Rs. 50,000 for individual and Rs. 5 lakh for group was not realistic, considering the amount of investment required in any enterprise. The Committee, therefore, had recommended that the loan limit of Rs. 50,000 for individual and Rs. 5 lakh for group without collateral security should be enhanced to Rs. 1 lakh and 10 lakh respectively in respect of Women. While extending credit to women, terms should be further liberalised, as women had not defaulted in their payments and their good practices had to be rewarded by special concessions.

15. In its Action Taken Reply, the Ministry of Finance (Department of Financial Services) has submitted as follows :-

“RBI has issued instructions to banks to raise the exemption limit of secondary collateral security under SGSY to Rs. 1 lakh from the existing limit of Rs. 50 thousand in respect of individual loans and to Rs. 10 lakh from the existing limit of Rs. 5 lakhs in respect of Group loans. A copy of the RBI circular No. RPCD.SP.BC.No. 12/09.01.01/2009-10 dated 24<sup>th</sup> August, 2009 given below.

24<sup>th</sup> August, 2009

The Chairman/Managing Directors  
All Scheduled Commercial Banks  
(Excluding RRBs)

Dear Sir/Madam,

Increase in exemption of collateral security in respect of individual and group loans under SGSY Scheme.

Please refer to our Circulars No. RPCD.SP.BC23/09.01.01/99-2000 dated September 1, 1999 and RPCD.SP.BC.113/09.01.01/2002-03 dated July 4, 2002 advising the banks about the exemption of secondary collateral security (earlier referred to as primary security) for individual loans upto Rs. 50,000/- and group loans up to Rs. 5 lakh under SGSY Scheme respectively.

It has now been decided to raise the exemption limit of secondary collateral security under SGSY to Rs. 1 lakh from the existing Rs. 50,000/- in respect of individual loans and to Rs. 10 lakh from the existing Rs. 5 lakh in respect of group loans. Accordingly, for individual loans up to Rs. 1 lakh and group loans up to Rs. 10 lakh, the assets created out of bank loan would be hypothecated to the bank as primary collateral (earlier referred to as primary security). In case where movable assets are not created as in land based activities such as dug well, minor irrigation, etc., mortgage of land may be obtained. Where mortgage of land is not possible, third party guarantee may be obtained at the discretion of the bank.

For all individual loans exceeding Rs. 1 lakh and group loans exceeding Rs. 10 lakh, in addition to primary security such as hypothecation/mortgage of land or third party guarantee as the case may be, suitable margin money/other collateral security in the form of insurance policy; marketable security/deeds of other property etc. may be obtained at the discretion of the bank. The upper ceiling of Rs. 10 lakh in respect of group loans is irrespective of the size of the group or prorata per capita loan to the group.

We advise that we are receiving complaints both from Government of India and certain State Governments that banks are not complying with even the existing norms of exempting individual loans up to Rs. 50,000 and for group loans up to Rs. 5 lakh from taking any secondary collateral. You may kindly consider issuing necessary instructions to your controlling offices/branches to ensure strict compliance with the guidelines.

Please acknowledge receipt.

Yours faithfully,

-sd-  
(Lily Vadera)  
General Manager"

**16. In view of the current market conditions, the Committee in their earlier Report had recommended that the exemption limit of secondary collateral security for loans upto Rs. 50,000 for individuals and Rs. 5 lakh for groups under Swarnajayanti Gram Swarozgar Yojana (SGSY) should be enhanced to Rs.1 lakh and 10 lakh respectively, for women. The Committee, had also desired that while extending credit to women, terms and conditions should be liberalized further. The Ministry in its reply has informed that RBI has accordingly issued instructions to banks to raise the exemption limits. The Committee, appreciate the steps taken by RBI on the recommendation of the Committee to raise the exemption limit of secondary collateral security under SGSY for individual and group loans. At the same time, the Committee desire that the Ministry should ensure that the benefit of enhanced loan is reaching women entrepreneurs at liberalized terms. They also desire to be apprised of the number of women beneficiaries who have availed the revised loan amount in the last quarter of Financial Year 2009-2010.**

#### **Recommendation (Para No.13)**

##### **Interest rate on loans to SHGs**

**17. The Committee had observed that under the SHG-Bank linkage Programme, the average size of bank loan per SHG was about Rs. 7000/- per member. However, the Committee had felt that such small per capita loans crippled the entrepreneurs, as the amount stands too little to take up any fruitful venture. The Committee, therefore, had recommended that the per capita loan per SHG-member should be progressively enhanced keeping in view the market realities. The Committee also opined that majority of SHG members consist of BPL women and the lower section of Above Poverty Line (APL) women. In view of the social and economic background of SHG members, the Committee felt that the interest rate charged on the loans disbursed are high and, therefore, had recommended that the Government should consider the proposal to grant loan at 4% interest in their favour.**



18. In its Action Taken Reply, the Ministry of Finance (Department of Financial Services) has submitted as follows :-

“The SHG Bank Linkage Programme has helped the poor in accessing bank loans for taking up different income generating activities. The per SHG bank loan has increased four times from Rs. 18,227 during 2000-2001 to Rs. 72,076 during 2007-2008. Banks have already been advised by RBI / NABARD to meet the total credit requirement of SHGs including their housing needs.

“So far as concessional rate of interest is concerned, it may be appreciated that the interest rates on loans given by banks have been deregulated vide RBI’s circular dated 18<sup>th</sup> October, 1994. The banks are free to fix the rate of interest themselves with the approval of their Boards. However, it has been stipulated that the interest on loans upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR). The banks fix their BPLR after taking into account cost of funds, transaction cost, risk factor, margin and other overhead expenses. In view of this, it is not possible to make any change in interest rate regime.”

