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## UNIT 3 RASHTRIYA MAHILA KOSH

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## 3.0 OBJECTIVES

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After studying this unit, you should be able to:

- describe the main features of RMK;
- describe Kosh's mode of operation;
- critically examine the need for micro-finance for women; and
- explain the concept and features of micro-finance as a tool for empowering women.

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## 3.1 INTRODUCTION

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It has been felt for sometime that *the credit needs* of the poor, especially women and particularly those in the unorganised sector, have not been adequately addressed by the formal financial institutions of the country. The vast gap between demand for and supply of credit in the sector established the need for a national credit fund for

women. Rashtriya Mahila Kosh (RMK) is a step in this direction. We have in the first two units of this block discussed in detail the need for self-employment programmes including Prime Minister's Rozgar Yojna (PMRY) and Rural Employment Generation Programme (REGP). In this unit, we would like to acquaint you with the scheme for Rashtriya Mahila Kosh (RMK), which addresses micro-finance needs of women and is expected to serve as a tool for empowerment of women.

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## **3.2 RASHTRIYA MAHILA KOSH (RMK): PROGRAMME BRIEF**

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In order to understand and appreciate the basic philosophy behind the establishment of the RMK, it is important for you to know the need for micro-finance. It is an established fact that the credit needs of the poor especially women and particularly those in the unorganized sector have not been adequately addressed by the formal financial institutions of the country.

### **3.2.1 Need for Micro-finance**

Since the 1950s, various governments in India have experimented with a large number of grant and subsidy based poverty alleviation programmes. Studies show that these mandatory and dedicated subsidized financial programmes, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives.

Experiences with these programmes have revealed that they were often not sustainable. They perpetuated the dependent status of the beneficiaries; depended ultimately on government employees for delivery; led to misuse of both credit and subsidy; and were treated at best as poverty alleviation interventions. Banks too never really looked on them as a profitable and commercial activity.

According to a 1995 World Bank estimate, in most developing countries the formal financial system reaches only the top 25% of the economically active population. The bottom 75% have no access to financial services apart from moneylenders. In India too the formal financial institutions have not been able to reach the poor households, particularly women in the unorganised sector. Structural rigidities and overheads result in high costs of small loans. Organisational philosophy has not been oriented towards recognising the poor as credit worthy. The problem has been compounded by low level of influence of the poor, either about their credit worthiness or their demand for savings services. Large banks, at the behest of the Government, have often implemented micro-finance programmes. Low levels of recovery have been further eroded due to loan waiver programmes leading to institutional disenchantment with lending to small borrowers.

All this gave rise to the concept of micro-credit for the poorest segment along with a new set of credit delivery techniques. With the support of NGOs, an informal sector comprising small Self Help Groups (SHGs) started mobilizing savings of their members and lending these resources among the members on a micro-scale. The potential of these SHGs to develop as local financial intermediaries to reach the poor has gained recognition because of their community-based participatory approach and sustainability – recovery rates have been significantly higher than those achieved by commercial banks in spite of the loans going to the poor, unorganised individuals without security or collateral.

The poor in India define the micro-finance market. During 1993-94 the Planning Commission estimated 36 per cent of the population or 320 million people living below the poverty line. Accordingly, there were about 140-150 million women living below

the poverty line. Assuming that only 30 per cent of the country's poor women were ready to adopt micro-finance as a method of poverty alleviation, it was estimated that about 40-45 million poor women would need credit.

### 3.2.2 Establishment of RMK

Thus in order to fulfil the need for a formal quasi-formal credit delivery mechanism which is client-friendly, has simple and minimal procedures, disburses quickly and repeatedly, has flexible repayment schedules, links thrift and savings into credit and has relatively low transaction costs both for the borrower and the lender, the Government of India established the **Rashtriya Mahila Kosh (RMK)** known as the **National Credit for Women** in 1993. RMK is an independent registered society of the Department of Women and Child Development in the Ministry of Human Resource Development, the Government of India. It started with an initial corpus of Rs. 310,000,000 with the aim to supplement the effort of the banking sector by filling the gap between what the poor need and what the banking sector offers.

