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REPORT

of

The Committee of Governors to Study and  
Recommend Strategies for Speedy Socio-  
Economic Development and  
Empowerment of Women

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**REPORT OF THE COMMITTEE OF GOVERNORS TO  
STUDY AND RECOMMEND STRATEGIES FOR SPEEDY  
SOCIO-ECONOMIC DEVELOPMENT AND  
EMPOWERMENT OF WOMEN**

**I. INTRODUCTION:**

1.1 A Committee of Governors was constituted by the President, at the Conference of Governors held on 16 & 17 September 2008 to study and recommend on how to create a conducive atmosphere for an all round development and empowerment of women in India. The Terms of Reference of the Committee are placed at Annexure.

1.2 The Committee of Governors met on 30 October, 21 November and 23 December 2008 where Ministers and officials of concerned Ministries and Departments also participated in the deliberations. Key issues relating to empowerment of women like growing feminization of poverty, lack of access to assets and participation in economic activities, poverty lead economic exploitation, inequitable access to power, inequities in decision making, violation of women's human rights, lack of access to education, literacy and healthcare were discussed.

1.3 On 23<sup>rd</sup> Dec 08, the Committee submitted Part I of the Report focusing on certain issues of high priority and requiring expeditious action to enable rapid socio economic empowerment of women.

1.4 The Committee now puts forth its Final Report in Part II, keeping in view the intent and essence of the Terms Of Reference (TOR). The recommendations, which could form the approach for a new "National Policy for Gender Equality" and setting up of a "National Mission For Socio-Economic Empowerment of Women" are discussed in the succeeding paragraphs.

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2. **METHODOLOGY:**

2.1 To ensure that the issues are dealt with carefully and its recommendations reflect the perspective of Indian women, the Committee adopted the following methodology:

- The Committee of Governors met on 3 occasions and deliberated on the issues relating to women empowerment with the Minister of Women and Child Development, Members of Planning Commission, Chairperson of the National Commission for Women and officials from concerned Ministries, RBI and NABARD.
- Presentations were made to the Committee of Governors by various Ministries i.e. Ministry of Rural Development, Ministry of Panchayati Raj, etc.
- Views of all Governors and Lt. Governors were sought on the Terms of Reference.
- Views of women MPs and MLAs were also sought on the Terms of Reference.
- Responses from various Ministeries, particularly from the the Ministry of Women and Child Development, Ministry of Rural Development, Ministry of Human Resource Development, Ministry of Health and Family Welfare, and Ministry of Micro, Small and Medium Enterprises, Ministry of Finance, Ministry of Housing and Urban Poverty Alleviation, RBI and NABARD were taken into consideration.

- The recommendations of the National Policy for Empowerment of Women (2001) and the views expressed in the XI Five Year Plan Document and the Report of the Working Group (2006) on Empowerment of Women (for the XI Plan) were also duly considered.
- The areas of concern relating to women reflected in the Millennium Development Goal were kept in mind.

**3. CURRENT STATUS:**

3.1 Women constitute 48% of the country's population (469 million as per 2001 Census) and are significant contributors to our growing economy. However, to ensure a truly inclusive growth and to achieve full potential of human resource development, women of all categories have to be empowered socially, economically and politically. The success of our nation will depend on our ability to adopt a participatory approach and to make women partners in development. The importance of role of women is rightly reflected in the Constitution of India, which not only accords equality of women but also empowers the State to adopt measures of positive discrimination in their favour. Article 15(3) permits special provisions favouring women in the nature of positive discrimination by way of legislation and executive orders. The judiciary has upheld the legal and constitutional validity of such special measures.

3.2 The Committee noted that in keeping with this spirit several significant decisions have been taken by the Central and State Governments for the socio-economic development and empowerment of women. From the V Plan onwards the planning process in the country

had recognized the need for a shift from a welfare approach to a development strategy while dealing with women empowerment issues. To tackle gender related issues in a systematic manner, gender sensitivity has been adopted in allocation of resources for women by identifying women beneficiary oriented schemes of various sectors, propagating Women's Component Plan (WCP) to ensure that not less than 30% of the funds/benefits flow to women. A system of Gender Budgeting has also been introduced from the X plan onwards. The XI Plan specifically states that 'Gender equity requires adequate provisions to be made in policies and schemes across Ministries and Departments'. It also entails strict adherence to Gender Budgeting across the board in the light of the observations of the Ministry of Women and Child Development that "gender concerns need to be addressed not only by special provisions, but also in mainstreaming in sectors, which are considered as 'Gender Neutral', like power, transport, defence, etc. where bulk of the public expenditure lies. Implications for women need to be identified in such sectors to change their disadvantageous position." These affirmative actions are expected to bring about perceptible changes in the socio-economic status of women in India. Despite these efforts women continue to face disparities in access and control over resources and in the decision making processes. The poverty scenario further aggravates the lower status of women in the country. The poverty estimates as per the XI Plan reveals that there are approximately 8.2 crore women who come under the BPL category. Out of them, 6.4 crore are in the rural areas and 1.8 crore are in the urban areas. If women have to be empowered it is essential to transform the "feminine face of poverty".

