



## Rashtriya Mahila Kosh



Towards a New Dawn



# Rashtriya Mahila Kosh

## (National Credit Fund for Women)

11.1 The National Credit Fund for Women known as **Rashtriya Mahila Kosh (RMK)** was set up by the Government of India in 1993 with a corpus of Rs.31 crore, as a national-level organization to meet the credit needs of poor and asset less women in the informal sector. The initial corpus of Rs.31 crore has increased to Rs.100 crore with an additional allocation of Rs.10 crore in 2006-07, Rs.12.00 crore in 2007-08, Rs.31.00 crore in 2008-09 and Rs.16 crore in 2009-10. The corpus has grown to over Rs.148 crore due to prudent credit, investment and recovery management.

### Administrative Set Up

11.2 A Governing Board consisting of 16 members representing various Central Ministries / Departments, State Governments, Specialists and Representatives of Organizations active in the field of micro credit administers RMK. The Minister of State for Women and Child Development (Independent Charge) is the Chairperson of the Governing Board and the Executive Director of RMK acts as Member Secretary. RMK meets all its administrative and establishment expenditure from its internal resources.

### Objectives

11.3 RMK extends micro-finance through Intermediary Micro-fiancing Organizations (IMOs) to the needy and poor women in the informal sector for livelihood activities, micro-enterprises, housing, and family needs etc. RMK has taken a number of promotional measures to popularise the concept of micro-financing, thrift and credit, formation and

stabilization of SHGs and also enterprise development by poor women.

### Credit delivery Mechanism

11.4 Credit is disbursed to the poor women beneficiaries both rural and urban, through IMOs working at grass root level such as NGOs, Women Federations, Co-operatives, not for profit companies registered under Section 25 of the Companies Act and other Voluntary / Civil society organizations etc by following a client friendly, hassle-free manner and without collateral for livelihood activities, housing, micro-enterprises etc.

### 11.5 Loan Schemes of RMK

- i) **Loan Promotion Scheme:** RMK provides loan of maximum upto Rs. 5 lakh to promote the activity of thrift and credit among newer and smaller but potentially capable organisations having at-least six months experience in formation of SHGs, thrift, credit and recovery management.
- ii) **Main Loan Scheme:** IMOs having minimum 3 years experience in thrift and credit activities are considered for loan under the scheme to a maximum upto Rs. 300 Lakhs at a time.
- iii) **Revolving Fund Scheme:** Organisations having 5 years experience in the field of micro-credit with satisfactory track record are being considered under this scheme. The organisations can revolve principal amount sanctioned by RMK for income generation activities among the SHGs. Maximum Loan of Rs. 300 lakhs can be given under this scheme.

- iv) **Refinance Scheme:** RMK provides 100% refinance assistance to Mahila Urban Co-operative Banks on finances provided by them to poor women either directly or through SHGs within the norms of the RMK Main Loan Scheme.
- v) **Repeat Loan:** Repeat Loans are also available to the organizations, on successful utilization of first loan and the borrowing organisation having repaid 50% of its last loan.
- vi) **Franchisee Scheme:** Smaller NGOs of the State can avail loan directly from franchisees appointed by RMK for that particular State without sending their proposal to RMK office at New Delhi. RMK gives the the Credit Limit upto Rs. 500 lakh to the franchisees who in turn extend to smaller & potential NGOs in the State.
- vii) **Gold Credit Pass Book Scheme:** This Scheme of providing hassle free finance has been designed for medium and large NGOs so as to revolve the fund sanctioned by RMK for 3 years. Maximum credit limit under this scheme is Rs. 500 lakh.

viii) **Housing Loan Scheme:**

Through its partner organizations RMK provides loans upto a maximum Rs. 50,000/- per beneficiary to SHG members for construction of low cost house and repairs.

ix) **Family Loan Scheme:**

RMK extends loans for family related needs such as medical needs, marriage, education, funeral, birth, festivals, religious occasions and purchase of food grain, food stuff , ration and clothing . The aggregate amount of loan for all purposes put together should not exceed seven times of savings of the beneficiary or Rs. 10,000/- per year, whichever is less. The application for family loan has to be submitted as a part of the Main Loan Scheme.

x) **Working Capital Term Loan (WCTL):**

WCTL is provided to the organisations for backward and forward marketing linkages of products of women SHGs/ individuals and group of entrepreneurs, including technology transfer, education for skill up- gradation and infrastructure development. The borrowing organisation should have availed of a minimum loan of Rs 25 lakhs or above under



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micro-credit schemes of RMK/ SIDBI / NABARD / Commercial Banks. The condition is not applicable for Government organisations. The maximum loan that can be sanctioned under this scheme is Rs. 3 crores, subject to the condition that it does not exceed Rs. 1 crore in any one State.