### 3.2.3 Objectives of RMK

The main objectives of RMK are to:

- promote or undertake activities for the promotion of credit as an instrument of socio-economic change and development through a package of financial and social development services for women;
- promote and support schemes for improving the facilities for women for:
  - sustenance of their existing employment,
  - generation of further employment,
  - creation of assets,
  - redemption of assets and
  - tiding over consumption and social and contingent needs;
- demonstrate and replicate participatory approaches in the organisation of women's groups for effective utilisation of credit resources leading to self-reliance;
- promote and support experiments in the voluntary and formal sector using innovative methodologies to deliver credit and other social services to disadvantaged women;

sensitize existing government delivery mechanisms and increasing the visibility of poor women as a vital and viable clientele with regard to the conventional financial institutions;

- promote research, study, documentation and analysis of the role of credit and its management;
- co-operate with and secure the co-operation of the Central Government, State Governments and Union Territory Administrations, credit institutions, industrial and commercial organisations and non-governmental, voluntary and other organisations and bodies in promoting the objectives of the RMK; and
- accept subscriptions, grants, contributions, donations, loans, guarantees, gifts, bequests, etc. on such terms and conditions as are consistent with the aims and objectives of the RMK.

### 3.2.4 Important Functions of RMK

The RMK discharges the following important functions for the furtherance of its objectives:

- i) The RMK seeks to enable women to achieve economic independence. It strives to go beyond credit delivery and provides services for integrated development centered around the needs of the poor women. Credit is linked mainly to production and economic activities.
- ii) Education of credit management is integrated with the provision of credit, along with literacy and skills training for individual women, leadership training among groups for self-management, etc.
- iii) Accessibility of credit to poor women has been improved in terms of physical distance, simplification of procedures, flexibility and other measures conducive to increased utilisation, etc.

**Box 1**

**RMK- Focus on Poor Women**

- Among the poor, the *women* are the most disadvantaged. They are characterised by lack of education and access to resources, both of which are required to help them work their way out of poverty and for upward economic and social mobility.
- The problem is more acute for women in countries like India, despite the fact that women’s labour makes a critical contribution to the economy. This is so because of their low social status and lack of access to key resources.
- Evidence shows that groups of women are better customers than men; they are better managers of resources; benefits of loans are spread wider among the households if loans are routed through women; mixed groups are often inappropriate in the Indian society and the record of all-male groups is worse than that of all women groups everywhere.

**3.2.5 Organisation and Management of RMK**

A Governing Board of sixteen members consisting of senior officials of the Central and the State Governments and specialists and representatives of organizations active in the field of micro-credit for women is administering the RMK. The Executive Director is the Chief Executive Officer of the RMK responsible for the proper administration of the affairs of the RMK under the overall supervision, direction and control of the Governing Board.

**Check Your Progress I**

- Note:** i) Write your answer in the space provided.  
ii) Check your answer with the possible answer provided at the end of the unit.

1) Mention the two main activities of RMK.

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2) What are the reasons for RMK to focus on poor women?

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### 3.3 MAIN LOAN SCHEME

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Let us now understand the features of the main loan scheme of the RMK. In this section you will know how the scheme is operated, who are the eligible organisations, purpose of loans, maximum amount of loans, repayment, rate of interest, incentives on interest rates and margin money to be contributed by the borrowers.

#### 3.3.1 The Scheme

The Main Loan Scheme aims to provide credit to poor women both in rural and urban areas for income generation activities. Only the women below the poverty line are eligible for support under this scheme. The credit facility is channelled through eligible organisations to needy women in a simple/flexible manner without insistence on any type of collateral.

#### 3.3.2 Eligible Organisations

RMK disseminates credit mainly through the following organisations:

##### 3.3.2.1 Non-Government Organisations (NGOs)/ Social Organisations (SOs)/ Voluntary Agencies (VAs)

The general requirements and eligibility norms are as follows:

##### General Requirements

The general requirements include:

- i) The NGOs/SOs/VAs should have broad-based objectives, serving the social and economic needs of the community as a whole and women and weaker sections in particular. It should have an outreach of services in its operational area and it must not work for profit.
- ii) The NGOs/SOs/VAs should have the necessary flexibility, professional competence, basic financial management capability and organizational skills to implement the lending programme.
- iii) The office-bearers of the NGO/SOs/VAs should not be elected members of any political party.
- iv) The NGO/SOs/VAs should have a proper system of maintaining accounts which should be audited and published every year and there should not be any serious irregularities.