**PART-I**

**4. RECOMMENDATIONS OF THE COMMITTEE:**

After careful consideration the Committee recommends the following :-

- (i) The Committee finds that the actionable Recommendations of the National Policy for Empowerment of women 2001 have not been fully implemented for a variety of reasons including the absence of necessary institutional mechanism both at the Centre and at the State level to pursue them vigorously. There is room for much more concerted action to ameliorate the plight of women especially of the poorer sections. Therefore these Recommendations may be reviewed and action taken at the earliest.
- (ii) It has also been found that the Women's Commissions are not fully functional in some of the States. Wherever the position of Chairpersons are lying vacant, the Women Commissions should be invigorated to fulfill their mandates without any further delay.
- (iii) Setting up of institutional mechanisms
  - (a) Constitution of National and State Councils for empowerment of women.
  - (b) Setting up of a Cabinet Committee on Gender Equality under the Chairmanship of the Prime Minister
  - (c) Constitution of High Power Official Committees in the Central and State Governments to accelerate, enforce and monitor convergence in the implementation of various

programmes related to women empowerment and gender equality.

- (iv) Social empowerment
  - (a) Constitution of a National Commission, to study and report on the status of Women in India.
  - (b) Establishment of Resource Centres on Women.
  
- (v) Economic empowerment
  - (a) Restructuring and strengthening of Micro-credit delivery system for Economic Empowerment of Women.
  - (b) Restructuring and strengthening of Rashtriya Mahila Kosh (RMK)
  - (c) Establishment of a single window service delivery system for coordinating backward-forward linkages for micro and medium enterprises of Women Self Help Groups.

#### 4.1 Setting up of institutional mechanisms

##### 4.1.1 Constitution of National and State level Councils for Women Empowerment

The National Policy for Empowerment of Women 2001 has emphasized the need to strengthen the institutional mechanism at the Central and State levels to promote advancement of women. The National Policy states "National Council and State Councils will be formed to oversee the operationalisation of the Policy on a regular basis. The National Council will be headed by the Prime Minister and the State Councils by the Chief Ministers and be broad in composition having representatives from the concerned Departments/Ministries, National and State Commissions for Women, Social Welfare Boards, Representatives of Non-Government Organizations, Women's Organizations, Corporate



Sector, Financing Institutions, Academics, Experts in Social activities etc. These bodies will review the progress made in implementing the Policy twice a year". This has also been emphasized by the Working Group of the Planning Commission (2006).

4.1.2 The Governors' Committee, therefore, recommends that the Ministry of Women and Child Development, Government of India and the State Governments concerned take immediate steps for setting up of National and State Councils for speedy and effective implementation of the policies and programmes of the Central and State Governments for empowerment of women. While setting up these bodies, the lacunae and handicaps experienced by the Women's Commission may be kept in mind.

4.1.3 The Prime Minister and the Chief Ministers of the States should head the Women's Council at the Central and State levels respectively, as proposed in the National Policy. To enhance the effectiveness of these Councils, the Committee feels that there is a need to have a full time Vice Chairperson for each of the Councils. The Chairperson of the National Women's Commission/State Women's Commission may be made the Vice-Chairperson of the respective Councils and their offices can serve as the Secretariat of the Councils. This would help enhance the status of the Women Commissions and the stature of the Chairpersons. It would also enable the Chairpersons of the Commissions to periodically review the implementation of programmes related to the women empowerment and gender equality.

4.1.4.1 The Committee recommends the composition of the National Council for Empowerment of Women as follows:-

- (i) Chairperson - Prime Minister
- (ii) Vice-Chairperson - Chairperson of the National Women's Commission
- (iii) Members - Representative of :-
  - (a) Concerned Ministries/ Departments of the Central Government.
  - (b) The Central Social Welfare Board.
  - (c) Women Civil Society Organizations.
  - (d) Corporate Sector
  - (e) Financing Institutions
  - (f) Cooperatives
  - (g) Academics
  - (h) Experts in social work.
- (iv) Member Secretary - Addl. Secretary, Ministry of Women & Child Development who may be specifically appointed for this purpose.