**19. The Committee in their Original Report had recommended that the average size of bank loan per SHG should be enhanced and the rate of interest on these loans may be reduced keeping in view the market realities and socio-economic background of SHG Members. Ministry in its reply has stated that the per SHG Bank loan has increased four times from 2000-01 to 2007-08. Regarding the proposal to grant loan at 4% interest to SHGs, the Ministry has expressed its inability to make any change in interest rate regime as the interest rates on loans given by banks have been deregulated by RBI. However, the Committee feel that the rate of interest should be kept at 4% in favour of SHGs and recommend that a suitable direction should be issued by the Government to all PSU Banks in this regard.**

## **CHAPTER II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation No.3 (Para No. 57)**

##### **Low level of performance by IDBI**

The Committee note that some of the banks have not been able to achieve the target of extending 5% of net bank credit to women beneficiaries as per the directives of RBI. Allahabad Bank, State Bank of Patiala, Dena Bank and IDBI have achieved the figures 4.23%, 4.20%, 4.36% and 0.29% respectively. The Committee take a serious note of the dismal performance of IDBI, which stands at a low figure of 0.29%. The Committee, therefore, feel that a thorough assessment should be carried out to ascertain the reason for such low performance by IDBI. The Committee also recommend that the IDBI should be given a timeframe within which it should be able to disburse at least 5% of its net bank credit to women borrowers.

#### **Reply of the Government**

Reserve Bank of India has advised banks, including IDBI Bank on March 18, 2009 to step up their performance in this regard. In view of the conversion of IDBI Ltd. into a banking company with effect from October 1, 2004 and subsequent merger of IDBI Bank with IDBI Ltd. with effect from April 2, 2005, as also the special mandate given to IDBI Ltd for playing the role of a development bank, the merged bank was granted time frame for achievement of priority sector lending target and agricultural lending sub-target, in a phased manner up to March, 2011, subject to certain conditions. However, RBI has reviewed the performance of IDBI Bank in regard to credit to women as on 31<sup>st</sup> March, 2009 and has advised the Bank on 28<sup>th</sup> August, 2009 to take immediate necessary measures to achieve the stipulated target.

A copy of RBI letter No. RPCD.SME & NFS.No. 2326/06.02.79/2009-10 dated 28<sup>th</sup> august, 2009 to this effect is at **Annexure-II**.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

#### **Recommendation No. 4 (Para No.58)**

##### **Special Drives to extend credit to Women**

The Committee find that special efforts have been made to extend credit opportunities to women such as: opening of women cells at bank's head office & branches, simplification of procedural formalities, orientation of bank officers/staff towards gender concerns/requirement, awareness programmes through CDs, literature, involvement of NGOs/SHGs, etc. The Committee appreciate the efforts made by the Ministry. However, they feel that people-to-people interface is missing between the authorities and the beneficiaries. Considering the fact that women beneficiaries, targeted by the Government, are mostly illiterate and are reluctant to come forward and interact with bank, the Committee desire that special drives should be conducted by the Government to reach out to those regions of the country where people are unaware and are reluctant to get into a relation with banks. The Committee also recommend that a team under field officers preferably women officers should visit remote corners of the country and reach out to the potential women borrowers who are otherwise not attracted to promotion pamphlets and CDs circulated by banks, due to their illiteracy and ignorance.

##### **Reply of the Government**

NABARD has been conducting various promotional programmes for enhancing the credit flow to women related activities wherein information / details regarding the various credit facilities available is provided.

Further, NABARD's Scheme for supporting creation of Women Development Cells in Cooperative Banks & Regional Rural Banks (RRBs) provides, inter alia, for reimbursing a mobility allowance @ Rs. 20,000/- per district per annum within the overall ceiling of Rs. 1 lakh p.a. per bank to

Cooperative Banks / RRBs for setting up of Women Development Cells (WDCs) under the scheme vide NABARD Circular No. 52/DPD-NFS/02/2007 dated 16.4.2007. This allowance is intended for undertaking visits by the identified officer(s) of the WDC for facilitating activities like awareness creation, credit camps, counseling, training, etc., will help in increasing the credit flow to women. As on March 2009, 102 WDCs have been setup by banks.

The NABARD has vide its circular No.NB.DPD.NFS.WDC/827/1638-Policy/2009-10 dated 20<sup>th</sup> August, 2009 issued to RRBs, District Central Cooperative Banks, State Cooperative Banks and State Cooperative Agriculture and Rural Development Banks, reiterated the instructions contained in circular dated 16/04/2007. A copy the circular dated 20<sup>th</sup> August, 2009 is at **Annexure-III**.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Recommendation No. 5 (Para No. 59)**

#### **Need for Special Mechanism in Rural Areas to extend credit to Women**

The Committee note that the banking network has not been properly developed in rural areas, which has negatively impacted the promotion of credit opportunities, especially to the weaker sections of the society and the women entrepreneurs. The Committee also feel that the rural and remote areas need some special mechanism whereby the potential entrepreneurs could be reached. The Committee, therefore, recommend that Post Offices and Agricultural Cooperative Societies should be involved in the process of reaching out to the individual entrepreneurs/groups i.e. SHGs for extending credit opportunities to them.