##### Eligibility Norms

NGOs/SOs/VAs meeting the above general requirements and fulfilling the following eligibility norms may apply directly to RMK in the format prescribed for the loan application.

- i) The organisation should be registered for more than 3 years as on the date of application to RMK.
- ii) The organisation should have experience in thrift and credit management for 3 years or more.
- iii) The application should clearly reflect the source of funds utilized for credit earlier.
- iv) Recoveries of the loans should be of a high order (of at least 90% of its dues).
- v) There should be a proper and specific clause/provision in the Bye-laws/Memorandum of Association of the Organisation empowering it to borrow or to raise loans from any outside agency.
- vi) The organisation's audited accounts and balance sheets should appropriately reflect its experience in providing credit and managing recoveries, etc. Also, the audited accounts should reflect sound financial management/health and there should be no observations of a serious nature by the auditors.
- vii) There should be adequate infrastructure and staff to implement the micro- credit programme.

### **3.3.2.2 Women's Development Corporations (WDCs)**

Women's Development Corporations (WDCs) running on sound lines and having adequate experience in thrift and credit administration of at least three years are eligible to borrow under the Main Loan Scheme.

#### **Eligibility Norms**

The eligibility norms are:

- i) Norms of eligibility as indicated for SOs/VAs are also applicable to the WDCs.
- ii) Wherever necessary, the WDCs also are required to obtain State Government Guarantee for borrowings from RMK. However, in cases where the WDCs are not making losses, State Government Guarantee may not be required.

### **3.3.2.3 Co-operative Societies**

The eligibility norms are:

- i) Cooperative Society(s) having at least 1/3 women members in its/their General Body and also adequate representation of women on its/their Managing Committee are eligible for borrowings from RMK.
- ii) Loans obtained from RMK are to be given by the Society to eligible women members only.
- iii) The society should be working with profit at least for the last two years.
- iv) All other norms of eligibility as in case of SOs/VAs are applicable for Co-operative Societies.

### **3.3.2.4 Indira Mahila Block Samitis (IMBSs)**

Indira Mahila Block Samitis (IMBSs) registered under Indira Mahila Yojana (IMY) are eligible to borrow from RMK for onward lending to SHGs/poor women members.

#### **Eligibility Norms**

The eligibility norms are as follows:

- i). The IMBS should be a registered organisation under the IMY Scheme.
- ii) It should have adequate experience in forming and stabilizing Self Help Groups (SHGs), mobilizing savings, managing credit and maintaining proper books of accounts at SHGs/IMBSs level.

- iii) Its audited accounts and balance sheets should appropriately reflect its experience in providing credit and undertaking recoveries, etc.
- iv) There should not be any irregularities/adverse observations in its audit reports.

### **3.3.2.5 Suitable State Government Agencies**

Suitable State Government Agencies such as DRDAs, Dairy Federations, Municipal Councils, etc. are eligible to avail assistance from RMK for lending to poor women for income generation activities.

#### **Eligibility Norms**

Norms of eligibility as in case of SOs/VAs are applicable.

### **3.3.2.6 Refinance to Mahila/Urban Co-operative Banks**

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 as applicable from time to time.

#### **Eligibility**

All norms of eligibility as in case of SOs/VAs are applicable

### **3.3.3 Purpose of the Loans**

The loans drawn from RMK are to be used by the borrowers for undertaking income generation activities unless specifically sanctioned for other purposes.

### **3.3.4 Maximum Amount of Loans**

The maximum amount of loan that can be given to an individual borrower under the Main Loan Scheme is Rs.15,000/- per borrower depending upon the activity to be undertaken. However, a borrower can avail herself of repeat loans or higher loans within the above ceiling after satisfactory repayment of the previous loan.