4.1.4.2 Functions of the National Council may be as follows:-

- (i) To identify gaps in the ongoing programmes and prioritize areas for socio economic development of women to enable policy formulation.
- (ii) To monitor effective implementation and expansion of women empowerment programmes at the national level.

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- (iii) To ensure that gender budgeting and women component plans are implemented in all Departments and Ministries of the Central Government even those which are said to be gender neutral.
  - (iv) To bring about coordination between State Governments and the Central Government in the implementation of schemes for women's development and gender equality.
  - (v) To promote integration of the civil society activities for the socio economic development of women.
  - (vi) To recommend strategies for eliminating social evils which retard empowerment of women in particular and the progress of nation at large.
  - (vii) To propagate change in attitudes and mindset of both men and women on gender related issues.
  - (viii) To encourage establishment of facilities for the needy, hapless, destitute women and to provide assistance and livelihood programmes for them.
  - (ix) To suggest measures for enhanced media participation to create awareness about gender equality and eradication of social evils.
  - (x) To coordinate, monitor and guide the State Councils.

4.1.5.1 The Composition of State Councils for Empowerment of Women may be as follows:-

- (i) Chairperson - Chief Minister of the State
- (ii) Vice-Chairperson - Chairperson of the State Women's Commission

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- (iii) Representatives from -
    - (a) Concerned Departments of the State Government.
    - (b) State Social Welfare Board
    - (c) Women Organizations
    - (d) Corporate Sector
    - (e) Financing Institutions
    - (f) Cooperatives
    - (g) Academics
    - (h) Experts in social work
  - (iv) Member Secretary - Secretary incharge of the Department of Women's Welfare.

#### 4.1.5.2 Functions of the State Councils for Women Empowerment

- (i) To enforce, monitor and expand the Women Empowerment programmes to cover the whole State at all levels down to District and Panchayat levels.
- (ii) To implement Women Component Plan in all Departments of the State Government.
- (iii) To ensure Gender Budgeting in all Departments including in those Sectors said to be 'Gender Neutral'
- (iv) To promote Micro-credit and the financing of women's programmes specially micro-finance for Women Self-Help Groups to encourage formation of Clusters and Federation of Women SHGs.
- (v) To bring about convergence of various schemes and projects for women empowerment.

- (vi) To introduce innovative schemes for women and female child development including replication of successful models of Schemes of other States.
- (vii) To promote the concept of joint-ownership of land by both husband and wife. Every new land allotment (Patta) given by the State to be mandatorily made a joint-patta by law. All land mutations prospectively to include the names of wife and dependant unmarried daughter in the case of agriculture and non-agriculture land.
- (viii) To review the implementation of the recommendations made by the High Power Official Committee constituted for convergence of Government programmes for Gender Equality and fighting social evils.
- (ix) To propagate change in attitudes and mindset of both men and women on gender related issues.
- (x) To encourage establishment of facilities for the needy, hapless, destitute women and to provide assistance and livelihood programmes for them.
- (xi) To promote integration of the civil society activities for the socio economic development of women.
- (xii) To suggest measures for enhanced media participation to create awareness about gender equality and eradication of social evils.

4.1.6 Setting up of a Cabinet Committee on Gender Equality under the chairmanship of the Prime Minister

For effective implementation of Women Empowerment and gender equality programmes at National level it is imperative to constitute

a Cabinet Committee on Gender Equality (CCGE). The Prime Minister may constitute the CCGE under his Chairmanship.

The composition of the CCGE is proposed as follows-

Composition:

- (i) The Prime Minister
- (ii) Minister of Human Resources Development
- (iii) Minister of Health and Family Welfare
- (iv) Minister of Social Justice and Empowerment
- (v) Minister for Home Affairs
- (vi) Minister of Rural Development
- (vii) Minister for Finance
- (viii) Minister of Information and Broadcasting
- (viii) Minister of Law and Justice
- (ix) Minister of Women and Child Development

The role of the Cabinet Committee on Gender Equality may be as follows:-

- To monitor effective implementation of the programmes aimed at promoting Gender Equality and empowerment of women.
- To ensure convergence in the implementation of the various Central and centrally sponsored schemes aimed at women empowerment.
- To ensure continuous performance appraisal and audit of Women's Development Programmes at the national level

- To suggest mid course corrections in the implementation of various Women Empowerment related Schemes wherever required.

4.1.7 Constitution of High Power Official Committee in the Central and State Governments for monitoring convergence in the implementation of programmes related to women empowerment and gender equality.