#### **Reply of the Government**

The RBI has reported that the most successful and special mechanism for expending credit in rural areas has been the SHG-bank linkage programme under which around three million SHGs have been

linked to banks covering about 45 million women members. NABARD provides assistance to promote SHGs. Many State Governments are also taking an active part in the formation of SHGs. Under SGSY also, special subsidy of 50% is available for SHGs. These initiatives are being intensified further. The enlargement of the scope of Business Correspondents is also under consideration.

NABARD has reported that Cooperative Banks are equal partners in promotion and credit linkage of SHGs along with Commercial Banks and RRBs. The Cooperative Banks, apart from credit disbursement, are also acting as 'Self Help Promoting Institutions (SHPIs) in promotion, nurturing and linkage of SHGs under the promotional grant scheme of NABARD.

During 2007-2008, Cooperative Banks had disbursed Rs.793.52 crore to 1,65,001 SHGs. The Cooperative Banks had registered a growth of more than 37% in respect of outstanding loan (Rs.1,103.39 cr.) as on 31 March 2008 over the outstanding reported as on 31 March 2007 (Rs.804.35 cr.). Similarly, the number of SHGs with outstanding bank loan also increased from 2,72,234 (as on 31.03.2007) to 3,71,378 (as on 31.03.2008). Out of the total outstanding cooperative bank loan, an amount Rs.776.41 crores was outstanding against 2,70,864 exclusive women groups.

Further, NABARD has launched a pilot project for SHG-Post Office Linkage Programme, initially in five select districts of Tamil Nadu, with an objective to examine the feasibility of utilizing the net-work of Post Offices in rural areas for disbursement of credit to rural poor on agency basis.

The progress of the pilot project has been encouraging and as on 31 March 2008, 2,831 SHGs had opened saving bank account in select Post Offices in five districts. Further, Rs. 88.23 lakh had been disbursed to 371 SHGs under the project. In view of the success achieved in Tamil Nadu, a Revolving Fund Assistance of Rs. 5 lakh has been released to Meghalaya Post Office for on-lending to 50 SHGs in East Khasi district. In pursuance of Budget Announcement for 2007-08, Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF), have been

constituted with NABARD with an overall corpus of Rs. 500 crore each. The objective of FIF is to support “developmental and promotional activities” with a view to securing greater financial inclusion, particularly among weaker sections, low income groups and in backward regions / hitherto unbanked areas. The objectives of the FITF is to enhance investment in Information Communication Technology (ICT) aimed at promoting financial inclusion, stimulate the transfer of research and technology in financial inclusion, increase the technological absorption capacity of financial service providers / users and encourage an environment of innovation and cooperation among stakeholders. The funding to these funds is to be contributed by the Central Government, RBI and NABARD in a ratio of 40:40:20.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

#### **Recommendation No. 6 (Para No. 60)**

##### **Performance Evaluation of officers to include criterion of provision of credit to women**

The Committee observe that all public sector banks have initiated necessary steps to undertake the orientation of bank officers/staff on gender concerns/credit requirements of women. Further, meetings for motivating branch managers on recognizing the importance of credit delivery to women are being conducted. The Committee appreciate the efforts made by the banks. However, the Committee feel that apart from motivating the branch managers to extend credit to women borrowers, there is need for specialized training programmes in this regard. The Committee, therefore, recommend that specific gender sensitive training modules should be conceptualized for the branch managers and the performance evaluation criteria for officers should necessarily include their efforts in providing credit to women entrepreneurs.

## **Reply of the Government**

RBI has, vide its letter No. RPCD. CO. MFFI. No. 2245/12.01.001/2009-10 dated 28<sup>th</sup> August, 2009, advised Indian Banks' Association to advise all Public Sector Banks to initiate steps to implement the recommendation of the Committee. A copy of the RBI letter is at Annexure-IV.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

## **Comments of the Committee**

(Please see para 10 of Chapter I of the Report)

### **Recommendation No. 7 (Para No. 61)**

#### **Need for a database on provision of credit to Women**

The Committee also find that efforts made by the banks have not succeeded in extending credit opportunities in regions like North-Eastern States and Bihar due to less out-reach of banks. The Committee feel that unless the banks have the relevant information/database, it will not be possible to implement the promotional schemes of the Government for women in the right spirit. The Committee, therefore, recommend that concerted efforts should be made by the Government to have a suitable mechanism in place for data collection so that they can have a proper database on the credit flow to women in different regions of the country. The Committee also desire that the data should be collected category-wise i.e. information pertaining to credit benefits extended to SCs/STs/OBCs and Women as it will further help in the streamlining of the schemes of the Government for better disbursement of credit. The Committee further desire that a separate desk for SC/ST- Self Help Groups should be established in all the banks to extend credit to women in the region with high concentration of SC/ST population.

## **Reply of the Government**

Data on credit flow to women in respect of public sector banks, as per format prescribed is already being maintained by RBI. The RBI is also maintaining data on credit flow under Government sponsored schemes such as SGSY and SJSRY as per format prescribed by the respective nodal Ministries of these schemes.