### **3.3.5 Repayment**

Loans drawn from the RMK by the organisations are repayable within a period of 36 months in 8-10 quarterly instalments with an initial gestation period of 6 months.

However, NGOs/SOs/VAs/Organisations may fix suitable repayment schedules and recover the dues from the borrowers even before the repayment period depending upon the level and period of income generation. Any amount recovered in advance from SHG/members by the NGOs/SOs/VAs/Organisations may be utilized/recycled for providing loans to fresh beneficiaries/VAs/SHGs/Organizations, but it should not in any way affect the repayment to be made by the SOs/VAs/Organisations to RMK.

### **3.3.6 Rate of Interest**

The rate of interest for finance sanctioned by RMK will be such as may be determined by the RMK from time to time. At present, the rate of interest applicable is as follows:

- i) RMK to NGOs/SOs/Vas/Organisations 8%
- ii) The interest shall be calculated quarterly using reducing balance method and will be payable by the NGOs/SOs/VAs/Organizations to the RMK every quarter on 30<sup>th</sup> June, 30 Sept., 31<sup>st</sup> December and 31<sup>st</sup> March each financial year.

- iii) The NGOs/SOs/VAs/Organisations shall charge interest not exceeding 18 p.a. using reducing balance method to the:
  - SHGs or
  - Individual borrowers financed directly by the NGOs/SOs/VAs/Organisations wherever SHGs are yet to be formed. NGOs/SOs/VAs/Organisation will endeavor to organise/cover the individual borrowers into SHGs as early as possible.
- iv) SHGs will take their own decision on the rate of interest to be charged to the borrowing members, which in any case shall not exceed 18% per annum as per present norms of RMK.

### **3.3.7 Incentives on Interest Rates**

Besides the interest spread of 4% available to the NGOs/SOs/VAs/Organisations to meet their transaction cost, the following performance-linked incentives are admissible to the NGOs/SOs/VAs/Organisations:

- i) For timely disbursement an amount equal to 1 % of the loan amount disbursed by the SOs/VAs/Organisations to SHGs/members within the stipulated period (i.e. within 30 days from the date of release of funds by RMK to NGOs/SOs/VAs/Organisations) will be refunded by RMK.
- ii) For conducting training and education programmes for SHGs and the development and up gradation of skills among the borrowers, an amount equal to 1% of the total loan amount disbursed by RMK to the GOs/SOs/VAs/Organisations will be refunded.
- iii) If the NGOs/SOs/VAs/Organisations repay to RMK the installment as per the repayment schedule, 0.5% of the amount repaid will be refunded.

The above incentives are calculated on yearly basis (i.e. 1<sup>st</sup> April to 31 March of each financial year) based on actual performance and are paid/remitted to the organizations separately at the end of the financial year.

### **3.3.8 Margin Money to be Contributed by Borrowers**

SOs/VAs/SHGs/ultimate borrowers are required to contribute margin money amounting to 10% of the total credit to be availed from RMK.

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## **3.4 PROCEDURE FOR AVAILING RMK LOANS**

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You should familiarize yourself with the following procedure laid down by RMK for availing loans under the scheme.

- The loan application in the prescribed format from the eligible organisations along with the requisite documents mentioned therein is scrutinized for its eligibility.
- If found eligible, it is considered for a pre-sanction study.
- The decision about the sanction of loan is taken on the receipt of the pre-sanction study. RMK then issues a sanction letter to the organisation along with its terms and conditions and procedure for drawing funds.
- The organisation should pass a resolution in the Managing Committee indicating that the terms and conditions are acceptable.
- The application for drawing funds and other documents filled in properly and completed in all respects, as per the instructions contained in the prescribed form, is sent to RMK.

- On receipt of this application, complete in all respects with required documents, the first installment of the loan as per the conditions of the sanction letter is released.
- A monitoring study after one month from the date of disbursement is carried out by the RMK. Based on its report RMK considers the release of the 2<sup>nd</sup> installment or otherwise advise the NGOs/SOs/ about the next course of action.
- Recovery of loans by the organisations is covered by an agreement letter-cum-Guarantee Deed.
- The organisations are expected to adhere to the repayment schedule indicated in Disbursement Advice to get the benefit of incentives and also avoid penal interest.
- On nearing the successful completion of the first cycle of the RMK loan process—sanction, disbursement, utilisation, repayment, etc.— the organisations may apply for a repeat loan in the prescribed application form. It is sanctioned on the basis of part performance/monitoring study reports. Thus, the process of recycling of funds to women continues.