#### 11.6 Eligibility Norms

- i. The organization applying for loan should have broad based objectives, serving the social and economic needs of the poor women. It must not work for profit.
- ii. The organization should have necessary professional competence, basic financial management capability and organizational skills to implement the lending programme.
- iii. The office bearers of the organization should not be elected representatives of any political party.
- iv. The organization should have proper system of maintaining accounts, which should have been audited and published every year and there should not have been any serious irregularities.
- v. The organization should be registered for more than 3 years on the date of application to RMK.

- vi. The organization should have experience in thrift and credit management for 3 years or more. (Six months for applying under the Loan Promotion Scheme).
- vii. The application should clearly reflect the source of funds utilized earlier for credit.
- viii. Recoveries for the loans given to its members earlier should be at least 90%.
- ix. There should be proper and specific clause / provision in the Bye-laws / Memorandum of Association of the organization having power to borrow or raise loans from any outside agency.
- x. There should be appropriate reflection in the organization's audited accounts and balance sheet in respect of its experience in providing credit and recoveries etc. Audited accounts should reflect sound financial management / health.

#### Activities

##### (A) Micro- Credit Performance

11.7 The RMK has extended its IMO's network across the country including the Andaman & Nicobar Island and the border areas of J&K. As on 31.12.2009, RMK had sanctioned cumulative loans of Rs.284.13 crore benefiting 6,62,177 women. Out of this a sum of Rs. 234.91 crore was disbursed. Details of loans sanctioned, released and number of beneficiaries covered are furnished



A glimpse of Training Activity with support from Rashtriya Mahila Kosh

as per the **Annexure-LVIII**. During the period April to December 2009, RMK sanctioned loans of Rs.4.10 crore benefiting 3431 women and the disbursements amounted to Rs.11.21 crore as given in **Annexure-LIX**.

## **(B) Capacity Building & other Support Services**

### **(a) Partnership**

11.8 RMK has a large IMO network in the country, which helps in creating awareness among the partner organizations to integrate micro finance activities into their social sector interventions. During the nine months of the current financial year 2009-10, RMK has organized a number of trainings and awareness-cum-capacity building programmes to nurture and support the intermediary organizations. Details of such programmes are given at **Annexure-LX**.

### **(b) Supporting Intermediary Micro financing Organizations(IMOs)**

11.9 The micro finance programme of RMK for the socio-economic upliftment of poor women through the SHGs is most successful one in the country with recovery rate of over 91 %. Apart from giving micro-credit to the women beneficiaries, RMK also builds capacity of SHG / women groups and partner NGOs in micro-finance and income generation activities to empower them and with a view to enable them to train their fellow members and prospective beneficiaries. The partner organizations that take loans from RMK are directed to, inter alia, impart literacy education, health awareness etc. to the women SHG members. As a part of the developmental initiatives for the future growth of micro finance, RMK has launched a Nodal Agency Scheme. Till date RMK has appointed 22 Nodal Agencies in the entire country for credit linkages with potential NGOs with a view to expand its outreach in a most cost effective manner in the less or uncovered areas of the country. The performance of these Nodal Agencies is reviewed from time to time. RMK has another important scheme called

'Franchisee'. So far RMK has appointed 6 Franchisees. RMK extends bulk finance to Franchisees who in turn on-lend it to smaller NGOs of the State/ District with similar terms and conditions as prescribed by RMK. These IMOs then lend to the ultimate women beneficiaries.

### **Nodal Agencies**

22 Nodal Agencies in the States of:

Karnataka, Kerala, Madhya Pradesh, Chhatisgarh, Uttar Pradesh, Uttranchal, Bihar, Jharkhand, West Bengal, Delhi, Haryana, Manipur, Assam, Mizoram, Andaman & Nicobar Islands

Note: Details at **Annexure-LXI**.

### **Franchisees**

RMK Franchisees in Assam, Andhra Pradesh, NCT of Delhi, Madhya Pradesh, Himachal Pradesh & Punjab

### **(c) Innovative Handholding, Financing and Capacity Building**

#### **Recent Initiatives**

#### **i) Resource Centres**

11.10 RMK has identified 15 reputed Government Organizations / Government Undertakings / NGOs / Research Institutions / Universities / Academic Institutions, having adequate infrastructure to avail their services for capacity building, vocational and skill development, modern practices, technology transfer, micro-enterprise development, etc. to the SHG members / group leaders and IMOs for qualitative expansion of RMK's micro-credit programme all over the country. The list is provided at **Annexure-LXII**.