There are a large number of Central/State Government Ministries and Departments which are involved in extending support to women and women related issues. Apart from that a large number of organizations like Panchayati Raj Institutions, Self Help Groups, civil society groups, Khadi & Village Commission, Rashtriya Mahila Kosh, NABARD, Cooperatives and State Women Economic Development Corporations etc. which are working in the realm of Women empowerment . It is felt that there is a critical need to bring about coordination amongst various bodies which would add thrust and efficacy to the implementation of these various development schemes. There is a felt need for a convergence exercise at the institutional level that takes into account the multi-disciplinary nature of work – education, health, rural development, employment, skill building, credit facilities, entrepreneurship development, etc.

4.1.8 To achieve the objective of convergence the Central Government has constituted a Committee of Secretaries for 'Convergence and Coordination of Government Programmes for Gender Equality and Fighting Social Evils' headed by the Cabinet Secretary consisting of Secretaries from eight Ministries, namely Health and Family Welfare, Secondary and Higher Education, Social Justice and Empowerment, Rural

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Development Information and Broadcasting, Law and Justice, Culture and School Education and Literacy has been constituted to work out convergence modalities for programmes for women empowerment. Task forces headed by the respective Secretaries in each of these Ministries/Departments have been constituted, to work out convergence modalities for programmes/schemes for Gender Empowerment.

4.1.9 The Governor's Committee recommends that this arrangement may be replicated in the States by the constitution of similar High Power Official Committees under the Chairmanship of the Chief Secretary at the State level, the District Magistrate at the District level. To ensure grassroot level active participation of people, 'Gram Mahila Sashaktikaran Samiti' (Village Women Empowerment Committees) may be constituted at the village level and the implementation of various gender equality programmes may be carried out under their supervision. Evaluation and monitoring of flow of funds to Women's Empowerment Programmes and outcome evaluation can be performed through Gender Budgeting and Gender Audit.

#### 4.2 Social Empowerment

##### 4.2.1 Constitution of a National Commission to study the Status of Women in India

The Committee of Governors noted that a high level Committee on the Status of Women in India (of which the Chairperson was Dr. Phulrenu Guha) was set up in 1971 and it submitted a Report titled "Towards Equality" to the Government of India in 1974. However, despite all efforts women continue to face disparities in access to and control over resources and decision making process. It is time to set up another high powered Commission at National level to go into the wide gamut of issues involving improvement of socio-economic and political



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condition of Indian women in a comprehensive manner and to suggest remedial measures like providing women specific training to the police force. It could also look into the outcomes of various programmes related to women empowerment in the last 34 years since the previous report "Towards Equality" was submitted. The Central Govt. may take early steps for setting up such a Committee.

#### 4.2.2 Establishment of Resource Centres on Women

National Policy for Women Empowerment 2001 has recommended for the constitution of National and State Resource Centres on women to be established with mandate for collection and dissemination of information, undertaking research work, conducting surveys, implementing training and awareness programme etc. These Centers will link up with Women's Studies Centres in the Universities and other research and academic institutions through suitable information networking systems. Presently many Universities have independent cells for Gender Studies, similarly there are several other autonomous institutes undertaking women related studies. It is felt that a National level interdisciplinary Resource Centre under the Ministry of Women and Child Development would facilitate as an apex body, networking and strengthening the existing agencies including academic institutions who are involved in Gender related studies. This Centre would not only help in the formulation of policy for women empowerment, but, would also take up independent evaluation and monitoring of women related programmes implemented by the Central and State Governments and their agencies. This Centre may be made responsible for carrying out Gender Audit on an annual basis and to bring out a report on the status of women in the country and in the States on the lines of Human Development Report. The Central Government in the Ministry of women and Child Development

may work out the details of such a National Resource Centre including its financial implications and set up the Centre at the earliest.

#### 4.3 Economic Empowerment

4.3.1 Economic empowerment is key to the personal identity and social status of women giving recognition to their decision making powers. Women, who comprise 48.3% of the population, have only 26.1% share in the number of persons employed. Of this, 14.68% are main workers, 10.95% marginal workers and remaining 74.3% are non-workers. As per the Fifth Economic Census-2005, at All India level, the percentage of total female workers in the total persons employed is 19.3%. The female labour force participation rate across all age groups is 25 to 30% of the male labour force participation rate in urban areas 35 to 40% in rural areas. The percentage of women with regular employment was 12.62% as against 20% for male. Along with lower participation rates, women face high incidence of unemployment. In the urban areas unemployment among young women in 15 to 29 years age group is much higher than men and highest among young urban women in 20 to 24 age group where one among every 4 girls seeking work cannot find it. **The main reasons for low participation of women in the labour force are - low wage rates of women for comparable occupations, denial of access to certain occupations, unequal access to skill development across all trades, lack of training opportunities, especially vocational training, and lack of availability/access to cheap and easy credit.**