As regards separate desk for SHGs, RBI has, vide its letter No. RPCD. CO. MFFI. No. 2245/12.01.001/2009-10 dated 28<sup>th</sup> August, 2009, advised Indian Banks' Association to advise all Public Sector Banks to initiate steps to implement the recommendation of the Committee.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

## **Comments of the Committee**

(Please see para 13 of Chapter I of the Report)

### **Recommendation No. 8 (Para No. 62)**

#### **Need to enhance credit limits for seeking hypothecation**

The Committee note that under the Swarnajayanti Gram Swarozgar Yojana (SGSY), for individual loans upto Rs. 50,000 and for group loans up to Rs. 5 lakh, the assets created out of the bank loan is hypothecated as primary security. Further, the Committee are given to understand that for all individual loans exceeding Rs. 50,000 and group loan exceeding Rs. 5 lakh, in addition to primary security, other collateral security is obtained at the discretion of the bank. However, the Committee, feel that in today's scenario the loan limit of Rs. 50,000 for individual and Rs. 5 lakh for group is not realistic, considering the amount of investment required in any enterprise. The Committee, therefore, recommend that the loan limit of Rs. 50,000 for individual and Rs. 5 lakh for group without collateral security should be enhanced to Rs. 1 lakh and 10 lakh respectively in respect of Women. While extending credit to women, terms should be further liberalised, as women have not



defaulted in their payments and their good practices have to be rewarded by special concessions.

### **Reply of the Government**

RBI has issued instructions to banks to raise the exemption limit of secondary collateral security under SGSY to Rs. 1 lakh from the existing limit of Rs. 50 thousand in respect of individual loans and to Rs. 10 lakh from the existing limit of Rs. 5 lakhs in respect of Group loans. A copy of the RBI circular No. RPCD.SP.BC.No. 12/09.01.01/2009-10 dated 24<sup>th</sup> August, 2009 is at Annexure-V.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Comments of the Committee**

(Please see para 16 of Chapter I of the Report)

### **Recommendation No. 10 (Para No. 64)**

#### **Special study of States not performing well**

The Committee have been given to understand that NABARD has pioneered the Self-Help Group (SHG)-Bank Linkage programme which has become the largest SHG programme in the world. Besides, NABARD has been promoting new avenues for extending credit to women by implementing women specific credit linked promotional schemes. The Committee applaud the success achieved by NABARD the implementation of SHG-Bank linkage programme. However, the Committee feel that still NABARD has not been able to reach out to the potential borrowers to its optimum level. The Committee recommend that a special study should be carried out to ascertain the situation and find out as to which of the States are lagging behind in promoting SHG-Bank linkage programmes. The Committee also desire that the Banks that have been performing above the stipulated target should be advised to adopt regions/States where the SHG-Bank linkage has not picked-up as yet.

## **Reply of the Government**

NABARD has been compiling data pertaining to SHG-bank Linkage Programme. On the basis of critical analysis of such data, NABARD has identified 13 priority States where there is slow growth of SHG-Bank Linkage programme and the incidence of poverty is high. The following initiatives have been taken by NABARD for scaling up the programme to bridge the uneven growth in these States:

- i. Widening spatial distribution of the outreach of the programme on a district- wise basis.
- ii. Training and capacity building of stakeholders of the programme, viz., NGOs, Banks, Government agencies, etc.
- iii. Widening the range of 'Self Help Promoting Institutions (SHPIs) by integrating SHG approach in social sector development programmes of the government and building collaborations with PRIs.
- iv. Increasing participation of cooperative banks by encouraging them to finance SHGs as cooperative within the cooperative system.
- v. Associating village communities, people's institutions, rural volunteers and individuals to participate in the programme as SHG promoters.

Further, in North-Eastern States which suffer from inadequate development due to lack of institutional framework, non-availability of good infrastructure and the poor presence of non-government development agencies certain relaxations like, minimum size of the SHG is reduced to 5 members and quantum of grant assistance from NABARD to NGO-SHPIs has been raised to Rs.5,000/- per SHG.

The success of the SHG programme in Southern States has been due to involvement of various partners agencies with proactive role played by the State Governments. The strategies and initiatives taken by these states could be studied and replicated in other states also with modifications, based on local conditions.

NABARD has commissioned the following studies in three Southern States through independent agencies with a focus on quality and sustainability of SHGs.

1. Multiple membership and Quality and Sustainability of SHGs in Kerala;
2. Quality and Sustainability of SHGs in Tamil Nadu;
3. Quality and Sustainability of SHGs in Karnataka.

The findings of the studies will be examined by NABARD on receipt of the Reports.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Recommendation No. 11 (Para No.65 )**

#### **Special efforts for Capacity Building of SHGs**

The Committee feel that one of the major challenges faced in the promotion of SHG-Bank linkage Programme is the capacity building of members of SHGs. The Committee desire that special efforts should be made by the Government to help these SHGs to become self managed and independent of the promoting institutions. The Committee further recommend that the Government should devise training programmes for the SHGs in areas such as accounting, auditing, credit management and skill upgradation.

#### **Reply of the Government**

NABARD provide financial support in the form of grant to various stakeholders for capacity building of SHG leaders and their members through customized training modules. Cumulatively 13.18 lakh (approx.) SHG members have been provided training as at the end of March 31, 2008, under NABARD assisted programmes. In addition to the above, to build capacities of SHG members, NABARD has also been providing grant support to 'Self

Help Promoting Institutions (SHPIs) for hand-holding support to SHG members.

The organizational sustainability of SHGs depends on their intrinsic strength. The felt needs of the SHGs to deal with issues that are beyond their reach, has led to emergence of SHG federation. Such federations are emerging as agencies for promoting and managing SHGs on withdrawal of SHPI support. In view of the need for sustainable support to SHG movement, NABARD has introduced a policy to provide grant support to SHG federations on model neutral basis to enable them to emerge as viable agencies for supporting SHGs.