## ii) Package for North-Eastern Region

11.11 With a view to remove the uneven presence of micro-credit in the country which is witnessed mostly in North-Eastern region due to poor presence of banking net-work, lack of infrastructure and awareness, RMK has formulated a concessional package for the voluntary organisations of the North-Eastern region for easy access of credit from RMK to meet the credit needs of the poor women of the region. The relaxations are:

- Organizations in the NE region can apply for loans on completing one year of registration. For organizations in other regions this period is 3 years.
- The margin on loan has been reduced from 10% to 5%.
- The grace period on repayment of loan is 12 months against the 6 months permitted in other regions.
- The NGOs to be supported with 10% of the loan sanctioned as capacity building assistance.
- There is a provision to provide second class sleeper rail fare for upto 2 members of the NGO for coming to Delhi for

execution of documents. Where there is no rail link, the cheaper class to and fro air fare is given.

## Some Major Programmes during the Period

### i) Training in Jewellery designing

11.12 A five day training programme in Jewellery designing was organized by RMK for its NGO partners and the members of the SHGs in New Delhi at RMK premises from 20.4.2009 to 24.4.2009. The programme was well received by the participants and recommended its repetition in future. There were about 20 participants from the different slums in Delhi.

### ii). Five Day Orientation Training on Micro-finance and Income Generation issues for partner NGOs of RMK

11.13 Two five day Orientation Trainings on Micro-finance and Income Generation issues for partner NGOs of RMK were conducted in the NIPCCD Training Centre, first at Indore, MP from 11-15 May, 2008 which was attended by 13 participants from Gujarat, Maharashtra, Orissa and Madhya Pradesh, and another at Bangalore from 15-19 June where 42 Participants from Andhra Pradesh, Tamil Nadu, Karnataka and Andaman & Nicobar Islands took part.





iii) **Exposure Visit on 'Micro-Finance and Women Economic Empowerment in one of the members of the SAARC viz Bhutan.**

11.14 On behalf of the Ministry of Women and Child Development, RMK in collaboration with the SAARC Division of the Ministry of External Affairs organized an exposure visit on "Micro-Finance and Women Economic Empowerment" for rural poor women from Bhutan from 23 June to 28 June 2009. The group visited Dehradun, Uttranchal and Kafoda, Himachal Pradesh. The exposure visit enabled the Group to share some of the best / innovative practices in the field of micro-finance and women empowerment as experienced by India.

iv). **Training programme in Dairy Management at National Dairy Research Institute, Karnal.**

11.15 A training programme in Dairy management for RMK NGO partners and its SHG members was organized during 2 - 5 September 2009 at the National Dairy Research Institute, Karnal. As many as 19 participants took part in the training programme.

v) **Training in Non-conventional Energy (Solar Technology) for Rural Women**

11.16 For the first time RMK organized an

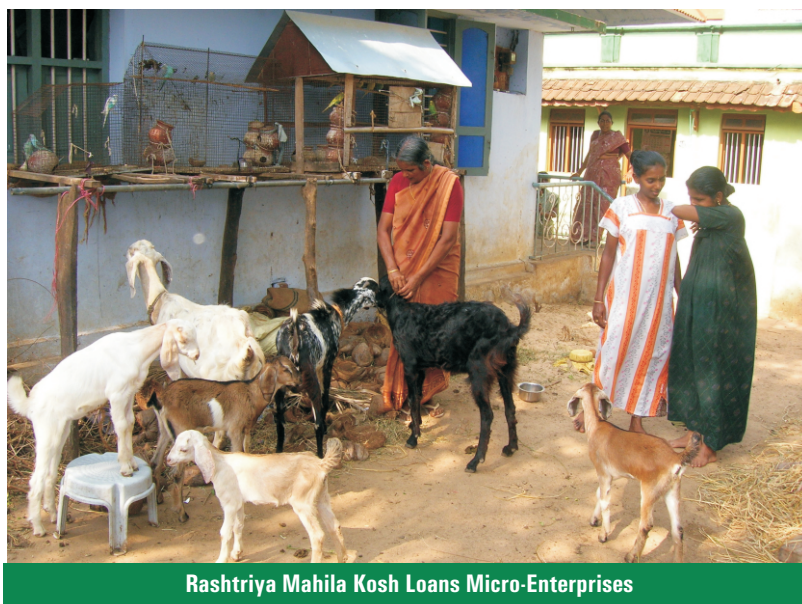
innovative training programme for its selected NGOs in MP and Delhi from 22 - 28 November 2009 at the Barli Development Institute of Rural Women with a view to explore the possibility of its usefulness to the women entrepreneurs. The number of participants was 14. The feed back received is quite encouraging.