**Check Your Progress II**

**Note:** i) Write your answer in the space provided.

ii) Check your answer with the possible answer provided at the end of the unit.

1) What are the eligibility norms for the following to apply for loans under the RMK scheme.

a) NGO

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b) Women Development Corporations

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### **3.5 PROMOTIONAL AND OTHER INNOVATIVE SCHEMES**

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The Kosh has taken a number of promotional measures for popularising the concept of micro-financing, thrift-credit, formation and stabilisation of self-help groups and also enterprise development for poor women. This section is aimed at familiarising you with some of the promotional and other innovative schemes of RMK which are as follows:

**a) Loan Promotion Scheme**

The Loan Promotion Scheme has been designed to promote the activities of thrift and credit among smaller but potentially capable NGOs/organisations that do not meet the requirement of three year's experience in thrift and credit management. The requirement of experience under the Loan Promotion Scheme has been reduced to one year, i.e. the NGOs/Organisation must have at least one year's experience in thrift and credit. However, other eligibility norms are the same as in the case of RMK Main Loan Scheme. The maximum loan amount given to an NGO/Organisation under this scheme is Rupees five lakhs.

**b) Micro-credit for Education and Skill Up gradation**

Another scheme developed by RMK is *Micro-Credit for Up gradation of Skills and Education*. Here, the focus is on exploiting newly emerging opportunities in the IT Sector, Call Centers, Cyber Cafes, Data Entry Operators as well as on skills in traditional service sectors (e.g. house keeping, garment designing/fabrication, etc.). It is also proposed to support credit programmes for education linked to professional/educational programmes which are likely to result in income enhancement/generation.

**c) Support for Crop Credit and Off-Farm Activities for Women**

RMK has recently approved the eligibility of women borrowers to avail themselves of credit facilities for raising agricultural crops which may require inputs like seeds, fertilizers, pesticides, etc. as also for land development and various off-farm activities. This component will receive greater thrust in future within the Main Loan, Loan Promotion and Revolving Fund Schemes. RMK will also reserve a significant portion of its corpus to support off-farm livelihood activities among women's SHGs. This support will be focused in districts with a high percentage of landless families. RMK will partner agencies with training, marketing and other linkages in these sectors to channel credit under this head to State Government agencies, cooperative bodies and NGOs, etc. which are eligible for assistance for lending to SHGs.

**d) Support for Small Consumption Loans**

It is common knowledge that women, besides requiring credit for income generation activities, also require small quantities of money from time to time for various emergent consumption needs such as buying food grains, paying for the education of children, medical treatment of family members or in case of extreme poverty, even clothing, etc. Out of the total proportion of RMK credit facilities, 0.5 percent of the amount sanctioned can be utilized for meeting such needs. It is also proposed to build in a component of consumption credit as an incentive to disciplined recovery behaviour. SHG members with a clean track record of repayment of their loan for six months will be automatically eligible for consumption loan (presently to be pegged at a maximum of Rs.500/- per borrower) for personal needs.

**e) Food Credit Scheme (FCS)**

Food Credit Scheme aims at mobilizing food grains as a resource and leverages the same to raise credit, the SHG collects food and in turn leverages a larger volume of the same for distribution among its member. FCS is an SHG of women from the lowest income group. Once the SHG is constituted with the help of an NGO/DRDA, it nominates 2-3 persons to manage the SHG. Each member makes an annual deposit of 5 Kg of food grains into the food bank (in 5 equal installment) to begin its activities. The critical issue is that only the deposit entitles the family to draw up to 10 times the quantity deposited. Thus the total entitlement of each family to draw from the food bank would be 50 kg (@ 10 × 5 kg). However, at any given time, even a 1 kg deposit would entitle the family to withdraw up to 10 kg of food grains.