Further, the Ministry of Rural Development is encouraging the public sector banks to set up Rural Self Employment Training Institutes (RSETIs) in all districts of the country within the next three years for skill development training by providing Rs. 1 crore one time grant assistance and active co-operation from the State Governments in terms of free land.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **CHAPTER III**

#### **OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT**

##### **Recommendation No. 1 (Para No. 55)**

##### **Need to enhance the target set for extent of credit to Women**

Women, comprising half of the population, constitute an important entity in the building up of our nation. Women are an important element in nourishing the society both socially and economically. However, they are not given their dues in both the spheres. Socially, they are subjected to many dogmas and prejudices that they often find themselves second to the men folk. Economically, they are frustrated with many restrictions that do not let them be part of the mainstream. In spite of the fact that constitutionally women have been recognized at par with the men folk, when it comes to their economic empowerment, they are confronted with numerous practical handicaps. In order to ensure their economic upliftment, the Government has taken several initiatives. One of the important strategies adopted towards their economic independence is to create easy credit opportunities for women entrepreneurs. The Committee have been informed that as per the directives of Reserve Bank of India (RBI), the banks (Public Sector Banks) have been advised to earmark 5% of their net bank credit to women borrowers since 2001. However, considering the fact that in the informal sector, women constitute an important force, they require increased number of loans both at individual and group (SHGs) level. The Committee, therefore, recommend that the target fixed by the RBI to extend 5% of net bank credit to women itself is to be revised. The Committee further desire that a survey should be conducted to ascertain realistic demand of credit by women borrowers which should be followed by a realistic upward revision of the 5% target.

##### **Reply of the Government**

The matter has been examined in consultation with RBI. RBI is of the view that all Public Sector Banks were advised on July 26, 2001 to earmark

5% of their Net Bank Credit (NBC) for lending to women to be achieved by March 31, 2004. The target of 5% of NBC is the minimum amount and banks are free to sanction above that limit based on their commercial judgment. As on March, 31<sup>st</sup> 2009, all public sector banks except two banks have achieved the target. As on 31<sup>st</sup> March 2009, the total credit (outstanding) to women by all PSBs, works out to 6.29% of ANBC. This percentage comes to 6.59% if the two banks, who have not achieved 5% target, are excluded. The RBI has suitably advised the concerned banks on March 18, 2009 to ensure that the target of lending to women is fulfilled on an ongoing basis. A copy of the same is at Annexure-I. Further, NABARD has also initiated a number of promotional programmes like setting up of Women Development Cells, Assistance to Rural Women in Non Farm Sector Development (ARWIND), MAHIMA etc. which would facilitate enhanced flow of credit to Women. In view of this, upward revision of the target may not be required.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Recommendation No. 9 (Para No.63)**

#### **Automatic Grant of No Due Certificate of Women**

The Committee find that Service Area Branches are advised to give 'No Dues Certificates' to the borrowers within 15 days from the date of application, so that they can approach other branches for loan requirements. However, in practice, the 15 days timeframe is often breached. The Committee, therefore, desire that a mechanism should be put in place where the borrower can register such complaints against the authorities who are not able to abide by the advisories issued to them. The Committee also recommend that the head offices should periodically review the status of such complaints received from time to time. The Committee also recommends that 'No Due Certificates' should be automatically granted to women when the last instalment of credit due to is repaid by them to the Bank concerns.

### **Reply of the Government**

In terms of extant instructions it has already been clarified to the banks that in respect of Government sponsored schemes, if the service area branch does not issue a “No Dues Certificate” within 15 days from the receipt of application, it may be presumed that the referred bank has no dues. Further, in April, 2007, banks were advised by RBI to dispense with the requirement of “No Dues Certificate” for small loans up to Rs. 50,000 to small and marginal farmers, share croppers and the like and, instead obtain self declaration from the borrower.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Recommendation No. 12 (Para No. 66)**

#### **Engagement to SHGs to start micro-enterprises**

The Committee feel that most of the SHGs are not able to sustain the pressure of the market and often cease to function in spite of having started at the right note. The Committee feel that one of the important reasons that could be attributed to this is the limited scope of their activities they are involved in. The Committee, therefore, recommend that the Government should take steps to encourage the SHGs to scale up and diversify their income generating activities. The Committee further recommend that the SHGs should be encouraged to establish micro enterprises to create livelihood and employment opportunities among the SHGs members. The Committee feel that this would not only strengthen the SHGs but also open new opportunities and avenues for them to come forward and avail credit benefits.

### **Reply of the Government**

To provide sustainability to the SHG movement, it is necessary that members should graduate from initial stages of using loans for consumption purposes to higher doses of bank loans to take up micro enterprises for

livelihood opportunity. Capacity building through training activities is crucial for skill development of SHG members to enable them to take up of micro economic activities, on a sustainable basis.

Keeping in view the need for promoting income generating activities, a tailor- made exclusive skill development training programme for matured SHG members, viz., the micro enterprises development programme (MEDP), is being supported by NABARD on grant basis. During 2007-2008, a total 428 MEDPs, both under farm sector and Non-Farm sector activities, were conducted with a total grant support of Rs. 56.39 lakh covering 13,985 members of the matured SHGs.

In addition to MEDP, NABARD has also launched a pilot project in 2006 for 'promotion of micro enterprises through matured SHGs' in nine districts of nine states. The pilot project is based on micro planning, micro credit and micro market, developed by MART, a technical consultancy agency. The project is under implementation.

