

All Public Sector Banks

Dear Sir,

Strengthening of Credit Delivery to Women

We invite your attention to our circular letter RPCD/PLNFS/BC.No.40/06.02.79/2000-01 dated 12 December 2000 on the above subject. The seminar on credit flow to women held under the aegis of Banking Division, Ministry of Finance on 30 June 2001 at New Delhi reviewed the implementation of the action points by banks. The Finance Minister in his address to the seminar made the following announcements for immediate action:

- i) Banks should earmark 5 percent of their net bank credit (NBC) for lending to women within 3 years instead of 5 years as envisaged earlier vide our circular dated 12 December 2000 referred to above. This target is required to be achieved by 31 March 2004.
- ii) Consultative groups comprising 4-5 women representing entrepreneurs, social workers, prominent local women etc. should be formed at the branch level. These groups will interact with bank branch and will serve as a link between the branch and the women of the area. Similar groups are to be formed at Regional/ Head office level for better and more effective interaction.
- iii) In order to have proper data about lending to women, RBI should prescribe a special format for data collection by banks which will indicate separately columns for lending under micro credit, lending to medium and small scale industries and lending to large scale industries. This format should also include a column on recovery of loans both in absolute and percentage terms.
- iv) Procedural formalities by banks for loans to women should be further simplified.

2. You are requested to take necessary action for implementation of action (i), (ii) and (iv) above. The steps taken/progress made in implementation may be reported in the quarterly progress reports submitted in terms of our circular BC.40 dated 12 December 2000 referred to above.

3. Regarding data on lending to women, particulars may be furnished in the format enclosed on a quarterly basis. For this purpose necessary data base may be created, if the same do not exist at present. However, instead of recovery of loans referred to in (iii) above, the position relating to NPA may be given, as recovery in cash credit accounts may not give a clear picture. The quarterly data may be submitted to us commencing from the quarter ended 30 September 2001.

4. Please acknowledge receipt.

Yours faithfully,

Sd/-

(Varughese John)
General Manager