#### 4.3.2 Micro-credit for economic empowerment of women

The SHG Movement and linking such groups to credit facilities especially micro-credit facilities is an effective strategy for both women's empowerment as well as poverty reduction. It is a conduit for routing a

wide range of social development messages and schemes. In 1991-92, a pilot project for linking about 500 SHGs with banks was launched by NABARD in consultation with RBI. In 1994, the RBI constituted a Working Group on NGOs and SHGs and on the recommendations of the group the RBI advised that the bank financing of SHGs would be reckoned as part of their lending to weaker sections to be reviewed regularly by the State Level Bankers' Committee (SLBC). About 50 lakhs SHGs covering approximately 8 million families have been constituted of which 90% are only women SHGs. Subsequently, in 2000-01, the Micro Finance Development Fund was created in NABARD with an initial amount of Rs.100 crores contributed by RBI, NABARD and 11 Public Sector Banks. Setting up of the Micro Finance Development Fund marked an important step whereby the Micro Credit Providers shifted from the minimalistic approach of financial intermediation to an integrated approach to poverty alleviation taking a more holistic view of the client and including provisions of enterprise development services, giving training and exposure to Self Help Groups, providing start up funds to Micro Finance Institutions, meeting cost of formation and nurturing SHGs, designing new delivery mechanisms and dissemination of best practices in Micro Finances. With these efforts, the yearly bank loan disbursal to SHGs exceeds Rs.6,000 crores and about 35 lakh SHGs have bank loans outstanding of about Rs.15,000 crores, The loan repayments are over 95%. The growth of micro-finance sector notwithstanding, the incidence of financial exclusion is still very high among the rural as well as urban poor, especially women. Geographical distances, topographical diversity, lack of access to infrastructure, regional imbalances etc. are some of the reasons for non-achievement of universal financial inclusion of the poor. The extent of financial exclusion has been brought out by the NSSO Survey of 2003 on "Indebtedness of Rural Farm Household",

which states that of the total farmer households of 893.50 lakhs, 51.4% (459.26 lakhs) are financially excluded from both formal/informal sources. Only 27% of total farm households access credit from formal sources, the Government of India had constituted a "Committee on Financial Inclusion" under the chairmanship of Dr. C Rangarajan to prepare a strategy of financial inclusion one of the terms of reference of the Committee was to study the pattern of exclusion from access to financial services disaggregated by region, gender and occupational structure. The Rangarajan Committee in its interim report had recommended the establishment of two funds, namely, the "Financial Inclusion Fund (FIF)" for meeting the cost of developmental and promotional interventions for ensuring financial inclusion, and the "Financial Inclusion Technology Fund (FITF)" to meet the cost of technology adoption. It was mentioned in its final report that an overall strategy for building an inclusive financial sector may be based on effecting improvements within the existing formal credit delivery mechanism, improving credit absorption capacity of the financially excluded population, developing new models of effective outreach and leveraging on technology based solutions. For micro-finance related issues, it has recommended that – the Regional Rural Banks (RRBs) may be given separate exclusive targets for micro-finance and financial inclusion. The Rangarajan Committee also recommends the need to further deepen and upscale micro finance interventions such as SHG – Bank linkage models and recognition of a separate category of micro-finance Non Banking Finance Companies (NBFC) who would provide thrift, credit, micro-insurance, remittances and other financial services to poor in rural, semi-urban and urban areas. These recommendations may be examined expeditiously and early decision taken for implementation.

4.3.3 It is estimated that 40-45 million women in the BPL/non BPL categories would need credit. Micro-finance is the tool for empowerment of the economically poorer sections of the society. In fact, it is an instrument for social change especially for women. The purpose of micro-finance should be to provide credit to these women at the minimum rate of interest so that they can involve themselves in productive activities and prospects. Therefore, Women Self-Help Groups belonging to both the BPL and non-BPL categories should be provided loan at the lowest possible rate of interest with minimum involvement of intermediaries.

4.3.4 NABARD was providing refinance to banks for micro finance on concessional rates of 6.5% and 7.5% in the past. However, w.e.f. August 2008, the rate of interest on refinance in respect of investment credit for eligible parties has been revised by NABARD to 10.75% per annum in case of commercial banks except for the banks located in North East Region, Sikkim, Andaman & Nicobar Islands, Himachal Pradesh, Uttarakhand & Jammu and Kashmir where interest rates are 10.25% per annum. For the Regional Rural Banks, NABARD gives loan at 10.25% and the Cooperative Banks at 9.75%. The commercial banks, RRBs and Cooperative Banks are entitled to further grant loans either directly to the SHGs or to the NGOs and intermediaries for further lending to the SHGs at or below the PLR. The present PLR rate prescribed by the RBI are 12.75 to 13.25%. In case of loans through NGOs etc, the transaction cost/administrative cost added is generally 10% or sometimes even above. Thus the final beneficiary and women Self Help Groups have funds available to them at an extremely higher rate of interest starting from 19% and above. **The Rashtriya Mahila Kosh (RMK) provides micro-credit to NGOs at 8% interest per annum. This is for further onward lending to women SHGs and other women beneficiaries for which**