As per the recommendation of Rangarajan Committee, the SHGs need to graduate from consumption and production loans to other loan such as housing and shelter improvement. In response to budget announcement of 2008-09, NABARD has issued circular dated 21 April 2008 to all banks to take care of cost related to income generation activities entailing higher investment outlay.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

#### **Recommendation No. 14 (Para No. 68)**

##### **Insurance for SHGs**

The Committee note that SHG members have little or no access to insurance services, which are crucial for security and sustainability of the SHGs. The Committee feel that considering the volatile market conditions, there should be insurance cover provided to the SHGs so that they are adequately protected from the vicissitudes of the market forces. The



Committee, therefore, recommend that to insulate the women entrepreneurs of the SHGs from market eventualities, the Government should start a special drive to reach out to the SHGs and bring them under insurance cover by means of specially designed micro insurance products.

### **Reply of the Government**

#### **1. Major initiatives taken to provide insurance cover to SHGs:**

Women 'Self Help Groups' is one of the occupational groups covered by the Janashree Bima Yojana implemented by LIC. This group has been chosen for special attention by Government of India. With a view to rapidly scale up the scheme and cover all women SHGs credit linked to Banks, LIC has contacted Banks, NABARD and other State Agencies. As on 31.3.2009, 2,53,553 Women Self Help Groups (SHGs) with 16,07,484 lives have been covered under the Scheme.

#### **2. Major initiatives for SHGs insurance by Public Sector General Insurance Companies:**

The General Insurers' (Public Sector ) Association of India (GIPSA) has informed that the Public Sector General Insurance Companies have popularized the following schemes, through Micro Insurance Agents, NGOs, MFIs and SHGs:

**(a) Universal Health Insurance Scheme (UHS):** This Scheme is subsidized by the Government of India and targets BPL families providing for reimbursement of medical expenses upto Rs. 30,000/- towards hospitalization floating amongst the entire family, death cover due to an accident for Rs. 25,000/- to the earning head of the family/ spouse and compensation due to loss of earning of the earning member/ spouse @ Rs. 50/- per day upto a maximum of 15 days of hospitalization, Maternity benefits of Rs. 2,500/- for normal & Rs. 5000/- for caesarian delivery. Pre-existing diseases are also covered. In the Scheme premium is Rs. 300/- per person

per year, Rs. 450/- for a family of five and Rs. 600/- for family of seven including subsidy of Rs. 200/-, Rs.300/- and Rs. 400/- respectively.

**(b) Raj Rajeshwari Mahila Kalyan Bima Yojana:** A personal accident insurance scheme which provides economic security to women irrespective of their income, occupation or vocation.

**(c) RVF Urban Women Package Policy:** Presently United India Insurance Company, Regional Office, Hyderabad on a pilot basis in collaboration with Roshan Vikas Foundation (RVF) a None Government Organisation( NGO), has devised a product for head of the family and spouse who is a woman member of SHG to provide personal accident cover of Rs. 50,000/-. On loss of income following hospitalization or accident, named head of the family, spouse or any of the three children are paid @ Rs.100/- a day subject to a maximum of Rs. 1000/- per instance and Rs. 2000/- per year.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

## **CHPATER IV**

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

### **Recommendation No. 2 (Para No. 56)**

#### **Need for special study of credit requirement in the North East and in Bihar**

The Committee have been informed that as on 03.03.2008, 6.12% of net bank credit has been extended to women borrowers. The Committee further note that the Bank of India has reached the 11.39% mark, while the Indian Bank has achieved the figure of 10.52% of credit to women. The Committee appreciate the steps taken by these banks. The Committee, however, feel that an overall figure of 6.12% of the targets achieved by individual banks do not reflect the real picture of credit disbursement across the country. The Committee, therefore, desire that a study should be conducted for each State individually to ascertain the real plight of women entrepreneurs as regards credit opportunities available to them. The Committee also desire that special initiatives should be taken in the North-Eastern States and in the State of Bihar to figure out the status of credit opportunities for women.

### **Reply of the Government**

The Committee on Financial Sector Plan for North Eastern region constituted by RBI under the chairpersonship of Deputy Governor, Smt. Usha Thorat, recommended in its report submitted in July, 2006, a wide range of measures for greater financial inclusion and provision of financial services in the North-Eastern Region. A High level Monitoring Group has been constituted to oversee the implementation of these recommendations. As regards Bihar, a Working Group under the Chairmanship of Shri V.S. Das, Executive Director, and RBI was constituted to look into the problems faced by bankers and borrowers in Bihar and its recommendations are under implementation by RBI. However, no specific studies were undertaken in

regard to credit opportunities available to women entrepreneurs in the various states, including those mentioned above. RBI has proposed to get the above studies done in due course.

However, RBI has, vide its circular dated 18<sup>th</sup> March, 2009 at Annexure-I, advised the PSBs to undertake special drive in North Eastern States for achieving the stipulated target of 5% of ANBC.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Comments of the Committee**

(Please see para 7 of Chapter I of the Report)

### **Recommendation No. 13 (Para No. 67)**

#### **Need to enhance per-capita availability of loan for SHGs**

The Committee have observed that under the SHG-Bank linkage Programme, the average size of bank loan per SHG is about Rs. 7000/- per member. However, the Committee feel that such small per capita loans cripple the entrepreneurs, as the amount stands too little to take up any fruitful venture. The Committee, therefore, recommend that the per capita loan per SHG-member should be progressively enhanced keeping in view the market realities. The Committee also opine that majority of SHG members consists of BPL women and the lower section of Above Poverty Line (APL) women. In view of the social and economic background of SHG members, the Committee feel that the interest rate charged on the loans disbursed are high and, therefore, recommend that the Government should consider the proposal to grant loan at 4% interest in their favour.

