

# Rashtriya Mahila Kosh

## Setting up of Rashtriya Mahila Kosh (RMK)

11.1 Rashtriya Mahila Kosh (National Credit Fund for Women) was established in the year 1993, under the Ministry of Women and Child Development, Government of India. RMK has completed its 12<sup>th</sup> year of operation. It was started with an initial corpus of Rs.31 crores. This corpus since has been recycled four times to reach cumulative loaning operation of Rs. 178 crores.

## Objectives

11.2 The main objective of RMK is to facilitate credit support or micro-credit support to the poor women for income generating, production, skill development and housing activities in order to make them economically independent. The RMK mainly channels its support through non-governmental organisations, Women Development Corporations, Cooperative Societies, Self Help Groups formed under Swayamsidha or Swa-shakti etc.

## Various Loan Programmes of RMK

### *Loan Promotion Scheme*

11.3 RMK provides smaller loan assistance, maximum upto Rs. 5.00 lakhs to newer and smaller but potentially capable organisations having at least six month experience, in formation of Self Help Groups, thrift, credit, and recovery management. The objective is to further upgrade and promote their confidence in handling thrift and credit programmes more effectively.

### *Main Loan Scheme*

11.4 The scheme aims at providing credit to poor women for income generation activities through experienced NGOs.

11.5 Organisations having minimum 3 years experience in formation of Self Help Group, thrift, credit, and recovery management are eligible to apply under this scheme. A maximum loan upto Rs.300 lakhs – (Rs.100 lakhs per State) can be granted at a time under this scheme.

### *Revolving Fund Scheme*

11.6 Organisations having five years experience in the field of micro-credit with satisfactory track record are considered under this scheme. A maximum limit of Rs.5 crores can be given as loan, and the organisations are encouraged

### **RMK – pathway to financial independence through micro credit**

P. Chengamma of Andhra Pradesh and her husband made a livelihood from collecting firewood from nearby forest and selling them in adjacent village. It was a tenuous task even to make both ends meet, let alone provide for their four children. They had a dream of opening a small shop providing minimum necessities to the 50 odd families in their village. But finding finance was a major problem.

It was at this stage that Chengamma got involved in SHGs promoted by Rashtriya Seva Samiti (RASS) and supported by RMK. With a contribution of Rs.30 per month, she took a revolving fund of Rs.500 from the group, and started street vending of fruits and vegetables. Within a short period, she could avail a loan of Rs.6000 and started her own shop. Thus, she not only repaid her loan but also provided for family to lead a respectable life.

to further recycle the principal amount sanctioned by RMK for income generation activities among the SHGs.

### **Franchisee Scheme**

11.7 This is an outreach scheme to enable spread of RMK's programmes throughout the country, especially backward areas. Responsible organisations having good track record and experience in the field of micro-credit and franchises undertake the programme. Smaller NGOs of any State can avail loan directly from franchisee appointed by RMK for that State without sending their proposal to RMK office in New Delhi. The maximum credit available under the scheme is Rs.500 lakhs.

### **Gold Credit Pass Book Scheme**

11.8 An innovative credit delivery mechanism, this scheme provides hassle-free finance to medium and large NGOs to revolve the fund sanctioned by lending to SHGs for income generation production and consumption needs in a feasible manner. The maximum credit limit is Rs.500 lakhs.

### **Housing Loan Scheme**

11.9 This scheme has been designed with a view to provide shelter to Self Help Group members through implementing

#### **RMK – pathway to financial independence through micro credit**

T. Pushpa, a young woman from a very poor economic background lived in a thatched roof cottage, and did framework to eke out a very modest living. When RASS supported by RMK, started formation of SHGs in their small village, she joined it as a member and saved Rs.30 every month. She then applied for a loan of Rs.600 to purchase a cow. She repaid Rs.400 as loan instalment and still had an additional Rs.300 extra for her own use. In the 2<sup>nd</sup> instalment she availed a loan of Rs.8000 and purchased a second-hand tractor. She could increase her earnings substantially through renting out the tractor. Today, she can afford to put her children in residential schools and construct a pucca-house for her family.

agencies. The maximum credit limit is Rs. 50 thousand per beneficiary for construction of low cost house / repairs / renovation. The loan is repayable within 60 months.