The organising NGO/IMO (Intermediate Micro-financing Organisation) normally sponsors an application of between 10-15 SHGs under this scheme. RMK extends

credit for setting up food banks and basic infrastructure for the SHGs through the NGO. NGO/IMO in turn assists the SHG with cash credit to purchase between five to seven quintals of food grains as its 'pending resource' on a scale of 50 kg per family, depending on the number of families in each SHG.

The members of the SHG have the option to repay the grain loan in kind or its cash equivalent to the food bank maintained by the SHG. The SHG uses the cash as a reserve to increase its stock of grains and/or to keep apart some of the money for repayments. This is the fulcrum on which the entire success of the idea hinges. It does not matter if the grain being replenished against the food loan is different from the one drawn. The decision on the kind of grain and ratios/cash equivalent acceptable as repayment is best left to the individual SHG. However, all repayments to the NGO/IMO and by NGO/IMO to RMK have to be in cash. The rate of interest on food credit is the same as that for RMK's other schemes with incentives for early repayments.

**f) Credit Facilities for Land Purchase, Land Redemption and Land Leasing Activities**

It has been felt that availability of land for shelter or a small piece of land for undertaking land based activities like growing of vegetable, horticulture, piggery, poultry, etc. which can bring better returns has been a major constraint faced by women who are attempting to improve their economic status and supplement their family incomes. RMK has included the acquisition of land by individuals in a women's group or by SHG members collectively as an approved purpose of RMK credit facilities within the individual ceiling of loan eligibility.

The SHG may avail such loans for undertaking lease of a common plot of land/pond/wasteland or similar properties from Panchayati Raj Institutions (PRIs)/State Governments or from any individual for the purpose of cultivation, horticulture, fisheries, wasteland development or any other income generating group activities.

**g) RMK's Information, Education and Communication (IEC) Scheme**

RMK is spending up to 5 per cent of total loan sanctioned on its IEC activities. This creates greater awareness about the concept of micro-finance in general and RMK schemes in particular. RMK's IEC Scheme includes both the market development role and the advocacy role.

Under the market development role, RMK is currently undertaking training of new NGOs, other intermediate level partners, SHG leaders and borrowers, monitors, master trainers, nodal NGOs, ICDS/IMY staff, women, etc. and their media orientation through conferences, exhibitions, fairs, etc.

Under the advocacy role, RMK is organising seminars/workshops involving governments, banks, foreign funding institutions, apex and intermediate organisations, women, WCD officials and officials of other Departments/Ministries.

**h) Nodal Agency Scheme (NOA)**

The Nodal Agency (NOA) Scheme was originally introduced in 1996-97 and subsequently revised in 1999 by RMK. The aim is to bring in larger numbers of new and small intermediate organizations into RMK fold to increase its outreach, especially in under-covered areas. This is being done through the processes of reorientation, training, capacity building and transfer of technology.

RMK delegates the requisite functions to well established, tried and tested NGOs that possess the necessary infrastructure and experience in group dynamics and micro-finance, such as identification of potential NGOs, pre-sanction studies, training, monitoring and processing of applications up to the stage when the new intermediate

organisation can be linked directly with RMK under its loan schemes. The Nodal NGO undertakes the above functions in a sequential and time-bound manner under the guidance of RMK.

**i) Self-Help Group (SHG) Development Scheme**

The objective of this scheme is to help, reorient and train small IMOs (that lack resources and have very little or no experience of group dynamics, thrift and credit) and provide them with the means to start formation and stabilisation of groups. The scheme is applicable only to IMOs that are not eligible for any of the other loan schemes of RMK.

Under this scheme, RMK provides interest free loan up to Rs.100,000 for starting 25 SHGs @ Rs.4000/- per group. This covers the cost of survey, identification of members, organising meetings, training, stationary, local transport of IMO functionaries, etc. The loan given can be converted into a grant @ 25% of total savings generated by the SHGs from their own savings. The loan is repayable in 30 months. Any non-converted amount at the end of 30 months is recovered @ 8% rate of interest.