### **Reply of the Government**

The SHG Bank Linkage Programme has helped the poor in accessing bank loans for taking up different income generating activities. The per SHG bank loan has increased four times from Rs. 18,227 during 2000-2001 to Rs. 72,076 during 2007-2008. Banks have already been advised by RBI /

NABARD to meet the total credit requirement of SHGs including their housing needs.

So far as concessional rate of interest is concerned, it may be appreciated that the interest rates on loans given by banks have been deregulated vide RBI's circular dated 18<sup>th</sup> October, 1994. The banks are free to fix the rate of interest themselves with the approval of their Boards. However, it has been stipulated that the interest on loans upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR). The banks fix their BPLR after taking into account cost of funds, transaction cost, risk factor, margin and other overhead expenses. In view of this it is not possible to make any change in interest rate regime.

[Ministry of Finance , Department of Financial Services  
OM No. 16(8)/2008-CM (Part) dated 3<sup>rd</sup> September, 2009]

### **Comments of the Committee**

(Please see para 19 of Chapter I of the Report)

## **CHAPTER V**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

**NIL**

**NEW DELHI  
10<sup>th</sup> December, 2009  
19 Agrahayana 1931 (Saka)**

**SMT.CHANDRESH KUMARI  
CHAIRPERSON  
COMMITTEE ON EMPOWERMENT OF WOMEN**

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RESERVE BANK OF INDIA

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RPCD.SME&NFS.No. 9540(A)/06.02.79/2008-09

March 18, 2009

Chairman/Managing Director  
Public Sector Banks (concerned)

Dear Sir,

**Credit Delivery to Women with special focus to North East**

We invite your kind attention to our circular RPCD.PLNFS.BC.No.11/06.02.79 2001-02 dated July 26, 2001 on strengthening of credit delivery to women. It has been observed that your bank has failed to achieve the lending target of 5% of ANBC to women as at the end of December, 2008.

2. You are requested to ensure that the target of lending to women is fulfilled on an ongoing basis and undertake special drive in the North Eastern states for achieving the stipulated target of 5% of ANBC.
3. You may issue necessary instructions to your Regional/Controlling Offices/branches in this regard.
4. Please acknowledge receipt.

Yours faithfully,

-sd-  
(Lily Vadera)  
General Manager

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RESERVE BANK OF INDIA

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**RPCD.SME & NFS.No.2326/06.02.79/2009-2010**

**August 28, 2009**

The Managing Director,  
IDBI Bank  
IDBI Tower  
World Trade Centre Complex  
Cuffe Parade  
Mumbai – 400 005

Dear Sir,

**Review of credit to women**

In terms of circular RPCD/PLNFS/BC.No. 11/06-02.79/2001-02 dated July 26, 2001 all public sector banks were advised to earmark 5 percent of their net bank credit (NBC) for lending to women within 3 years. This target was required to be achieved by 31 March 2004.

2. However, it is observed from the data furnished by your bank that the position of credit to women as a percentage of the Adjusted Net Bank Credit for the period ended March 2007, 2008 and 2009 is 0.28%, 0.29% and 2.18% respectively, which is very low.

3. You are, therefore, advised to take immediate necessary measures so as to achieve the stipulated target. You may apprise us of your plan of action and measures taken in this regard urgently.

Yours faithfully,

-sd-

**(H.N. Panda)**  
**Deputy General Manager**



**NATIONAL BANK FOR AGRICULTURE  
AND RURAL DEVELOPMENT**

Plot No. C-24, 'G' Block, 5<sup>th</sup> Floor, 'B' Wing,  
Bandra-Kurla Complex, P.B.8121, Bandra (East),  
Mumbai – 400 051.  
Tel (022) 26524207, Fax(022)26530082  
Email:dpd.nfs@nabard.org

**Development Policy Department – Non-Farm Sector**

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Ref:No.NB.DPD-NFS.WDC/827/1638-Policy/2009-10  
20 August, 2009

All Chairman/CEO  
All Regional rural Banks/DCCBs/SCBs/SCARDBs

Dear Sir/Madam

**Scheme of supporting Women Development Cells (WDCs) in banks**

We advise that Lok Sabha Committee on Empowerment of Women had an occasion to review the performance of all banks with regard to access of credit facilities to women and had expressed their concern over the low level of credit to women. The Committee has also observed that the WDC scheme introduced by NABARD to facilitate more credit flow to women has not been implemented by a large number of Cooperative Banks/RRBs for whom it was intended. The Committee had expressed the view that all Cooperative Banks/RRBs should be advised to be more proactive and work for improving credit flow to women. The Regional Offices of NABARD may please be apprised of the progress in this regard on a half yearly basis to enable us to keep the Government of India informed periodically.

In this connection, attention is invited to our Circular No. 52/DPD-NFS/02/2007 dated 16<sup>th</sup> April, 2007 introducing a modified WDC scheme for Cooperative Banks and RRBs from 1 April, 2007. It was expected that all Cooperative Banks and RRBs will establish WDC in their banks and avail of the incentives extended under the scheme thereby improving the credit flow to women.

We once again reiterate that your bank may initiate adequate steps to publicise the developmental schemes amongst women and increase credit flow to them.

-sd-

**(P.Vasudeva Rao)**  
**General Manager**

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RESERVE BANK OF INDIA

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RPCD.CO.MFFI.No.2245/12.01.001/2009-10

August 28, 2009

The Chief Executive  
Indian Banks' Association  
World Trade Centre Complex  
Centre 1, 6<sup>th</sup> Floor  
Cuffe Parade  
Mumbai -400005.