vi) **National Seminar on Implementation of Dowry Prohibition Act and Launch of 'Daughters Against Dowry' A campaign for Change in Daughters' Perspectives**

11.17 The Ministry of Women and Child Development organized the above Seminar on 25.11.2009 at Vigyan Bhawan, New Delhi. RMK and its NGO partners and members of SHGs not only participated actively in the seminar but also assisted Ministry in arranging logistics.

vii) **Dalit Women's Congress for Peace, Equity and Progress - 'Economic Upliftment of Dalit Women : Role and Contribution of RMK'**

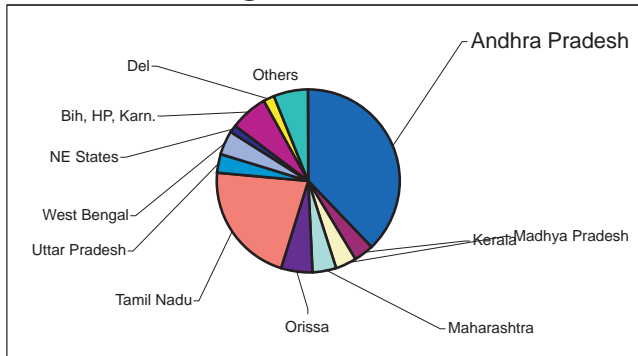
11.18 A Conference of Dalit Women was organized by the Ministry of Women and Child Development at Gandhi Darshan, Rajghat, New Delhi on 15.12.2009. RMK participated in the Conference along with its NGO partners and members of the SHGs. The Executive Director, RMK, chaired a breakaway session. The group made certain important recommendations, which were submitted to the Ministry for consideration.



Rashtriya Mahila Kosh Loans Micro-Enterprises



## Performance at a glance:



## Some Success Stories of the Women Benefited through RMK Micro Finance.

### Tamil Nadu

11.19 This is story of village Usilampatti under Palaapatti Panchayat of Tamil Nadu. The people of this drought prone village belong to most backward and poor sections of society. The condition of women is pathetic as the village is gender biased. However, The Society for Development of Human Abilities and Environment called OAZONE a grass root NGO took interest in the economic development of the poor women and started forming Self Help Groups (SHGs) with a view to free them from the clutches of moneylenders.

A group of 30 women was formed and given training in their traditional occupation of rope making. For making ropes, fibers from the leaves of a plant called Agave is used by these women as raw material which is found in drought prone and wastelands area. Therefore, some women started harvesting the leaves of AGAVE for making ropes. Before joining SHGs these women use to sell their product to the middleman who in return paid them less money and kept some amount as deposit with him. The condition of these women did not improve. However, after joining the SHGs they could get micro credit assistance from RMK through the NGO OAZONE. With this loan they started Producers' Cooperative to oversee the production and marketing activities of their product. The micro credit helped them in procuring raw material. They are now in a position to get good return for their products and are free from the clutches of moneylender. They have a regular monthly income of Rs.100/- to Rs.150/- per day. The regular income has raised their standard of living, social status and their say in the family affairs.

### Bihar

11.20 Mrs. Rajakani is a widow and belongs to a very poor family. She formed a SHG with other



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women of her village sponsored by Aid India, through its grass root NGO. Impressed with the progress made by other members of the SHGs, she thought of becoming a member as she wanted to go into dairy business. For this she wanted to purchase cows for which money was required.. She approached Aid India for micro-credit assistance from RMK. On receipt of loan from RMK she purchased 2 milking cows and started milk selling business successfully. From the sale of the milk she earned Rs.100/- per day as profit. This income has made her self sufficient and able to stand on her own feet. This has also helped her to live a life of respect with dignity in her community. She has now enrolled her children in a school with a view to give them good education. She is all praise for RMK for making her economically independent.

## Andhra Pradesh

11.21 Mrs. N. Shiva Parvathi is a member of Tirumaleswara Sangham consisting of 14 group members. Before joining the group she was working with a photo frame shop and earning a little which was hardly enough to meet her requirements. After joining the group she underwent group training. The training inspired her to start her own business. She received micro credit assistance from RMK through the grass root NGO RASS. With hard work, she was able to expand her business, which gave her additional income. Her business is quite attractive and profitable. Her husband has subsequently joined her. From a very negligible income the husband-wife are earning around Rs.8000/- per month. This has raised their living standard and earned them respect in the society. This change in her life was possible through micro-credit programme of RMK and efforts made by the NGO,



Rashtriya Mahila Kosh supported Micro-Enterprises