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**NGOs of RMK are allowed a margin of upto 10% (over 8%) for lending. Thus, even in this case the final beneficiaries get the loan at an interest rate of 18%.**

4.3.5 The Committee recommends that:

- (i) The Micro Financial Sector (Development and Regulation) Bill 2007 has been pending for a long time. This Bill may be taken to its logical conclusion with due care not to adversely affect the interest of women SHGs and beneficiaries. It would also help in defining the scope and content of "Micro-Finance", removing the ambiguity prevailing around it.
- (ii) Taking into account the large number of poor women estimated to be about 40-45 million, the Government may take immediate steps to locate resource for providing micro credit to SHGs, 90% of which are consisting of women beneficiaries.
- (iii) Under the priority sector, the Banks give loans below their PLR. 40% of the net banking credit have to be towards total "Priority Sector advances" as follows:
  - (a) Agricultural advances -- 18% (minimum)
  - (b) Small enterprises advances – No Benchmark
  - (c) Advances to weaker sections 10% (minimum)

Besides that 1% of total advances of previous year has to be given under Differential Rate of Interest (DRI) Scheme.

**Though 'Advances to SHGs' are included under the target group 'weaker sections' it has not been found to be adequate for the large number of women**

beneficiaries. Therefore, 'Advances to SHGs' should be specified under small enterprises advances and under DRI schemes.

- o Micro loans to SHGs under Priority Sector Advances should be provided at concessional rate of interest of 7.5% p.a. NABARD provides funds to banks for lending for micro credit at lower rates of interest and commercial banks provide crop loans at 7% p.a.
- o SHGs comprising members of BPL category should be entitled to micro credit/loans under DRI scheme at an interest rate of 4% p.a.
- o All loans from the banks to SHGs should be given directly without involving intermediaries.

iv) The Government may further consider providing an interest subsidy, being currently provided by the Ministry of Finance on short-term crop loans, to the loans provided to Women SHGs particularly of the BPL category. In addition the RBI may consider introducing a cap on the interest rate on loans provided to women SHGs by the Banks as in the case of RMK.

v) NABARD was providing refinance to the banks for Micro-finance on concessional rates of 6.5% and 7.5% in the past. However, these concessions have been done away with and the minimum rate at which NABARD refinance now stands between 9.75% and 10.75%. Similarly, the rate of interest charged by RMK for providing loans to NGOs and franchises is 8%. The

initial funding cost of both these agencies may be reduced so that it may be possible to reduce the rate of interest for the ultimate beneficiaries/Self Help Groups despite the transaction cost of the intermediaries (NGOs), and the franchisees remaining the same.

- vi) Since the major addition in the interest rate is on account of the transaction cost and administrative cost of the intermediaries, systems could be devised whereby loans could be extended by banks, Regional Rural Banks, Cooperatives directly to the Women Self Help Groups instead of going through NGOs, intermediaries and franchisees. Efforts may be made to ensure that the maximum lending is directly to Self Help Groups as far as possible and to minimize the role of intermediaries.
- vii) The Commercial Banks should arrange for training of women members of SHGs in employable skills including entrepreneurship and financial management skills. Training may also be conducted for NGOs, Social organizations and other government institutions including Panchayati Raj institutions. The funds of the Micro-Finance Development Fund of NABARD may also be allowed to be used for this purpose.
- viii) Information Kiosks preferably interactive in nature, for awareness and dissemination of information on various Govt. schemes may be set up and made operational in every Panchayat. The services of the SHG's may be utilized for operating these Kiosks.
- ix) Norms and credit rating need to be introduced for micro-credit organizations, to ascertain their credentials,



performance, system of maintaining accounts and records with regular audits.

- x) As recommended by the Committee on Financial Inclusion in its final report, a separate category of micro finance NBFC (Non Banking Financial Companies) may be recognized who would provide thrift, credit, micro-insurance, remittances and other financial services to poor in rural, semi-urban and urban areas.
- xi) The accounts opened for the rural labourers under NREGA Scheme may be used for margin money purpose, collateral or guarantee for granting loans to the individuals/Self Help Groups.
- xii) Problems of outreach of the Banking System should be tackled by expansion of branches or other innovative arrangements which would not add to the transaction cost of micro credit.
- xiii) The recommendation of the National Policy for Women Empowerment 2001 that the women groups can also be helped to institutionalize themselves into registered societies and to federate at the Panchyat/Municipal level may be acted upon urgently to cover the entire country. These societies will bring about synergetic implementation of all the social and economic development programmes by drawing resources made available through Government and non-Government channels, including Banks and financial institutions and by establishing a close interface with the Panchyats/ Municipalities.