**j) Revolving Fund Scheme**

The Revolving Fund Scheme was introduced with a view to provide more flexibility to the NGOs implementing income generation programme of the Kosh. Under the scheme, a credit of up to rupees one crore for each State and that up to a maximum of rupees three crores are sanctioned at a time to experienced and selectively identified organisations. The organisations are expected to revolve the funds by utilizing recoveries for providing credit to more self-help groups or their members particularly in the uncovered areas. The repayment starts on the completion of 12 months from the date of release of the loan and is to be completed in four half yearly instalments. The total repayment period is 30 months.

As you can see from the box below, RMK has made major strides in the area of women's empowerment. It is now considered as one of the important schemes in the area of credit for women.

**Box 2**

**Achievements of Rashtriya Mahila Kosh**

Since its inception on 30 March 1993 up to December 2002, RMK has achieved the following landmarks:

- A credit of Rs. 118 crore has been sanctioned.
- 4,35,535 women have benefited under various schemes.
- Alliances have been made with 1,066 NGOs throughout the country.
- Rs. 89 crore have been disbursed under its various schemes.

**Check Your Progress III**

- Note:** i) Write your answer in the space provided.  
ii) Check your answer with the possible answer provided at the end of the unit.

1) Mention the benefits of Loan Promotion Schemes.

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- 2) Which of the following schemes mobilizes cash savings as resources and leverages them to raise credit? (Tick mark the correct answer.)
- Support for crop credit and off-farm activities for women.
  - Support for small consumption loans.
  - Food credit scheme.

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### 3.6 LET US SUM UP

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In this unit we discussed the Rashtriya Mahila Kosh, the premier micro-credit agency of the country, with its focus on women and their empowerment through the provision of credit for livelihood and related activities. At the outset we learnt about the need for, and the concept and features of micro-finance in the country. We discussed the background in which the scheme was set up. We then went on to understand the aims, objectives, function and management of RMK. Then we focused on the details pertaining to the Main Loan Scheme along with the procedure for applying for loans under this scheme. Then we had a look at the other promotional measures for popularizing the concept of micro-financing, thrift-credit, formation and stabilization of self-help groups and also enterprise development among poor women. Finally, we looked at the achievements of RMK in the country.

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### 3.7 KEY WORDS

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**Self-Help Groups** : A voluntary association of homogenous persons who work together for their social and economic empowerment. In practice, an SHG is a group of 10-20 people who meet at regular intervals, to pool in their savings and create a common fund. The money in this fund is lent out by the group to individual members, at an interest rate that is decided by the group.

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### 3.8 REFERENCES AND SUGGESTED READINGS

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## 3.9 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

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### Check Your Progress I

- 1) The two main activities of RMK are:
  - To provide micro-credit in the form of small loans primarily for income generation activities and also for consumption and contingency needs; and
  - Organize micro-savings in the form of thrift and small savings from borrowers own resources.
- 2) The reasons are that poor women are the most disadvantaged because of the lack of education and access to resources. Also evidence shows that groups of women are better managers of resources and are good promoters.

### Check Your Progress II

- 1) The eligibility norms that apply for loans under the RMK Schemes are:
  - a) *for NGOs*
    - The organisations should be registered for more than three years.
    - The application should clearly reflect the sources of credit funds utilised earlier.
    - Recoveries of loans should be of a high order (around 90 per cent of its dues).
    - There should be a proper and specific clause/provision in the by-laws/memorandum of association of the organisation empowering it to borrow or raise loans from any outside agency.
    - Its audited accounts and balance sheets should appropriately reflect its experience in providing credit and managing recoveries, etc. There should not be any loss or objectionable observations in its audit report
  - b) *for Women Development Corporations*

Women Development Corporations running on sound lines and having adequate experience in thrift and credit administration of at least three years and fulfilling the eligibility norms applicable to NGOs are eligible for obtaining credit from RMK.

### Check Your Progress III

- 1) The Loan Promotion Scheme has been designed to promote the activities of thrift and credit among smaller but potentially capable NGOs/Organisations that do not meet the requirement of three year's experience in thrift and credit management. With a year of experience in thrift and credit, they are eligible for a loan of Rs.5 lakhs.
- 2) Food Credit Scheme.