Dear Sir,

20<sup>th</sup> Report of the Committee on Empowerment of Women on Credit facilities for Women by Public Sector Banks and NABARD.

The above Committee, in their 20<sup>th</sup> Report has, inter-alia, made the following recommendations for improving credit delivery to women.

Recommendation No. 6

Specific gender sensitive training modules should be conceptualised for the branch managers and the performance evaluation criteria for officers should necessarily include their efforts in providing credit to women entrepreneurs.

Recommendation No. 7

A separate desk for SC-ST-Self Help Groups should be established in all the banks to extend credit to women in the region with high concentration of SC/ST population.

The full text of the recommendations is enclosed.

We request you to kindly advise all public sector banks to initiate steps to implement the above recommendations.

Yours faithfully,

-sd-

**(A.K. Pandey)**  
**General Manager**

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**RESERVE BANK OF INDIA**

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RPCD.SP.BC.No. 12/09.01.01/2009-10

24<sup>th</sup> August, 2009

The Chairman/Managing Directors  
All Scheduled Commercial Banks  
(Excluding RRBs)

Dear Sir/Madam,

**Increase in exemption of collateral security in respect of individual and group loans under SGSY Scheme.**

Please refer to our Circulars No. RPCD.SP.BC23/09.01.01/99-2000 dated September 1, 1999 and RPCD.SP.BC.113/09.01.01/2002-03 dated July 4, 2002 advising the banks about the exemption of secondary collateral security (earlier referred to as primary security) for individual loans upto Rs. 50,000/- and group loans up to Rs. 5 lakh under SGSY Scheme respectively.

It has now been decided to raise the exemption limit of secondary collateral security under SGSY to Rs. 1 lakh from the existing Rs. 50,000/- in respect of individual loans and to Rs. 10 lakh from the existing Rs. 5 lakh in respect of group loans. Accordingly, for individual loans up to Rs. 1 lakh and group loans up to Rs. 10 lakh, the assets created out of bank loan would be hypothecated to the bank as primary collateral (earlier referred to as primary security). In case where movable assets are not created as in land based activities such as dug well, minor irrigation, etc., mortgage of land may be obtained. Where mortgage of land is not possible, third party guarantee may be obtained at the discretion of the bank.

For all individual loans exceeding Rs. 1 lakh and group loans exceeding Rs. 10 lakh, in addition to primary security such as hypothecation/mortgage of land or third party guarantee as the case may be, suitable margin money/other collateral security in the form of insurance policy; marketable security/deeds of other property etc. may be obtained at the discretion of the bank. The upper ceiling of Rs. 10 lakh in respect of group loans is irrespective of the size of the group or prorata per capita loan to the group.

We advise that we are receiving complaints both from Government of India and certain State Governments that banks are not complying with even the existing norms of exempting individual loans up to Rs. 50,000 and for group loans up to Rs. 5 lakh from taking any secondary collateral. You may kindly consider issuing necessary instructions to your controlling offices/branches to ensure strict compliance with the guidelines.

Please acknowledge receipt.

Yours faithfully,

-sd-  
(Lily Vadera)  
General Manager

## **APPENDIX - I**

### **MINUTES COMMITTEE ON EMPOWERMENT OF WOMEN (2009-2010)**

#### **Fourth Sitting (08.12.2009)**

The Committee sat on Tuesday, the 8<sup>th</sup> December, 2009 from 1500 hrs. to 1545 hrs. in the Chamber of Hon'ble Chairperson, EWC (Room No.130), First Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

**Smt. Chandresh Kumari** - Hon'ble Chairperson

#### **MEMBERS**

##### **LOK SABHA**

2. Smt. Shruti Choudhry
3. Smt. Ashwamedh Devi
4. Smt. Priya Dutt
5. Dr. Jyoti Mirdha
6. Kumari Meenakshi Natrajan
7. Shri Jayshreeben Kanubhai Patel
8. Smt. Rajesh Nandini Singh
9. Smt. Annu Tandon
10. Smt. Seema Upadhyay

##### **RAJYA SABHA**

11. Smt. Brinda Karat
12. Shri Ambeth Rajan
13. Smt. Vasanthi Stanley
14. Smt. Syeda Anwara Taimur

#### **SECRETARIAT**

- |    |                           |                  |
|----|---------------------------|------------------|
| 1. | Shri S. Bal Shekar        | Joint Secretary  |
| 2. | Shri C.S. Joon            | Director         |
| 3. | Smt. Mamta Kemwal         | Deputy Secretary |
| 4. | Smt. Reena Gopalakrishnan | Under Secretary  |

2. The Committee took up for consideration the draft Action Taken Report on the subject '**Credit Facilities for Women by Public Sector Banks and NABARD**'. After some deliberations, the Committee adopted the draft Report with minor modifications and authorised the Chairperson to finalise the Report and present the same to the Parliament.

*The Committee then adjourned.*

## APPENDIX II

(Vide Para 4 of the Introduction)

### ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE TWENTIETH REPORT OF THE COMMITTEE ON EMPOWERMENT OF WOMEN (14<sup>TH</sup> LOK SABHA)

(i)	Total No. of Recommendations	14
(ii)	Observations/Recommendations which have been accepted by the Government: Recommendation Nos. 3,4,5,6,7,8,10 and 11. Percentage to Total	08  57%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government: Recommendation Nos. 1,9,12 and 14. Percentage to Total	04  29%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee: Recommendation Nos. 2 and 13. Percentage to Total	02  14%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Recommendation No. Nil	Nil  Nil