#### 4.3.6 Strengthening of Rashtriya Mahila Kosh (RMK)

The Rashtriya Mahila Kosh (RMK) – The National Credit Fund for women was set up on the recommendations of the National Commission on Self-Employed Women in the informal sector. It was established in 1993 under the Ministry of Women and Child Development to extend micro-credit support as a means for the socio economic upliftment of poor women by providing loans to government and non-government organizations for onward lending to Self Help Groups for income generating activities. It was provided an initial corpus of Rs.31 crores and later a grant of Rs.54 crores from the Government of India. The RMK is managed by a Governing Body comprising of 16 members with the Minister for Women and Child Development as its ex-officio Chairperson. The RMK provides funds through various schemes like loan promotion scheme, main loan scheme, revolving fund scheme, housing loan scheme, etc. to the lending organizations for onward lending to the individual poor women or Women SHGs. RMK charges 8% interest on the loan it provides to NGOs and franchisees for further lending to SHGs and other beneficiaries. The NGOs/franchisees of RMK are allowed a margin of upto 10% (over and above the 8%) on their onward lending to the ultimate beneficiaries.

4.3.7 Although the RMK has been in existence since 1993 its outreach is very limited. The basic drawback being that it does not have its own State, District and Block Level Units to extend its outreach. It is difficult for SHGs and other organizations from far-flung areas of the country to approach the RMK directly at New Delhi. Therefore the RMK works through selected NGO's and Franchisees. It has so far sanctioned an amount of Rs.257 crores and disbursed Rs.206 crores to about 1380 intermediary organizations. Its credit has so far benefited only about 6

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lakh households. **The maximum capping of 18% on loans provided to SHGs is more than the loans being provided to SHGs by banks at their PLRs defeating the very purpose of providing micro-finances to a wider section of BPL women at the lowest possible rate of interest.** To expand RMKs financial operations, it has to be restructured as a full-fledged financial institution exclusively for women. It should also be bolstered up with adequate funds. The Agricultural Finance Corporation (AFC) has been retained as a lead monitoring and appraisal agency since 2001 for carrying out pre-sanction credit appraisal of proposals and post-It is learnt that the AFC has been separately commissioned by RMK for recommending its restructuring. The report is expected shortly.

4.3.8 The Committee recommends that:

- (i) Restructuring of Rashtriya Mahila Kosh (RMK) is a condition precedent for the enhancement of the scope of RMK. Presently it is only a Registered Society under the Societies Registration Act, XXI of 1860. It may be upgraded as a Development Bank for providing micro finance to women. The Ministry of Women and Child Development may consider this aspect at the earliest so that a window, exclusively for credit to women SHG's and beneficiaries could be made available.
- (ii) The authorized capital of RMK at present is only Rs.100 crore, its paid capital is Rs.84 crore. The corpus of RMK needs to be increased in a phased manner beginning with the current financial year to at least Rs.3000 crore in order to make it a pan-India organization for providing micro-credit support to women and to ensure the financial inclusion of a sizable number of its targeted beneficiaries.

For further infusion of capital the authorised capital will have to be raised to the desired levels for which the Ministry of Women and Child Development may take expeditious action.

- (iii) Capping of interest rates of 18% is too high and these rates should be brought down to a minimum rate, through appropriate intervention from the Government.
- (iv) Activities of RMK may be expanded to act as the authorized agency for licensing and credit rating of other micro finance institutions providing credit to women SHGs and beneficiaries.
- (v) RMK should be developed as a single window service provider for coordinating Forward and Backward Linkages for micro and medium enterprises for Women Self Help Groups.

4.3.9 Establishment of a single window service delivery system: Apart from providing economic support in the form of micro credit, providing forward and backward linkages to the Self Help Groups is also a basic requirement. Ensuring easy access to quality raw material at affordable prices, working capital , warehousing facilities ,marketing of products made by the SHGs, providing exposure through fairs and exhibitions, entrepreneurship development, training for skill development, capacity building etc are also equally essential for strengthening the women SHG's. Advocacy and hand holding of the SHG's becomes all the more important in the initial days particularly in the days of intense competition emerging out of globalization.

4.3.10 Many Ministries/Departments of the Central Government and State Government agencies are actively involved in providing the above mentioned forward and backward linkages to the SHG's.