### **Family Loan Scheme**

11.10 This scheme is recently launched by RMK help to free poor women from the debt trap of money-lenders for loans to meet their family expenditure such as medical, marriage, education, funeral, festivals and other emergency needs.

### **Refinance Scheme**

11.11 RMK provides 100% refinance assistance to Women Urban Co-operative Banks on funds provided by them to poor women either directly or through SHGs within the norms of the RMK Main Loan Scheme.

### **Repeat Loan**

11.12 Repeat Loan is also made available to organisations on successful utilization of first loan and the eligibility criteria is that the borrowing organisation has to repay 25% of its existing loan.

## **Salient features of Credit Programme of RMK**

### **Credit delivery Model**

11.13 RMK has a unique successful credit delivery model i.e. "RMK-NGO-SHG-BENIFICIARY model". RMK extends credit support to thrift and credit women Self Help Groups channelising through intermediary organisations such as Govt./Non-Government Organisations/ Civil Society Organisations/ micro finance institutions.

### **Margin Money**

11.14 The organisation applying for loan has to contribute 10% of the total credit sanctioned by RMK.

### **Security**

1. RMK does not take any collateral security for sanctioning loan up to Rs. 200 lakhs.
2. If total exposure of the borrowing organisation exceeds

Rs.200 lakhs it has to provide 10% of the sanctioned amount as security in shape of Fixed Deposit.

3. In case of State Govt. Organisations - For borrowing from RMK the organisation/Ministry has to arrange State Govt. guarantee if their balance sheet shows deficit/loss.

#### **Interest Rate**

1. RMK charges interest @ 8% p.a. (5% p.a. in the case of Franchisee Scheme) on reducing balance from the borrowing agency.
2. The borrowing agency charges any rate at or above 8% p.a. on reducing balance from SHG/ultimate beneficiaries subject to maximum up to 18% p.a. The margin given to borrowing agency as interest spread is to meet the operational cost, administrative cost and risk cost etc. to facilitate RMK's financing.

#### **Repayment Schedule**

1. The borrowing organisation will repay the loan within 36 months in 11 quarterly installments with an initial grace period of 6 months for income generation activities.

2. The borrowing organisation will repay the loan within 60 months in 19 quarterly installments with an initial grace period of 6 months in house construction loan.

#### **Monitoring & Evaluation**

11.15 Before sanctioning credit limit or any other facility to NGO under any scheme, Rashtriya Mahila Kosh satisfies itself about the experience, credibility and infrastructure facilities available with them to implement the programme. This is done by conducting a pre-sanction study either through RMK officials or deputed institutional monitors. Further, monitors are also assigned post-sanction monitoring studies to track the end use of RMK loan released to NGOs/borrowers for implementing the sanctioned programme.

#### **Business Development/Promotional Activities**

##### **Nodal Agency Scheme**

11.16 With a view to expand RMK's business in uncovered /marginally covered areas, RMK appoints Nodal Agencies/ Business Development Agencies in different States to function as representatives of RMK. RMK provides



*Smt. Reva Nayyar, Secretary (WCD) with Nodal Officers of Rashtriya Mahila Kosh receiving Capacity Training at NIPCCD*

S. No.	Name of the State	Date	Organized by
1	Bhubneshwar, Orissa	25 <sup>th</sup> Apr, 2005	SRADHA – Nodal Agency of RMK
2	Solan, Himachal Pradesh	1-3 <sup>rd</sup> May, 2005	SUTRA – Nodal Agency of RMK
3	Lucknow, Uttar Pradesh	12 <sup>th</sup> May, 2005	RMK workshop with Swa-shakti groups
4	Sonapat, Haryana	16 <sup>th</sup> May, 2005	RMK workshop with Swa-shakti groups
5	Muzaffarpur, Bihar	24 <sup>th</sup> May, 2005	RMK workshop with Swa-shakti groups
6	Nainital, Uttaranchal	01 <sup>st</sup> Jun, 2005	RMK workshop with Swa-shakti groups
7	Raipur, Chattisgarh	03 <sup>rd</sup> Jun, 2005	RMK workshop with Swa-shakti groups
8.	<b>Sikkim</b>		Deptt. of Social Welfare, Sikkim
	□ Aritar	02 <sup>nd</sup> Jun, 2005	
	□ Gangtok	03 <sup>rd</sup> Jun, 2005	
	□ Namchi Bazar	04 <sup>th</sup> Jun, 2005	
	□ Tashiding	05 <sup>th</sup> Jun, 2005	
	□ Gyalzing	06 <sup>th</sup> Jun, 2005	
9	Bangalore, Karnataka	08 <sup>th</sup> Jun, 2005	RMK workshop with Swa-shakti groups
10	Kohima, Nagaland	23-24 <sup>th</sup> Aug, 2005	RMK workshop organised by Women Development Corporation, Nagaland
11	Kolkata, West Bengal	23 <sup>rd</sup> Aug, 2005	SUDA – Nodal Agency of RMK
12	Tirupati, A.P	07 <sup>th</sup> Nov, 2005	RASS – Nodal Agency of RMK
13	Kolkata, West Bengal	08 <sup>th</sup> Nov, 2005	West Bengal Women Development Undertaking
14	Bharatpur, Rajasthan	26 <sup>th</sup> -27 <sup>th</sup> Nov, 2005	Lupin – Nodal Agency of RMK
15	Dehradun, Uttranchal	6 <sup>th</sup> -7 <sup>th</sup> Dec, 2005	Women Development Organization – Nodal Agency of RMK

honorarium of Rs. 5000/- per month to Nodal Officer to undertake various works of Nodal Agency on behalf of RMK. RMK also grants 1% of the amount of loan disbursed and 1% on loan recovered through the Nodal Agency as performance linked incentive.

RMK has so far appointed 19 Nodal Agencies across the country. The details are at **Annexure XXXV**.

## IEC Activities

### Workshops:

11.17 RMK has organised 19 Awareness cum Business Development workshops during the year 2005-2006 (up to 30.11.2005) at various locations of India. Details are as under :

### Training Programs :

1. For the first time RMK organised a **Training Course for NGOs** of Eastern and North Eastern States at

Regional Office NIPCCD Gauwahati from 21<sup>st</sup> November 2005 to 25<sup>th</sup> November 2005 where 40 NGO members from States of Assam, Manipur, Tripura, Nagaland, Mizoram, Meghalaya, Orissa, Bihar and Jharkhand participated.

2. RMK has also organised **Nodal Officer Training Course** at NIPCCD, New Delhi from 28<sup>th</sup> November 2005 to 1<sup>st</sup> December 2005 where 19 Nos. of NGOs & Government Organisations participated.
3. RMK has organized an interaction session on **“Role of RMK on Micro-Credit in India”** with senior level officers of Government of Nepal at NIPCCD, New Delhi on 9<sup>th</sup> January 2006.
4. ED RMK has attended the workshop at Kohima, Nagaland on 30<sup>th</sup> and 31<sup>st</sup> January 2006 to discuss the issues regarding Prime Minister’s announcement in Nagaland on 27<sup>th</sup> and 29<sup>th</sup> October 2003.
5. RMK plans to hold five one week training courses for

Nodal Officers/Training of the trainers for NGOs sector at each of NIPCCD's Regional Centres namely Lucknow, Gauwahati, Bangalore and Indore as well as at main Training Centre at Delhi during the year 2006-07.