Following are a few Examples of some of the Agencies involved in these activities:

(a) RMK

Although RMK as an integral part of its loaning procedure, takes into account the forward and backward marketing linkages during the pre-sanction appraisals and the intermediary organizations have to ensure the marketing linkages for the SHGs and micro entrepreneurs its scope and reach is very limited which needs to be enhanced. Apart from providing the facilities indicated at para 3.3.10 RMK also provides the Working Capital Term Loan (WCTL) to NGOs/Intermediary organizations upto Rs. 1 crore for multiple purposes like development of infrastructure, procurement of SHG produce and marketing, for export business, organizing exhibitions and sale promotion events. Etc.

(b) Ministry of Rural Development

For the 30 lakh self-Help Groups formed under the SGSY Scheme(Swarnjayanti Grameen Swarozgar Yojana),of which 24.44 lakhs (about 91%) are women groups, the arrangements made for the marketing of products made by these groups are - SARAS Fairs organized for 10 to 12 days each in all states for marketing or products made by Self Help Groups and also serve as avenues where the sellers and buyers directly meet. Efforts to create permanent marketing centres in Delhi and in other major cities of the country are being made. In Delhi 44

stalls have been taken on lease and allotted to the various States at the upcoming Dilli Haat in Pitam Pura. Besides, 24 stalls at Rajiv Gandhi Crafts Bhavan, New Delhi have also been taken and allotted to various States for display of rural products made by SGSY beneficiaries.

(c) Ministry of Micro, Small and Medium Enterprises (MSME)

The MSME provides assistance for participation in selected international Trade Fairs abroad. Financial assistance to the extent of 100% subject to an upper limit of 1,25,000/- is provided for women entrepreneurs. An annual list of International Fair of exhibition is finalized and given wide publicity. Apart from this, MSME is implementing several promotional schemes including marketing support schemes for the benefit of micro and small enterprises. These are as follows:-

- (i) Market Development Assistance Scheme for SSI Exporters (SSI-MDA)
- (ii) Marketing Assistance and Government Stores Purchase Programme
- (iii) Marketing Assistance for North-Eastern Region (NER)
- (iv) Training Programme on Packaging for Exports
- (v) Consortia Marketing
- (vi) International Cooperation Scheme
- (vii) Marketing Assistance Scheme
- (viii) Khadi Rebate Scheme
- (ix) Product Development, Design Intervention and Packaging
- (x) Export Market Promotion Scheme
- (xi) Domestic Market Promotion Scheme

(d) Department of Commerce

The Department of Commerce implements Market Development Assistance and Market Access Initiative schemes for export promotion. Though it does not have any specific or exclusive scheme for Self Help Groups, assists SHGs for export promotion by giving assistance under the Market Access Initiative to the Ministry of Rural Development, FICCI and Self employed Women's Associations.

4.3.11 Though efforts have been made by various Agencies in providing backward and forward linkages, there is often lack of convergence amongst them leading to non coordination or even duplication resulting in waste of resources. Sometimes these arrangements tend to remain Department/Scheme specific. Hence the committee is of the opinion that the RMK can play the role of a single window service agency for ensuring forward and backward linkages especially in the areas of capacity building of women SHGs , assistance for mobilization of raw material, marketing of goods ,skill development and training including upgradation of existing skills, training in new skills for emerging high value activities, soft skills for negotiations, bargaining, branding, packaging of products and services, creating awareness on gender rights schemes/programmes of different agencies and finally attain legal and commercial literacy and entrepreneurial skill development. This list however is not exhaustive.

4.3.12 The committee recommends:

- (i) The RMK should function as a single window service provider for ensuring forward and backward linkages essentially needed for women SHGs, for which its restructuring becomes essential.

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- (ii) Creation of raw material banks by RMK on commercial lines in the Private Sector or in a Public Private Partnership mode for easy availability of quality raw material at affordable prices.
  - (iii) The possibility of setting up a National Net Work of institutions for providing convergence for backward and forward linkages to women SHG's.
  - (iv) Providing market intelligence to the SHGs so that their production meets with the market demand in terms of quantity, quality and price.
  - (v) Institutional support to be provided for marketing both in the domestic and exports markets.
  - (vi) Schemes should be developed in such a way that the women SHG's are encouraged to produce goods and services which are in demand in the local markets and areas so that, marketing does not become a major hurdle.
  - (vii) Capacity building through regular skill development programmes along with disseminating knowledge on technology, quality control, inventory management, cost management etc.
  - (viii) The RMK, however, need not be the only single window service provider. The Banks and Women Development Corporations may also provide such services to the SHGs.