### Recovery follow-up measures

11.18 As a policy decision, RMK initiates action such as filing civil suit, criminal complaint (under section 138 of Negotiable Instruments Act etc.) and blacklisting of defaulter NGOs. So far RMK has filed 187 civil suits and blacklisted 213 NGOs who are categorized as chronic defaulters.

### Performance at a glance

11.19 Cumulative Performance of RMK since 31<sup>st</sup> March 1993 to 31.01.2006:

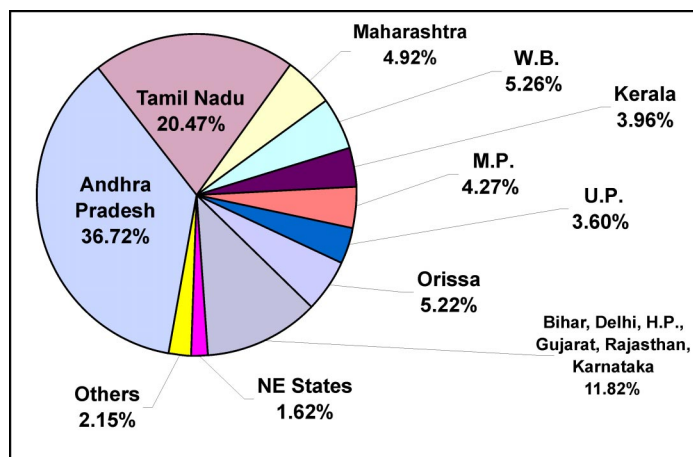
Cumulative Sanctions	: Rs. 179.00 crores
Cumulative Disbursements	: Rs. 142.00 crores
Total NGO Partners	: 1,216
Total No. of Women benefited	: 5,37,652
Total No. of SHGs	: 45,447
Recovery rate at apex level	: 92%
Total States covered	: 24
Total No. of Nodal Agencies	: 26

11.20 Statewise RMK sanctions, disbursement, recovery and women beneficiaries since inception to 31.01.2006 are given at **Annexure XXXVI**. Current year's performance from April 2005 to January 2006 is as under

Cumulative Sanctions	: Rs.12.00 crores
Cumulative Disbursements	: Rs. 15.00 crores
Total NGO Partners	: 63
Total No. of Women benefited	: 16,246
Total No. of SHGs	: 1083
Recovery rate at apex level	: 92%
Total States covered	: 24
Total No. of Nodal Agencies	: 18

11.21 Details of state-wise position of RMK sanctions, disbursement, recovery and women beneficiaries during the year 2005-2006 may be seen at **Annexure XXXVII**.

### State-wise Sanctions as on 31.01.06



### Strategic vision

11.22 Rashtriya Mahila Kosh has a strategic vision to expand its program uniformly all over the country to empower more and more economically poor women of the country in a phased manner. Some initiatives include:

- To create a niche position as an apex micro-credit institution for meeting micro-credit requirement of poor women. In terms of this position, it will advocate for legal frame work for formation and working of MFIs
- To upscale its present loaning operation from Rs. 20 crores to Rs. 40 crores.
- To diversify its products profile targeting different clients.
- To introduce innovative Customer friendly credit delivery mechanism.
- To wider its activities from micro-credit to micro-credit plus i.e. from livelihood financing to micro enterprises and micro insurance.
- Developing entrepreneurs skills amongst poor women.
- To continue to act as bulk credit purveyor and also to encourage the potential small NGOs/VOs etc. to access for their retail credit requirement.

## Core Business Plan

11.23 RMK like any other financial institutions has formulated a plan to computerize its activities completely with Nodal Agencies and high value NGO partners by resorting to development of software for automating activities of RMK which, inter-alia, includes Web enabled loan disbursement and recovery monitoring system, on line submission of loan application forms and status of release of loans. National Informatic Centre of Government of India will implement this core business plan, which will give fillip to the loaning and disbursement activities.